ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

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May 23, 2018

Honorable Members of the
Alaska State Legislature

The Honorable Bill Walker
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, 2017. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and complies with the United States Office of Management and Budget's Uniform Guidance.

The report includes an opinion on the basic financial statements of the State of Alaska for FY 17, recommendations on financial and compliance matters, required auditor's reports on internal controls and compliance, and the Schedule of Expenditures of Federal Awards.

The findings and recommendations included in this report are organized by department and include prior financial and compliance findings not fully corrected by the departments. Our FY 16 single audit contained 63 recommendations; this report presents a total of 78 recommendations, 29 of which were presented, at least in part, last year. With your active support and encouragement, we hope to see improvement in the implementation of these recommendations by the State agencies.

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

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

Kris Curtis, CPA, CISA
Legislative Auditor

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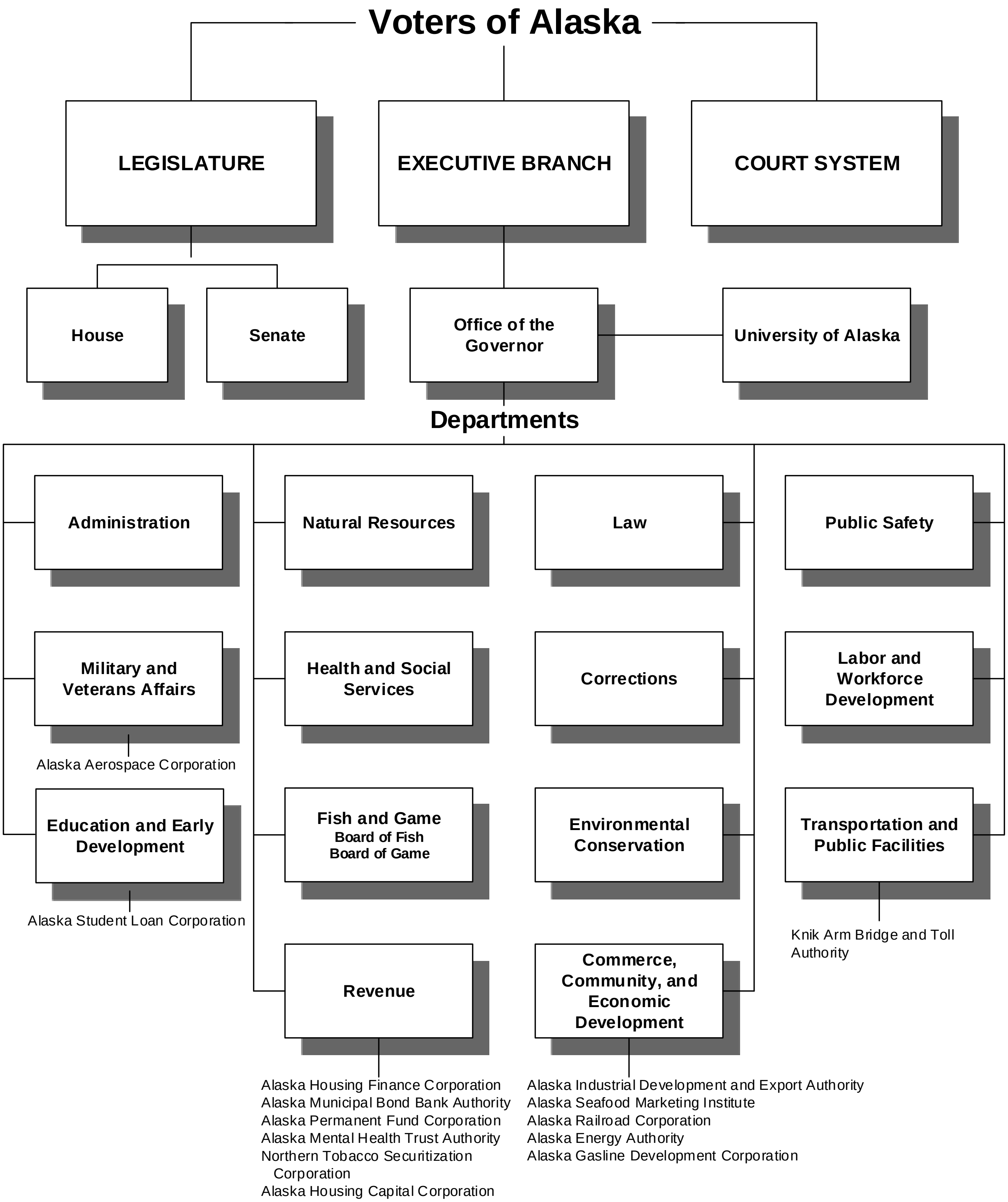
Voters of Alaska
LEGISLATURE
EXECUTIVE BRANCH
COURT SYSTEM
House
Senate
Office of the Governor
University of Alaska
Departments
Administration
Natural Resources
Law
Public Safety
Military and Veterans Affairs
Health and Social Services
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Labor and Workforce Development
Alaska Aerospace Corporation
Education and Early Development
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Transportation and Public Facilities
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Revenue
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Alaska Mental Health Trust Authority
Northern Tobacco Securitization Corporation
Alaska Housing Capital Corporation
Alaska Industrial Development and Export Authority
Alaska Seafood Marketing Institute
Alaska Railroad Corporation
Alaska Energy Authority
Alaska Gasline Development Corporation

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SECTION I – AUDITOR’S REPORT AND FINANCIAL STATEMENTS

ALASKA STATE LEGISLATURE
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Division of Legislative Audit

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Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of Alaska's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion Unit	Percent of Assets	Percent of Revenues
Governmental Activities	89%	59%
Business-Type Activities	77%	66%
Aggregate Discretely Presented Component Units	91%	90%
Major Funds:		
General Fund	87%	3%
Alaska Permanent Fund	100%	100%
Alaska International Airports	100%	100%
Aggregate Remaining Fund Information	92%	90%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those accounts, funds, retirement plans, and component units, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Certain entities of the State of Alaska were not audited in accordance with *Government Auditing Standards.* These entities include: the Alaska Municipal Bond Bank Authority (a discretely presented component unit), the Retiree Health Fund (a proprietary fund), the Pension and Other Employee Benefit Trust Funds except for Alaska National Guard and Alaska Naval Militia Retirement Fund (fiduciary funds), and Invested Assets Under the Investment Authority of the Commissioner of the Department of Revenue (certain cash and investment accounts).

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated February 9, 2018, on our consideration of the State of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Alaska's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Alaska's internal control over financial reporting and compliance.

Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
February 9, 2018, except for our report on the Schedule of Expenditures of Federal Awards, which is dated May 24, 2018.

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the preceding pages of this report, and the financial statements that follow.

Financial Highlights

Government-wide

- The assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at the close of FY 17 by $72.0 billion (net position). Of this amount, $7.7 billion is invested in capital assets, $49.0 billion is restricted for various purposes, and unrestricted net position is $15.3 billion. Unrestricted net position may be used to meet the State's ongoing obligations to citizens and creditors.
- The State's total net position increased by $3.9 billion as a result of this year's operations and the reclassification of the Retiree Health Fund to an Enterprise Fund. This increase is primarily attributable to strong interest and investment income and a decrease in overall expenditures; most notably the total amount paid out in Alaska Permanent Fund Dividends.

Fund level

- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of $67.0 billion, with $19.0 billion unrestricted (includes committed, assigned, and unassigned), $47.8 billion nonspendable, and $341.3 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes $47.0 billion of the Alaska Permanent Fund principal with the remaining related to nonspendable assets such as inventory, advances and prepaid items, and the principal of other nonmajor permanent funds.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was a surplus of $6.1 billion. This is a decrease of $3.8 billion from FY 16. The decrease is mainly a result of operations for the year.

Long-term debt

- As a result of this year's activity the State's total long-term debt increased by $170 million (2.49 percent). The increase in debt is primarily due to a increase in the net pension liability, partially offset by a decrease in general obligation debt, revenue bonds payable and capital leases. Additional information regarding long-term debt can be found in Note 6.

Overview of the Financial Statements

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

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

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

The statement of net position presents information on all of the State's assets, liabilities and deferred outflows and inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in net position should serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

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

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

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

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

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

- Capital assets (land, buildings, equipment, infrastructure, intangibles, and construction in progress) used in governmental activities are not reported in governmental fund statements.
- Internal service funds are reported as governmental activities in the government-wide financial statements, but are reported as proprietary funds in the fund financial statements.
- Certain revenues, unavailable to pay for current period expenditures, are not reported in the governmental fund statements.
- Unless due and payable in the current period, certain long-term liabilities such as net pension liability, 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 96.4 percent of total government-wide cash and investments and 91.8 percent of total government-wide net position (excluding component units). The governmental funds financial statements present detail on each of these funds, with summarized information on all other governmental funds. In addition, detail for each of the nonmajor governmental funds is available in combining statements elsewhere in this report.

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

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

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

The proprietary fund financial statements are statement numbers 1.21 through 1.23. The International Airports Fund is a major enterprise fund of the State of Alaska. The International Airports Fund is 5.4 percent of total government-wide liabilities (excluding component units). The proprietary funds financial statements present detail on this fund with summarized information on all other proprietary funds. In addition, detail for each of the nonmajor proprietary funds is provided in the combining statements elsewhere in this report.

Fiduciary funds - The State acts as a trustee or fiduciary for its employee pension plans. In addition, it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These funds, which include pension (and other employee 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 (RSI)

In addition to the basic financial statements and accompanying notes, this report includes additional required supplementary information. Included in the RSI is a budgetary comparison schedule for the General Fund reconciling the statutory and generally accepted accounting principles (GAAP) fund balances at fiscal year-end (statement number 2.01). Also included are schedules displaying the proportionate share of the net pension liability, employer contribution amounts, the sources of changes in the net pension liability, components of the net pension liability and related ratios, and the net pension liability as a percentage of covered-employee payroll.

Other Supplementary Information

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

Government-wide Financial Analysis

As noted earlier, net position should serve over time as a useful indicator of a government's financial position. State assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $72.0 billion at the close of FY 2017 (see table below). By far the largest portion of the State's net position (83.0 percent) reflects its investments held in the Alaska Permanent Fund. However, the majority of these assets are not available for future spending since the principal of the fund ($47.0 billion) may not be spent.

The remainder of the State's net position (16.9 percent) represents net investment in capital assets ($7.8 billion), resources that are subject to external restrictions of how they may be used ($1.9 billion), and the remaining unrestricted net position of $2.5 billion, which excludes $12.8 billion that is in the Alaska Permanent Fund.

Net Position
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY17	FY16	FY17	FY16	FY17	FY16
Current and Other Noncurrent Assets	$ 71,208	$ 67,835	$ 1,965	$ 1,417	$ 73,173	$ 69,252
Capital Assets	7,666	7,635	1,226	1,237	15,301	8,872
Total Assets	78,874	75,470	3,191	2,654	82,065	78,124
Deferred Outflows of Resources	915	554	16	11	931	565
Long-term Liabilities	6,450	6,287	570	541	7,020	6,828
Other Liabilities	3,686	3,437	42	25	3,728	3,462
Total Liabilities	10,136	9,724	612	566	10,748	10,290
Deferred Inflows of Resources	250	320	1	1	251	321
Net Position:						
Net Investment in Capital Assets	6,952	6,786	831	814	7,783	7,600
Restricted	47,893	45,174	990	967	48,883	46,141
Unrestricted	14,558	14,020	773	317	15,331	14,337
Total Net Position	$ 69,403	$ 65,980	$ 2,594	$ 2,098	$ 71,997	$ 68,078

The net position of governmental activities increased $3,423 million and business-type activities increased $496 million. The increase in governmental activities is primarily due to an increase in interest and investment income. The increase in business-type activities is a result of this year's operations and the reclassification of the Retiree Health Fund.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net position changed during FY 17.

Changes in Net Position

(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY17	FY16	FY17	FY16	FY17	FY16
Revenues						
Program Revenues						
Charges for Services	$ 1,572	$ 1,325	$ 367	$ 304	$ 1,939	$ 1,629
Operating Grants	2,559	2,157	—	1	2,559	2,158
Capital Grants	650	728	71	60	721	788
General Revenues						
Taxes	680	127	—	—	680	127
Interest and Investment Income/(Loss)	7,050	706	21	(11)	7,071	695
Payments In from Component Units	31	175	—	—	31	175
Other Revenues	69	67	1	—	70	67
Total Revenues	12,611	5,285	460	354	13,071	5,639
Expenses						
General Government	173	323	—	—	173	323
Alaska Permanent Fund Dividend	653	1,330	—	—	653	1,330
Education and University	2,073	2,389	—	—	2,073	2,389
Health and Human Services	3,165	2,941	—	—	3,165	2,941
Law and Justice	262	292	—	—	262	292
Public Protection	855	843	—	—	855	843
Natural Resources	385	438	—	—	385	438
Development	177	448	1	2	178	450
Transportation	1,277	1,289	—	—	1,277	1,289
Intergovernmental	96	119	—	—	96	119
Debt Service	64	70	—	—	64	70
Loans	—	—	10	16	10	16
Insurance	—	—	200	152	200	152
Airports	—	—	167	140	167	140
Total Expenses	9,180	10,482	378	310	9,558	10,792
Excess (Deficiency) of Revenues						
Over Expenditures	3,431	(5,197)	82	44	3,513	(5,153)
Transfers	9	1	(9)	(1)	—	—
Change in Net Position	3,440	(5,196)	73	43	3,513	(5,153)
Net Position - Beginning of Year (Restated)	65,980	71,485	2,521	2,055	68,501	73,540
Prior Period Adjustment	—	(309)	—	—	—	(309)
Net Position - End of Year	$ 69,420	$ 65,980	$ 2,594	$ 2,098	$ 72,014	$ 68,078

FY 17 Net Position - Beginning of Year for business-type activities is being restated due to the Retiree Health Fund previously reported as a Fiduciary Fund has been reclassified to an Enterprise Fund.

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 $67.0 billion, an increase of $3.2 billion in comparison with the prior year. This increase is primarily due to an increase in interest and investment income.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of $3.7 billion, and $2.4 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an assigned fund balance of $12.8 billion, and the remaining nonmajor governmental funds had committed fund balances of $48.0 million. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending such as the principal of the Alaska Permanent Fund ($47.0 billion), and other items that are nonspendable, such as inventory, advances and prepaid items, and principal ($768 million), and amounts restricted for a variety of other purposes ($341 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 $6.1 billion, while total fund balance reached $6.3 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 67 percent of total General Fund expenditures, while total fund balance represents 69 percent of that same amount.

The fund balance of the State's General Fund decreased by $3.8 billion during the current fiscal year. For FY 17, the most significant source of revenue was federal revenues (59.7 percent) followed by rents and royalties (14.8 percent). With the decline in petroleum related revenues, Rents and Royalties and Taxes continue to be a significant concern even though FY 17 showed a slight increase (27.1 percent of total revenues for FY 17 compared to 17.6 percent of total revenues for FY 16).

General Fund revenues for FY 17 were $5.4 billion, an increase of $1.2 billion compared to revenues of $4.2 billion for FY 16. Revenues by source for FY 17 are compared to FY 16 in the following schedule (in millions):

Revenue Source	FY 17	Percent	FY 16	Percent
Taxes	$ 658.3	12.3%	$ 107.1	2.5%
Rents and Royalties	790.8	14.8%	640.8	15.1%
Interest and Investment Income/(Loss)	243.8	4.5%	195.4	4.6%
Federal	3,198.2	59.7%	2,705.6	63.9%
Miscellaneous	466.9	8.7%	588.9	13.9%
Total Revenue	$ 5,358	100%	$ 4,237.8	100%

The primary component of this revenue increase are taxes as well as federal income compared to the previous year. The General Fund received $551 million more in taxes and $493 million more in federal income revenue during FY 17.

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, 2017, this amounted to $39.8 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: $16.5 billion in dedicated mineral revenues; $16.2 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 $7.2 billion.

- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation per AS 37.13.145, consist of the realized earnings of the fund and a portion of accumulated unrealized appreciation. From inception through June 30, 2017, realized earnings (both gains and losses) have amounted to $55.9 billion. Of this amount $23.8 billion has been paid out for dividends, $16.2 billion has been transferred to principal for inflation proofing, $4.3 billion has been added to principal by special appropriation, $554 million has been paid out to the General Fund, $25.1 million in settlement earnings is payable to the Alaska Capital Income Fund, and $10.9 billion remains in the fund at June 30, 2017 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 $2.0 billion.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was a $636.8 million increase in appropriations (or 4 percent) and can be briefly summarized as follows:

- $606.3 million increase allocated to health and human services
- $45.7 million decrease allocated to transportation
- $55.3 million increase allocated to public protection
- The balance is allocated across several expenditure functions

Of this overall increase in appropriated expenditures, $120.2 million was funded out of an increase in interagency receipts, which represent purchases between departments, as well as a $47.0 million increase in Federal Grants in Aid. The remaining increase was funded with money transferred from the Constitutional Budget Reserve Fund (CBR). Please see Note 2 for additional information on the CBR.

The difference between the final amended budget and actual expenditures was a $7.0 billion decrease (or 40 percent) primarily due to a $4.9 billion decrease in transportation expenditures and $700.9 million decrease in health and human services expenditures.

Capital Assets and Debt Administration

Capital assets. The State's net investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to $7.8 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 17 totaled $485 million for governmental activities and $70 million for business-type activities.

Capital Assets
(Stated in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
Land	$ 1,015	$ 1,001	$ 31	$ 31	$ 1,046	$ 1,032
Buildings	1,560	1,490	685	715	2,245	2,205
Equipment	515	453	32	32	547	485
Infrastructure	2,938	2,777	456	449	3,394	3,226
Construction in Progress	1,638	1,914	22	10	1,660	1,924
Total Capital Assets	$ 7,666	$ 7,635	$ 1,226	$ 1,237	$ 8,892	$ 8,872

In FY 17, increases were primarily in infrastructure and equipment with an increase of $168 million and $62 million respectively. These increases were offset with a decrease in construction in progress in the amount of $264 million. Additional information on the State's capital assets can be found in Note 5 in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the State had total bonded debt outstanding of $1,656 million. Of this amount, $860 million was general obligation bonds, and $796 million of revenue bonds payable comprised of $336 million issued by the Northern Tobacco Securitization Corporation (NTSC), $21 million of sport fishing revenue bonds, and $440 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 $440 million are International Airports revenue bonds secured solely by specified revenue sources. The general obligation, NTSC, and sport fishing bonds are reported as governmental activities debt, and the International Airports bonds are reported as business-type activities debt.

Long-term Debt
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 17	FY 16	FY 17	FY 16	FY 17	FY 16
Revenue Bonds Payable	$ 356	$ 372	$ 440	$ 474	$ 796	$ 846
General Obligation Debt	860	921	—	—	860	921
Notes Payable	14	16	—	—	14	16
Capital Leases Payable	269	302	—	—	269	302
Unearned Revenue	53	65	23	1	76	66
Certificates of Participation	30	32	—	—	30	32
Compensated Absences	168	176	4	4	172	180
Claims and Judgments	145	163	—	—	145	163
Pollution Remediation	120	118	4	5	124	123
Other Noncurrent Liabilities	3	3	—	—	3	3
Net Pension Liability	4,432	4,119	77	57	4,509	4,176
Total	$ 6,450	$ 6,287	$ 548	$ 541	$ 6,998	$ 6,828

The State’s total long-term debt increased by $170 million (2.49 percent) during FY 17. The increase in debt is primarily due to a increase in the net pension liability which was partially offset by a decrease in general obligation debt, revenue bonds payable, and capital leases payable.

With the implementation of GASB Statement 68, the State of Alaska reported net pension liability in relation to a special funding situation in the amount of $1,532 million. The State of Alaska, Department of Law issued a legal opinion that the State of Alaska is not legally responsible for this portion of the net pension liability. Regardless, the financial statements must be reported under generally accepted accounting principles.

During FY 17 the State of Alaska’s bond rating was downgraded by the three rating agencies from Aa2 to Aa3 with a negative outlook by Moody’s Investor’s Service. Fitch Ratings credit rating continues to be AA+ with a negative outlook by Standard’s & Poor.

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

Significant Facts

While the General Fund revenue increased by $1,120.2 million over all, taxes and federal income increased between FY 16 and FY 17 by $551.2 million and $492.6 million respectively.

The Public Employee’s Retirement System’s (PERS) investment income increased $2,138.8 million to $2,052.1 million during fiscal year 2017. The Teacher’s Retirement System’s (TRS) net investment income increased $1,050.4 million to $1,006.8 million during fiscal year 2017.

Another significant factor affecting interest and investment revenues was an increase of $6.3 billion between FY 16 and FY 17 for the Alaska Permanent Fund (APF). In FY 16 the APF experienced investment income gain of $0.5 billion, compared to a gain of $6.8 billion in FY 17. The APF experienced a total fund return of 12.57 percent for FY 17. FY 2017’s results were much stronger than had been experienced in recent years, outperforming the performance benchmark of 10.25 percent are are substantially above the mid-point of the range of returns since 1985, which have ranged from -17.96 percent to 25.58 percent. Please see Note 1 for further information regarding this blended component unit and how to obtain the separately issued financial statements.

Economic Factors and Next Year’s Budgets and Rates

- The State’s average unemployment rate for FY 17 was 6.6 percent, slightly higher than the adjusted average unemployment rate for FY 16. Alaska’s five year average (2013 to 2017) was 6.7 percent. The United States unemployment rate for FY 17 was 4.6 percent.

- Total General Fund revenue for FY 17 was $5.4 billion. Three sources of revenue accounted for 86.8 percent of total state revenue; federal, rents and royalties, and taxes. Federal accounted for 59.7 percent, rents and royalties accounted for 14.8 percent, and taxes accounted for 12.3 percent of general fund revenue. The State’s budget is primarily structured around petroleum and federal revenue. Federal funds are generally restricted for use for federal programs and therefore cannot be used to balance the State budget. Petroleum revenues continue to be of concern with decreased oil prices and lawmakers continuing to use State reserves to close budget gaps.

- FY 17 crude oil and natural gas liquids production in the State of Alaska for the North Slope averaged 526 thousand barrels per day. This is 12 thousand barrels per day more than in the prior year. Cook Inlet production averaged 14 thousand barrels per day; a decrease of 3 thousand barrels per day.

- The State of Alaska FY 17 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 ($1,022/resident) was paid to each qualifying Alaskan for a total of $653 million.

Requests for Information

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

BASIC

FINANCIAL STATEMENTS

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STATE OF ALASKA **STATEMENT 1.01**
Statement of Net Position
Government-wide
June 30, 2017
(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 68,271,995	$ 1,345,851	$ 69,617,846	$ 2,111,943
Accounts Receivable - Net	503,052	25,931	528,983	62,128
Interest and Dividends Receivable	143,854	15,528	159,382	43,378
Internal Balances	26,063	(26,063)	—	—
Due from Primary Government	—	—	—	23,586
Due from Component Units	13,705	—	13,705	4,639
Due from Other Governments	744,879	42,088	786,967	40,371
Loans, Notes, and Bonds Receivable	18,330	469,599	487,929	4,705,170
Inventories	27,990	—	27,990	17,305
Repossessed Property	—	859	859	132
Net Investment in Direct Financing Leases	—	—	—	178,531
Investments in Projects, Partnerships, or Corporations	—	—	—	60,032
Restricted Assets	48	88,088	88,136	2,246,227
Securities Lending Collateral	1,314,953	—	1,314,953	11,025
Net Pension Asset	4,642	—	4,642	—
Other Assets	138,880	3,654	142,534	57,329
Capital Assets:				
Equipment, Net of Depreciation	515,322	31,600	546,922	400,127
Buildings, Net of Depreciation	1,559,743	685,251	2,244,994	1,159,048
Library Books, Net of Depreciation	—	—	—	9,054
Infrastructure, Net of Depreciation	2,937,951	456,342	3,394,293	1,011,877
Museum Collections	—	—	—	7,344
Land / Right-of-Way	1,014,722	31,202	1,045,924	116,465
Construction in Progress	1,637,637	21,360	1,658,997	633,169
Total Assets	78,873,766	3,191,290	82,065,056	12,898,880
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	914,857	16,106	930,963	256,581
LIABILITIES				
Accounts Payable and Accrued Liabilities	2,321,468	32,108	2,353,576	123,084
Obligations Under Securities Lending	1,314,953	—	1,314,953	11,025
Due to Primary Government	—	—	—	60,813
Due to Component Units	7,377	—	7,377	21,967
Due to Other Governments	20,922	2,554	23,476	764
Interest Payable	21,359	4,868	26,227	34,458
Derivative Instruments	—	—	—	144,903
Other Current Liabilities	—	2,817	2,817	114,790

This statement continues on the next page

Statement of Net Position
Government-wide
June 30, 2017
(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES (Continued)				
Long-Term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	220,949	4,864	225,813	16,279
Unearned Revenue	38,264	23,621	61,885	27,254
Notes, Bonds, and Leases Payable	91,681	11,365	103,046	204,456
Other Noncurrent Liabilities	—	—	—	106
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	211,396	3,632	215,028	4,428
Unearned Revenue	15,060	—	15,060	54,731
Notes, Bonds, and Leases Payable	1,437,624	428,472	1,866,096	3,836,885
Net Pension Liabilities	4,431,885	76,975	4,508,860	397,532
Other Noncurrent Liabilities	2,785	21,071	23,856	23,265
Total Liabilities	10,135,723	612,347	10,748,070	5,076,740
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows or Resources	250,071	857	250,928	578,073
NET POSITION				
Net Investment in Capital Assets	6,951,428	831,268	7,782,696	2,272,697
Restricted for:				
Permanent Funds				
Nonexpendable	47,592,070	—	47,592,070	464,713
Expendable	9,032	—	9,032	159,440
Education	61,737	—	61,737	424,663
Development	166,565	—	166,565	101,932
Unemployment Compensation	—	445,283	445,283	—
Health and Human Services	16,816	501,441	518,257	—
Debt Service	44,604	18,127	62,731	672,458
Other Purposes	2,452	24,835	27,287	1,292,817
Unrestricted	14,558,125	773,238	15,331,363	2,111,928
Total Net Position	$ 69,402,829	$ 2,594,192	$ 71,997,021	$ 7,500,648

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

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STATE OF ALASKA
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2017
(Stated in Thousands)

STATEMENT 1.02

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	$ 172,897	$ 24,472	$ 23,387	$ (30)
Alaska Permanent Fund Dividend	652,746	—	—	—
Education	1,715,774	4,430	264,149	—
University	356,986	—	86	—
Health and Human Services	3,165,385	55,324	1,860,205	26,000
Law and Justice	262,401	11,802	19,793	(70)
Public Protection	854,667	185,091	80,602	6,219
Natural Resources	384,784	1,216,901	98,468	9,369
Development	176,934	180	71,591	5,351
Transportation	1,277,028	73,938	128,315	603,263
Intergovernmental Revenue Sharing	96,423	—	11,171	—
Debt Service	64,263	—	1,341	—
Total Governmental Activities	9,180,288	1,572,138	2,559,108	650,102
Business-type Activities:				
Loans	9,860	10,279	407	15,140
Insurance	199,892	212,436	—	—
Airports	167,523	142,826	—	56,261
Development	1,063	1,076	—	—
Total Business-type activities	378,338	366,617	407	71,401
Total Primary Government	$ 9,558,626	$ 1,938,755	$ 2,559,515	$ 721,503
Component Units:				
University of Alaska	$ 815,793	$ 196,357	$ 252,882	$ 14,775
Alaska Housing Finance Corporation	235,384	142,056	53,686	43,313
Alaska Industrial Development and Export Authority	57,012	60,352	433	2,372
Nonmajor Component Unit	440,059	227,256	95,369	51,914
Total Component Units	$ 1,548,248	$ 626,021	$ 402,370	$ 112,374

This statement continues on the next page.

STATE OF ALASKA
STATEMENT 1.02
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2017
(Stated in Thousands)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	$ (125,068)		$ (125,068)	
Alaska Permanent Fund Dividend	(652,746)		(652,746)	
Education	(1,447,195)		(1,447,195)	
University	(356,900)		(356,900)	
Health and Human Services	(1,223,856)		(1,223,856)	
Law and Justice	(230,876)		(230,876)	
Public Protection	(582,755)		(582,755)	
Natural Resources	939,954		939,954	
Development	(99,812)		(99,812)	
Transportation	(471,512)		(471,512)	
Intergovernmental Revenue Sharing	(85,252)		(85,252)	
Debt Service	(62,922)		(62,922)	
Total Governmental Activities	(4,398,940)		(4,398,940)	
Business-type Activities:				
Loans		$ 15,966	15,966	
Insurance		12,544	12,544	
Airports		31,564	31,564	
Development		13	13	
Total Business-type activities		60,087	60,087	
Total Primary Government	(4,398,940)	60,087	(4,338,853)	
Component Units:				
University of Alaska				$ (351,779)
Alaska Housing Finance Corporation				3,671
Alaska Industrial Development and Export Authority				6,145
Nonmajor Component Unit				(65,520)
Total Component Units				(407,483)
General Revenues				
Taxes:				
Severance Taxes	232,999	—	232,999	9,567
Selective Sales/Use	260,819	—	260,819	—
Income Taxes	62,402	—	62,402	—
Property Taxes	120,693	—	120,693	—
Other Taxes	2,643	—	2,643	—
Interest and Investment Income (Loss)	7,049,727	21,381	7,071,108	158,821
Tobacco Settlement	30,175	—	30,175	—
Payments in from Component Units	31,178	—	31,178	5,778
Payments In from Primary Government	—	—	—	334,039
Other Revenues	38,604	1,172	39,776	10,965
Transfers - Internal Activity	9,467	(9,467)	—	—
Special Items:				
Impairment of Capital Asset	—	—	—	(318)
Total General Revenues, Transfers and Special Items and Extraordinary items	7,838,707	13,086	7,851,793	518,852
Change in Net Position	3,439,767	73,173	3,512,940	111,369
Net Position - Beginning of Year (Restated)	65,979,566	2,521,019	68,500,585	7,389,279
Net Position - End of Year	$ 69,419,333	$ 2,594,192	$ 72,013,525	$ 7,500,648

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

STATE OF ALASKA **STATEMENT 1.11**
Balance Sheet
Governmental Funds
June 30, 2017
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 7,189,934	$ 59,964,591	$ 979,784	$ 68,134,309
Accounts Receivable - Net	103,209	390,940	3,230	497,379
Interest and Dividends Receivable	5,996	137,634	224	143,854
Due from Other Funds	60,390	16,179	4,027	80,596
Due from Component Units	13,705	—	—	13,705
Due from Other Governments	744,429	—	—	744,429
Loans, Notes, and Bonds Receivable	18,254	—	76	18,330
Inventories	23,917	—	—	23,917
Securities Lending Collateral	—	1,314,953	—	1,314,953
Other Assets	114,867	—	6,729	121,596
Total Assets	8,274,701	61,824,297	994,070	71,093,068
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 1,546,017	$ 699,180	$ 19,965	$ 2,265,162
Obligations Under Securities Lending	—	1,314,953	—	1,314,953
Due to Other Funds	67,773	25,067	2,365	95,205
Due to Component Units	7,310	—	67	7,377
Due to Other Governments	20,922	—	—	20,922
Unearned Revenue	53,171	—	153	53,324
Other Liabilities	2,228	—	557	2,785
Total Liabilities	1,697,421	2,039,200	23,107	3,759,728
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	286,670	—	—	286,670
FUND BALANCES				
Nonspendable:				
Inventory	23,917	—	—	23,917
Principal	—	46,969,593	622,477	47,592,070
Advances and Prepaid Items	114,856	—	6,694	121,550
Restricted for:				
Debt Service	4,678	—	40,876	45,554
Education	15,315	—	52,039	67,354
Health and Human Services	656	—	16,160	16,816
Development	24,610	—	184,555	209,165
Other Purposes	2,271	—	181	2,452
Committed to:				
Education	713,971	—	18,750	732,721
Health and Human Services	195,665	—	—	195,665
Public Protection	140,984	—	—	140,984
Permanent Fund	13,528	—	—	13,528
Development	1,210,598	—	29,231	1,239,829
Other Purposes	89,138	—	—	89,138
Assigned to:				
Permanent Fund	—	12,815,504	—	12,815,504
Unassigned:	3,740,423	—	—	3,740,423
Total Fund Balances	6,290,610	59,785,097	970,963	67,046,670
Total Liabilities, Deferred Inflows, and Fund Balances	$ 8,274,701	$ 61,824,297	$ 994,070	$ 71,093,068

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

STATE OF ALASKA **STATEMENT 1.12**
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2017
(Stated in Thousands)

Total Fund Balances - Governmental Funds		$ 67,046,670
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (Note 5). These assets consist of:		
Equipment, net of depreciation	342,925	
Buildings, net of depreciation	1,423,460	
Infrastructure, net of depreciation	2,937,951	
Land / right-of-way	1,014,722	
Construction in progress	1,621,393	
		7,340,451
Some of the state's assets are not current available resources and are not reported in the funds.		
Claims and judgments, net of federal reimbursement	450	
Net pension asset (Note 7)	4,642	
Other post employment benefits asset (Note 7)	12,515	
		17,607
Deferred outflows of resources that are not reported in the funds.		
Losses on bond refunding	10,981	
Related to pensions	894,778	
		905,759
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position (See Statement 1.21).		409,180
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		286,670
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	(144,990)	
Compensated absences	(164,340)	
Pollution remediation	(119,776)	
Capital lease obligations	(268,938)	
Net pension liability	(4,388,395)	
		(5,086,439)
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	(1,246,123)	
Accrued interest payable	(21,359)	
		(1,267,482)
Deferred inflows of resources related to pensions that are not reported in the funds.		(249,587)
Net Position of Governmental Activities		$ 69,402,829

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

STATE OF ALASKA **STATEMENT 1.13**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 658,248	$ —	$ 21,308	$ 679,556
Licenses and Permits	110,701	—	38,006	148,707
Charges for Services	214,073	—	234	214,307
Fines and Forfeitures	40,172	—	244	40,416
Rents and Royalties	790,810	364,893	7,221	1,162,924
Premiums and Contributions	21,955	—	14,103	36,058
Interest and Investment Income (Loss)	243,845	6,805,422	60,581	7,109,848
Federal Grants in Aid	3,198,234	—	(126)	3,198,108
Payments In from Component Units	31,180	—	—	31,180
Other Revenues	48,738	—	24,118	72,856
Total Revenues	5,357,956	7,170,315	165,689	12,693,960
EXPENDITURES				
Current:				
General Government	400,278	121,355	2,574	524,207
Alaska Permanent Fund Dividend	652,746	—	—	652,746
Education	1,770,809	—	52,428	1,823,237
University	374,028	—	5,128	379,156
Health and Human Services	3,072,594	—	3,388	3,075,982
Law and Justice	235,223	2,587	—	237,810
Public Protection	714,867	—	—	714,867
Natural Resources	290,933	5,896	36,117	332,946
Development	177,564	—	7,058	184,622
Transportation	1,242,139	—	47,531	1,289,670
Intergovernmental Revenue Sharing	97,454	—	—	97,454
Debt Service:				
Principal	30,832	—	62,920	93,752
Interest and Other Charges	13,839	—	53,719	67,558
Total Expenditures	9,073,306	129,838	270,863	9,474,007
Excess (Deficiency) of Revenues Over Expenditures	(3,715,350)	7,040,477	(105,174)	3,219,953
OTHER FINANCING SOURCES (USES)				
Capital Leases	2,894	—	—	2,894
Transfers In from Other Funds	34,534	—	89,371	123,905
Transfers (Out to) Other Funds	(91,076)	(25,067)	(6,592)	(122,735)
Total Other Financing Sources and Uses	(53,648)	(25,067)	82,779	4,064
Net Change in Fund Balances	(3,768,998)	7,015,410	(22,395)	3,224,017
Fund Balances - Beginning of Year	10,059,608	52,769,687	993,358	63,822,653
Fund Balances - End of Year	$ 6,290,610	$ 59,785,097	$ 970,963	$ 67,046,670

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, 2017
(Stated in Thousands)

Net Change in Fund Balances - Total Governmental Funds		$	3,224,017
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	500,413		
Depreciation expense	(453,543)		
			46,870
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported in governmental activities in the Statement of Revenues, Expenses, and Changes in Fund Net Position (Statement 1.22).			
Net current year revenue			(8,786)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.			(102,345)
Bond and other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position (See Statement 1.02).			
Accrued interest	(8,712)		
Repayment of bond principal	78,698		
			69,986
Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position (See Statement 1.01), the lease obligation is reported as a liability.			(2,894)
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities or deferred outflows reported on the Statement of Net Position (See Statement 1.01) and have been eliminated from the Statement of Activities (See Statement 1.02).			
Claims and judgments	17,652		
Compensated absences	7,753		
Pollution remediation	(1,935)		
Capital lease payments	27,725		
Pension	133,478		
Other post employment benefits	11,742		
			196,415
Change in Net Position of Governmental Activities		$	3,423,263

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

Statement of Net Position
Proprietary Funds
June 30, 2017
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 97,230	$ 1,248,621	$ 1,345,851	$ 137,734
Accounts Receivable - Net	6,983	18,948	25,931	677
Interest and Dividends Receivable	—	6,311	6,311	—
Due from Other Funds	97	1,486	1,583	15,959
Due from Other Governments	41,818	270	42,088	—
Loans, Notes, and Bonds Receivable	—	35,633	35,633	—
Inventories	—	—	—	4,073
Restricted Assets	3,179	—	3,179	—
Other Current Assets	—	—	—	4,769
Total Current Assets	149,307	1,311,269	1,460,576	163,212
Noncurrent Assets:				
Interest and Dividends Receivable	—	9,217	9,217	—
Loans, Notes, and Bonds Receivable	—	433,966	433,966	—
Repossessed Property	—	859	859	—
Restricted Assets	84,909	—	84,909	—
Other Noncurrent Assets	—	3,654	3,654	—
Capital Assets:				
Equipment, Net of Depreciation	31,600	—	31,600	172,397
Buildings, Net of Depreciation	685,251	—	685,251	136,283
Infrastructure, Net of Depreciation	456,342	—	456,342	—
Land / Right-of-Way	31,202	—	31,202	—
Construction in Progress	21,360	—	21,360	16,244
Total Noncurrent Assets	1,310,664	447,696	1,758,360	324,924
Total Assets	1,459,971	1,758,965	3,218,936	488,136
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	15,123	983	16,106	9,098

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.21**
Statement of Net Position
Proprietary Funds
June 30, 2017
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	13,039	19,069	32,108	26,281
Due to Other Funds	16,607	11,039	27,646	316
Due to Other Governments	—	2,554	2,554	—
Interest Payable	4,868	—	4,868	—
Claims, Judgments, Compensated Absences, and Pollution Remediation	4,640	224	4,864	2,785
Unearned Revenue	23,621	—	23,621	—
Notes, Bonds, and Leases Payable	11,365	—	11,365	2,475
Other Current Liabilities	—	2,817	2,817	—
Total Current Liabilities	74,140	35,703	109,843	31,857
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	3,632	—	3,632	454
Notes, Bonds, and Leases Payable	428,472	—	428,472	11,769
Net Pension Liabilities	72,276	4,699	76,975	43,490
Other Noncurrent Liabilities	—	21,071	21,071	—
Total Noncurrent Liabilities	504,380	25,770	530,150	55,713
Total Liabilities	578,520	61,473	639,993	87,570
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	806	51	857	484
NET POSITION				
Net Investment in Capital Assets	831,268	—	831,268	310,680
Restricted for:				
Unemployment Compensation	—	445,283	445,283	—
Health and Human Services	—	501,441	501,441	—
Debt Service	18,127	—	18,127	—
Other Purposes	24,611	224	24,835	—
Unrestricted	21,762	751,476	773,238	98,500
Total Net Position	$ 895,768	$ 1,698,424	$ 2,594,192	$ 409,180

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

STATE OF ALASKA
STATEMENT 1.22
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
OPERATING REVENUES				
Premiums and Contributions	$ —	$ 210,800	$ 210,800	$ 121,571
Charges for Goods and Services	141,929	2,796	144,725	94,475
Interest and Investment Income	—	8,991	8,991	—
Allowance for Uncollectible Interest	—	(63)	(63)	—
Fines and Forfeitures	—	38	38	—
Other Operating Revenues	897	1,636	2,533	3,698
Total Operating Revenues	142,826	224,198	367,024	219,744
OPERATING EXPENSES				
Benefits	—	197,091	197,091	123,488
Operating	97,933	10,205	108,138	87,060
Depreciation	69,590	—	69,590	31,712
Provision for Loan Losses and Forgiveness	—	1,463	1,463	—
Total Operating Expenses	167,523	208,759	376,282	242,260
Operating Income (Loss)	(24,697)	15,439	(9,258)	(22,516)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	1,476	40,470	41,946	104
Interest and Investment Expense	(20,475)	(90)	(20,565)	(165)
Gain (Loss) on Disposal of Capital Assets	136	798	934	(708)
Other Nonoperating Revenues (Expenses)	238	(2,056)	(1,818)	2
Total Nonoperating Revenues (Expenses)	(18,625)	39,122	20,497	(767)
Income Before Capital Contributions and Transfers	(43,322)	54,561	11,239	(23,283)
Capital Contributions	56,261	15,140	71,401	6,200
Transfers In from Other Funds	—	—	—	8,297
Transfers (Out to) Other Funds	—	(9,467)	(9,467)	—
Change in Net Position	12,939	60,234	73,173	(8,786)
Total Net Position - Beginning of Year (Restated)	882,829	1,638,190	2,521,019	417,966
Total Net Position - End of Year	$ 895,768	$ 1,698,424	$ 2,594,192	$ 409,180

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

STATE OF ALASKA

STATEMENT 1.23

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Other Governments	$ —	$ 109	$ 109	$ —
Receipts from Customers	178,482	1,197	179,679	141
Receipts for Interfund Services Provided	—	—	—	92,895
Receipt of Principal from Loan Recipients	—	48,295	48,295	—
Receipt of Interest and Fees from Loan Recipients	—	10,606	10,606	—
Receipts from Insured	—	210,842	210,842	121,571
Payments to Employees	(49,096)	(4,517)	(53,613)	(30,333)
Payments to Suppliers	(28,298)	(4,585)	(32,883)	(38,373)
Payments to Other Governments	—	(345)	(345)	—
Payments to Loan Recipients	—	(58,536)	(58,536)	—
Claims Paid	—	(195,953)	(195,953)	(124,994)
Payments for Interfund Services Used	(1,689)	(821)	(2,510)	(4,032)
Other Receipts	—	1,643	1,643	3,691
Other Payments	—	(130)	(130)	—
Net Cash Provided (Used) by Operating Activities	99,399	7,805	107,204	20,566
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	—	(2,056)	(2,056)	—
Operating Subsidies and Transfers In from Other Funds	—	43	43	15,797
Federal Grants	237	—	237	—
Proceeds from Issuance of Short-term Debt	—	3,257	3,257	—
Payments on Short-term Debt	—	(3,257)	(3,257)	—
Interest and Fees Paid on Borrowing	—	(6)	(6)	—
Net Cash Provided (Used) by Noncapital Financing Activities	237	(2,019)	(1,782)	15,797
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	—	1,111	1,111	1,417
Acquisition and Construction of Capital Assets	(58,822)	—	(58,822)	(10,801)
Proceeds from Capital Debt	103,299	—	103,299	—
Principal Paid on Capital Debt	(134,188)	—	(134,188)	(7,910)
Interest and Fees Paid on Capital Debt	(28,575)	—	(28,575)	(427)
Capital Lease Payments (and Interest)	—	—	—	(2,048)
Passenger Facility Charges	6,795	—	6,795	—
Federal Grants	30,855	15,140	45,995	—
Other Receipts (Payments)	—	—	—	1
Net Cash Provided (Used) by Capital and Related Financing Activities	(80,636)	16,251	(64,385)	(19,768)

This statement continues on the next page.

STATE OF ALASKA **STATEMENT 1.23**
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	299,933	179,456	479,389	—
Purchase of Investments	(298,457)	(205,406)	(503,863)	—
Interest and Dividends on Investments	—	19,297	19,297	104
Change in Restricted Cash and Investments	4,840	—	4,840	—
Net Cash Provided (Used) by Investing Activities	6,316	(6,653)	(337)	104
Net Increase (Decrease) in Cash	25,316	15,384	40,700	16,699
Cash and Cash Equivalents - Beginning of Year	42,968	771,037	814,005	121,035
Cash and Cash Equivalents - End of Year	$ 68,284	$ 786,421	$ 854,705	$ 137,734
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (24,697)	$ 15,439	$ (9,258)	$ (22,516)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	69,590	—	69,590	31,712
Other Reconciling Items	(1,689)	—	(1,689)	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable - Net	12,374	1,349	13,723	97
Due from Other Funds	—	46	46	(1,728)
Due from Other Governments	—	35	35	—
Loans, Notes, and Bonds Receivable - Net	—	(9,237)	(9,237)	—
Repossessed Property	—	90	90	—
Interest and Dividends Receivable - Net	—	87	87	—
Inventories	—	—	—	(128)
Other Assets	—	344	344	2,930
Deferred Outflows of Resources	(4,942)	(229)	(5,171)	(2,749)
Due to Other Funds	—	(1,813)	(1,813)	224
Due to Other Governments	—	(2,778)	(2,778)	—
Accounts Payable and Accrued Liabilities	7,114	3,022	10,136	2,549
Net Pension Liability	19,387	718	20,105	10,501
Other Liabilities	22,393	745	23,138	(227)
Deferred Inflows of Resources	(131)	(13)	(144)	(99)
Net Cash Provided (Used) by Operating Activities	$ 99,399	$ 7,805	$ 107,204	$ 20,566
Reconciliation of Cash to the Statement of Net Position				
Total Cash and Investments per the Statement of Net Position	$ 97,230	$ 786,421	$ 883,651	$ 137,734
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(28,946)	—	(28,946)	—
Cash, End of Year	$ 68,284	$ 786,421	$ 854,705	$ 137,734
Noncash Investing, Capital, and Financing Activities				
Contributed Capital Assets	—	—	—	6,200
Transfers (Out to) Other Funds (Accrual)	—	(2)	(2)	—

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

STATE OF ALASKA **STATEMENT 1.31**

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 545,089	$ 339,801
Investments:		200,398
Fixed Income	3,355,154	
Domestic Equities	6,422,542	
International Equities	5,940,540	
Alternative Equity Strategies	962,340	
Private Equity Pool	2,113,949	
Absolute Return Pool	1,589,747	
Real Assets	4,252,305	
Pooled Investment Funds	3,152,405	
Collective Investment Funds	2,100,345	
Synthetic Investment Contracts	547,295	
Investment Loss Trust Fund Assets	1,968	—
Accounts Receivable - Net	6,265	11
Contributions Receivable	38,054	—
Securities Lending Collateral	168,964	—
Due from Other Funds	25,910	4,115
Other Assets	1,303	—
Total Assets	31,224,175	544,325
LIABILITIES		
Accounts Payable and Accrued Liabilities	8,215	5,977
Obligations Under Securities Lending	168,964	—
Forfeiture Payable to Employer	42,655	—
Claims Payable	57,935	—
Trust Deposits Payable	—	535,754
Due to Other Funds	2,402	2,594
Total Liabilities	280,171	544,325
NET POSITION		
Restricted for:		
Pension Benefits	14,457,587	—
Other Postemployment Benefits	10,652,193	—
Individuals, Organizations, and Other Governments	5,834,224	—
Total Net Position	$ 30,944,004	$ —

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

STATE OF ALASKA **STATEMENT 1.32**

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

June 30, 2017

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Premiums and Contributions:	
Employer	$ 669,508
Member	371,934
Other	221,280
Total Premiums and Contributions	1,262,722
Investment Income:	
Net Appreciation (Depreciation) in Fair	
Value of Investments	3,089,794
Interest	89,362
Dividends	326,952
Total Investment Income	3,506,108
Less Investment Expense	15,147
Net Investment Income	3,490,961
Securities Lending Income	1,329
Less Securities Lending Expense	266
Net Securities Lending Income	1,063
Other Additions	
Other	57,361
Total Additions	4,812,107
DEDUCTIONS	
Benefits Paid	2,026,483
Refunds of Premiums and Contributions	58,072
Administrative Expenses	40,765
Total Deductions	2,125,320
Net Increase (Decrease) in Net Position Restricted for:	
Pension Benefits	1,107,054
Other Postemployment Benefits	962,577
Individuals, Organizations, and Other Governments	617,156
Net Position - Beginning of the Year (Restated)	28,257,217
Net Position - End of the Year	$ 30,944,004

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

(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total
ASSETS					
Cash and Investments	$ 222,556	$ 434,474	$ 513,916	$ 940,997	$ 2,111,943
Accounts Receivable - Net	40,434	—	2,772	18,922	62,128
Interest and Dividends Receivable	736	12,771	4,049	25,822	43,378
Due from Primary Government	5,435	9,002	—	9,149	23,586
Due from Component Units	1	313	4,293	32	4,639
Due from Other Governments	26,986	930	—	12,455	40,371
Loans, Notes, and Bonds Receivable	1,917	2,910,332	468,828	1,324,093	4,705,170
Inventories	4,705	—	749	11,851	17,305
Repossessed Property	—	—	132	—	132
Net Investment in Direct Financing Leases	—	29,142	149,389	—	178,531
Investments in Projects, Partnerships, or Corporations	—	—	60,032	—	60,032
Restricted Assets	556,854	250,413	129,896	1,309,064	2,246,227
Securities Lending Collateral	—	—	—	11,025	11,025
Other Assets	11,318	12,926	1,169	31,916	57,329
Capital Assets:					
Equipment, Net of Depreciation	218,554	703	9,193	171,677	400,127
Buildings, Net of Depreciation	998,798	85,812	49,256	25,182	1,159,048
Library Books, Net of Depreciation	9,054	—	—	—	9,054
Infrastructure, Net of Depreciation	116,154	—	67,182	828,541	1,011,877
Museum Collections	7,344	—	—	—	7,344
Land / Right-of-Way	39,685	20,247	3,539	52,994	116,465
Construction in Progress	302,938	—	29,906	300,325	633,169
Total Assets	2,563,469	3,767,065	1,494,301	5,074,045	12,898,880
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	54,483	172,676	9,339	20,083	256,581
LIABILITIES					
Accounts Payable and Accrued Liabilities	52,596	11,552	2,003	56,933	123,084
Obligations Under Securities Lending	—	—	—	11,025	11,025
Due to Primary Government	—	152	44,224	16,437	60,813
Due to Component Units	17,251	—	—	4,716	21,967
Due to Other Governments	—	—	2	762	764
Interest Payable	3,585	9,622	2,109	19,142	34,458
Derivative Instruments	—	144,903	—	—	144,903
Other Current Liabilities	18,060	82,526	534	13,670	114,790

This statement continued on next page.

STATE OF ALASKA
STATEMENT 1.41

Statement of Net Position
Component Units
June 30, 2017
(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total
Long-term Liabilities:					
Portion Due or Payable Within One Year:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	12,356	2,167	97	1,659	16,279
Unearned Revenue	22,993	—	—	4,261	27,254
Notes, Bonds, and Leases Payable	12,354	61,832	5,569	124,701	204,456
Other Noncurrent Liabilities	—	—	—	106	106
Portion Due or Payable After One Year:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	2,017	—	2,411	4,428
Unearned Revenue	54,631	—	—	100	54,731
Notes, Bonds, and Leases Payable	336,802	2,062,805	102,955	1,334,323	3,836,885
Net Pension Liabilities	286,227	47,645	15,941	47,719	397,532
Other Noncurrent Liabilities	9,788	361	12,421	695	23,265
Total Liabilities	826,643	2,425,582	185,855	1,638,660	5,076,740
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	3,275	531	178	574,089	578,073
NET POSITION					
Net Investment in Capital Assets	1,366,640	106,762	161,354	637,941	2,272,697
Restricted for:					
Permanent Funds					
Nonexpendable	—	—	—	464,713	464,713
Expendable	—	—	—	159,440	159,440
Education	424,663	—	—	—	424,663
Development	—	—	647	101,285	101,932
Debt Service	12,529	578,954	—	80,975	672,458
Other Purposes	—	158,482	—	1,134,335	1,292,817
Unrestricted	(15,798)	669,430	1,155,606	302,690	2,111,928
Total Net Position	$ 1,788,034	$ 1,513,628	$ 1,317,607	$ 2,881,379	$ 7,500,648

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

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STATE OF ALASKA **STATEMENT 1.42**
Statement of Activities
Component Units
For the Year Ended June 30, 2017
(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Component Units				
University of Alaska	$ 815,793	$ 196,357	$ 252,882	$ 14,775
Alaska Housing Finance Corporation	235,384	142,056	53,686	43,313
Alaska Industrial Development and Export Authority	57,012	60,352	433	2,372
Nonmajor Component Units	440,059	227,256	95,369	51,914
Total Component Units	$ 1,548,248	$ 626,021	$ 402,370	$ 112,374

STATE OF ALASKA **STATEMENT 1.42**

Statement of Activities
Component Units
For the Year Ended June 30, 2017
(Stated in Thousands)

	Net (Expense) Revenue and Changes in Net Position				
	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total Component Units
FUNCTIONS/PROGRAMS					
Component Units					
University of Alaska	$ (351,779)				$ (351,779)
Alaska Housing Finance Corporation		3,671			3,671
Alaska Industrial Development and Export Authority			6,145		6,145
Nonmajor Component Units				(65,520)	(65,520)
Total Component Units	$ (351,779)	$ 3,671	$ 6,145	$ (65,520)	$ (407,483)
General Revenues:					
Taxes					
Severance Taxes	—	—	—	9,567	9,567
Interest and Investment Income (Loss)	32,114	7,654	(365)	119,418	158,821
Payments In from Component Units	5,778	—	—	—	5,778
Payments In from Primary Government	333,895	—	5	139	334,039
Other Revenues	—	2,770	53	8,142	10,965
Special Items:					
Impairment of Capital Asset	—	—	—	(318)	(318)
Total General Revenues and Contributions	371,787	10,424	(307)	136,948	518,852
Change in Net Position	20,008	14,095	5,838	71,428	111,369
Net Position - Beginning of Year	1,768,026	1,499,533	1,311,769	2,809,951	7,389,279
Net Position - End of Year	$ 1,788,034	$ 1,513,628	$ 1,317,607	$ 2,881,379	$ 7,500,648

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

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STATE OF ALASKA
INDEX
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

The State of Alaska (State) was admitted to the Union in 1959 and is governed by an elected governor and a 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. The determination that a discretely presented component unit is "major" is based on the nature and significance of its relationship to the primary government. Fiduciary component units are reported in the fiduciary section of the fund financial statements and are not included in the government-wide financial statements. Individual component unit financial reports may also be obtained from these organizations as indicated.

BLENDED COMPONENT UNITS

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

The **Alaska Permanent Fund Corporation** (APFC) is a public corporation and government instrumentality in the Department of Revenue, Alaska Statute (AS) 37.13.040. A governor-appointed six-member board manages APFC. The Legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the State Constitution. The beneficiaries of the Fund are all present and future generations of Alaskans. The Fund represents 86 percent of the total cash and investments and 83 percent of total government-wide net position excluding discretely presented component units. The Fund is reported as a permanent fund (a governmental fund type), and APFC operations are included in the fund statements. Separately issued financial statements may be obtained from the Alaska Permanent Fund Corporation, P.O. Box 115500, Juneau, AK 99811-5500, or from their web site at www.apfc.org.

The **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 was 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. Chapter 51, SLA 2014 transferred KABTA's authority to construct a Knik Arm Bridge, including the associated rights and financial items, to the Department of Transportation and Public Facilities effective July 1, 2014. KABTA financial statements are included in the Combining Fund section of this Comprehensive Annual Financial Report

(CAFR) with the Nonmajor Enterprise Funds. In addition, fund financial statements are included as other supplementary information, since there are no separately issued financial statements for KABTA.

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

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

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

The **Alaska Aerospace Corporation** (AAC) is a public corporation of the State located for administrative purposes within the Department of Military and Veterans Affairs (AS 26.27.010). The Governor appoints the voting members of the AAC board of directors and the Legislature approves AAC's budget. AAC is also affiliated with the University of Alaska but with a separate and independent legal existence. The purpose of AAC is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, to provide a unified direction for space-related economic growth, education and research development, and tourism related activities. AAC is also to promote the continued utilization of the Poker Flat Research Range as a launch site for launch vehicles and for scientific research. Additionally, AAC is to promote and encourage the continued utilization of Poker Flat Research Range for the University of Alaska's polar research efforts.
AAC financial statements may be obtained from the Alaska Aerospace Corporation, 4300 B Street, Suite 101, Anchorage, AK 99503.

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

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

Pursuant to legislation effective July 1, 1999, rural energy programs previously administered by the former Department of Community and Regional Affairs were transferred to AEA for administration as part of a larger reorganization of State agencies.

Rural energy programs were originally part of AEA prior to the reorganization that occurred in 1993. AEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Gasline Development Corporation** (AGDC) is a public corporation and governmental instrumentality within the Department of Commerce, Community, and Economic Development, but having a legal existence independent and separate from, the State (AS 31.25.010). Currently, the commissioners of the departments of Commerce, Community and Economic Development; and Labor and Workforce Development, and five independent public members appointed by the Governor and confirmed by the Legislature comprise the AGDC board of directors. The Legislature appropriates the budget for AGDC for the purpose of planning, constructing, and financing in-state natural gas pipeline projects. The corporation has the power to borrow money and issue bonds on its own behalf. AGDC financial statements may be obtained from the Alaska Gasline Development Corporation, 3201 C Street, Suite, 200, Anchorage, AK 99503.

The **Alaska Housing Finance Corporation** (AHFC) is a public corporation, a government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State (AS 18.56.020), and is a major component unit. The Governor appoints the board of directors of AHFC. The Legislature approves AHFC's budget. AHFC assists in providing decent, safe, and sanitary housing by financing mortgage loans. AHFC acts as the principal source of residential financing in the State and functions as a secondary mortgage market. AHFC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

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

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

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

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

The **Alaska Student Loan Corporation** (ASLC) is a public corporation and government instrumentality within the Department of Education and Early Development but having a legal existence independent of and separate from the State (AS 14.42.100). ASLC is governed by a board of directors appointed by the Governor. The Legislature approves ASLC's budget. The purpose of ASLC is to improve higher educational opportunities for residents of the State. ASLC financial statements may be obtained from the Alaska Commission on Postsecondary Education, P.O. Box 110505, Juneau, AK 99811-0505.

The **University of Alaska** is established as a corporation and is an instrumentality of the State (AS 14.40.040), and is a major component unit. A board of regents appointed by the Governor and confirmed by the Legislature governs the university. The Legislature approves the university's budget. The university is created and acts for the benefit of the State and the public in providing education in accordance with an express mandate of the constitution. The financial statements of the university include the assets, liabilities, and related activity of the University of Alaska Foundation, a legally separate nonprofit component unit. The university is not accountable for, nor has ownership of, the foundation's resources. The university's financial statements may be obtained from the University of Alaska, Statewide Fund Accounting, 209 Butrovich Building, P.O. Box 756540, Fairbanks, AK 99775-6540.

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

FIDUCIARY COMPONENT UNITS

The **Public Employees' Retirement System** (PERS) was established by AS 39.35.095 (defined benefit) and AS 39.35.700 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of PERS. The administrator is responsible for the administration of PERS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the PERS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the Office of Administrative Hearings (OAH). The Alaska Retirement Management Board (ARMB) approves employers' rates. PERS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. PERS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of PERS and consists of nine trustees: the Commissioners of the Department of Administration and Revenue; two members of the general public; one member who is employed as a finance officer for a political subdivision participating in either the PERS or Teachers' Retirement System (TRS); two members of PERS; and two members of TRS. All members of the ARMB are appointed by and serve at the pleasure of the Governor.

The **Teachers' Retirement System** was established by AS 14.25.009 (defined benefit) and AS 14.25.310 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of the system. The administrator is responsible for the administration of TRS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the TRS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the OAH. 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 **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 **Alaska National Guard and Alaska Naval Militia Retirement System** (NGNMRS) was established by AS 26.05.222. The Commissioner of the Department of Administration is responsible for the administration of NGNMRS. NGNMRS costs, based upon actuarial valuations, are funded by the State. NGNMRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of NGNMRS.

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

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

Copies of the audited financial statements for the retirement systems (excluding NGNMRS), and for SBS and DCP, may be obtained from the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at http://doa.alaska.gov/drb/.

B. BASIC FINANCIAL STATEMENTS

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

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

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

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

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

- **Unrestricted Net Position** consists of net position that does not meet the definition of the two preceding categories. The unrestricted net position often is designated to indicate management does not consider them available for general operations (see note 1.F.). The unrestricted net position often has constraints on resources that are imposed by management, but can be modified or removed.

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance operations during the current year or to liquidate liabilities existing at the end of the year (collectible within 60 days of fiscal year end). When an asset is recorded in governmental fund financial statements but the revenue is not available, the government reports a deferred inflow of resources until such time as the revenue becomes available. Major revenues that are determined to be susceptible to accrual include federal, charges for services, investment income, and petroleum related taxes and royalties.

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

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

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

D. FINANCIAL STATEMENT PRESENTATION

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

GOVERNMENTAL FUND TYPES

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

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

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

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

PROPRIETARY FUND TYPES

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

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

FIDUCIARY FUND TYPES

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

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

E. FISCAL YEAR ENDS

All funds and discretely presented component units of the State are reported using fiscal years which end on June 30, except the Alaska Railroad Corporation whose fiscal year ends on December 31.

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

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

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

The Statement of Cash Flows for the enterprise funds shows changes in cash and cash equivalents. For the purpose of the Statement of Cash Flows, all highly liquid debt instruments with original maturities of three months or less are considered cash and cash equivalents. In addition, because the State's General Fund and Other Non-segregated Investment (GeFONSI) pool, the Short-term Fixed Income Pool, Short-term Treasury Fixed Income Pool, and the Short-term Liquidity Pool operate as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents. At June 30, 2017, the assets of the GeFONSI pool were comprised of shares in the Short-term Fixed Income Pool, the Short-term Liquidity Pool, and the Intermediate-term Fixed Income Pool.

RECEIVABLES

Receivables have been established and offset with proper provisions for estimated uncollectible accounts where applicable. The amount of noncurrent receivables does not constitute expendable available financial resources and therefore are not available for appropriation.

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

INTER/INTRAFUND TRANSACTIONS

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

INVENTORIES AND PREPAID ITEMS

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

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

CAPITAL ASSETS

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

Capital assets are depreciated on the straight-line method over the estimated useful lives of the related assets.

All public domain infrastructure acquired by the State, such as highways, bridges, harbors, and rural airports is capitalized.

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include the State's art, library reserve, museum, and historical collections. These assets are: held for public exhibition, education, or research rather than financial gain; protected, kept unencumbered, cared for, and preserved; and proceeds from the sale of collection items are used to acquire other items for collections.

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

COMPENSATED ABSENCES

Regulations governing annual/personal leave (vacation pay) provide that State employees will receive time off, or pay, for hours accumulated. Consequently, a liability exists with respect to accumulated annual/personal leave at any given time. This liability is recognized and reported in the government-wide and proprietary fund financial statements. As of June 30, 2017, the State's estimated liability for compensated absences, as reported in the government-wide Statement of Net Position, is $167.6 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave. Accumulated sick leave may be used only for actual illness. When an employee separates from service, any sick leave balance to their credit is reduced to zero without additional compensation to the employee. See Note 12 for disclosure of the amount of the sick leave contingency.

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

DEFERRED OUTFLOW/INFLOW OF RESOURCES

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

NET POSITION / FUND BALANCE

Fund assets and deferred outflow less liabilities and deferred inflows is "net position" on the government-wide, proprietary, and fiduciary fund statements, and is "fund balance" on the governmental fund statements.

FUND BALANCE COMPONENTS

The fund balance amounts for governmental funds are reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

- Restricted fund balance has constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Alaska Legislature, the State's highest level of decision-making authority. This formal action is the passage of law by the legislature, creating, modifying, or rescinding an appropriation.

- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. The Alaska Legislature is the body authorized by the Alaska State Constitution to assign amounts to a specific purpose. Alaska Statue 37.13.020 authorizes the Legislature to assign the funds in the Earnings Reserve Account, a component of the Alaska Permanent Fund.

- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

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

The appropriated balance in the General Fund (fund 1004) is committed, and the remaining balance is unassigned. All other governmental funds, including subfunds of the General Fund are presented as restricted or committed, with the exception of the three subfunds of the General Fund and a Capital Project fund as unassigned. The spendable portion of the Alaska Permanent Fund is classified as assigned.

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

Appropriations formally approved by the Legislature are then forwarded to the Governor for action which either become law or 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, 2017 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Inventory	$ 23,917	$ —	$ —	$ —	$ —
Principal	—	47,592,070	—	—	—
Advances and Prepaid Items	114,856	—	6,694	—	—
Total Nonspendable	138,773	47,592,070	6,694	—	—
Restricted:					
Debt Service	4,678	—	—	40,876	—
Education	15,315	—	9,330	—	42,709
Health & Human Services	656	—	16,160	—	—
Development	24,610	—	51,679	—	132,876
Other Purposes	2,271	—	181	—	—
Total Restricted	47,530	—	77,350	40,876	175,585
Committed					
Education					
School Foundation Support	31,562				
Pupil Transportation	1,936	—	—	—	—
Education Services	400,586	—	9,718	—	—
Construction & Maintenance	279,887	—	—	—	—
Public School Program Support		9,032	—	—	—
Health & Human Services	195,665	—	—	—	—
Public Protection	140,984	—	—	—	—
Permanent Fund					
Dividend Payments	13,528	—	—	—	—
Development					
Natural Resources	145,272	—	—	—	—
Transportation	702,147	—	—	—	—
Other	363,179	—	29,231	—	—
Other Purposes	89,138	—	—	—	—
Total Committed	2,363,884	9,032	38,949	—	—
Assigned					
Assigned for Future Appropriations					
Realized Earnings	—	10,863,205	—	—	—
Unrealized Appreciation on Invested Assets	—	1,952,299	—	—	—
Total Assigned	—	12,815,504	—	—	—
Unassigned	3,740,423	—	—	—	—
Total Fund Balance	$ 6,290,610	$ 60,416,606	$ 122,993	$ 40,876	$ 175,585

NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports $48.9 billion of restricted net position for the primary government, of which $25.9 million is restricted by enabling legislation.

NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

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

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

Appropriations, as enacted by the legislature and signed by the governor, are entered into the accounting records. The balance of an appropriation is reduced when funds are expended or encumbered. Appropriations are encumbered for anticipated expenditures in the form of purchase orders, contracts, and other obligations. Encumbrances outstanding at year-end are reported within restricted, committed or assigned fund balance based upon the resources that eventually will fund those grants or contracts, and do not constitute expenditures or liabilities. See Note 12 for additional information on encumbrances within the governmental funds. Unencumbered balances of annual appropriations lapse at the end of the fiscal year.

Expenditures of funds are made only upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain. Generally, transfers between appropriations are not authorized. Agencies faced with potential over expenditure of appropriations must (1) reduce the rate of expenditures, (2) seek relief through supplemental appropriations, or (3) request necessary approvals to receive and expend additional funds. In order to provide sufficient funding for several programs during FY 17, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 17 operating budget was $392.1 million, of which $131.7 million was from the General Fund, $20.7 million was reduced from other funds, and $281.1 million was appropriated from federal funds. In addition, the total supplemental appropriations for the FY 17 capital budget was $19.7 million, of which $1.7 million was appropriated from the General Fund, and $9.0 million was appropriated from other funds, $9.0 million was appropriated from federal funds. Sec. 35(c), ch. 3, 4SSLA 2016 authorized the use of up to $100.0 million from the Constitutional Budget Reserve Fund (CBRF) for use in FY 17 General Fund supplemental items. Of the $113.9 million in unrestricted General Fund FY 17 supplemental approproations, $20 million was appropriated from the Statutory Budget Reserve Fund (SBR) and $93.9 million from the CBRF. The $6.1 million balance of the $100.0 million authorization from the CBRF was transferred to the Alaska Marine Highway System Fund per Sec. 49(h), ch. 1, SSSLA 2017. Fund transfers are typically not counted as operating or capital appropriations as a fund transfer is merely moving money from one fund to another fund within the treasury. A separate appropriation is required for the money to leave the treasury.

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 17, the Office of Management and Budget estimated the limit to be approximately $10.0 billion. The FY 17 budget passed by the legislature after vetoes was $5.2 billion (unrestricted General Fund revenues only), or $4.8 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, FY 12, FY 13, or FY 14.

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

Chapter 18, SLA 2014, Section 48	$ 3,000,000
Subtotal FY 15	3,000,000
Chapter 1, SSLA 2015, Section 12(b)	3,617,867
Article IX, Section 17(d) Alaska Constitution (FY 16)	(522,510)
Subtotal FY 16	3,095,357
Chapter 3, 4SSLA 2016, Section 35(a)	522,510
Chapter 3, 4SSLA 2016, Section 35(b)	3,033,935
Article IX, Section 17(d) Alaska Constitution (FY 17)	(479,729)
Subtotal FY 17	3,076,716
Total appropriated from the CBRF	$ 9,172,073

The schedule above shows the effect of article IX, Section 17(d), of the Alaska Constitution, which provides that the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund until the amount appropriated is repaid. The amount was fully repaid at the end of FY 10, so this schedule shows the repayment activity that has occurred prospectively.

SLA 2014, Chapter 18, Section 48 (a) appropriated the sum of $1 billion to the defined benefit plan account in the Public Employees Retirement and (b) appropriated $2 billion to the defined benefit plan account in the Teachers' Retirement System from the CBRF as additional state contributions for the fiscal year ending June 30, 2015, which results in a liability of the General Fund.

SSLA 2015, Chapter 1, Section 12(b) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for fiscal year 2016.

4SSLA 2016, Chapter 3, Section 35(b) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for fiscal year 2017.

STATUTORY BUDGET RESERVE FUND

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

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

General Fund. For FY 13, this resulted in a year-end transfer from the SBRF to the General Fund for $776 million, for a net impact to the SBRF of $526 million.

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

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

Article IX, Section 17(d), of the Alaska Constitution, which provides that the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund until the amount appropriated is repaid. For FY 17, this resulted in a year-end sweep from the SBRF to the General Fund for transfer to the CBRF in the amount of $268 million.

NOTE 3 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the fund financial statements, governmental funds reported deferred inflows of resources of $286,670 thousand as this amount represents revenues that are earned and measurable, but not available within two months of the end of the reporting period.

Deferred Outflows and Inflows of Resources reported in the government-wide Statement of Net Position as of June 30, 2017 consisted of the following (in thousands):

Deferred Outflows and Inflows of Resources

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Discrete Component Units**
Deferred Outflows:			
Change in Fair Value-Interest Rate Swaps	$ —	$ —	$ 142,863
Deferred Charge on Bond Refundings	10,981	—	22,317
Deferred Lease Obligation	—	—	3,611
Intangible Gas Plant Acquisition Adjustment	—	—	2,276
Deferred Outflows Related to Postretirement Benefits	—	—	3,410
Deferred Outflows Related to Pensions	903,876	16,106	82,104
Total Deferred Outflows	$ 914,857	$ 16,106	$ 256,581
Deferred Inflows:			
Unearned Grant Revenue	$ —	$ —	$ 572,208
Deferred Inflows Related to Postretirement Benefits	—	—	1,633
Deferred Inflows Related to Pensions	250,071	857	4,232
Total Deferred Inflows	$ 250,071	$ 857	$ 578,073

Internal service funds predominantly serve the governmental funds. Accordingly, deferred outflows ($9,098 thousand) and deferred inflows ($484 thousand) for internal service funds are included as part of the above totals for governmental activities. These amounts are all related to pensions. Note 6 provides additional information on pension related deferred outflows and deferred inflows.

The component unit total of $142,863 thousand in deferred outflows: change in fair value-interest rate swaps is reported in the Alaska Housing Finance Corporation. Note 6 provides additional information on these interest rate swaps.

Of the component unit total of $22,317 thousand in deferred outflows: deferred charge on bond refundings; $20,544 thousand is reported in the Alaska Housing Finance Corporation, $20 thousand in the Alaska Energy Authority, $149 thousand in the Alaska Industrial Development and Export Authority, and $1,604 thousand in the University of Alaska.

Of the component unit total of $3,611 thousand in deferred outflows: deferred lease obligation is reported in the Alaska Industrial Development and Export Authority as a result of refunding bonds associated with the Snettisham Hydroelectric project. The restricted direct financing lease will be amortized over the remaining life of the lease.

The component unit total of $2,276 thousand in deferred outflows: intangible gas plant acquisition adjustment is reported in the Alaska Industrial Development and Export Authority as a result of their purchase of Pentex Alaska Natural Gas Company.

The component unit total of $3,410 thousand in deferred outflows related to postretirement benefits is reported in the Alaska Railroad Corporation. The Alaska Railroad Corporation early implemented GASB 75 resulting in a deferred outflow amount. The primary government has not implemented GASB 75 and as a result has not included the disclosure and reporting requirements. Additional information on the Railroads' implementation of GASB 75 can be found in their audited financial statements.

Of the component unit total of $82,104 thousand in deferred outflows related to pension; $11,127 thousand is reported in the Alaska Railroad Corporation, $9,269 thousand in the Alaska Housing Finance Corporation, $900 thousand in the Alaska Aerospace Corporation, $2,410 thousand in the Alaska Gasline Development Corporation, $3,303 thousand in the Alaska Industrial Development and Export Authority, $504 thousand in the Alaska Seafood Marketing Institute, $52,879 thousand in the University of Alaska, and $1,712 thousand in the Alaska Mental Health Trust Authority. Note 6 provides additional information on these deferred outflows.

The component unit total of $572,208 thousand in deferred inflows: unearned grant revenue is reported in the Alaska Railroad Corporation and is made up of grant revenues.

The component unit total of $1,633 thousand in deferred inflows related to postretirement benefits is reported in the Alaska Railroad Corporation. The Alaska Railroad Corporation early implemented GASB 75 resulting in a deferred inflow amount. The primary government has not implemented GASB 75 and as a result has not included the disclosure and reporting requirements. Additional information on the Railroad's implementation of GASB 75 can be found in their audited financial statements.

Of the component unit total of $4,232 thousand in deferred inflows related to pensions; $531 thousand is reported in the Alaska Housing Finance Corporation, $48 thousand in the Alaska Aerospace Corporation, $82 thousand in the Alaska Gasline Development Corporation, $178 thousand in the Alaska Industrial Development and Export Authority, $27 thousand in the Alaska Seafood Marketing Institute, $3,275 thousand in the University of Alaska, and $91 thousand in the Alaska Mental Health Trust Authority. Note 6 provides additional information on these deferred inflows.

NOTE 4 – DEPOSIT AND INVESTMENT RISK

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

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

By law, all deposits and investments are under the fiduciary responsibility of the Commissioner of the Department of Revenue (Commissioner) except where the legislature has delegated that responsibility to other entities or boards responsible for separate subdivisions of component units of the State. Those agencies and component units that manage their own cash and investments are: Alaska Permanent Fund Corporation, Alaska Energy Authority, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Railroad Corporation, Alaska Retirement Management Board, Alaska Student Loan Corporation, University of Alaska, Alaska Mental Health Trust Authority, and the Exxon Valdez Oil Spill Trustee Council.

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

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

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

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

Combined schedule of invested assets as of June 30, 2017 is as follows:

	Fair Value (in thousands)										
Investment Type	Short-term Fixed Income Pool	Short-term Liquidity Fixed Income	Non-interest Bearing Deposits	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	Domestic Equity Pool	International Equity Pool	Real Estate Investment Pool	Tobacco Revenue Fixed Income	Income Receivable (Payable)	Net Invested Assets
General Fund and GeFONSI	$ 2,460,519	$ 355,543	$ 10,839	$ 1,267,493	$ 117,621	$ 137,943	$ 103,946	$ 10,225	$ 14,219	$ 1,874	$ 4,480,222
Constitutional Budget Reserve Fund	2,561,034	—	—	—	1,067,967	132,209	96,396	34,867	—	3,476	3,895,949
Public School Trust Fund											
Principle	753	—	—	—	266,366	194,728	143,688	17,201	—	(762)	621,974
Income	8,289	—	—	—	—	—	—	—	—	771	9,060
Investment Lost Trust Fund	2,567	—	—	—	—	—	—	—	—	3	2,570
General Obligation Bond Fund	183,363	—	—	—	—	—	—	—	—	193	183,556
International Airports Construction Fund	45,301	—	—	—	—	—	—	—	—	48	45,349
International Airports Fund	89,651	—	—	—	22,589	2,897	2,795	666	—	66	118,664
Power Cost Equilization Endowment Fund	1,742	—	—	—	325,084	381,215	287,266	28,257	—	2	1,023,566
Retiree Health Insurance Fund											
Major Medical	16,168	—	—	—	—	—	—	—	—	17	16,185
Long-Term Care	3,580	—	—	—	281,570	93,619	74,245	12,766	—	3	465,783
Mine Reclamation Fund	—	—		—	341	397	299	29	—	—	1,066
Total Invested Assets	$ 5,372,967	$ 355,543	$ 10,839	$ 1,267,493	$ 2,081,538	$ 943,008	$ 708,635	$ 104,011	$ 14,219	$ 5,691	$ 10,863,944

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months to maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2017, the expected average life of individual fixed rate securities ranged from 3 days to 1.3 years and the expected average life of floating rate securities ranged from 5 days to 22.6 years.

Short-term Liquidity Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2017, the days to maturity of fixed rate securities ranged from 76 to 83 days.

Short-term Treasury Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to the trade date, except for securities bought at new issues, for which settlement date applies. At June 30, 2017, this pool held no securities or cash.

Intermediate and 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 considers various possible future interest rates, historical and estimated prepayment rates, call options, and other variable cash flows for purposes of the effective duration calculation.

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

Intermediate-term Fixed Income Pool - ± 20% of the Barclays 1-3 Year Government Bond Index.

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

At June 30, 2017, the effective duration by investment type was as follows:

	Effective Duration (in years)
	Intermediate and Broad Market Fixed Income Pool
Corporate Bonds	8.01
Mortgage-backed	3.92
Municipal Bonds	14.48
Other Asset-backed	0.75
U.S. Government Agency	7.73
U.S. Treasury Issuances	3.44
Yankee Corporate	5.5
Yankee Government	6.1
Portfolio Effective Duration	4.37

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. Commercial paper must be rated at least P-1 by Moody's and A-1 by Standard and Poor's. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

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

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

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

At June 30, 2017, 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	Short-term Liquidity Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool
Certificate of Deposit	Not Rated	1.75 %	—	—	—
Corporate Bonds	AAA	0.45 %	—	—	0.43%
Corporate Bonds	AA	4.72 %	—	1.60%	2.75%
Corporate Bonds	A	5.13 %	—	4.31%	10.26%
Corporate Bonds	BBB	—	—	1.98%	7.57%
Corporate Bonds	Not Rated	0.83 %	—	0.36%	0.19%
Deposits	Not Rated	(2.14)%	—	—	—
Mortgage-backed	AAA	2.15 %	—	—	0.09%
Mortgage-backed	AA	0.96 %	—	—	—
Mortgage-backed	A	0.01 %	—	—	0.03%
Mortgage-backed	Not Rated	0.54 %	—	0.88%	26.22%
Municipal Bonds	AAA	0.02 %	—	—	—
Municipal Bonds	AA	—	—	—	0.73%
Other Asset-backed	AAA	24.44 %	—	1.60%	1.36%
Other Asset-backed	AA	0.32 %	—	—	0.07%
Other Asset-backed	A-1	0.34 %	—	—	—
Other Asset-backed	Not Rated	13.49 %	—	0.54%	0.34%
Other Pool Ownership	Not Rated	—	0.22%	1.35%	0.83%
Repurchase Agreement	AAA	10.45 %	28.15%	—	—
Repurchase Agreement	Not Rated	0.33 %	—	—	—
U.S. Government Agency	Not Rated	—	—	—	1.41%
U.S. Treasury Issuances	Not rated	24.14 %	71.63%	84.72%	41.71%
Yankee Corporate	AAA	5.19 %	—	—	0.36%
Yankee Corporate	AA	2.05 %	—	1.10%	0.37%
Yankee Corporate	A	1.98 %	—	0.91%	1.92%
Yankee Corporate	BBB	—	—	—	0.87%
Yankee Corporate	Not Rated	3.62 %	—	—	—
Yankee Government	AA	—	—	—	0.63%
Yankee Government	A	0.49 %	—	0.39%	—
Yankee Government	BBB	—	—	—	0.84%
Yankee Government	Not Rated	—	—	—	0.46%
No Credit Risk		(1.26)%	—	0.26%	0.56%
		100 %	100%	100%	100%

Custodial Credit Risk - Deposits

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

The bond indentures governing the investment of tobacco revenue related bond proceeds do not establish a policy with regard to custodial credit risk. At June 30, 2017 the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	$ 115

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, 2017, no pool had exposure to any one issuer greater than 5 percent of total invested assets.

Foreign Currency Risk

The Commissioner of Revenue formally adopts asset allocation policies for the Fund at the beginning of the each fiscal year which places policy limitations on the amount of international securities each fund is allowed to hold. The following policies was in place during FY 17 and invested assets included the following holdings at June 30, 2017 for the funds invested in the International Equity Pool:

	Policy	Actual
AIA Revenue Fund	2% - 2%/ + 5%	2.37%
Constitutional Budget Reserve Fund	2% - 2% /+ 5%	2.47%
Higher Education Fund	27% ± 5%	28.11%
Illinois Creek Mine Reclamation Fund	27% ± 5%	28.05%
Power Cost Equalization Endowment Fund	27% ± 5%	28.07%
Public School Trust Fund, Principal	22% ± 5%	23.07%
Retiree Health Insurance Fund, Long Term Care	15% ± 4%	15.94%

At June 30, 2017, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows (in thousands):

Currency	Deposits	Equity
Australian Dollar	$ —	$ 961
Canadian Dollar	—	4,068
Danish Krone	—	2,592
Euro Currency	—	24,360
Japanese Yen	115	16,406
Norwegian Krone	—	2,276
Pound Sterling	—	23,987
Singapore Dollar		1,445
Swedish Krona	—	3,807
Swiss Franc	—	3,837
Total	115	83,739
Other Fiduciary Responsibility	(10)	(7,047)
Total Commissioner Responsibility	$ 105	$ 76,692

Fair Value Measurements

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

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

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

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

The Commissioner categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Commissioner has the following recurring fair value measurements as of June 30, 2017 (in thousands):

Investment by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Certificates of Deposits	$ 105,858	$ —	$ 105,858	$ —
Deposits	(129,430)	(129,430)	—	—
Money Market Mutual Funds	17,998	14,207	3,791	—
Repurchase Agreement	753,000	—	753,000	—
Total Cash Equivalents	747,426	(115,223)	862,649	—
Debt Securities				
Corporate Bonds	1,235,497	—	1,235,497	—
Mortgage Backed	801,661	—	801,661	—
Municipal Bonds	16,951	—	16,951	—
Other Asset Backed	2,401,985	—	2,401,985	—
U.S. Government Agency	30,445	—	30,445	—
U.S. Treasury Bills, Notes, Bonds and TIPS	3,690,391	—	3,690,391	—
Yankee Corporate	878,715	—	878,715	—
Yankee Government	76,110	—	76,110	—
Total Debt Securities	9,131,755	—	9,131,755	—
Equity				
Common and Preferred Stock	87,876	87,876	—	—
Commingled Equity Funds	1,733,114	1,733,114		
Depository Receipts	1,278	1,278	—	—
Real Estate Inv Trust	103,399	103,399	—	—
Total Equities	1,925,667	1,925,667	—	—
Total Investments by Fair Value Level		$ 1,810,444	$ 9,994,404	$ —
Total Investments Measured at Fair Value	$ 11,804,848			
Other Fiduciary Responsibility	(878,345)			
Net Receivables/(Payables)	(68,250)			
Total Commissioner Invested Assets	$ 10,858,253			

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

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

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy for contingencies. The International Equity Pool's investments include the following income from derivative investments at June 30, 2017 (in thousands):

	Changes in Fair Value		Fair Value at June 30, 2017		
	Classification	Amount	Classification	Amount	Notional
FX Forwards	Investment Income	$ (784)	Long-term Instruments	$ —	$ —

The International Equity Pools includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of nonperformance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date. At June 30, 2017, the International Equity Pools had no outstanding contracts.

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

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

Alaska Statute 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion and intelligence exercises in managing large investment portfolios.

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

Investments and Related Policies

Securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers. Fair values of investments that have no readily determinable fair value are generally reported by using the net asset value per share (or its equivalent) of the investment. Pooled participant directed accounts and the collective investment funds, held in trust, are valued based on a unit value determined by the Trustees multiplied by the total units held by the Plan. The unit value is determined by the Trustees based on the fair value of the underlying assets.

Fair Value Measurements

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

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

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

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

The ARMB categorizes fair value measurements with the fair value hierarchy established by GAAP. The ARMB has the following recurring fair value measurements at June 30, 2017 (in thousands):

	Totals	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Cash Equivalents				
Certificates of Deposit	$ 14,617	$ —	$ 14,617	$ —
Deposits	63,912	63,912	—	—
Money Market	156,781	—	156,781	—
Repurchase Agreement	68,506	—	68,506	—
Short-term Investment Fund	3,164	—	3,164	—
Total Cash Equivalents	306,980	63,912	243,068	—
Debt Securities				
Bank Loans	7,313	—	7,313	—
Convertible Bonds	181,653	—	181,653	—
Corporate Bonds	551,054	—	551,054	—
Foreign Government Bonds	180,708	—	180,708	—
Mortgage Backed	42,494	—	42,494	—
Municipal Bonds	192,444	—	192,444	—
Commingled Debt Funds	902,261	302,408	599,853	—
Other Asset Backed	272,215	—	272,215	—
U.S. Government Agency	4,233	—	4,233	—
U.S. Treasury Bills, Notes, Bonds, and TIPS	2,039,817	—	2,039,817	—
Yankee Corporate	155,698	—	155,698	—
Yankee Government	3,100	—	3,100	—
Total Debt Securities	4,532,990	302,408	4,230,582	—
Equity				
Commingled Equity Funds	3,348,892	3,132,487	216,405	—
Common and Preferred Stock	10,617,653	10,613,683	2,968	1,002
Depository Receipts	304,804	304,804	—	—
Futures	1,185	1,185	—	—
Master Limited Partnership	469,341	469,341	—	—
Options	29,941	(2,226)	32,167	—
Real Estate Investment Trust	603,076	603,076	—	—
Rights	601	527	74	—
Total Equities	15,375,493	15,122,877	251,614	1,002
Other				
Balanced Funds	1,983,936	—	1,983,936	—
Target Date Funds	1,289,921	—	1,289,921	—
Securities Lending Collateral Invested	168,965		168,965	
Total Other	3,442,822	—	3,442,822	—
Total Investments by Fair Value Level	$ 23,658,285	$ 15,489,197	$ 8,168,086	$ 1,002
Investments Measured at NAV				
Absolute Return	$ 1,589,747			
Energy	91,962			
Farmland	832,173			
Infrastructure	392,038			
Private Equity	2,130,682			
Real Estate	1,414,414			
Timber	349,302			
Total Investments Measured by NAV	6,800,318			
Total Investments Measured by Fair Value	$ 30,458,603			
Synthetic Investment Contract at Cost	$ 547,295			
Net Payable	(85,253)			
Total Invested Assets	$ 30,920,645			

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

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

		Fair Value	Redemption Frequency (if currently available)	Redemption Notice Period
Absolute Return	$	1,589,747	Quarterly	2-90 Days
Energy		91,962	No Redemptions	No Redemptions
Farmland		832,173	Not Applicable	Not Applicable
Infrastructure		392,038	Quarterly	30-90 Days
Private Equity		2,130,682	No Redemptions	No Redemptions
Real Estate		1,414,414	Varied	Varied
Timber		349,302	Not Applicable	Not Applicable
Total Investments Measured at the NAV	$	6,800,318		

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

Energy: This type includes investments in four energy funds which invest in the debt and equity of energy related companies. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Energy fund investments undergo annual independent financial statement audits. These investments can never be redeemed with the funds. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be held through the fiscal year 2023.

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

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

Private Equity: This type includes investments in 20 private equity funds including two gatekeeper managers who invest on behalf of the Alaska Retirement Management Board. These funds are diversified in various sectors including but not limited to venture capital, acquisitions, debt, and special situations. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private equity funds undergo annual independent financial statement audits.
These investments can never be redeemed with the funds. The nature of these investments is such that distributions are received

through the liquidation of underlying assets of the funds. These investments are expected to be held through the fiscal year 2027.

Real Estate: This type includes investments in 22 real estate funds that invest primarily in U.S. commercial real estate including value-added, opportunistic and core investments. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Real estate investments undergo annual independent financial statement audits. Three of these funds are funds of one, therefore can be liquidated at any time. For the remaining 19 funds, distributions from each fund will be received as the underlying investments of the funds are liquidated. These investments are expected to be held through fiscal year 2028.

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

Synthetic Investment Contracts (SICs): The ARMB's investment manager entered into investment contracts, on behalf of the ARMB, with four financial institutions. These institutions provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. The contracts are included in the ARMB's statements at contract value. They are fully benefit responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration. Accounts and terms of SICs in effect at June 30, 2017 are as follows (in thousands):

	Contract Provider	Supplemental Benefits System	Deferred Compensation Plan
Contract Value of Investment Contract	Prudential Insurance Company of America	$ 102,482	$ 49,593
Market Value of Portfolio	Prudential Insurance Company of America	103,476	50,375
Average Crediting Rate	Prudential Insurance Company of America	2.37%	2.56%
Contract Value of Investment Contract	Royal Bank of Canada	70,898	37,632
Market Value of Portfolio	Royal Bank of Canada	71,360	37,988
Average Crediting Rate	Royal Bank of Canada	2.38%	2.47%
Contract Value of Investment Contract	Pacific Life Insurance Co.	71,371	37,905
Market Value of Portfolio	Pacific Life Insurance Co.	72,308	38,563
Average Crediting Rate	Pacific Life Insurance Co.	2.51%	2.63%
Contract Value of Investment Contract	State Street Bank & Trust Co.	111,508	48,280
Market Value of Portfolio	State Street Bank & Trust Co.	112,972	49,119
Average Crediting Rate	State Street Bank & Trust Co.	2.51%	2.63%

Interest Rate Risk

The ARMB invests its cash in the State of Alaska, Treasury Division's (Treasury) Short-Term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months to maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. At June 30, 2017, the expected average life of individual fixed rate securities ranged from 3 days to 1.3 years and the expected average life of floating rate securities ranged from 5 days to 22.6 years.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration is the average fair value weighted duration of each security taking into account all related cash flows. At June 30, 2017, the effective duration of the ARMB's fixed income by investment type, was as follows:

	Effective Duration (in years)
Corporate Bonds	4.20
Foreign Government Bonds	6.86
Mortgage-backed	1.91
Municipal Bonds	10.75
Other Asset-backed	0.66
U.S. Government Agency	7.30
U.S. Treasury Bills, Notes, Bonds, and TIPS	4.10
Yankee Corporate	4.20
Yankee Government	2.81
Total Portfolio	4.63

Synthetic Investment Contracts

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

> For constant duration SICs, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration SICs was 3.78 years for the Deferred Compensation Plan and 3.90 years for the Supplemental Annuity Plan at June 30, 2017. The duration of the Barclays Capital Intermediate Aggregate Index was 4.23 years at June 30, 2017. The ARMB does not have a policy to limit interest rate risk for the reserve. The balance of the reserve is invested in the custodian's Institutional Treasury Money Market Fund.

Credit Risk

At June 30, 2017, ARMB's invested assets consisted of fixed income securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (in thousands, using Standard & Poor's Corporation rating scale); securities lending collateral was invested in a registered 2(a)-7 money market fund that was not rated:

Rating	U.S. Dollar	Foreign
AAA	$ 318,372	$ —
AA	230,881	2,262
A	157,289	26,289
A-1	2,166	—
BBB	66,918	26,982
BB	210,628	7,315
B	192,072	—
CCC	29,776	—
D	943	—
U.S. Government Agency	4,233	—
U.S. Treasury Bills, Notes, Bonds, and TIPS	2,039,817	—
Not Rated	281,997	117,860
	$ 3,535,092	$ 180,708

Synthetic Investment Contracts

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

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

Custodial Credit Risk - Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2017, the ARMB's invested assets had the following uncollateralized and uninsured foreign currency deposits of $8,329 thousand.

Foreign Currency Risk

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

Pension System	Fixed - Income	Global Equity Ex-U.S.	Private Equity Pool
Public Employees' Retirement System	18%	26%	14%
Teachers' Retirement System	18%	26%	14%
Judicial Retirement System	18%	26%	14%
Alaska National Guard and Naval Militia System	62%	23%	—

At June 30, 2017, the ARMB had exposure to foreign currency risk with the following deposits and investments (in thousands):

Currency	Deposits	Equity	Foreign Government Bonds	Rights	Private Equity
Australian Dollar	$ —	$ 166,103	$ —	$ 37	$ 1,686
Brazilian Real	198	30,207	7,315	—	—
Canadian Dollar	276	143,940	—	—	—
Chilean Peso	—	4,259	2,262		
Columbian Peso	—	—	4,210	—	—
Danish Krone	22	86,518	—	—	—
Euro Currency	1,026	1,199,283	50,119	490	119,556
Hong Kong Dollar	483	177,018	—	—	—
Hungarian Forint	96	6,939	1,662	—	—
Indian Rupee	—	12,694	—	—	—
Indonesian Rupiah	90	15,257	3,438	—	—
Japanese Yen	4,839	771,302	38,833	—	—
Malaysian Ringgit	72	5,686	7,057	—	—
Mexican Peso	—	9,585	15,289	—	—
New Israeli Sheqel	7	14,511	—	—	—
New Taiwan Dollar	8	47,726	—	—	—
New Zealand Dollar	5	17,128	—	—	—
Norwegian Krone	67	23,245	—	—	—
Peruvian Sol	—	—	1,655	—	—
Philippine Peso	2	3,646	—	—	—
Polish Zloty	7	968	9,640	—	—
Pound Sterling	638	682,186	17,370	—	27,114
Russian Ruble	—	—	3,796		
Singapore Dollar	78	42,116	—	—	—
South African Rand	36	21,949	3,224	—	—
South Korean Won	1	69,646	—	—	—
Swedish Krona	—	115,684	6,358	73	—
Swiss Franc	336	255,359	—	—	—
Thailand Baht	19	10,690	1,749	—	—
Turkish Lira	19	5,194	6,732	—	—
Uae Dirham	3	—	—	—	—
Yuan Renminbi	1	2,943	—	—	—
	$ 8,329	$ 3,941,782	$ 180,709	$ 600	$ 148,356

Concentration of Credit Risk

At June 30, 2017, the ARMB's Invested Assets did not have exposure to any one issuer greater than 5% of total invested assets.

Stable Value Investments

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

> No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed thirty-five percent of the 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. The maximum exposure to securities rated BBB is limited to twenty percent of the total value underlying synthetic investment contracts.

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

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

Derivatives, Foreign Exchange, and Counterparty Credit Risk

The ARMB is exposed to credit risk on investment derivative instruments that are in asset positions. The ARMB has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the ARMB has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the ARMB have a policy for contingencies. On June 30, 2017, the ARMB had the following derivative instruments outstanding (in thousands):

	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
FX Forwards	Investment Income	$ (437)	Long Term Instruments	$ (489)	$ 14,241
Index Futures Long	Investment Income	68,466	Futures	—	231
Index Futures Short	Investment Income	(60,677)	Futures	—	(283)
Index Options Bought	Investment Income	34,141	Options	73,774	172
Index Options Written	Investment Income	(30,196)	Options	(43,834)	(220)
Rights	Investment Income	478	Common Stock	621	1,256
Warrants	Investment Income	2	Common Stock	—	24

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, 2017, the ARMB had the following foreign currency risk related to forward contracts (in thousands):

Currency Name	Options	Net Receivable	Net Payables	Total Exposure
Australian Dollar	$ 37	$ —	$ —	$ 37
Euro Currency	510	—	—	510
Pound Sterling	—	1	(25)	(24)
New Israeli Sheqel	1	—	—	1
New Zealand Dollar	—	—	(464)	(464)
Swedish Krona	73	—	—	73
Singapore Dollar	—	—	(1)	(1)
	$ 621	$ 1	$ (490)	$ 132

At June 30, 2017 the ARMB had no counterparty credit and counterparty concentration risk associated with its investment derivative positions.

Securities Lending

Alaska Statute 37.10.071 authorizes the ARMB to lend assets, under an agreement and for a fee, against deposited collateral of equivalent fair value. The ARMB lends marketable debt and equity securities through a contract with State Street Bank and Trust (the Bank). International equity security loans were collateralized at not less than 105 percent of their fair value. All other security loans were collateralized at not less than 102 percent of their fair value. Loaned securities and collateral were marked to market daily and collateral was received or delivered the following day, as necessary, to maintain collateral levels. The ARMB cannot pledge or sell collateral received until and unless a borrower defaults. At June 30, 2017, the ARMB has no credit risk exposure to the borrowers because the amounts the ARMB owes to the borrowers exceed the amounts the borrowers owe the ARMB.

The fair value of securities on loan at June 30, 2017, was approximately $164 million. At June 30, 2017, cash collateral received totaling $169 million is reported as a securities lending payable and the fair value of the re-invested cash collateral totaling $169 million is reported as security lending collateral invested in the Schedule of Invested Assets.

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

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

For the year ended June 30, 2017 there were no losses incurred as a result of securities lending transactions and there were no significant violations of legal or contractual provisions nor failures by any borrowers to return loaned securities.

DEFERRED COMPENSATION PLAN

The State's Internal Revenue Code Section 457 Deferred Compensation Plan (DCP) holds investments in several collective investment funds, an Interest Income Fund and wholly-owned Pooled Investment Funds. At June 30, 2017, Deferred Compensation Plan investments totaled $880.4 million.

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

The market values of participant-directed investments at June 30, 2017 are as follows (in thousands):

	FY 2017
S&P 500 Stock Index Fund	$ 200,699
Interest Income Fund	182,473
U.S. Small Cap Trust	100,184
Alaska Long-Term Balanced Trust	50,387
SSgA Global Balanced Fund	38,758
Russell 3000 Index Fund	36,732
International Equity Fund	35,765
Government/Credit Bond Index Fund	26,081
Alaska Balanced Trust	24,498
Alaska Target Date Retirement 2020 Trust	23,169
Intermediate Bond Fund	22,358
Allianz/RCM Socially Responsible Investment Fund	18,488
World Equity Ex-U.S. Index Fund	15,009
Alaska Target Date Retirement 2025 Trust	13,724
U.S. Real Estate Investment Trust Index Fund	13,501
State Street Institutional Treasury Money Market Fund	12,838
U.S. TIPS Index Fund	10,081
Alaska Target Date Retirement 2015 Trust	9,513
Alaska Target Date Retirement 2030 Trust	9,314
Alaska Target Date Retirement 2040 Trust	5,947
Alaska Target Date Retirement 2035 Trust	5,817
Long U.S. Treasury Bond Index Fund	5,251
Alaska Target Date Retirement 2045 Trust	4,172
Alaska Target Date Retirement 2010 Trust	4,062
Alaska Target Date Retirement 2055 Trust	3,410
Alaska Target Date Retirement 2050 Trust	3,034
World Government Bond EX-U.S. Index Fund	2,597
Mass Mutual Equity Fund	2,326
Alaska Target Date Retirement 2060 Trust	109
Mass Mutual Bond Fund	62
	$ 880,359

DCP's investments at June 30, 2017 include the following collective investment funds (in thousands):

		FY 2017
Equity Funds:		
S&P 500 Stock Index Fund	$	200,699
U.S. Small Cap Trust		100,184
Russell 3000 Index Fund		36,732
International Equity Fund		35,765
Allianz/RCM Socially Responsible Investment Fund		18,488
World Equity Ex-U.S. Index Fund		15,009
U.S. Real Estate Investment Trust Index Fund		13,501
Mass Mutual Equity Fund		2,326
		422,704
Bond and Debt Securities Funds:		
Government/Credit Bond Index Fund		26,081
Intermediate Bond Fund		22,358
U.S. TIPS Index Fund		10,081
Long U.S. Treasury Bond Index Fund		5,251
World Government Bond Ex-U.S. Index Fund		2,597
Mass Mutual Bond Fund		62
		66,430
Bond and Equity Fund:		
SSgA Global Balanced Fund		38,758
Money Market Funds		
Participant Directed - State Street		
Institutional Treasury Money Market Fund		12,838
Total Collective Investment Funds	$	540,730

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

Risk and Uncertainty

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

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

SUPPLEMENTAL BENEFITS SYSTEM

The State's Supplemental Benefits System (SBS) holds investments in several collective investment funds, a Stable Value Fund and wholly-owned Pooled Investment Funds. At June 30, 2017, SBS investments totaled $3.691 billion.

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

The market values of participant-directed investments at June 30, 2017 are as follows (in thousands):

	FY 2017
Alaska Balanced Trust	$ 1,157,931
Alaska Long-term Balanced Trust	591,595
S&P 500 Stock Index Fund	407,254
Stable Value Fund	364,822
U.S. Small Capt Trust, T. Rowe Price	152,350
Alaska Target Date Retirement 2015 Trust	89,019
Alaska Target Date Retirement 2020 Trust	86,815
Russell 3000 Index Fund	70,708
International Equity Fund	64,495
Alaska Target Date Retirement 2025 Trust	63,774
Alaska Target Date Retirement 2050 Trust	55,554
SSgA Global Balanced Fund	55,148
Alaska Target Date Retirement 2045 Trust	49,143
Alaska Target Date Retirement 2030 Trust	48,436
Alaska Target Date Retirement 2035 Trust	45,557
Alaska Target Date Retirement 2040 Trust	45,011
Alaska Target Date Retirement 2055 Trust	43,730
RCM Socially Responsible Investment Fund	43,549
Government/Credit Bond Index Fund	41,852
Intermediate Bond Fund	41,543
World Equity Ex-U.S. Index Fund	39,976
State Street Institutional Treasury Money Market Fund	39,552
U.S. Real Estate Investment Trust Index Fund	36,754
U.S. Treasury Inflation Protected Security Index Fund	23,765
Long U.S. Treasury Bond Index Fund	15,863
Alaska Target Date Retirement 2010 Trust	10,074
World Government Bond Ex-U.S. Index Fund	6,022
Alaska Target Date Retirement 2060 Trust	1,081
	$ 3,691,373

SBS's investments at June 30, 2017 include the following collective investment funds (in thousands):

		2017
Equity Funds:		
S&P 500 Stock Index Fund	$	407,254
U.S. Small Cap Trust, T. Rowe Price		152,350
Russell 3000 Index Fund		70,708
International Equity Fund		64,495
Allianz/RCM Socially Responsible Investment Fund		43,549
World Equity EX-U.S. Index Fund		39,976
U.S. Real Estate Investment Trust Index Fund		36,754
		815,086
Bond and Debt Securities Funds:		
Government/Credit Bond Index Fund		41,852
Intermediate Bond Fund		41,543
U.S. TIPS Index Fund		23,765
Long U.S. Treasury Bond Index Fund		15,863
World Government Bond Ex-U.S. Index Fund		6,022
		129,045
Bond and Equity Fund:		
SSgA Global Balanced Fund		55,148
Money Market Funds:		
Participant Directed - State Street		
Institutional Treasury Money Market Fund		39,552
Total Collective Investment Funds	$	1,038,831

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

Risk and Uncertainty

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

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

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

ALASKA PERMANENT FUND CORPORATION

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

Investments and Related Policies

Carrying value of investments

The Fund considers all of its ownership interests in securities and other assets to be investments because they are held for the purpose of income or profit and have a present service capacity based solely on their ability to generate cash or be sold to generate cash. Investments are reported at fair value in the financial statements. Investments without a readily determinable fair value are generally reported by using the NAV per share (or its equivalent) of the investment. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in fund balance.

State investment regulations

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

Investment policy - Asset allocation

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

At June 30, 2017, the APFC's strategic asset allocation targets were as follows:

Asset Class	Asset Class Target
Public Equities	40%
Fixed Income Plus	22%
Private Equity/Growth Opportunities	11%
Real Estate	11%
Private Credit/Infrastructure/Income Opportunities	5%
Absolute Return	5%
Asset Allocation	6%

To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC's chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's executive director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target dollar allocation for the public equities class is 40 percent, with the green zone range set at 35 to 45 percent, the yellow zone range set at 30 to 35 percent and 45 to 55 percent, and red zone ranges set at allocations of less than 30 percent or greater than 55 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.

Interest Rate Risk

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

At June 30, 2017, the Fund held fixed income investments with floating, variable, and step interest rates, valued at $1,017,177 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero to 22 percent.

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

Forward Exchange Contracts

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

A portion of forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control the effect of fluctuations in foreign exchange rates within their overall portfolio strategy rather than on a security by security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Futures

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

Cash and Temporary Investments

The amounts shown on the balance sheets as cash and temporary investments include cash on deposit at the custodian bank, cash swept to overnight investment funds, cash held at futures brokers, petty cash, U.S. Treasury bills, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes 1.2 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, 2017 (in thousands):

Cash	$ 154,954
Pooled Funds	2,498,096
U.S. Treasury Bills	463
Total Cash and Temporary Investments	$ 2,653,513

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

Marketable Debt Securities

Marketable debt securities at June 30, 2017, 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	$ 2,723,899	$ 2,708,765	$ (15,134)
Mortgage-backed Securities	830,131	827,944	(2,187)
Corporate Bonds	3,974,333	4,069,185	94,852
Commercial Mortgage/Asset-backed Securities	214,880	214,868	(12)
Non-U.S. Treasury and Government Bonds	1,140,881	1,126,710	(14,171)
Non-U.S. Corporate Bonds	950,278	971,864	21,586
Bond-backed Exchange Traded Funds	193,598	195,304	1,706
Total Marketable Debt Securities	$ 10,028,000	$ 10,114,640	$ 86,640

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 82 percent of bond mandates at June 30, 2017), issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating BBB or better, or Moody's Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organizations (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Managers with high yield mandates (approximately 18 percent of bond mandates at June 30, 2017) are allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2017, 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	$ 265,213	$ 153,003	$ 418,216	4.13%
AA	222,456	198,900	421,356	4.17%
A	986,065	585,620	1,571,685	15.54%
BBB	1,984,555	651,232	2,635,787	26.06%
BB	285,094	189,788	474,882	4.69%
B	387,290	197,475	584,765	5.78%
CCC	103,165	32,229	135,394	1.34%
CC	1,131	—	1,131	0.01%
C	3,051	452	3,503	0.03%
D	5,626	420	6,046	0.06%
Total Fair Value of Rated Debt Securities	4,243,646	2,009,119	6,252,765	61.81%
Commingled Bond Funds	256,332	—	256,332	2.54%
Not Rated	22,298	89,456	111,754	1.11%
U.S. Government Explicitly Backed by the U.S. Government (AA)	2,903,677	—	2,903,677	28.71%
U.S. Government Implicitly Backed by the U.S. Government (AA)	590,112	—	590,112	5.83%
Total Fair Value Debt Securities	8,016,065	2,098,575	10,114,640	100%

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, 2017, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration
Domestic Bonds		
Treasury and Government Notes/Bonds	33.79%	6.32
Mortgage-backed Securities	10.33%	5.17
Corporate Bonds	50.76%	8.09
Commercial Mortgage and Asset-backed Securities	2.68%	3.80
Bond-Backed Exchange Traded Funds	2.44%	—
Total Domestic Bonds	100%	6.88
Non-domestic Bonds		
Non-U.S.Treasury and Government Bonds	53.69%	6.96
Non-U.S. Corporate Bonds	46.31%	6.43
Total Non-domestic Bonds	100%	6.71

Preferred and Common Stock

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Fund. The Fund also invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors, and equity index futures, which are held at the prime broker.

Preferred and common stocks and commingled stock funds at June 30, 2017 are summarized as follows (in thousands) which include the net fair value of equity index futures of $(6.1 million):

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Direct Investments			
Domestic Stock	$ 8,552,817	$ 10,634,263	$ 2,081,446
Non-domestic Stock	12,522,527	14,371,920	1,849,393
Commingled Funds	320,217	348,152	27,935
Total Preferred and Common Stock	$ 21,395,561	$ 25,354,335	$ 3,958,774

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, 2017, the Fund's cash holdings, foreign currency forward contracts, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded) (in thousands):

Foreign Currency	Cash and Equivalents	Foreign Exchange Forward Contracts	Public and Private Equity, Real Estate, Infrastructure	Debt	Total Foreign Currency Exposure
Argentina Peso	$ 335	$ —	$ —	$ 11,847	$ 12,182
Australian Dollar	(577)	104,707	498,038	15,849	618,017
Brazil Real	2,664	(14,468)	202,897	56,902	247,995
Canadian Dollar	5,356	9,517	680,867	14,088	709,828
Chilean Peso	129	—	9,683	1,857	11,669
Chinese Yuan Renminbi	1,032	—	—	—	1,032
Columbian Peso	651	(1,626)	4,606	24,414	28,045
Czech Koruna	73	—	1,156	—	1,229
Danish Krone	2,270	(12,156)	184,492	5,828	180,434
Egyptian Pound	4,926	—	315	—	5,241
Euro Currency	678	(132,064)	3,361,201	186,832	3,416,647
Ghanaian Cedi	2,914	(2,223)	—	9,992	10,683
Georgian Lari	33	—	—	—	33
Hong Kong Dollar	8,577	(2,109)	1,070,890	—	1,077,358
Hungarian Forint	45	—	14,615	2,811	17,471
Indian Rupee	2,902	(21,088)	365,213	42,824	389,851
Indonesian Rupiah	2,534	(186)	112,711	22,988	138,047
Israeli Shekel	275	4,198	60,851	—	65,324
Japanese Yen	1,805	52,304	1,980,376	215,380	2,249,865
Malaysian Ringgit	700	(12,004)	100,078	30,466	119,240
Mexican Peso	1,308	(11,906)	89,527	56,854	135,783
New Taiwan Dollar	2,750	(91)	335,221	—	337,880
New Zealand Dollar	158	(50,723)	28,036	3,232	(19,297)
Nigerian Naira	4,231	—	—	3,127	7,358
Norwegian Krone	790	2,206	74,538	5,964	83,498
Peruvian Nuevo Sol	3	—	—	13,480	13,483
Phillipine Peso	118	209	11,636	1,870	13,833
Polish Zloty	1,230	(6,338)	21,694	26,668	43,254
Pound Sterling	7,518	(78,872)	2,018,751	52,273	1,999,670
Qatari Riayl	8	—	23,589	—	23,597
Romanian Leu	13	—	—	1,534	1,547
Russian Ruble	631	—	113	26,053	26,797
Singapore Dollar	(974)	$ (1,032)	113,597	6,867	118,458
South African Rand	(490)	(9,245)	231,484	32,000	253,749
South Korean Won	2,660	(13,516)	494,189	12,636	495,969
Swedish Krona	1,411	(100,603)	212,443	6,257	119,508
Swiss Franc	5,631	(162,577)	495,515	—	338,569
Thailand Baht	(57)	166	134,745	7,268	142,122
Turkish Lira	1,894	(3,210)	71,845	25,452	95,981
UAE Dirham	15	—	26,690	—	26,705
Uruguayan Peso	—	—	—	4,281	4,281
Zambia Kwacha	134	—	—	3,435	3,569
Total foreign currency exposure	$ 66,304	$ (462,730)	$ 13,031,602	$ 931,329	$ 13,566,505

Cash amounts in the schedule above include receivables, payables, certificates of deposit, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value. The remaining Fund assets are invested in U.S. cash, equities, and debt, as well as in direct real estate properties, absolute return and similar funds, and infrastructure, all of which are denominated in U.S. dollars, and are not included in the schedule above.

Real Estate

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

The APFC periodically reviews real estate investments for other than temporary impairment. There was no impairment recognized in FY 17.

Real estate investments at June 30, 2017 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains (Losses)
Real Estate Investment Trusts	$ 1,084,165	$ 1,209,891	$ 125,726
American Homes 4 Rent II	134,037	163,074	29,037
Directly Owned Real Estate			
Retail	850,351	1,844,958	994,607
Office	1,155,929	1,441,693	285,764
Hotel	59,099	67,626	8,527
Industrial	189,127	263,334	74,207
Multifamily	1,192,292	1,896,259	703,967
Total Real Estate	$ 4,665,000	$ 6,886,835	$ 2,221,835

Alternative Investments

Alternative investments include the Fund's investments in or through real return mandates, absolute return strategies, private equity, infrastructure, and public-private credit. The APFC periodically reviews alternative investments for other than temporary impairment.

The objective for the real return mandate was 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. During FY 17, the real return mandate was discontinued and the remaining managers in this category were moved to the absolute return portfolio.

Absolute return strategies are investments in specialized funds that seek to deliver returns that are largely uncorrelated with traditional market driven asset classes. The Fund is invested in three existing limited partnerships, in which the Fund is the only limited partner ("fund-of-one"). The Fund also holds direct hedge fund investments, in which the Fund is one of many limited partners. External investment management services are provided by institutional investment managers who have acknowledged their status as fiduciaries to the Fund. In FY 17, it was decided to redeem the fund-of-one accounts and move toward more direct hedge fund investments. The liquidation of these accounts is expected to take time, given the illiquid nature of some of the underlying funds. Because of the off-exchange and private nature of many absolute return strategies, investments may have no readily determinable fair value, and the estimated fair values could differ significantly from values that would be obtained in a market transaction for the assets. Each manager provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit.

The Fund holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to 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 determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets. During FY 17 it was determined that nine private equity funds were impaired and would not recover their carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in the statutory net income and fund balance classifications, $26.4 million of unrealized losses were realized through a write-down of cost to fair value. These impairments have no impact on the carrying value of investments or on the net increase (decrease) in the fair value of private equity investments.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include: toll roads; airports; deep water ports; communication towers; and energy generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund’s investment strategy. The Fund holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates, as well as through securities listed on public exchanges. The limited partnerships undergo annual independent audits. Infrastructure investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets. During FY 17 it was determined that no infrastructure fund were impaired.

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

Alternative investments at June 30, 2017 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains
Absolute Return	$ 3,935,373	$ 4,567,024	$ 631,651
Private Equity	5,211,043	6,818,147	1,607,104
Infrastructure	1,963,488	2,458,345	494,857
Public-private Credit	995,381	1,111,752	116,371
Total Alternative Investments	$ 12,105,285	$ 14,955,268	$ 2,849,983

As of June 30, 2017, the APFC, on behalf of the Fund, had outstanding future funding commitments of: $4.1 billion for private equity; $1.2 billion for infrastructure; and $646 million for public-private credit investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

Securities Lending

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

Cash collateral received for loaned securities is reported on the Fund's balance sheets and invested by the Bank on behalf of the Fund. As of June 30, 2017, 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, 2017 the value of securities on loan is as follows (in thousands):

Fair Value of Securities on Loan, Secured by Cash Collateral	$	1,282,709
Cash Collateral		1,314,953
Fair Value of Securities on Loan, Secured by Non-cash Collateral		4,977,243
Non-cash Collateral		5,397,734

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the year ended June 30, 2017, the Fund incurred no losses from securities lending transactions. The Fund received income of $17,889 thousand from securities lending for the year ended June 30, 2017, which is recorded in real estate and other income on the statements of revenues, expenditures and changes in fund balances.

Fair Value Measurement

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

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

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

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

Investments measured using NAV per share as a practical expedient to fair value are not categorized into input levels. The input levels used to measure Fund's investments and derivative instruments at June 30, 2017 are summarized as follows (in thousands):

	Measured Using Input Levels			Measured Using	
	Level 1	Level 2	Level 3	NAV	Total
Marketable Debt Securities	$ 2,868,376	$ 7,246,264	$ —	$ —	$ 10,114,640
Preferred and Common Stock	25,354,335	—	—	—	25,354,335
Real Estate	1,210,334	—	—	5,676,501	6,886,835
Absolute Return	713,610	1,599,809	65,796	2,187,809	4,567,024
Private Equity	—	—	—	6,818,147	6,818,147
Infrastructure	557,439	—	—	1,900,906	2,458,345
Public-private Credit	—	—	—	1,111,752	1,111,752
Total Investments	$ 30,704,094	$ 8,846,073	$ 65,796	$ 17,695,115	$ 57,311,078

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

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

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

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

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

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

Investment Income by Source

Investment income during the year ended June 30, 2017, is summarized as follows (in thousands):

Interest		
Marketable Debt Securities	$	294,327
Short-term Domestic and Other		16,382
Total Interest	$	310,709
Dividends	$	563,012
Real Estate and Other Income		
Directly Owned Real Estate Net Rental Income	$	187,562
Real Estate Investment Trust Dividends		31,764
Absolute Return Management Expenses, Net of Dividend and Interest Income		7,902
Public-private Credit Interest Income, Net of Fees		25,291
Infrastructure Interest and Dividend Income, Net of Fees		60,207
Private Equity Dividend Income, Net of Management Expenses		33,627
Class Action Litigation Income		8,026
Loaned Securities, Commission Recapture, and Other Income		25,967
Total Real Estate and Other Income	$	380,346

Foreign Exchange Contracts, Futures and Off-Balance Sheet Risk

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2017 ranged between one and 120 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, 2017 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts for FY 17 are summarized as follows (in thousands):

Balances at June 30, 2017		
Face Value of FX Forward Contracts	$	2,183,950
Net Unrealized Holding Gains (losses) on FX Forward Contracts		(13,700)
Fair Value of FX Forward Contracts	$	2,170,250
Activity for Fiscal Year Ending June 30, 2017		
Change in Unrealized Holding Losses	$	(34,592)
Realized Gains		29,193
Net Increase (decrease) in Fair Value of FX Forward Contracts	$	(5,399)

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

Activity and balances related to equity index futures for FY 17 are summarized as follows (in thousands):

Balances at June 30, 2017		
Face Value of Equity Index Futures	$	187,859
Net Unrealized Holding Losses on Futures		(6,091)
Fair Value of Equity Index Futures	$	181,768
Activity for Fiscal Year Ending June 30, 2017		
Change in Unrealized Holding Losses	$	(4,997)
Realized Gains		59,009
Net Increase in Fair Value of Equity Index Futures	$	54,012

Activity and balances related to U.S. Treasury index futures for FY 17 are summarized as follows (in thousands):

Balances at June 30, 2017		
Face Value of U.S. Treasury Index Futures	$	(120,483)
Net Unrealized Holding Losses on Futures		(1,664)
Fair Value of U.S. Treasury Index Futures	$	(122,147)
Activity for Fiscal Year Ending June 30, 2017		
Change in Unrealized Holding Gains	$	8,678
Realized Gains		9,138
Net Increase in Fair Value of U.S. Treasury Futures	$	17,816

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 within the net increase in fair value of investments on the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital assets, which include property, plant, equipment, and infrastructure items (highways, bridges, and similar items) are reported in the applicable governmental and business-type activity columns of the government-wide financial statements. Intangibles are reported separately in the notes to the financial statements; however, on the face of the financial statements, intangibles are grouped with the asset class they most resemble. Easements and right of way are grouped with land, and software is grouped with equipment.

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

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

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

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

Capital asset activities for the fiscal year ended June 30, 2017, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	$ 637	$ 12	$ —	$ 649
Land	364	2	—	366
Construction in progress	1,914	483	(759)	1,638
Total capital assets not being depreciated	2,915	497	(759)	2,653
Capital assets being depreciated:				
Buildings	2,221	151	(16)	2,356
Intangible - Software	124	81	—	205
Equipment	971	50	(29)	992
Infrastructure	8,152	505	—	8,657
Total capital assets being depreciated	11,468	787	(45)	12,210
Less accumulated depreciation for:				
Buildings	(731)	(75)	10	(796)
Intangible - Software	(92)	(19)	—	(111)
Equipment	(550)	(46)	25	(571)
Infrastructure	(5,375)	(345)	1	(5,719)
Total accumulated depreciation	(6,748)	(485)	36	(7,197)
Total capital assets being depreciated, net	4,720	302	(9)	5,013
Capital assets, net	$ 7,635	$ 799	$ (768)	$ 7,666

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

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 31	$ —	$ —	$ 31
Construction in Progress	10	59	(47)	22
Total capital assets not being depreciated	41	59	(47)	53
Capital assets being depreciated:				
Buildings	1,127	2	—	1,129
Equipment	110	7	—	117
Infrastructure	917	37	—	954
Total capital assets being depreciated	2,154	46	—	2,200
Less accumulated depreciation for:				
Buildings	(412)	(32)	—	(444)
Equipment	(78)	(8)	1	(85)
Infrastructure	(468)	(30)	—	(498)
Total accumulated depreciation	(958)	(70)	1	(1,027)
Total capital assets being depreciated, net	1,196	(24)	1	1,173
Capital assets, net	$ 1,237	$ 35	$ (46)	$ 1,226

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), 100.5 million acres have been patented or "tentatively approved."

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

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

Governmental Activities	Amount
General Government	$ 17
Education	11
Health and Human Services	26
Law and Justice	3
Natural Resources	3
Development	1
Public Protection	23
Transportation	369
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.	32
Total Depreciation Expense - Governmental Activities	$ 485
Business-type Activities	
Enterprise	$ 70

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. Intangibles, except for easements and right-of-way, are reported separately in the notes to the financial statements; however, on the face of the financial statements, all intangibles are grouped with the asset class they most resemble. Software and Right of Use are grouped with equipment. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2017 (in millions):

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 113	$ 2	$ (1)	$ 114
Museum collections	7	—	—	7
Construction in Progress	506	231	(104)	633
Total capital assets not being depreciated	626	233	(105)	754
Capital assets being depreciated/depleted:				
Intangible - Software	2	—	—	2
Intangible - Right of Use	21	—	—	21
Land	4	—	—	4
Library Books	56	—	—	56
Buildings	2,218	55	(1)	2,272
Equipment	867	17	(7)	877
Infrastructure	1,778	46	—	1,824
Total capital assets being depreciated/depleted	4,946	118	(8)	5,056
Less accumulated depreciation/depletion for:				
Intangible - Software	(2)	—	—	(2)
Intangible - Right of Use	(7)	(1)	—	(8)
Land	—	(1)	—	(1)
Library Books	(46)	(1)	—	(47)
Buildings	(1,047)	(66)	1	(1,112)
Equipment	(446)	(47)	3	(490)
Infrastructure	(750)	(63)	—	(813)
Total accumulated depreciation/depletion	(2,298)	(179)	4	(2,473)
Total capital assets being depreciated/depleted, net	2,648	(61)	(4)	2,583
Capital assets, net	$ 3,274	$ 172	$ (109)	$ 3,337

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

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

A. SUMMARY OF CHANGES

Short-Term Debt

Two enterprise funds, the Alaska Clean Water Fund and the Alaska Drinking Water Fund issued bond anticipation notes during FY 17 totaling $1,595 thousand and $1,662 thousand respectively. The proceeds were used to fund the State share of loan distributions and administration costs. In accordance with the Environmental Protection Agency regulations, interest and investment earnings were used to retire the bond anticipation notes. No balance was outstanding at year end.

Long-Term liabilities

The following table summarizes changes in long-term liabilities for Governmental Activities for the fiscal year ended June 30, 2017 (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 371,770	$ 1,391	$ 16,719	$ 356,442	$ 12,492
General obligation debt	921,144	—	61,612	859,532	53,332
Notes payable	16,011	652	2,419	14,244	2,475
Capital leases payable	301,825	2,894	35,781	268,938	21,447
Unearned revenue	65,334	212,455	224,465	53,324	38,264
Certificates of participation	31,919	—	1,770	30,149	1,935
Compensated absences	175,575	155,973	163,969	167,579	167,125
Claims and judgments	163,137	33,544	51,691	144,990	41,847
Pollution remediation	117,841	53,417	51,482	119,776	11,977
Other noncurrent liabilities	3,310	12,197	12,722	2,785	—
Net pension liability	4,119,479	726,152	413,746	4,431,885	—
Total	$ 6,287,345	$ 1,198,675	$ 1,036,376	$ 6,449,644	$ 350,894

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

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

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

The following table summarizes changes in long-term liabilities for Business-type Activities for the fiscal year ended June 30, 2017 (in thousands):

Business-type Activities	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 474,477	$ —	$ 34,640	$ 439,837	$ 11,365
Unearned revenue	554	23,067	—	23,621	23,621
Compensated absences	4,627	4,246	4,347	4,526	4,107
Pollution remediation	4,673	400	1,103	3,970	757
Net pension liability	56,848	20,193	66	76,975	—
Total	$ 541,179	$ 47,906	$ 40,156	$ 548,929	$ 39,850

The beginning balances of compensated absences is being restated. The compensated absences balance of $60 thousand was incorrectly included in Other Liabilities in FY 16.

B. NET PENSION LIABILITY

Net Pension Liability is recorded in the schedule of long-term liabilities above. The PERS and TRS total pension liability for the June 30, 2016 measurement date was determined by actuarial valuations as of June 30, 2015, which was rolled forward to June 30, 2016. The JRS and NGNMRS total pension liability for the June 30, 2016 measurement date was determined by actuarial valuations as of June 30, 2016. The actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

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

PERS pre termination mortality rates were based upon the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70% of the time for Peace Officer/Firefighters, 50% of the time for others. Post-termination mortality rates were based on 96% of all rates of the RP-2000 table, 2000 Base Year projected to 2018 with Projection Scale BB. The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions effective for the June 30, 2014 actuarial valuation adopted by the Alaska Retirement Management Board to better reflect expected future experience. The assumptions used in the June 30, 2015 actuarial valuation are the same as those used in the June 30, 2014 actuarial valuation.

TRS post-termination mortality rates were based on 94% of the male rates and 97% of the female rates of the RP-2000 Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. The rates for pre-termination mortality were 68% of the male rates and 60% of the female rates of the post-termination mortality rates. Deaths are assumed to result from non-occupational causes 85% of the time. The actuarial assumption used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions effective for the June 30, 2014 actuarial valuation adopted by the Alaska Retirement Management Board to better reflect expected future experience. The assumptions used in the June 30, 2015 actuarial valuation are the same as those used in the June 30, 2014 actuarial valuation.

JRS post-termination mortality rates were based on 94% of the male rates and 97% of the female rates of the RP-2000 Combined Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. The rates for pre-termination mortality were 68% of the male rates and 60% of the female rates of the post-termination mortality rates. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect future experience.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 for PERS and TRS and as of June 30, 2014 for JRS and NGNMRS are summarized in the following table:

System	Asset Class	Long-term Expected Real Rate of Return
PERS/TRS	Domestic Equity	5.35%
	Global Equity (non-U.S.)	5.55%
	Private Equity	6.25%
	Fixed Income Composite	0.80%
	Real Estate	3.65%
	Alternative Equity	4.70%
	Cash Equivalents	—
JRS	Domestic Equity	5.35%
	International Equity	5.55%
	Private Equity	6.25%
	Fixed Income	0.80%
	Real Estate	3.65%
	Alternative Equity	4.70%
	Cash Equivalents	—
NGNMRS	Domestic Equity	5.35%
	Global Equity (non-U.S.)	5.50%
	Fixed Income Composite	0.80%
	Cash Equivalents	—

The discount rate used to measure the total pension liability was 8% percent for PERS, TRS and JRS. The discount rate used to measure the total pension liability was 7% for NGNMRS. The projection of cash flows used to determine the discount rate assumed that the employer and the nonemployer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
Primary Government's proportionate share of the PERS net pension liability	$ 3,734,529	$ 2,899,593	$ 2,195,363
Discrete Component Units' proportionate share of the PERS net pension liability	416,184	323,137	244,656
Primary Government's proportionate share of the TRS net pension liability	23,228	17,047	11,864
Discrete Component Units' proportionate share of the TRS net pension liability	66,559	48,846	33,996
Primary Government's JRS net pension liability	95,928	71,555	50,987

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
Primary Government's NGNMRS net pension liability	$ 6,075	$ 4,022	$ 2,167

The State's proportion of the net pension liability was based on projections of the present value of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers from July 1, 2017 to a projected fully funded year of 2039. At June 30, 2016 the proportionate share of the net pension liability attributed to the State was 57.65 percent (51.87 percent for the primary government and 5.78 percent for the discrete component units) for the Public Employee's Retirement System (PERS) and 2.89 percent (0.75 for the primary government and 2.14 for the discrete component units) for the Teacher's Retirement System (TRS). This was a increase of 1.38 percent (1.12 percent increase for the primary government and 0.26 percent increase for the discrete component units) for PERS and an increase of 0.08 percent (0.03 percent decrease for the primary government and 0.11 percent increase for the discrete component units) for TRS from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the State recognized pension expense of $454,795 thousand ($392,979 for the primary government and $61,816 for the discrete component units) broken out by plan as follows (in thousands):

Systems	Pension Expense
Public Employees' Retirement System - Primary Government	$ 386,741
Public Employees' Retirement System - Discrete Component Units	54,402
Teachers' Retirement System - Primary Government	1,239
Teachers' Retirement System - Discrete Component Units	7,414
Judicial Retirement System - Primary Government	5,136
Alaska National Guard and Alaska Naval Militia Retirement System - Primary Government	(137)

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pension plans from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS			
Primary Government	Difference Between Expected and Actual Experience	$ 267	$ 32,321
	Difference Between Projected Investment Earnings	285,016	—
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	25,105	3,177
	Changes in Assumptions	13,374	—
	Contributions Subsequent to the Measurement Date	179,755	—
Discrete Component Units	Difference Between Expected and Actual Experience	30	3,602
	Difference Between Projected Investment Earnings	31,763	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	7,661	—
	Changes in Assumptions	1,490	—
	Contributions Subsequent to the Measurement Date	21,827	—
TRS			
Primary Government	Difference Between Expected and Actual Experience	—	220
	Difference Between Projected Investment Earnings	2,605	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	367
	Changes in Assumption	56	—
	Contributions Subsequent to the Measurement Date	1,021	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	630
	Difference Between Projected Investment Earnings	7,464	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	840	—
	Changes in Assumptions	160	—
	Contributions Subsequent to the Measurement Date	2,003	—
JRS			
Primary Government	Difference Between Projected Investment Earnings	8,932	—
	Difference Between Expected and Actual Experience	—	6,794
	Changes in Assumptions	—	—
	Contributions Subsequent to the Measurement Date	11,086	—
NGNMRS			
Primary Government	Difference Between Projected Investment Earnings	2,228	—
	Difference Between Expected and Actual Experiences	555	6,855
	Changes in Assumptions	63	—
	Contributions Subsequent to the Measurement Date	867	—

$216,559 thousand reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2018 ($192,729 thousand for the primary government and $23,830 thousand for discrete component units). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for each plan as follows (in thousands):

Year Ending June 30	PERS - Primary Government	PERS - Discrete Component Units	TRS - Primary Government	TRS - Discrete Component Units	JRS - Primary Government	NGNMRS - Primary Government
2018	$ 50,573	$ 10,446	$ (1)	$ 1,743	$ (2,643)	$ (1,094)
2019	45,975	5,527	434	1,391	(1,445)	(1,095)
2020	116,516	12,985	982	2,814	3,796	(850)
2021	75,238	8,384	659	1,886	2,430	(970)

SPECIAL FUNDING SITUATION

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

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

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

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

The assumptions for the portion of the net pension liability attributed to the special funding situation for both the PERS and TRS plans are the same as those listed above. The proportionate share of the net pension liability attributed to the special funding situation was based on a projection of these types of contributions to the pension plan relative to the projected contributions of all participating employers.

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

	1% Decrease 7%	Discount Rate 8%	1% Increase 9%
PERS net pension liability	$ 387,505	$ 300,870	$ 227,797
TRS net pension liability	1,677,085	1,230,776	856,585

At June 30, 2016 the proportionate share of the net pension liability attributed to the State for the special funding situation was 5.38 percent for the Public Employee's Retirement System (PERS) and 53.90 percent for the Teacher's Retirement System (TRS), which was a decrease of 5.02 percent and 7.13 percent from its proportion measured as of June 30, 2015 for PERS and TRS respectively.

For the year ended June 30, 2017, the State recognized expenses of $(148,051) thousand in relation to the special funding situation broken out by plan as follows (in thousands):

Systems	Expenses
Public Employees' Retirement System	$ (180,497)
Teachers' Retirement System	32,446

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to pension plans for the special funding situation amounts from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS	Difference Between Expected and Actual Experience	$ 28	$ 3,354
	Difference Between Projected Investment Earnings	29,574	—
	Changes in Proportion and Difference Between	—	119,830
	Employer Contributions and Proportionate Share of Contributions	1,388	—
	Changes in Assumptions	50,018	—
TRS	Difference Between Expected and Actual Experience	—	15,868
	Difference Between Projected Investment Earnings	188,067	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	62,140
	Changes in Assumptions	4,026	—
	Contributions Subsequent to the Measurement Date	115,980	—

$165,998 thousand reported as deferred outflows of resources related to the special funding situation resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the special funding situation will be recognized as expenses for each plan as follows (in thousands):

Year Ending June 30	PERS	TRS
2018	$ (106,816)	$ (32,689)
2019	(5,312)	28,349
2020	12,090	70,901
2021	7,807	47,524

STATE ADMINISTERED SINGLE EMPLOYER PLANS

The schedules of changes in plan net pension liability and related ratios for the JRS and NGNMRS defined benefit pension plan as of the measurement date, June 30, 2016 are below (in thousands):

	JRS	NGNMRS
Total pension liability:		
Service cost	$ 6,025	$ 603
Interest	16,417	2,660
Difference between expected and actual experience	(10,791)	(8,659)
Benefit payments, including refunds of member contributions	(11,228)	(1,729)
Net change in total pension liability	423	(7,125)
Total pension liability - beginning	205,125	38,309
Total pension liability - ending (a)	205,548	31,184
Plan fiduciary net position:		
Contributions - employer	11,710	735
Contributions - employee	802	—
Total net investment income	(567)	182
Other miscellaneous income	2	—
Benefit payments, including refunds or member contributions	(11,228)	(1,729)
Administrative expenses	(60)	(242)
Net change in plan fiduciary net position	659	(1,054)
Plan fiduciary net position - beginning	144,160	36,880
Plan fiduciary net position - ending (b)	144,819	35,826
Plan's net pension liability/(asset) (a) - (b)	$ 60,729	$ (4,642)

NON-STATE ADMINISTERED SINGLE EMPLOYER PLANS

The Alaska Railroad Corporation (ARRC) is a component unit of the State of Alaska. The ARRC has a single-employer defined benefit pension plan administered by the Tax Deferred Savings and Pension Committee covering all regular represented and nonrepresented employees who are not covered by the Civil Service Retirement System. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension was determined by an actuarial valuation as of January 1, 2016. The actuarial valuation used the following actuarial assumptions:

Actuarial Assumption	**December 31, 2016**
Inflation	2.8%
Salary increases	3.0% CPI plus merit based rates
Cost of living allowance	1.4%
Retirement, disablement, and termination	Based on 2010-2014 experience study
Administrative expenses	1.24% of payroll, based on current year Actuarially Determined Contribution

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

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

Asset Class	Target allocation	Long-term expected real rate of return
Cash	—%	1.00%
Total Return Bond	17.00	3.00%
Global Bond	7.00	3.00%
High Yield Bond	6.00	4.00%
Domestic Large Cap	16.00	7.00%
Domestic Mid Cap	12.00	8.00%
Domestic Small Cap	8.00	9.00%
International Equity	12.00	6.00%
Commodities	8.00	2.00%
Real Estate	14.00	6.00%
Total	100.00%	

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

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

	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
Net pension liability	$ 52,620	$ 25,466	$ 3,117

For the year ended December 31, 2016, the ARRC recognized pension expense of $7,627 thousand and the following deferred outflows (in thousands):

Difference between expected and actual experience	$ 5,097
Net difference between actual and projected earnings on investments	6,030

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

	Amount
Year ending December 31,	
2017	$ 3,332
2018	3,332
2019	3,332
2020	1,118
2021	13

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

Total pension liability:	
Service cost	$ 5,853
Interest	13,244
Difference between expected and actual experience	6,368
Benefit payments, including refunds of employee contributions	(5,541)
Net change in total pension liability	19,924
Total pension liability - beginning	167,130
Total pension liability - ending (a)	187,054
Plan fiduciary net position:	
Contributions - employer	4,163
Contribution - employee	4,383
Total net investment income/(loss)	11,774
Benefit payments, including refunds or member contributions	(5,541)
Administrative expenses	(593)
Net change in plan fiduciary net position	14,186
Plan fiduciary net position - beginning	147,402
Plan fiduciary net position - ending (b)	161,588
Plan's net pension liability/(asset) (a)-(b)	$ 25,466

C. 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, 2017, the following were the General Obligation Bond debt outstanding (in millions):

Year Ending June 30	Principal	Interest	Total
2018	$ 52.4	$ 41.1	$ 93.5
2019	54.3	34.9	89.2
2020	45.2	32.7	77.9
2021	46.5	30.5	77
2022	38	28.5	66.5
2023-2027	201.8	113.7	315.5
2028-2032	207.5	60.3	267.8
2033-2037	119.2	12.6	131.8
2038-2042	11.9	0.2	12.1
Total debt service requirements	776.8	$ 354.5	$ 1,131.3
Unamortized bond premium	82.7		
Total principal outstanding	$ 859.5		

The General Obligation Bond Series 2009A Bonds were issued for the purpose of paying $165 million of the costs of State transportation projects. The Series 2010 A and B Bonds were issued for the purpose of paying $164.57 million of the costs of State education projects. The Series 2012A Bonds were issued for the purpose of refunding $191.41 million on the 2003A Series Bonds resulting in an economic gain of $27.1 million and an aggregate difference in debt service of $33.0 million. The Series 2013 A and B Bonds were issued for the purpose of paying $162.48 million of the costs of State education projects. The Series 2015B Bonds were issued for the purpose of refunding $100.62 million on the 2009A Series Bonds resulting in an economic gain of $7.5 million and an aggregate difference in debt service of $8.8 million. The Series 2016A bonds were issued for the purpose of long-term financing, over short-term financing, of $155.2 million of the costs of State transportation projects. The Series 2016B bonds were issued for the purpose of paying $128.3 million of the costs of State transportation projects.

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

At June 30, 2016, the amount of General Obligation Bonds authorized was $1,012.1 million with $811.0 million issued. General Obligation Bonds authorized but not issued at June 30, 2017 was $201.1 million.

REVENUE BONDS

As of June 30, 2017, the following were the revenue bonds outstanding (in millions):

	Governmental Activities		Business-Type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2018	$ 12.4	$ 16.8	$ 11.4	$ 19.9
2019	8.0	16.1	18.5	19.1
2020	7.8	15.8	22.2	18.1
2021	8.5	15.4	20.4	17.1
2022	9.1	15.1	24.2	16.0
2023-2027	35.9	69.2	89.6	65.8
2028-2032	43.9	59.9	117.8	41.4
2033-2037	56.8	47.7	107.1	11.7
2038-2042	75.8	31.8	—	—
2043-2047	91.8	135.4	—	—
Total debt service requirements	350.0	$ 423.2	411.2	$ 209.1
Unamortized bond (discounts)/premiums	(5.0)		28.6	
Plus accreted value	11.4		—	
Total principal outstanding	$ 356.4		$ 439.8	

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

Northern Tobacco Securitization Corporation Revenue Bonds

The Northern Tobacco Securitization Corporation (NTSC) bonds were issued to purchase the right to a share of Tobacco Settlement Revenues (TSRs) received by the State of Alaska. These revenue bonds are secured by and payable solely from the TSRs and investment earnings pledged under the respective bond indentures and amounts established and held in accordance with those bond indentures. Neither Alaska Housing Finance Corporation nor the State of Alaska is liable for any debt issued by NTSC. NTSC revenue bond total at June 30, 2017 includes $330.3 million in principal, $419.6 million in interest, $5.8 million in unamortized discount, and $11.4 million in accreted value on the Series 2006B and Series 2006C Bonds.

Alaska Sport Fishing Revenue Bonds

The State of Alaska Sport Fishing Revenue Bonds Series 2006 were issued under Article 5A of Chapter 15 of Title 37 of the Alaska Statutes. The bonds were issued to provide a portion of the funds necessary to finance the construction and renovation of fisheries rehabilitation, enhancement and development projects that benefit sport fishing. These revenue bonds are special, limited obligations of the State secured by and payable from the sport fishing facilities surcharge imposed under AS 16.05.340 and from funds received from the federal government which by their terms are not restricted in use and legally available for the payment for debt service on Parity Bonds. The bonds are not general obligations of the State, and the State does not pledge its full faith and credit to the payment of the bonds. Sport Fishing Revenue Bond total at year end includes $19.7 million in principal, $3.6 million in interest, and $0.8 million in unamortized premium.

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund. Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports Revenue Bonds. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Position. There are $23.2 million of bonds authorized by the Alaska Legislature that have not been issued. During FY 17 international airports redeemed $11.0 million of outstanding debt, in addition to issuing $91.0 million in new debt, for the refunding of $102.0 million of outstanding par Revenue Bonds. At June 30, 2017 there was no bond interest arbitrage rebate liability. Federal subsidies related to the interest payments made during the year on Build American Bonds were $430 thousand. International Airports Revenue Bond total at year end includes $411.2 million in principal, $209.1 million in interest and $28.6 million in unamortized premiums/discounts and deferred gains/losses.

D. CAPITAL AND OPERATING LEASES

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

Governmental Activities	Operating	Capital Leases		
Year Ending June 30	Leases	Principal	Interest	Total
2018	$ 32.6	$ 21.4	$ 12.9	$ 34.3
2019	22.9	20.8	11.8	32.6
2020	10.5	20.6	10.8	31.4
2021	6.1	18.4	9.8	28.2
2022	4.7	18.5	8.9	27.4
2023-2027	11.8	74.3	32.9	107.2
2028-2032	4.4	77.6	14.0	91.6
2033-2037	0.9	17.2	0.4	17.6
2038-2042	0.3	—	—	—
2043-2047	0.2	—	—	—
2048-2052	0.2	—	—	—
2053-2057	0.2	—	—	—
2058-2062	0.2	—	—	—
2063-2037	1.7	—	—	—
Total	$ 96.7	$ 268.8	$ 101.5	$ 370.3

Leases at June 30, 2017 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, 2017 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	$ 463,081	$ —
Equipment	6,479	—
Less: Accumulated Depreciation	(116,169)	—
	$ 353,391	$ —

E. CERTIFICATES OF PARTICIPATION

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

The following schedule presents future minimum payments as of June 30, 2017 (in millions):

Governmental Activities	Certificates of Participation		
Year Ending June 30	Principal	Interest	Total
2018	$ 1.9	$ 1.2	$ 3.1
2019	1.8	1.1	2.9
2020	2.1	1.1	3.2
2021	2.2	1.0	3.2
2022	2.2	0.9	3.1
2023-2027	13.6	3.1	16.7
2028-2032	6.3	0.4	6.7
Total	$ 30.1	$ 8.8	$ 38.9

F. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Principal	Interest	Total
2018	$ 202.3	$ 158.2	$ 360.5
2019	200.9	150.6	351.5
2020	211.5	142.7	354.2
2021	248.0	133.1	381.1
2022	212.2	123.1	335.3
2023-2027	905.6	486.4	1,392.0
2028-2032	954.5	292.9	1,247.4
2033-2037	508.2	149.7	657.9
2038-2042	326.4	64.5	390.9
2043-2047	161.6	13.5	175.1
2048-2052	4.1	0.2	4.3
Total debt service requirements	3,935.3	$ 1,714.9	$ 5,650.2
Unamortized (discounts)/premiums	105.2		
Unamortized swap termination penalty	(8.3)		
Deferred amount on refunding	(1.6)		
Total principal outstanding	$ 4,030.6		

The preceding table does not include $979 thousand of Alaska Energy Authority arbitrage interest payable.

G. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

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

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

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

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by AHFC, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. These measurements are Level 2 inputs. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and 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 swaps' fair value. As of June 30, 2017, AHFC has not posted any collateral and was not required to post any collateral.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2017, 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-/A3
GP01B	8/2/2001	4.1427%	67% of 1M LIBOR	12/1/2030	AA/Aa3
E021A1[2]	10/9/2008	2.9800%	70% of 3M LIBOR[5]	6/1/2032	AA-/Aa2
E021A2	10/9/2008	3.4480%	70% of 1M LIBOR	12/1/2036	AA/Aa3
SC02C[3]	12/5/2002	4.3030%	SIFMA[6] +0.115%	7/1/2022	A+/Aa2
E071AB	5/31/2007	3.7345%	70% of 3M LIBOR	12/1/2041	AA-/Aa2
E071BD	5/31/2007	3.7200%	70% of 3M LIBOR	12/1/2041	A+/Aa2
E091A	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AA-/Aa1
E091B	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AA-/Aa2
E091ABD	5/28/2009	3.7400%	70% of 3M LIBOR	12/1/2040	A+/Aa2

[1] Governmental Purpose Bonds

[2] Home Mortgage Revenue Bonds

[3] State Capital Project Bonds

[4] London Interbank Offered Rate ("LIBOR") 1 month

[5] London Interbank Offered Rate 3 Month

[6] Securities Industry and Financial Markets Municipal Swap Index

[7] Standard & Poor's/Moody's

The change in fair value and ending balance of AHFC's hedging derivatives as of June 30, 2017, is shown below (in thousands). The fair value is reported as a deferred outflow/inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2017	Fair Values June 30, 2016	Change in Fair Values
GP01A	$ 46,145	$ 49,412	$ (3,267)	$ (6,015)	$ 2,748
GP01B	56,390	66,878	(10,488)	(15,029)	4,541
E021A1	37,540	41,693	(4,153)	(6,789)	2,636
E021A2	16,290	16,778	(488)	(1,102)	614
SC02C	34,910	37,455	(2,545)	(4,423)	1,878
E071AB	142,149	177,775	(35,626)	(50,897)	15,271
E071BD	94,766	118,275	(23,509)	(33,699)	10,190
E091A	72,789	92,017	(19,228)	(27,504)	8,276
E091B	72,789	91,599	(18,810)	(26,721)	7,911
E091ABD	97,052	121,800	(24,748)	(35,295)	10,547
Total	$ 670,820	$ 813,682	$ (142,862)	$ (207,474)	$ 64,612

As of June 30, 2017, debt service requirements of AHFC's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Year Ending June 30	Outstanding Variable-Rate Debt Principal	Outstanding Variable-Rate Debt Interest	Swap Net Payment	Total Payment
2018	$ 18,705	$ 5,870	$ 18,427	$ 43,002
2019	19,560	5,703	17,895	43,158
2020	23,740	5,528	17,340	46,608
2021	28,230	5,302	16,616	50,148
2022	29,750	5,049	15,811	50,610
2023-2027	136,545	21,579	67,705	225,829
2028-2032	152,050	15,099	48,060	215,209
2033-2037	135,305	8,933	28,814	173,052
2038-2042	126,935	2,591	8,380	137,906
	$ 670,820	$ 75,654	$ 239,048	$ 985,522

Interest Rate Risk

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

Credit Risk

As of June 30, 2017, AHFC is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. AHFC currently has swap agreements with five separate counterparties. Approximately 38 percent of the total notional amount of the swaps is held with one counterparty rated AA-/Aa2. Another 34 percent of the total notional amount of the swaps is held with another counterparty rated A+/Aa2. Of the remaining swaps, one counterparty is rated AA-/Aa3, another counterparty is rated AA-/

Aa1, and the remaining counterparty is rated A-/A3, approximating 11 percent, 11 percent, and 7 percent respectively, of the total notional amount of the swaps.

Basis Risk

All of AHFC's variable-rate bond interest payments related to interest rate swaps are based on the tax exempt SIFMA index. Therefore, AHFC is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, 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, 2017, SIFMA was 0.91 percent and 1 month LIBOR was 1.22611 percent, resulting in a SIFMA/LIBOR ratio of 74.2 percent. The 3 month LIBOR was 1.29639 percent resulting in a SIFMA/LIBOR ratio of 70.2 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 $22.2 million to the counterparties. AHFC replaced the 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. An additional payment of $150 thousand was made to a former counterparty in fiscal year 2013 as settlement of any and all claims relating to that counterparty's swap termination. This payment was expensed as insurance and financing expense in fiscal year 2013.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. AHFC has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The Home Mortgage Revenue Bonds, 2002 Series A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the Governmental Purpose Bonds, 2001 Series A and B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the un-swapped portion of the debt.

INVESTMENT DERIVATIVES

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

The significant terms and credit ratings of AHFC's investment derivatives as of June 30, 2017, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating
SC02B	12/5/2002	3.77%	70% of 1M LIBOR	7/1/2024	A+/Aa2

The change in fair value of the investment derivatives as of June 30, 2017, is shown below (in thousands) and is presented on the net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2017	Fair Values June 30, 2016	Changes in Fair Value
SC02B	$ 14,555	$ 16,595	$ (2,040)	$ (3,069)	$ 1,029

Credit Risk

As of June 30, 2017, AHFC was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated A+/Aa2.

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. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the PERS-DB to new members effective July 1, 2006 and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DCR). Information regarding PERS-DCR is disclosed in Note 8.

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

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

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

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

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

At June 30, 2017 the number of PERS participating employers was:

State of Alaska	4
Municipalities	74
School Districts	53
Other	24
Total Employers	155

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

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

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

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

PERS-DB employee contribution rates are 6.75 percent of compensation (7.5 percent for peace officers and firefighters and 9.6 percent for some school district employees). 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, 2017 was capped at 22 percent of compensation.

The state's contributions to PERS-DB for the fiscal years ended June 30, 2017, 2016, and 2015 were $224.7, $231.2, and $237.5 million respectively for the year. For the FY 17 contributions, $152.5 million was for pensions and $72.2 million was for postemployment benefits. The contributions were equal to the required contributions in FY 17.

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. Additionally, there is a Defined Benefit Unfunded Liability amount levied against the Defined Contribution Retirement Pension Plan payroll.

Chapter 3 4SSLA 2016 appropriated $34.7 million from the General Fund and $64.5 million from the Alaska Higher Education Investment Fund to the PERS-DB as an additional state contribution for FY 17. The portion of this payment attributable to State of Alaska employers is $55.7 million for pensions.

Postemployment healthcare benefits are provided to retirees and their surviving spouses 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, and their surviving spouses with five years of credited service (or ten years of credited service for those first hired after July 1, 1996) must pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits. Members hired after June 30, 1986 but before June 30, 1996, are receiving a conditional benefit, and are age eligible, are eligible for postemployment healthcare benefits. Police and fire employees and their surviving spouses with 25 years of membership and all other employees and their surviving spouses with 30 years of membership service also receive benefits at no premium cost, regardless of their age or date of hire.

The components of the net pension liability of the participating employers at June 30, 2017, were as follows (in thousands):

Total Pension Liability	$ 14,112,569
Plan Fiduciary Net Position	(8,943,127)
Emloyers' Net Pension Liability (Asset)	$ 5,169,442
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	63.37%

The components of the net OPEB liability of the participating employers at June 30, 2017, were as follows (in thousands):

Total OPEB Liability	$ 8,183,709
Plan Fiduciary Net Position	(7,338,952)
Employers' Net OPEB Liability/(Asset)	$ 844,757
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	89.68%

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

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

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

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

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

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

At June 30, 2017 the number of participating employers was:

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

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

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

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

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

TRS-DB Plan members contribute 8.65 percent of their base salary, as required by statute. The employee contributions are deducted before federal income tax is withheld.

The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2017 was 12.56 percent of compensation. Employer contributions are accumulated in both the pension and healthcare funds based on the approved contribution rate for the fiscal year. Additionally, there is a Defined Benefit Unfunded Liability amount levied against the Defined Contributions Retirement Pension Plan payroll.

The state's contributions to TRS-DB for the fiscal years ended June 30, 2017, 2016, and 2015 were $3.8, $4.1, and $4.6 million respectively, equal to the required contributions for each year. For the FY 17 contributions, $2.3 million was for pensions and $1.5 million was for postemployment benefits. The contributions were equal to the required contributions in FY 17.

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 ARMB for that fiscal year.

Chapter 3 4SSLA 2016 appropriated $91.3 million from the General Fund and $25.4 million from the Alaska Higher Education Investment Fund to the TRS-DB as an additional state contribution for FY 17. The portion of this payment attributable to State of Alaska employers is $5.6 million is for pensions.

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

The components of the net pension liability of the participating employers at June 30, 2017, were as follows (in thousands):

Total Pension Liability	$ 7,338,907
Plan Fiduciary Net Position	(5,312,295)
Emloyers' Net Pension Liability (Asset)	$ 2,026,612
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.39%

The component of the net OPEB liability of the participating employers at June 30, 2017, were as follows (in thousands):

Total OPEB Liability	$ 2,941,598
Plan Fiduciary Net Position	(2,757,665)
Employers' Net OPEB Liability/(Asset)	$ 183,933
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	93.75%

The Judicial Retirement System (JRS)

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

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

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

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

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

Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 22 and may be amended only by the state legislature. JRS provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits. Members with five or more paid-up years of credited service are entitled to annual pension benefits beginning at normal retirement at age 60 or early retirement at age 55. Members who are under age 60 and have 20 or more years of credited service may retire at any age and receive an actuarially reduced benefit.

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

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

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

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

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

The JRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2017, was 76.49 percent of compensation. Total employer contributions for FY 17 were $11,086 thousand for pensions, and $628 thousand for postemployment benefits. Included in the total employer contributions amounts is $5.4 million appropriated in Chapter 3 4SSLA 2016 from the General Fund to JRS as an additional state contribution for the purpose of funding the retirement system.

Postemployment healthcare benefits are provided without cost to retired JRS members. The 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
2016	$28,455	$17,111	$(11,344)	166.3%	$13,597	(83.4)%

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

The actuarial valuation dated June 30, 2014 set the contribution rates for the year ended June 30, 2017. The State of Alaska's OPEB obligations for FY 17 follows (in thousands):

	OPEB
Annual Required Contribution	$ 631
Interest on Net Pension Asset	(62)
Adjustment to Annual Required Contribution	62
Annual Pension Cost (APC)/OPEB Cost (AOC)	631
Contributions Made	(628)
Increase in Obligation	3
NET OPEB Obligation/(Asset) Beginning of Year	(773)
NET OPEB Obligation/(Asset) End of Year	$ (770)

Three year trend information for this obligation follows (in thousands):

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	Net OPEB Obligation /(Asset)
	2015	310	218.9%	(760)
	2016	495	102.7%	(773)
	2017	631	99.5%	(770)

The components of the net pension liability at June 30, 2017, were as follows (in thousands):

Total Pension Liability	$ 216,635
Plan Fiduciary Net Position	(164,033)
Emloyers' Net Pension Liability (Asset)	$ 52,602
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	75.72%

The components of the net OPEB liability at June 30, 2017, were as follows (in thousands):

Total OPEB Liability	$ 17,476
Plan Fiduciary Net Position	(29,991)
Employers' Net OPEB Liability/(Asset)	$ (12,515)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	171.61%

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

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

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

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

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

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

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

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

Chapter 3 4SSLA 2016 appropriated $69 thousand from the General Fund to the NGNMRS as an additional state contribution for FY 17.

The components of the net pension liability at June 30, 2017, were as follows (in thousands):

Total Pension Liability	$	32,480
Plan Fiduciary Net Position		(38,132)
Emloyers' Net Pension Liability (Asset)	$	(5,652)
Plan Fiduciary Net Position as a Percentage of the total Pension Liability		117.4%

ASSET VALUATION

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

Systems		Fair Value
Public Employees' Retirement System	$	16,403,380
Teachers' Retirement System		8,131,037
Judicial Retirement System		194,213
Alaska National Guard and Alaska Naval Militia Retirement System		38,409

PLAN MEMBERSHIPS

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

	PERS	TRS	JRS	NGNMRS
	6/30/17	6/30/17	6/30/17	6/30/16
Inactive plan members or beneficiaries currently receiving benefits	34,310	12,701	116	676
Inactive plan members entitled to but not yet receiving benefits	5,799	2,846	3	1,427
Current active employees	14,956	4,937	74	4,054
Total	55,065	20,484	193	6,157

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 amortization 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% For Pension (Net of Expenses), 4.30% For Healthcare; Inflation 3.12%	Entry age normal; level percentage of pay normal cost basis for pension; level dollar normal cost basis for healthcare	Level percentage of pay; closed for pension; level dollar, closed for healthcare	25 years as of 6/30/14	Peace Officer/Firefighter: Merit – 2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of services, 1.50% grading down to 0% Productivity – 0.5% per year. Inflation 3.12%	6/30/2016
TRS	8% For Pension (Net of Expenses), 4.43% For Healthcare; Includes Price Inflation at 3.12%	Entry age normal; level percentage of pay Normal Cost Basis for pension; Level Dollar Normal Cost Basis for healthcare	Level percentage of pay, closed for pension; level dollar; closed for healthcare	25 years as of 6/30/14	8.11% grading down to 3.87% after 22 years Inflation 3.12%	6/30/2016
JRS	8% Includes Inflation at 3.12%	Entry age normal; level dollar for healthcare	Level dollar, closed	13 years	3.62%	6/30/2016
NGNMRS	7% (net of investment expense) Inflation at 3.12%	Entry age normal	Level dollar, open	20 years less average military service of active members	None	6/30/2016

		Health Care Inflation		
		Medical Pre-65	Medical Post-65	Rx
For all systems above	FY17	8.8%	5.8%	5.4%
(excluding NGNMRS):	FY18	8.2%	5.7%	5.1%

For PERS and TRS, assets are at fair value, with 20 percent of the investment gains or losses recognized each year, for a period of up to 5 years. For 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 and phased in over the next five years. For NGNMRS, assets are at market value, with 20 percent of the investment gains or losses recognized in each of the current and preceding four years. JRS and NGNMRS valuation assets cannot be outside a range of 80 to 120 percent of the market value of assets. Assets are valued at a five-year smoothed market valuation method.

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

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. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

B. NON-STATE ADMINISTERED PLANS

ALASKA RAILROAD CORPORATION PENSION AND HEALTH CARE TRUST

Alaska Railroad Corporation Pension Plan

The Alaska Railroad Corporation (ARRC) has a single-employer defined benefit pension plan (Plan) administered by the Tax Deferred Savings and Pension Committee covering all regular represented and nonrepresented employees who are not covered by the Civil Service Retirement System (CSRS). Benefits provided by the Plan include retirement, disability, and death benefits. Benefit terms and contribution rates are established and amended under the authority of the Board of Directors. Benefits under this Plan are based upon the employee’s years of service and final average compensation. The ARRC’s funding policy is to contribute each year an actuarially determined contribution rate recommended by an independent actuary. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees contribute an amount equal to 9 percent of eligible compensation.

For purposes of measuring the net pension liability, net other post employment benefit liability (OPEB), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB liability, and pension and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The fair value for mutual fund investments is determined based on published market prices and quotations from national security exchanges. The fair value of real estate and collective funds is determined based on the nest asset value per share of the fund.

As of December 31, 2016, the Plan assets consist of cash and cash equivalents of less than 1 percent, fixed income securities 30 percent, equities 53 percent, commodities 2 percent, and real estate investments 15 percent.

At December 31, 2016, the plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	244
Inactive plan members entitled to but not yet receiving benefits	350
Active plan members	679
	1,273

The components of the net pension liability at December 31, 2016 were as follows (in thousands):

Total Pension Liability	$	187,054
Plan Fiduciary Net Position		(161,588)
Emloyers' Net Pension Liability (Asset)	$	25,466
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		86.39 %

Alaska Railroad Corporation Health Care Trust

The ARRC sponsors a single-employer defined benefit retiree health care plan (Plan) administered by the Non-Represented Tax Deferred Saving, 457 and Health Care Trust Plan Committee covering nonrepresented and Alaska Railroad Workers (ARW) represented employee who became employed prior to November 4, 2014, and employees who are not covered by the CSRS. The Plan also covers regular represented employees covered under the American Train Dispatchers Association (ATDA) or other represented employees hired before March 4, 2016 for United Transportation Union (UTU), April 2, 2015 for Carmen's Division of Transportation Communication International Union (TCU), and April 26, 2016 for International Brotherhood of Teamsters Local 959 (IBT), as specified in the labor agreements.

The Plan provides postretirement medical benefits to employees receiving retirement under the pension plan and retired CSRS employees who do not qualify for the federal medical insurance, and who move directly from active coverage to retiree coverage. The Plan is contributory with retiree premiums adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. The ARRC’s funding policy is to contribute each year an amount equal to the actuarially determined contribution. Benefit terms and contribution rates are established and amended under the authority of the Board of Directors.

There were no contributions recognized or due by the Plan from the ARRC during the year ended December 31, 2016. As of December 31, 2016, the Plan assets are held in Trust and consist of cash and cash equivalents of 5 percent, fixed income securities 45 percent, equities 35 percent, and real estate investments 15 percent. The value of Trust assets used for GASB 75 excludes certain Trust assets segregated for use toward the ARRC Welfare Benefit Plan.

At December 31, 2016 the Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	—
Active plan members	444
	476

The components of the net OPEB asset for the Plan at December 31, 2016, were as follows (in thousands):

Total OPEB Liability	$	15,327
Plan Fiduciary Net Position		(42,740)
Employers' Net OPEB Liability/(Asset)	$	(27,413)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		(278.9)%

Actuarial Method and Assumptions

The following main assumptions were used in the actuarial valuation dated January 1, 2016:

	Investment Rate of Return	Amortization Method	Equivalent Single Amortization Period	Salary Scale Increase
Pension	7.50%, Inflation 2.8%	Level Dollar	Rolling (open) 30-year period	3.0% CPI plus merit based rates; cost of living allowance 1.4%
Healthcare	6.75%, Inflation 2.8%	Level Dollar	Rolling (open) 6-year period	3.0% CPI plus merit based rates

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

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 Healthcare 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, 2017, there were 157 employers participating in PERS-DCR. There were 21,267 members, of which 19,532 are general employees and 1,735 are peace officers and firefighters.

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ration of (a) 25 percent with two years of service; (b) 50 percent with three years of service; (c) 75 percent with four years of service; and (d) 100 percent with five years of service.

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

The PERS-DCR pension contributions for the year ended June 30, 2017 by the employees were $44,254 thousand and the State of Alaska employers were $27,661 thousand. The State of Alaska PERS other postemployment contributions for the year ended June 30, 2017 were $25,399 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the PERS-DCR, RMP, HRA, and OD&D cash and investments as of June 30, 2017 is $1,298,046 thousand. PERS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by PERS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

For the year ended June 30, 2017 the State of Alaska recognized $27,661 thousand in pension expense for the PERS-DCR as an employer. No forfeitures are reflected in the pension expense amount.

On July 1, 2006, three other postemployment benefit trust funds were created within PERS, the Retiree Major Medical Insurance (RMP), Healthcare Reimbursement Arrangement (HRA), and Occupational 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 death benefits for beneficiaries and long-term disability benefits to all active employees as a result of death or disability on the job. PERS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds.

The employer RMP contribution rate for FY 17 for each member's compensation was 1.18 percent for medical coverage and 0.17 percent for death and disability (0.49 percent for peace officers and firefighters). HRA is $170.78 per month for full time employees and $1.31 per hour for part time employees.

Members in the HRA Plan consisted of the following at June 30, 2017:

Inactive Plan Members of Beneficiaries Currently Receiving Benefits	7
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	829
Inactive Plan Members Not Entitled to Benefits	10,466
Active Plan Members	19,442

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2017, were as follows (in thousands):

Total OPEB Liability	$	12,560
Plan Fiduciary Net Position		(26,749)
Employers' Net OPEB Liability/(Asset)	$	(14,189)

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	212.97%

Members in the OD&D Plan consisted of the following at June 30, 2017:

Active Plan Members	19,442
Participating Employers	157
Open Claims	11

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2017, were as follows (in thousands):

Total OPEB Liability	$	86,697
Plan Fiduciary Net Position		(81,482)
Employers' Net OPEB Liability/(Asset)	$	5,215

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	93.98%

Members in the RMP consisted of the following at June 30, 2017:

Inactive Plan Members of Beneficiaries Currently Receiving Benefits	5
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	831
Inactive Plan Members Not Entitled to Benefits	10,466
Active Plan Members	19,442

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2016, using the following actuarial assumptions, applied to all periods in the measurement, and rolled forward to the measurement date of June 30, 2017:

Inflation	3.12%
Salary Increases	Graded by service, from 9.66% to 4.92% for peace officer/firefighter. Graded by service, from 8.55% to 4.34% for all others
Investment Rate of Return	8.00% net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%
Trend Rates (RMP)	Pre-65 medical: 8.8% grading down to 4.4% Post-65 medical: 5.8% grading down to 4.0% RX: 5.4% grading down to 4.0%

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 Healthcare Reimbursement Arrangement Plan, and Occupational 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, 2017, there were 57 employers participating in TRS-DCR. There were 4,937 active members.

A participating member is immediately and fully vested in that member's contributions and related earnings (losses). A member shall be fully vested in the employer contributions made on that member's behalf, and related earnings (losses), after five years of service. A member is partially vested in the employer contributions made on that member's behalf, and the related earnings, in the ration of (a) 25 percent with two years of service; (b) 50 percent with three years of service; (c) 75 percent with four years of service; and (d) 100 percent with five years of service.

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

The TRS-DCR pension contributions for the year ended June 30, 2017 by the employees were $778 thousand and the State of Alaska employers were $576 thousand. The State of Alaska TRS other postemployment contributions for the year ended June 30, 2017 were $318 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the TRS-DCR, RMP, HRA, and OD&D cash and investments as of June 30, 2017 is $500,886 thousand. TRS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by TRS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

For the year ended June 30, 2017 the State of Alaska recognized $623 thousand in pension expense for the TRS-DCR as an employer. No forfeitures are reflected in the pension expense amount.

On July 1, 2006, two other postemployment benefit trust funds were created in TRS, the RMP and HRA. The TRS OD&D other postemployment benefit trust fund was created on July 1, 2007. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides death benefits for beneficiaries and long-term disability benefits to all active employees as a result of death or disability on the job. TRS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 17 for each member's compensation was 1.05 percent for medical coverage and zero percent for death and disability. HRA is $170.78 per month for full-time employees while part-time employees are based on the contract percentage worked multiplied by the full-time employee rate.

Members in the HRA Plan consisted of the following at June 30, 2017:

Inactive Plan Members of Beneficiaries Currently Receiving Benefits	3
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	444
Inactive Plan Members Not Entitled to Benefits	2,011
Active Plan Members	4,937

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2017, were as follows (in thousands):

Total OPEB Liability	$	263
Plan Fiduciary Net Position		(3,531)
Employers' Net OPEB Liability/(Asset)	$	(3,268)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		1,342.59%

Members in the OD&D Plan consisted of the following at June 30, 2017:

Active Plan Members	4,937
Participating Employers	57
Open Claims	4

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2017, were as follows (in thousands):

Total OPEB Liability	$	26,108
Plan Fiduciary Net Position		(30,848)
Employers' Net OPEB Liability/(Asset)	$	(4,740)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		118.16%

Members in the RMP consisted of the following at June 30, 2017:

Inactive Plan Members of Beneficiaries Currently Receiving Benefits	4
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	443
Inactive Plan Members Not Entitled to Benefits	2,011
Active Plan Members	4,937

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2016, using the following actuarial assumptions, applied to all periods in the measurement, and rolled forward to the measurement date of June 30, 2017:

Inflation	3.12%
Salary Increases	Graded by service, from 8.11% to 3.87%
Investment Rate of Return	8.00% net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 3.12% and a real rate of return of 4.88%
Trend Rates (RMP)	Pre-65 medical: 8.8% grading down to 4.4% Post-65 medical: 5.8% grading down to 4.0% RX: 5.4% grading down to 4.0%

Supplemental Benefits System

In addition to the pension plans (note 7) and deferred compensation plan (note 9), all state employees, as well as employees of political subdivisions which have elected to participate in the program, are covered under the Alaska Supplemental Benefits System (SBS). SBS is comprised of the Supplemental Annuity Plan and the Supplemental Benefits Cafeteria Plan. The Supplemental Annuity Plan is a defined contribution plan that was created under Alaska statutes effective January 1, 1980, to provide benefits in lieu of those provided by the federal Social Security System (Social Security). All State employees, who would have participated in Social Security if the State had not withdrawn, participate in SBS. Other employers whose employees participate in the State Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in SBS as provided by Alaska Statute. As of June 30, 2017, there were 23 employers participating in SBS. There were 44,436 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 Cafeteria Plan. Participating employees are vested at all times. Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The State and other participating employers are required to contribute 12.26 percent of an employee's wages up to the taxable wage base in effect under Social Security regulations. Each employee is considered to have agreed to a wage reduction equal to one-half the contribution made on the employee's behalf. The State's mandatory contributions for the year ended June 30, 2017, were $71,905 thousand and amounts contributed by employees were $71,905 thousand. The State's covered payroll was $1,172,995 thousand.

Supplemental Benefit Cafeteria Plan contributions are voluntary based upon the optional benefits elected by each employee enrolled in SBS. Each employee agrees to a wage reduction based upon the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to SBS on the employee's behalf. State employee voluntary contributions for the year ended June 30, 2017, were $3,783 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 Cafeteria Plan include life, death, disability, survivor benefits, critical illness insurance, and dependent care reimbursement (no longer offered as of December 31, 2016). 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 June 30, 2017. 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.

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 participants until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. As of June 30, 2017 the Deferred Compensation Plan had 11,100 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 record-keeping. The Alaska Retirement Management Board is responsible for the specific investment of monies in the Deferred Compensation Plan.

Participant accounts are self-directed with respect to investment options. Each participant designates how 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 position as of June 30, 2017 was $884,363 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, 2017, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

	Due from Other Funds							
Due to Other Funds	General Funds	Alaska Permanent Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ —	$ 16,179	$ 4,027	$ 97	$ 1,486	$ 15,959	$ 30,025	$ 67,773
Alaska Permanent Fund	25,067	—	—	—	—	—	—	25,067
Nonmajor Governmental Funds	2,365	—	—	—	—	—	—	2,365
International Airports	16,607	—	—	—	—	—	—	16,607
Nonmajor Enterprise Funds	11,039	—	—	—	—	—	—	11,039
Internal Service Funds	316	—	—	—	—	—	—	316
Fiduciary Funds	4,996	—	—	—	—	—	—	4,996
Total	$ 60,390	$ 16,179	$ 4,027	$ 97	$ 1,486	$ 15,959	$ 30,025	$ 128,163

The $25.0 million balance due from the Alaska Permanent Fund to the General Fund $25.0 million to be transferred to the Alaska Capital Income Fund. There was no transfer in 2017 for the payment of Permanent Fund dividends due to the timing of legislation. The balance was transferred on September 7, 2017, fiscal year 2018. The balance is for administrative and associated costs of the 2017 Permanent Fund Dividend Program.

INTERFUND TRANSFERS

	Transfers to			
Transfers From	General Funds	Nonmajor Governmental Funds	Internal Service Funds	Total
General Fund	$ —	$ 82,779	$ 8,297	$ 91,076
Alaska Permanent Fund	25,067	—	—	25,067
Nonmajor Governmental Funds	—	6,592	—	6,592
Nonmajor Enterprise Funds	9,467	—	—	9,467
Total	$ 34,534	$ 89,371	$ 8,297	$ 132,202

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

The transfer from the Alaska Permanent Fund to the General Fund is comprised of a $25.0 million transfer to the Alaska Capital Income Fund. There was no transfer in 2017 for the payment of Permanent Fund dividends due to the timing of legislation. The balance was transferred on September 7, 2017, fiscal year 2018.

NOTE 11 – RELATED PARTY ACTIVITY

Based on understandings and board approved agreements between the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA), AIDEA provides administrative, personnel, data processing, communications and other services to AEA. AIDEA recognized revenue totaling $6.1 million for providing these services during FY 17. On June 30, 2017 AIDEA had $3.8 million receivable from AEA for services and short-term borrowings. In addition, AIDEA received $200 thousand for administration of the Bradley Lake Hydroelectric Project.

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. The current loan outstanding balance at June 30, 2017 is $15,235 thousand.

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 NTSC is required to prepare, execute, file or deliver pursuant to the bond indenture 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, 2017 was approximately $9 thousand.

Alaska Gasline Development Corporation (AGDC) utilizes certain AHFC administrative and support services and products such as payroll administration for half of the fiscal year, employee medical plans and their associated administrative services. There was no outstanding balance due to AHFC at June 30, 2017.

The Department of Transportation and Public Facilities (DOTPF) provides administrative and technical services benefiting all Alaska's airports and aircraft bases. Related costs are allocated based upon budgetary estimates of the pro rata portion which should be borne by various facilities as set forth in the annual appropriation and budget document of the State. Costs allocated to the International Airport Fund (IAF) as operating expenses totaled $3,483 thousand for the year ended June 30, 2017. Capital project management services are performed by DOTPF personnel and are capitalized to IAF capital assets. The indirect costs allocated to the IAF and capitalized to construction in progress totaled $1,898 thousand during the year ended June 30, 2017.

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, 2017, is $15,534 thousand. This amount was calculated using the base pay on file for each employee as of June 30, 2017. 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 17 expended for school debt was $81,256 thousand, which was 89.6 percent of the entitlement. The remaining FY 17 entitlement of $9,421 thousand, 10.4 percent, was paid out in FY 18. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately $1,021,599 thousand. The State has in the past and did appropriate less than the full amount which the municipalities are entitled under statute in FY 17.

C. RISK MANAGEMENT AND SELF-INSURANCE

PRIMARY GOVERNMENT

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

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

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

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

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

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

In FY 17, 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, $500,000 for marine risks, and $250,000 per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: $1 billion per occurrence for marine, $200 million for property, and $500 million for airport.

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

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

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

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

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

The "Cost of Risk" premium is collected through two methods from individual state agency operating budgets. Reimbursable 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, 2016 and June 30, 2017 (in thousands). The State records its related liability using discounted amounts provided by actuaries. The amount of unpaid claim liabilities for Risk Management are presented at their present value using a 3.0 percent discount interest rate for FY 16 and for FY 17. Claims payment amounts include allocated loss adjustment expenses (legal and adjusting).

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2016	$ 133,365	$ 30,269	$ (30,062)	$ 133,572
2017	133,572	33,544	(31,922)	135,194

UNIVERSITY OF ALASKA

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

The University is self-insured up the maximum of $2.0 million per occurrence for casualty claims and $250 thousand for property claims. Commercial carriers provide coverage in excess of these amounts. Health care, workers' compensation and unemployment claims are fully self-insured. Liabilities have been established using actuarial analysis to cover estimates for specific reported losses, estimates for unreported losses based upon past experience modified for current trends, and estimates of expenses for investigation and settling claims.

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

	Balance July 1, 2016	Provision for Claims	Claims Payments	Balance June 30, 2017
Health	$ 6,916	$ 53,068	$ (53,769)	$ 6,215
General Liability	2,407	1	—	2,408
Workers' Compensation	4,684	2,446	(2,048)	5,082
Unemployment	135	459	(506)	88
	$ 14,142	$ 55,974	$ (56,323)	$ 13,793

D. LITIGATION AND ADMINISTRATIVE APPEALS

The State is involved in a number of legal actions. The Department of Law estimates the probable maximum liability for the cases associated with the governmental fund types to be approximately $8,925 thousand, with an additional possible liability of $8,545 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.

The Department of Revenue, Oil and Gas Audit Group performs periodic audits of oil and gas companies. Audits often result in additional assessments. Oil and gas companies sometimes choose to pay the additional assessments “under protest” to avoid accruing interest. Because these payments are deposited in the Constitutional Budget Reserve Fund but are still under dispute, the oil and gas audit assessment revenues recognized in the Constitutional Budget Reserve Fund could be adversely affected by a potential refund resulting from a decision issued by the Department of Revenue’s Appeals Group, by the Department of Administration’s Office of Administrative Hearings, or by a Superior Court or Supreme Court ruling. The amount subject to potential refund could not be estimated.

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, 2017, the Alaska Clean Water and the Alaska Drinking Water Funds are committed to funding loans for which they have entered into agreements for communities but funds have not yet been disbursed. The total amounts to be disbursed under these agreements are uncertain as not all of the loans are expected to be fully drawn and some loans may increase with changes in scope of the underlying projects; accordingly, they are not included in the financial statements for these funds. As of June 30, 2017, 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 $108,936 thousand and $39,947 thousand respectively.

As of June 30, 2017, the Department of Commerce, Community and Economic Development identified outstanding loan commitments. Agreements have been entered into, yet funds have not yet been disbursed. The open loan commitments include the Alaska Commercial Fishing Revolving Loan Fund for $2,621 thousand, the Alaska Fisheries Enhancement Revolving Loan Fund for $4,332 thousand, and the Alaska Bulk Fuel Revolving Loan Fund for $6,268 thousand.

At June 30, 2017, the Alaska Energy Authority had open Power Project Fund loan commitments of $16,841 thousand.

At June 30, 2017, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments to be funded by the Revolving Fund of $24.5 million and loan guarantees of $1.5 million. AIDEA extended commitments to fund lines of credit not to exceed $10.6 million from the Sustainable Energy Transmission and Supply Development Fund in the form of two lines of credit relating to the Interior Energy Project. These commitments if drawn down, in addition to the currently outstanding Interior Energy Project related line of credit of $42.2 million, will be converted to term loans in the future if certain events occur. In the event the lines of credit do not convert to term loans their repayment may be limited.

AIDEA has legislative authorization to guarantee loans made to the Alaska Insurance Guaranty Association (AIGA). The AIGA pays, from assessments to member insurers, the claims of insurance companies regulators put into liquidation. AIDEA can guarantee only loans AIGA needs to meet cash flow needs up to a maximum of $30 million in outstanding principal balance at any time. No guarantees have been made pursuant to this authorization.

H. POTENTIAL DEVELOPMENT PROJECTS

The Alaska Gasline Development Corporation (AGDC) entered into an agreement where $4,658 thousand would become due and payable when (a) the State awards permits, work product, and other results of the North Slope to Tidewater Preliminary Development Project to a Qualified Builder (other than a public corporation owned by the State); or (b) the State determines it will construct the North Slope to Tidewater pipeline itself, either through a public corporation owned by the State or otherwise, and (i) the Legislature of the State of Alaska appropriates some or all of the funding for the North Slope to Tidewater Development and Construction Expenses, or (ii) bonds are issued by the State or a public corporation owned by the State intended to finance some or all of the North Slope to Tidewater Development and Construction Expenses.

I. INVESTMENT COMMITMENTS

The Alaska Retirement Management Board (ARMB) has entered into agreements with external investment managers to provide funding for future pension fund investments. At June 30, 2017, ARMB's unfunded commitments were as follows (in thousands):

Investment Type		
Absolute Return	$	424,475
Energy		50,353
Infrastructure		50,000
Private Equity		1,502,715
Real Estate		226,095
	$	2,253,638

J. POLLUTION REMEDIATION

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

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

The State has the knowledge and expertise to estimate the remediation obligations presented in the statements based on prior experience in identifying and funding similar remediation activities. 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 one fund.

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 the 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, 2016, the General Fund had pollution remediation obligations of $117,841 thousand. As of June 30, 2017, the State had an increase to the obligation of $53,417 thousand and recognized a decrease of $51,482 thousand, for an ending balance of $119,776 thousand in pollution remediation obligation related activities. The State has an estimated potential recovery of $38,635 thousand from other responsible parties.

At July 1, 2016, the International Airports Fund (IAF) reported pollution remediation liabilities of $4,673 thousand for which IAF is in whole or in part a responsible party. As of June 30, 2017, the IAF reported an increase of $400 thousand and a decrease of $1,103 thousand, for an ending balance of $3,970 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 ten sites in addition to the Aircraft Rescue and Firefighting Training Areas for which obligating events have been determined to have occurred and the IAF is in whole or part a responsible party.

At December 31, 2015, the Alaska Railroad Corporation had pollution remediation obligations of $2,693 thousand. As of December 31, 2016, the Alaska Railroad Corporation had additional obligations of $536 thousand and reductions in obligations of $763 thousand, for an ending liability of $2,466 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.

K. ENCUMBRANCES

The State of Alaska utilizes encumbrance accounting to identify fund obligations. The following shows encumbrances within the governmental funds for the fiscal year ended June 30, 2017:

	Amount (in thousands)
General Fund	$ 670,993
Special Revenue Funds	7,772
Capital Project Funds	51,543
Total Encumbrances	$ 730,308

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

The Department of Education and Early Development, Department of Environmental Conservation, and Department of Transportation and Public Facilities had several construction/maintenance projects underway which totals $201.9 million of which $177.7 million is in the General Fund and $24.2 million are Capital Project Funds. These projects are funded by a mixture of general funds and bond proceeds.

The Department of Commerce, Community and Economic Development administers grants to municipalities and named recipients which total $130.6 million of which $109.1 is in the General Fund and $21.5 million is in the Capital Project Fund. These projects are funded by the general fund and bond proceeds.

The Department of Transportation and Public Facilities has a project for the Alaska Marine Highway System Alaska Class Ferry purchase for a total of $24.0 million, which is in the General Fund. This is funded by general fund resources.

In FY 17, the University of Alaska capitalized $90.4 million, included in construction in progress, on building a new combined heat and power plant on the University of Alaska Fairbanks Campus. The project is estimated to cost $248 million and expected to be completed in the winter of 2018. As of June 30, 2017, the University has encumbered $91.5 million on this project. In addition, construction commitments at June 30, 2017 aggregated $123.0 million. The major construction projects of the University of Alaska are funded primarily by State of Alaska appropriations and general obligation bonds, University general revenue bonds and federal grants.

L. MEDICAID

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

M. OIL AND GAS TAX CREDITS

Producers or explorers of oil and gas can apply for a tax credit for certain qualifying losses and expenditures under AS 43.55.023 and AS 43.55.025. As of June 30, 2017, the Department of Revenue has received tax credit applications totaling $121.7 million, which have not been accrued as a liability in the general fund financial statements. Due to the complexity of the approval process, the amount of the tax credit that will ultimately be issued or denied cannot be estimated.

N. ALASKA PERMANENT FUND DIVIDEND

The Legislature appropriates portions of the Alaska Permanent Fund Corporation's statutory net income to the Permanent Fund Dividend Fund (Dividend Fund), a sub-fund of the State's general fund created in accordance with Alaska Statute 43.23.045 and administered by the Alaska Department of Revenue. The Dividend Fund is used primarily for the payment of dividends to qualified Alaska residents. In addition, the Legislature has appropriated a portion of the dividend distribution to fund various other agency activities. During the year ended June 30, 2017, the legislative appropriation directed the timing of funding for the Dividend Fund to be from the next fiscal year, so there is no income distributable from the year ended June 30, 2017. On September 7, 2017 $725,950 thousand was transferred to the Dividend Fund.

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

On November 29, 2017, the Alaska Municipal Bond Bank Authority (AMBBA) issued the 2017 Series Three general obligation bonds in the principal amount of $30.8 million. The 2017 Series Three Bond proceeds were used to make a new loan to the Kenai Peninsula Borough Central Hospital in the amount of $28.7 million and a last maturity of December 1, 2037, and to make a deposit into the Kenai Peninsula Borough Reserve Fund in the amount of $2.1 million.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2017 session of the Alaska Legislature, Series A Revenue Bond Anticipation Notes for FY 18 in the amount of $1,586 thousand were issued on December 20, 2017. The Notes were repaid on December 21, 2017. The borrowing is secured by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization obtained during the 2017 session of the Alaska Legislature, Series B Revenue Bond Anticipation Notes for FY 18 in the amount of $1,651 thousand were issued December 20, 2017. The Notes were repaid on December 21, 2017. The borrowing is secured by interest earnings of the Alaska Drinking Water Fund.

D. PERMANENT FUND DIVIDEND LAWSUIT

On September 16, 2016, a member of the Legislature and two other plaintiffs legally challenged the Governor's veto of half the money appropriated to permanent fund dividend disbursements. On August 25, 2017, the Alaska Supreme Court ruled that the governor had the legal authority to veto an appropriation for permanent fund dividends and dismissed the lawsuit.

E. ALASKA HOUSING FINANCE CORPORATION

In July 2017, the Alaska Housing Finance Corporation (AHFC) issued $8.2 million in conduit bonds for Grass Creek North II, a 45-unit multi-family rental facility in Anchorage, Alaska. The bond does not constitute indebtedness liability of AHFC nor of the State of Alaska and is payable solely by the borrower per the loan agreement terms.

Also in July, AHFC sold its $143,955 thousand State Capital Project Bonds II, 2017 Series A (the 2017 A Bonds). The 2017 A Bonds are tax-exempt general obligations of AHFC with a final maturity of December 1, 2032. Interest is payable each June 1 and December 1 at fixed rates between 2 percent and 5 percent. The 2017 A Bonds will be delivered on September 6, 2017. Proceeds of the 2017 A Bonds will be used to reimburse AHFC for certain capital project expenditures; to refund certain of AHFC's outstanding taxable commercial paper notes; to fully refund on a current refunding basis AHFC's State Capital Projects Bonds, 2007 Series A and B, on December 1, 2017; to refund on a current refunding basis the December 1, 2017 maturities of certain of AHFC's various State Capital Project Bonds and State Capital Project bonds II; and to refund on an advanced refunding basis the non-December 1, 2017 maturities of AHFC's State Capital Project Bonds, 2011 Series A (the 2011 "Defeased Bonds"). Assets and liabilities related to the 2011 Defeased Bonds will be removed from AHFC's Statement of Net Position upon delivery of the 2017 bonds on September 6, 2017.

On December 7, 2017, AHFC delivered its $150,000 thousand State Capital Project Bonds II, 2017 Series B (the 2017 B Bonds). The 2017 B Bonds are federally taxable general obligations of AHFC with a final maturity of December 1, 2047. Interest is payable each June 1 and December 1 at variable rates. A portion of the proceeds of the 2017 B Bonds were used to fully refund, on a current refunding basis, AHFC's $50,000 thousand State Capital Project Bonds II, 2013 Series B, on December 7, 2017. Remaining proceeds will be used for additional authorized purposes of AHFC and to pay costs of issuance of the 2017 B Bonds.

On December 6, 2017, AHFC sold its $43,855 thousand State Capital Project Bonds II, 2017 Series C (the 2017 C Bonds) with delivery to occur on December 21, 2017. The 2017 C Bonds are tax-exempt general obligations of AHFC with a final maturity of December 1, 2032. Interest is payable each June 1 and December 1 at a fixed rate of 5 percent. Proceeds of the 2017 C Bonds will be used to refund, on an advanced basis, certain maturities of AHFC's State Capital Project Bonds II, 2012 Series A and 2013 Series A (the 2012 and 2013 Defeased Bonds). Assets and liabilities related to the 2012 and 2013 Defeased Bonds will be removed from the Statement of Net Position upon delivery of the 2017 C Bonds on December 21, 2017.

F. ROYALTY OIL AND GAS CONTRACT

On August 7, 2017, Governor Walker signed into law Senate Bill 30 which approves a four-year contract in which the State of Alaska will sell royalty oil to Petro Star Inc. and Arctic Slope Regional Corporation.

A four-year contract is in the best interest of the State and will support in-state refining as well as provide more value to the State from its royalty oil. It is estimated that over its duration, these contracts will yield between $22 million and $27 million in revenue that will be in addition to what would have been obtained had this proposed royalty volume been taken in value.

G. OIL TAX CREDITS

On July 27, 2017, Governor Walker signed into law House Bill 111 which converts cashable oil tax credits into tax deductions.

Under House Bill 111, the State of Alaska will cease offering transferable or cashable tax credit certificates for work done on the North Slope. Instead, companies will be required to carry forward their losses until such time as they owe a tax liability to the State of Alaska, at which time they could be used to offset the company’s oil and gas production taxes. This is estimated to save the State from $95 million to $185 million per year over the next ten years in credits that would need to be funded through appropriations over the next ten fiscal years.

H. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

Pursuant to Alaska Industrial Development and Export Authority’s (AIDEA) board authorization in June 2017, authorizing AIDEA to acquire 100 percent of the membership interest in Mustang Road LLC (MR LLC) and accepting the selling members’ interest in MR LLC in satisfaction of the selling member’s obligation to pay AIDEA for its investment in the limited liability company, AIDEA purchased the membership interest in December 2017. Per the MR LLC membership interest sale agreement, AIDEA released the agreed value of payment obligations totaling $10.5 million as consideration for transfer of the membership interest.

I. ALASKA ENERGY AUTHORITY

On December 26, 2017, the Alaska Energy Authority (AEA) issued the following bonds, privately placed with the National Cooperative Services Corporation: Power Revenue Bonds, Seventh Series in the principal amount of $40 million; Power Revenue Bonds, Eighth Series in the principal amount of $1.2 million; Power Revenue Bonds, Ninth Series in the principal amount of $5.8 million. The interest rate on the three issuances is 4.24 percent. Interest payments are semiannual and principal payments are annual. Proceeds from the Seventh and Eighth Series were drawn-down at closing. Proceeds from the Ninth Series will be drawn-down on an as needed basis.

The above referenced bonds were issued on a parity basis with the authority's outstanding Power Revenue Bonds issued under, and pursuant to, the terms of the Authority's Power Revenue Bond Resolution, adopted on September 7, 1999 and thereafter amended and supplemented.

The bonds were issued to finance capital costs and expenses relating to the planning, designing, acquiring and construction of the Battle Creek Diversion Project, a betterment to the Authority's Bradley Lake Hydroelectric Project.

NOTE 14 - RESTATED BEGINNING NET POSITION

With the implementation of GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, the Division of Retirement & Benefits performed an initial analysis related to this GASB and the impacts on the Retiree Health Fund (RHF). During this analysis, it was determined that the RHF did not meet the definition of a trust fund and should not be reported as a Fiduciary Fund. The activity within the RHF does meet the definition of an Enterprise Fund and as such, is reported as an Other Enterprise Fund in the FY 2017 financial statements.

The effects of reclassifying the RHF fund is as follows (in thousands):

	Net Position Beginning Balance	Adjustment	Net Position Restated
Government-Wide			
Business Type Activities	$ 2,098,105	$ 422,914	$ 2,521,019
Proprietary Funds			
Nonmajor Enterprise Funds	1,215,276	422,914	1,638,190
Fiduciary Funds			
Pension and Other Employee Benefit Trust Funds	28,680,131	(422,914)	28,257,217

REQUIRED

SUPPLEMENTARY INFORMATION

STATE OF ALASKA **STATEMENT 2.01**
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017
(Stated in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	$ 736,169	$ 736,169	$ 735,268	$ 901
Licenses and Permits	111,105	111,038	110,701	337
Charges for Services	332,382	322,461	214,073	108,388
Fines and Forfeitures	18,844	18,844	40,172	(21,328)
Rents and Royalties	537,503	536,932	807,708	(270,776)
Premiums and Contributions	625	625	21,955	(21,330)
Interest and Investment Income	111,019	113,827	243,845	(130,018)
Payments In from Component Units	53,366	53,366	6,358	47,008
Other Revenues	64,535	61,263	47,926	13,337
Restricted:				
Federal Grants in Aid	8,500,349	8,547,333	3,024,772	5,522,561
Interagency	500,943	621,096	541,239	79,857
Payments In from Component Units	157,781	159,094	24,822	134,272
Other Revenues	817	817	813	4
Total Revenues	11,125,438	11,282,865	5,819,652	5,463,213
EXPENDITURES				
Current:				
General Government	564,325	538,471	590,263	(51,792)
Alaska Permanent Fund Dividend	819,403	817,555	652,746	164,809
Education	2,113,864	2,137,831	2,048,657	89,174
University	632,736	632,775	385,238	247,537
Health and Human Services	3,254,294	3,860,630	3,159,689	700,941
Law and Justice	303,879	328,430	272,003	56,427
Public Protection	1,060,902	1,116,197	857,738	258,459
Natural Resources	606,952	602,969	367,571	235,398
Development	661,234	665,827	291,508	374,319
Transportation	6,877,328	6,831,650	1,919,675	4,911,975
Intergovernmental Revenue Sharing	102,589	102,589	100,356	2,233
Debt Service:				
Principal	28,177	27,522	25,433	2,089
Interest and Other Charges	13,839	13,839	13,839	—
Total Expenditures	17,039,522	17,676,285	10,684,716	6,991,569
Excess (Deficiency) of Revenues Over Expenditures	(5,914,084)	(6,393,420)	(4,865,064)	(1,528,356)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	2,441,671	2,441,671	2,441,263	408
Transfers (Out to) Other Funds	(1,732,049)	(1,732,049)	(2,495,622)	763,573
Total Other Financing Sources and Uses	709,622	709,622	(54,359)	763,981
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, Budgetary Basis	$ (5,204,462)	$ (5,683,798)	(4,919,423)	$ (764,375)
RECONCILIATION OF BUDGETARY / GAAP REPORTING:				
Adjust Expenditures for Encumbrances			1,152,717	
Basis Difference			(2,292)	
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, GAAP Basis			(3,768,998)	
Fund Balances - Beginning of Year			10,059,608	
Fund Balances - End of Year			$ 6,290,610	

Note to Required Supplementary Information – Budgetary Reporting
For the Fiscal Year Ended June 30, 2017

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	$	(94,418)
Medical Assistance Program		92,529
Working Reserve		(902)
Tobacco Tax		(161)
Alcohol Tax		(48)
Tire Tax		6
Vehicle Rental Tax		60
Commercial Passenger Vessel Excise Tax		66
Marijuana Tax		576
Total General Fund Basis Difference	$	(2,292)

STATE OF ALASKA **SCHEDULE 2.10**

Proportionate Share of the Net Pension Liability Schedule
Public Employees' Retirement System
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2017	2016	2015	2014
Primary government's proportion of the net pension liability	51.87%	50.75%	52.23%	51.60%
Component unit's proportion of the net pension liability	5.79%	5.52%	4.44%	4.43%
Nonemployer contributing state's proportion of the net pension liability	5.38%	10.40%	21.86%	22.87%
Primary government's proportionate share of the net pension liability	$ 2,899,139	$ 2,461,215	$ 2,436,220	$ 2,709,520
Component unit's proportionate share of the net pension liability	$ 323,541	$ 267,632	$ 207,090	$ 232,515
Nonemployer contributing state's share of the net pension liability	$ 300,921	$ 504,300	$ 1,019,583	$ 1,201,055
Primary government's covered-employee payroll	$ 582,686	$ 690,707	$ 727,637	$ 748,941
Component unit's covered-employee payroll	$ 108,372	$ 126,050	$ 134,661	$ 138,248
Primary government's proportionate share of the net pension liability as a percentage of its covered-employee payroll	497.55%	356.33%	334.81%	361.78%
Component unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	298.55%	212.32%	153.79%	168.19%
Plan fiduciary net position as a percentage of the total pension liability	59.55%	63.96%	62.37%	56.04%

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

STATE OF ALASKA **SCHEDULE 2.11**
Employer Contributions Schedule
Public Employees' Retirement System
Last Ten Fiscal Years
(Stated in Thousands)

	2017	2016	2015	2014	2013
Primary Government					
Statutorily required contribution	$ 170,247	$ 164,533	$ 285,769	$ 200,076	$ 177,375
Contributions in relation to the statutorily required contribution	179,742	164,533	636,865	200,076	177,375
Contribution deficiency (excess)	$ (9,495)	$ —	$ (351,096)	$ —	$ —
Covered-employee payroll	$ 582,686	$ 644,055	$ 690,707	$ 727,637	$ 748,941
Contributions as a percentage of covered-employee payroll	30.85%	25.55%	92.20%	27.50%	23.68%
Component Units					
Statutorily required contribution	$ 19,693	$ 17,969	$ 18,561	$ 17,313	$ 15,819
Contributions in relation to the statutorily required contribution	19,693	17,969	18,561	17,313	15,819
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	$ 108,372	$ 116,633	$ 126,050	$ 134,661	$ 138,248
Contributions as a percentage of covered-employee payroll	18.17%	15.41%	14.73%	12.86%	11.44%
Primary Government Nonemployer Contribution					
Statutorily required contribution	$ 40,360	$ 43,535	$ 153,622	$ 82,554	$ 77,689
Contributions in relation to the statutorily required contribution	50,027	43,535	479,750	82,554	77,689
Contribution deficiency (excess)	$ (9,667)	$ —	$ (326,128)	$ —	$ —

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

Notes to required schedule

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

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

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

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

STATE OF ALASKA **SCHEDULE 2.12**

Required Postemployment Healthcare Contribution Schedule

Last Three Fiscal Years

(Stated in Thousands)

Public Employees' Retirement System

Year ended June 30	Actuarial valuation or roll-forward date as of June 30	Annual Required Contributions Postemployment healthcare	Postemployment healthcare percentage contributed
2014	2011	$783,827	45.6%
2015	2012	782,258	27.9
2016	2013	790.824	28.5

Teachers' Retirement System

Year ended June 30	Actuarial valuation or roll-forward date as of June 30	Annual Required Contributions Postemployment healthcare	Postemployment healthcare percentage contributed
2014	2011	$320,797	45.6%
2015	2012	352,417	107.7
2016	2013	336.595	19.7

Judicial Retirement System

Year ended June 30	Actuarial valuation or roll-forward date as of June 30	Annual Required Contributions Postemployment healthcare	Postemployment healthcare percentage contributed
2014	2011	$1,094	86.7%
2015	2012	313	166.5
2016	2013	501	101.5

STATE OF ALASKA **SCHEDULE 2.20**
Proportionate Share of the Net Pension Liability Schedule
Teachers' Retirement System
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2017	2016	2015	2014
Primary government's proportion of the net pension liability	0.75%	0.78%	0.79%	0.78%
Component unit's proportion of the net pension liability	2.14%	2.03%	0.97%	1.02%
Nonemployer contributing state's proportion of the net pension liability	53.9%	61.03%	84.1%	83.41%
Primary government's proportionate share of the net pension liability	$ 17,047	$ 14,501	$ 23,739	$ 25,930
Component unit's proportionate share of the net pension liability	$ 48,846	$ 37,680	$ 29,024	$ 33,771
Nonemployer contributing state's share of the net pension liability	$ 1,230,776	$ 1,135,514	$ 2,522,174	$ 2,761,123
Primary government's covered-employee payroll	$ 3,607	$ 4,307	$ 4,708	$ 4,859
Component unit's covered-employee payroll	$ 25,212	$ 31,575	$ 34,497	$ 36,150
Primary government's proportionate share of the net pension liability as a percentage of its covered-employee payroll	472.61%	336.68%	504.23%	533.65%
Component unit's proportionate share of the net pension liability as a percentage of its covered-employee payroll	193.74%	119.33%	84.13%	93.42%
Plan fiduciary net position as a percentage of the total pension liability	68.4%	73.82%	55.7%	49.76%

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

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

	2017	2016	2015	2014	2013
Primary Government					
Statutorily required contribution	$ 872	$ 925	$ 2,644	$ 1,951	$ 1,836
Contributions in relation to the statutorily required contribution	1,003	925	12,500	1,951	1,836
Contribution deficiency (excess)	$ (131)	$ —	$ (9,856)	$ —	$ —
Covered-employee payroll	$ 3,607	$ 4,108	$ 4,307	$ 4,708	$ 4,859
Contributions as a percentage of covered-employee payroll	27.81%	22.52%	290.23%	41.44%	37.79%
Component Units					
Statutorily required contribution	$ 2,003	$ 1,973	$ 2,314	$ 2,385	$ 2,390
Contributions in relation to the statutorily required contribution	2,003	1,973	2,314	2,385	2,390
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	$ 25,212	$ 27,848	$ 31,575	$ 34,497	$ 36,150
Contributions as a percentage of covered-employee payroll	7.94%	7.08%	7.33%	6.91%	6.61%
Primary Government Nonemployer Contribution					
Statutorily required contribution	$ 94,775	$ 89,957	$ 315,279	$ 207,271	$ 195,435
Contributions in relation to the statutorily required contribution	115,980	89,957	1,650,517	207,271	195,435
Contribution deficiency (excess)	$ (21,205)	$ —	$(1,335,238)	$ —	$ —

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

Notes to required schedule

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

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

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

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

STATE OF ALASKA **SCHEDULE 2.30**
Changes in the Net Pension Liability and Related Ratios Schedule
Judicial Retirement System
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2017	2016	2015
Total pension liability			
Service cost	$ 6,025	$ 5,814	$ 5,186
Interest	16,417	15,564	15,320
Differences between expected and actual experience	(10,791)	—	(3,741)
Changes of assumptions	—	—	1,407
Benefit payments, including refunds of employee contributions	(11,228)	(10,684)	(10,578)
Net change in total pension liability	423	10,694	7,594
Total pension liability - beginning	205,125	194,431	186,837
Total pension liability - ending (a)	205,548	205,125	194,431
Plan fiduciary net position			
Contributions - employer	11,710	10,222	8,862
Contributions - employee	802	811	780
Net investment income	(567)	4,349	21,845
Other income	2	—	—
Benefit payments, including refunds of employee contributions	(11,228)	(10,684)	(10,578)
Administrative expenses	(60)	(86)	(66)
Net change in plan fiduciary net position	659	4,612	20,843
Plan fiduciary net position - beginning	144,160	139,548	118,705
Plan fiduciary net position - ending (b)	144,819	144,160	139,548
State's net pension liability - ending (a) - (b)	$ 60,729	$ 60,965	$ 54,883
Plan fiduciary net position as a percentage of the total pension liability	70.46%	70.28%	71.77%
Covered-employee payroll	$ 13,597	$ 13,507	$ 13,731
State's net pension liability as a percentage of covered-employee payroll	446.64%	451.36%	399.70%

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

STATE OF ALASKA **SCHEDULE 2.31**
Employer Contributions Schedule
Judicial Retirement System
Last Ten Fiscal Years
(Stated in Thousands)

	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 10,471	$ 11,183	$ 10,329	$ 9,156	$ 8,367	$ 5,052
Contributions in relation to the actuarially determined contribution	11,086	11,710	10,222	8,862	8,094	5,419
Contribution deficiency (excess)	$ (615)	$ (527)	$ 107	$ 294	$ 273	$ (367)
Covered-employee payroll	$ 14,089	$ 13,996	$ 13,507	$ 13,731	$ 13,289	$ 11,803
Contributions as a percentage of covered-employee payroll	78.69%	83.67%	75.68%	64.54%	60.91%	45.91%

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

Notes to required schedule

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

From the June 30, 2013 to the June 30, 2014 actuarial valuation Pre-termination mortality has changed from 45% of the male rates and 55% of the females rates of the 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA to 68% of the male rates and 60% of the female rates of the post-termination mortality rates. Post-termination mortality has changed from 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA, with a 3-year setback for males and with a 1-year setback for females to 94% of the male rates and 97% of the female rates of RP-2000 Combined Mortality, 2000 Base Year projected to 2018 with Projection Scale BB, with a 3-year setback for males and 4-year setback for females. Salary Scale has changed from 4.12% per year, compounded annually to 3.62% per year, compounded annually. Retirement has changed from 3% if vested and age is less than 59 and 10% if vested and age is greater then 59, and 100% at age 70 to retirement rates based on 2010-2013 experience and terminated vested members are expected to commence benefits at age 60. Disability Mortality has changed from RP-2000 Disabled Retiree Mortality Table to RP-2000 Disabled Retiree Table, 2000 Base Year projected to 2018 with Projection Scale BB.

STATE OF ALASKA **SCHEDULE 2.32**

Funding Progress for Postemployment Healthcare Benefits Schedule

Judicial Retirement System

Last Three Fiscal Years

(Stated in Thousands)

Actuarial valuation year ended June 30	Actuarial value of plan assets	Actuarial accrued liabilities (AAL)	Unfunded Actuarial accrued liabilities (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
2012	$20,836	$18,236	$(2,600)	114.3%	$11,803	(22.0)%
2014	24,074	18,642	(5,432)	129.1	13,373	(40.6)
2016	28,454	17,111	(11,343)	166.3	13,597	(83.4)

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STATE OF ALASKA **SCHEDULE 2.40**

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

	2017	2016	2015
Total pension liability			
Service cost	$ 603	$ 604	$ 632
Interest	2,660	2,554	2,363
Differences between expected and actual experience	(8,659)	—	241
Changes of assumptions	—	—	27
Benefit payments, including refunds of employee contributions	(1,729)	(1,564)	(1,611)
Net change in total pension liability	(7,125)	1,594	1,652
Total pension liability - beginning	38,309	36,715	35,063
Total pension liability - ending (a)	31,184	38,309	36,715
Plan fiduciary net position			
Contributions - employer	735	628	740
Net investment income	182	590	4,528
Benefit payments, including refunds of employee contributions	(1,729)	(1,564)	(1,611)
Administrative expenses	(242)	(241)	(223)
Net change in plan fiduciary net position	(1,054)	(587)	3,434
Plan fiduciary net position - beginning	36,880	37,467	34,033
Plan fiduciary net position - ending (b)	35,826	36,880	37,467
State's net pension liability - ending (a) - (b)	$ (4,642)	$ 1,429	$ (752)
Plan fiduciary net position as a percentage of the total pension liability	114.89%	96.27%	102.05%
Covered-employee payroll	N/A	N/A	N/A
State's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A

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

STATE OF ALASKA SCHEDULE 2.41
Employer Contributions Schedule
Alaska National Guard and Alaska Naval Militia Retirement System
Last Ten Fiscal Years
(Stated in Thousands)

	2017	2016	2015	2014
Actuarially determined contribution	$ 867	$ 735	$ 627	$ 475
Contributions in relation to the actuarially determined contribution	867	735	627	740
Contribution deficiency (excess)	$ —	$ —	$ —	$ (265)
Covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

This statement continued on next page.

Notes to required schedule

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

Changes in assumptions have occurred over the ten year period presented.

From the June 30, 2008 to the June 30, 2010 actuarial valuation investment return has changed from 7.25% per year, compounded annually, net of expenses to 7.00% per year, compounded annually, net of expenses. Pretermination mortality has changed from 1994 Group Annuity Mortality (GAM) Table, 1994 Year without margin to 80% of the male rate and 60% of the female rates of the 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA. Post-termination mortality has changed from 1994 GAM Table, 1994 Base Year without margin to 1994 GAM Table, 1994 Base Year without margin projected to 2013 with Projection Scale AA for males and with a 1-year set-forward for females. Total inflation has changed from 3.5% annually to 3.12% annually. Turnover has changed from unisex; 2-year select period; ultimate follows T-3 Table from Pension Actuary's Handbook to unisex; 5-year select period; increase all ultimate rates by 50%. Retirement age has changed from members are assumed to retire after 20 years of eligibility service, unless they complete 20 years before age 55, then it is assumed that they will work one-half of the remaining years to age 55 to members are assumed to begin retiring at the earliest eligible retirement age in accordance with the table of retirement rates. Disability mortality has changed from table ranging from 5.10% for males and 4.26% for females at age 20 to 8.13% for males and 4.73% for females at age 64 to RP-2000 Disabled Retiree Mortality Table. Disability rate has changed from disability rates under Group Long Term Disability policies, as given in the 1978 Society of Actuaries Study to incidence rates based upon the 2005-2009 actual experience of the State of Alaska Public Employees' Retirement System Peace Officer/Firefighter Plan.

From the June 30, 2010 to the June 30, 2012 actuarial valuation are no changes in actuarial assumptions from the prior valuations.

From the June 30, 2012 to the June 30, 2014 actuarial valuation Pre-termination mortality has changed from 80% of the male rates and 60% of the females rates of the 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 with Projection Scale AA to 60% of the male rates and 65% of the female rates of the post-termination mortality rates. Post-termination mortality has changed from 1994 GAM Table, sex-distinct, 1994 Base Year without margin projected to 2013 with Projection Scale AA for males and with a 1-year set-forward for females to 96% of all rates of RP-2000 Combined Mortality, 2000 Base Year projected to 2018 with Projection Scale BB. Retirement has changed from 5% if vested and age is less than 51 and increasing linearly until 100% at age 65 to retirement rates based on 2010-2013 experience and terminated vested members are expected to commence benefits at age 50. Disability Mortality has changed from RP-2000 Disabled Retiree Mortality Table to RP-2000 Disabled Retiree Mortality Table, 2000 Base Year projected to 2018 with Projection Scale BB.

STATE OF ALASKA **SCHEDULE 2.41**
Employer Contributions Schedule
Alaska National Guard and Alaska Naval Militia Retirement System
Last Ten Fiscal Years
(Stated in Thousands)

	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 431	$ 896	$ 965	$ 2,415	$ 2,473	$ 1,737
Contributions in relation to the actuarially determined contribution	739	896	965	2,603	2,473	11,737
Contribution deficiency (excess)	$ (308)	$ —	$ —	$ (188)	$ —	$ (10,000)
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A

STATE OF ALASKA **SCHEDULE 2.50**

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

	2017	2016
Total pension liability		
Service cost	$ 5,853	$ 5,834
Interest	13,244	11,832
Differences between expected and actual experience	6,368	—
Benefit payments, including refunds of employee contributions	(5,541)	(4,920)
Net change in total pension liability	19,924	12,746
Total pension liability - beginning	167,130	154,384
Total pension liability - ending (a)	187,054	167,130
Plan fiduciary net position		
Contributions - employer	4,163	3,571
Contributions - employee	4,383	4,290
Net investment income	11,774	(199)
Benefit payments, including refunds of employee contributions	(5,541)	(4,920)
Administrative expenses	(593)	(550)
Net change in plan fiduciary net position	14,186	2,192
Plan fiduciary net position - beginning	147,402	145,210
Plan fiduciary net position - ending (b)	161,588	147,402
State's net pension liability - ending (a) - (b)	$ 25,466	$ 19,728
Plan fiduciary net position as a percentage of the total pension liability	86.39%	88.20%
Covered-employee payroll	$ 48,705	$ 47,660
State's net pension liability as a percentage of covered-employee payroll	52.29%	41.39%

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

STATE OF ALASKA **SCHEDULE 2.51**

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Pension Plan

Last Ten Fiscal Years

Stated in Thousands)

	2017	2016
Actuarially determined contribution	$ 4,163	$ 3,571
Contributions in relation to the actuarially determined contribution	4,163	3,571
Contribution deficiency (excess)	$ —	$ —
Covered-employee payroll	48,705	47,660
Contributions as a percentage of covered-employee payroll	8.55%	7.49%

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

Notes to required schedule

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

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

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

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SECTION II – RECOMMENDATIONS AND QUESTIONED COSTS

INTRODUCTION

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

Generally, the status of prior year recommendations fall into one of four 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.
- State compliance recommendations not resolved yet not reiterated.

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SUMMARY OF RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2017

	----------*Control Deficiencies*----------					
	Basic Financial Statements		*Federal Programs*			
State Department	*Material Weakness*	*Significant Deficiency*	*Material Weakness*	*Significant Deficiency*	*Federal Compliance*	*Other State Issues*
GOV						
DOA	2017-009	2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, 2017-010, 2017-011, 2017-012			2017-013	2017-014, 2017-015, 2017-016, 2017-017, 2017-018
DOL				2017-019	2017-019	
DOR		2017-020		2017-022	2017-021, 2017-022	2017-023
DEED		2017-024		2017-025, 2017-026, 2017-027, 2017-029	2017-025, 2017-026, 2017-027, 2017-028, 2017-029, 2017-030	2017-031
DHSS		2017-032, 2017-033, 2017-034	2017-035, 2017-043, 2017-044	2017-036, 2017-037, 2017-038, 2017-039 2017-040, 2017-041, 2017-042, 2017-045	2017-035, 2017-036, 2017-037, 2017-038, 2017-039, 2017-040, 2017-041, 2017-042, 2017-043, 2017-044, 2017-045	2017-046
DLWD		2017-047, 2017-048, 2017-049				2017-050

SUMMARY OF RECOMMENDATIONS For the Fiscal Year Ended June 30, 2017						
	--------------------*Control Deficiencies*--------------------					
	Basic Financial Statements		*Federal Programs*			
State Department	*Material Weakness*	*Significant Deficiency*	*Material Weakness*	*Significant Deficiency*	*Federal Compliance*	*Other State Issues*
DCCED		2017-051				
DMVA		2017-052				2017-053
DNR		2017-054	2017-055	2017-057, 2017-058	2017-055, 2017-056, 2017-057, 2017-059, 2017-060	2017-061
DFG		2017-062				
DPS						2017-063
DEC		2017-064				
DOC						
DOTPF	2017-069	2017-065, 2017-066, 2017-067, 2017-068, 2017-070, 2017-071		2017-072, 2017-073	2017-072, 2017-073	2017-074, 2017-075
Court System						
Component Units		2017-076, 2017-077, 2017-078				

Findings and Recommendations

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OFFICE OF THE GOVERNOR

No recommendations were made to the Office of the Governor in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.*

No new recommendations have been made during the FY 17 statewide single audit.

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DEPARTMENT OF ADMINISTRATION (DOA)

Seventeen recommendations were made to DOA in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation Nos. 2016-003 through 2016-006 are resolved. Prior year Recommendation Nos. 2016-001, 2016-002, and 2016-007 through 2016-016 are not resolved and are reiterated in this report as Recommendation Nos. 2017-014, 2017-001, 2017-002, 2017-015 through 2017-018, and 2017-003 through 2017-007 respectively. Prior year Recommendation No. 2016-017 is not resolved and is reiterated as part of a new expanded current year recommendation No. 2017-011.

Five new recommendations have been made during the FY 17 statewide single audit and are included as Recommendation Nos. 2017-008 through 2017-010, 2017-012, and 2017-013. Two recommendations made to both DOA and Department of Natural Resources (DNR) are included as Recommendations Nos. 2017-057 and 2017-058 on pages II-92 and II-93 in DNR's Section II.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Recommendation No. 2017-001

DOA's state accountant should ensure expenses and deferred outflows related to pensions are accurately reported in the Comprehensive Annual Financial Report (CAFR).

Prior Finding

FY 15 and FY 16 expenses and deferred inflows and outflows related to pensions for governmental activities were incorrectly calculated. Specifically, when preparing the draft FY 15 CAFR, Division of Finance (DOF) staff responsible for calculating FY 15 governmental activities pension expense and deferred outflows used the incorrect contribution amount for the Teachers' Retirement System (TRS) portion of the pension activity calculation.

When preparing the FY 16 CAFR, DOF staff made multiple errors, resulting in incorrectly calculating FY 16 pension expense and deferred outflows and inflows of resources related to pensions:

- Deferred activity related to the State of Alaska's change in proportionate share of pension activity and pension contributions for the Public Employees Retirement System (PERS) was not appropriately netted when reported in the draft FY 16 CAFR. The errors resulted in deferred inflows and deferred outflows of resources related to pensions being overstated by $132.1 million for governmental activities in the draft FY 16 government-wide Statement of Net Position.

- DOF incorrectly calculated and recorded the State's portion of deferred outflows and pension expense for PERS. This error was the result of multiple mistakes in the PERS calculations performed by DOF accountants, resulting in deferred outflows being understated and pension expense being overstated by $124.2 million for governmental activities on the FY 16 draft government-wide statements.

- DOF failed to accurately identify the functional classification of pension expenses on the draft FY 16 government-wide Statement of Activities, resulting in misclassifications across expense functions of $136.6 million. This error was due to accountant oversight and lack of sufficient review procedures over preparing the reconciliation and allocating expenses across functions.

All misstatements identified in the prior years were ultimately corrected via audit adjustments and properly reported in the respective FY 15 and FY 16 CAFRs.

Legislative Audit's Current Position

Improvements were made when preparing the FY 17 draft CAFR, and DOF staff properly reported deferred inflows and deferred outflows related to pensions. However, the functional classification of the State's proportionate share of pension expense remained an issue in FY 17.

DOF failed to accurately identify the functional classification of pension expenses on the FY 17 governmental activities government-wide Statement of Activities, resulting in misclassifications across expense functions of $379.6 million. Governmental accounting standards[1] require the functional classification of expenses in order to group related activities that are aimed at accomplishing a major service or regulator responsibility. This provides information on the overall purposes or objectives of expenditures.

This error was due to accountant oversight, lack of sufficient procedures, and use of faulty allocation methodology to assign pension-related expenses to functional classifications. This misstatement was ultimately corrected via an audit adjustment and properly reported in the FY 17 CAFR.

We again recommend the state accountant ensure pension expenses are accurately reported in the CAFR.

Recommendation No. 2017-002

DOA's state accountant should ensure procedures are updated timely to accurately report financial activity of the Constitutional Budget Reserve Fund (CBRF).

Prior Finding

Testing of the FY 15 and FY 16 draft CAFR identified multiple instances of inaccurate reporting of CBRF financial activity that were primarily due to human error by accounting staff. The noted errors were corrected via audit adjustments and the activity was properly reported in the respective CAFRs.

Specifically, errors were identified relating to the presentation of the repayment from the General Fund (GF) to the CBRF required by Article IX, section 17(d) of the Alaska Constitution. The repayment errors in FY 16 resulted in a net understatement of $522.6 million. Errors were corrected via an audit adjustment and the activity was properly reported in the FY 16 CAFR.

Also, during FY 16, four separate errors were identified in the financial reporting of interfund activity for the draw from the CBRF to the GF for balancing appropriations at year end as permitted by legislation. The errors resulted in a net overstatement for the CBRF draw of $450.9 million. Errors were corrected via an audit adjustment and the activity was properly reported in the FY 16 CAFR.

[1]*Codification of Governmental Accounting and Financial Reporting Standards; Section 1800.133.*

Generally accepted accounting principles require that governmental funds be reported using the modified accrual basis of accounting, under which expenditures and transfers are recognized when measurable and when the related liability is incurred.[2]

Legislative Audit's Current Position

This finding was partially resolved, as DOF staff followed established procedures during preparation of the FY 17 draft CAFR to report CBRF financial activity. Thus, no errors were identified that were similar to the prior year.

However, for FY 17, the procedures associated with the governmental reserve calculation were not updated timely for appropriations with lapsing balances and appropriations with multiple function categories. This deficiency was identified by auditors before the release of the draft CAFR and corrected. If not identified and corrected, the draw from the CBRF to the GF would have been overstated by approximately $180 million.

Furthermore, it was identified that the procedure for calculating the draw from the CBRF to the GF does not include a process to annually evaluate the methodology for appropriate components. For example, the GF oil and gas tax credit liability was reported in the FY 17 financial statements following generally accepted accounting principles; however, there was no budgeted appropriation at year end to pay for the tax credit liability. Therefore, the liability should be excluded from the calculation of the draw from the CBRF to the GF for balancing appropriations at year end. In FY 17, the draw from the CBRF to the GF was overstated by $740.80 million due to including the oil and gas tax credit liability in the calculation methodology. This overstatement was corrected via audit adjustment.

We recommend DOA's state accountant ensure procedures are updated timely to accurately report CBRF financial activity. This should include an annual evaluation of the CBRF draw calculation methodology to ensure the draw from CBRF is accurately calculated.

Recommendation 2017-003

The chief accountant and finance officer should implement strong system configuration management controls.

Prior Year Finding

During FY 16, there was no comprehensive policy for configuration management.[3] According to DOF management, certain configuration changes were considered minor and too time consuming for tracking and monitoring. However, there was no guidance to define a minor change.

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[2]*Codification of Governmental Accounting and Financial Reporting Standards* 1600.116.
[3]Configuration management is a collection of activities that establishes and maintains the integrity of information technology products and information systems, though control of processes for initializing, changing, and monitoring the configuration.

The National Institute of Standards and Technology[4] (NIST) *Special Publication 800-53*[5] provides extensive framework for system configuration management controls. Per NIST control CM-1, a typical organization should develop, document, and disseminate a configuration management policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance. Additionally, per NIST control CM-3, each organization should:

a. Determine the types of changes to the information system that are configuration controlled;
b. Review proposed configuration-controlled changes to the information system and approve or disapprove such changes with explicit consideration for security impact analyses;
c. Document configuration change decisions associated with the information system;
d. Implement approved configuration-controlled changes to the information system;
e. Retain records of configuration-controlled changes to the information system;
f. Audit and review activities associated with configuration-controlled changes to the information system; and
g. Coordinate and provide oversight for configuration change control activities.

Lack of well-designed configuration management may result in inappropriate system changes that cause disruptions, inefficiencies, noncompliance with federal and state laws, and/or loss of productivity.

Legislative Audit's Current Position

During FY 17 there continued to be no comprehensive policy in place for configuration management. Per DOF management, competing priorities limited the division's ability to implement corrective action during FY 17.

We continue to recommend the chief accountant and finance officer implement strong system configuration management controls.

Auditor's Note

The details related to this control weakness are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate, confidential document.

[4]NIST is a non-regulatory agency of the U.S. Department of Commerce. NIST is responsible for developing information security standards and guidelines, including minimum requirements for federal information systems. NIST Special Publication 800-53 is considered industry best practices.
[5]*Security and Privacy Controls for Federal Information Systems and Organizations.*

Recommendation No. 2017-004

DOA's state accountant should ensure revenues are consistently and accurately classified in the CAFR.

Prior Finding

Government-wide governmental activities revenues in the draft FY 16 Statement of Activities contained numerous classification errors. As a result, $398.4 million of revenues were misclassified. The most significant errors were as follows:

- Property taxes of $111.6 million were incorrectly reported as severance taxes on the Statement of Activities.

- An adjustment to reverse governmental activities capital grants and contributions: transportation revenue of $210.1 million was incorrectly classified as operating grants and contributions: transportation on the Statement of Activities.

These errors were ultimately corrected via an audit adjustment and properly reported in the FY 16 CAFR.

Governmental accounting standards[6] require revenues to be classified between program revenues and general revenues. Program revenues are derived directly from the program itself and classified between charges for services, operating grants and contributions, and capital grants and contributions. General revenues include all other revenues not meeting the definition of program revenues and break out taxes by the different tax types, including sales tax, property tax, and income tax.

Legislative Audit's Current Position

Government-wide governmental activities revenues in the draft FY 17 Statement of Activities contained numerous classification errors. As a result, $230.1 million of revenues were misclassified.

Current year errors were the result of ambiguities within DOF's updated revenue classification tool regarding how various revenues should be classified for government-wide presentation; inconsistent classification of government-wide governmental activities revenue between DOF accountants; not fully incorporating FY 16 audit adjustments in FY 17 CAFR preparation; and not thoroughly analyzing fund only revenue transactions for proper classification. These errors were corrected via an audit adjustment and properly reported in the FY 17 CAFR.

We again recommend DOA's state accountant ensure revenues are consistently and accurately classified in the CAFR.

[6]*Codification of Governmental Accounting and Financial Reporting Standards* 1800.142-.143.

Recommendation No. 2017-005

DOA's state accountant should improve procedures to accurately report capital assets.

Prior Finding

Multiple errors were identified in the reporting of capital assets on the draft FY 16 government-wide governmental activities Statement of Net Position. Specifically, the capital asset accounts: Construction in Progress (CIP); Infrastructure Net of Depreciation (IF); Buildings, Net of Depreciation; and Equipment, Net of Depreciation contained significant errors. The following errors were noted for each account:

- IF was understated $61.1 million.
- CIP was understated $237.6 million.
- Buildings, Net of Depreciation was overstated $76.4 million.
- Equipment, Net of Depreciation was understated $21.6 million.

The errors were the result of DOF accountants not identifying that: FY 15 audit adjustments were not treated correctly in the FY 16 capital asset listings; capital asset listings by account contained formula errors; and adjustments posted to the capital asset accounts were not supported by the associated capital asset listing. Collectively, the errors would have misstated the financial statements; however, the errors were corrected via audit adjustments, and capital assets were properly reported in the FY 16 CAFR.

Governmental accounting standards[7] require capital assets to be reported at historical cost and include all tangible or intangible assets used in operations that have initial useful lives extending beyond a single reporting period and be depreciated over their useful lives.

Legislative Audit's Current Position

Multiple errors were again identified in the reporting of FY 17 capital assets on the draft government-wide governmental activities financial statements. These errors include:

- Miscalculations of the Department of Transportation and Public Facilities' CIP balance resulted in a $381.0 million overstatement of CIP and an understatement of transportation expense in the same amount.

- Seven departmental CIP projects[8] were finished prior to June 30, 2017, and should have been moved to the Buildings, Net of Depreciation listing. This resulted in $86.0 million overstatement of CIP; $75.3 million understatement of Buildings, Net of Depreciation; and $10.7 million understatement of expenses.

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[7]*Codification of Governmental Accounting and Financial Reporting Standards* 1400.102-.104.

[8]Ten departmental CIP projects were judgmentally selected to test due to risk of projects being completed, and therefore needing to be removed from CIP. Auditors selected projects that had total expenditures over $3.0 million but with minimal current year expenditures.

- Two software CIP projects[9] were found to be erroneously included in CIP. One project was complete and should have been moved to Equipment, Net of Depreciation for $884 thousand, and one software project had been cancelled and should have been expensed for $24.9 million. Additionally, a miscalculation resulted in $6.1 million in software CIP that should have been expensed.

- The IF spreadsheet included a formula error which incorrectly calculated accumulated depreciation additions. This resulted in a $17.7 million overstatement to IF and understatement to transportation expense in the same amount.

The errors were the result of DOF accountants' oversight in not identifying formula errors in the capital asset listings. Additionally, DOF staff did not review for and inquire about projects on departmental CIP listings that were at risk of needing to be reclassified from the CIP listing. Collectively, the errors would have misstated the financial statements; however, the errors were corrected via audit adjustments and capital assets were properly reported in the FY 17 CAFR.

We again recommend DOA's state accountant improve procedures to accurately report capital assets.

Recommendation No. 2017-006

DOA's state accountant should ensure year-end revenue accruals are accurately reported, are valid, and are properly supported.

Prior Finding

Implementation of IRIS in FY 16 resulted in various revenue errors. By default, IRIS records revenue receivables (RE) during the reappropriation period (July and August following fiscal year-end) to the current fiscal year. Agency accountants must manually change IRIS-generated RE transactions to the prior fiscal year as necessary. DOF staff identified that agency accountants did not always correctly modify the fiscal year of RE documents and proposed adjustments to address the issue. However, DOF's methodology was flawed and resulted in the following identified errors:

- General fund deferred inflows of resources (unavailable revenue) of $122.4 million were overstated in the fund statements. Furthermore, government-wide, governmental activities revenues on the Statement of Activities were overstated by the same amount. These errors were due to DOF accountants not correctly considering the cumulative effect of various pre-draft CAFR adjustments to these accounts, and by considering all RE-related errors to be unavailable revenue.

[9]Two software CIP projects were judgmentally selected to test due to risk of projects being completed or discontinued, therefore needing to be removed from CIP. Auditors selected projects that had no expenditures reported for the current year.

- General fund unavailable revenue was overstated $23 million, and government-wide, governmental activities revenues were overstated by the same amount. This error was caused by DOF staff incorrectly including duplicate transactions totaling $4.2 million, and accruing $18.8 million in revenues for expenditures that were not reimbursable. These errors were the result of DOF's methodology not fully considering the different ways agencies use IRIS structures to track expenditures and required state match for federally reimbursed programs.

DOF's year-end process to identify and reclassify unavailable revenue in the FY 16 draft CAFR also resulted in various revenue errors:

- Intergovernmental receivables of $14.2 million converted from the prior accounting system, AKSAS, were inadvertently reported as general fund unavailable revenue instead of being eliminated as intergovernmental activity. This resulted in general fund expenditures and unavailable revenue being overstated $14.2 million. This error was due to the complexity of converting intergovernmental receivables from the prior accounting system to IRIS.

- Collected revenues of $3.8 million were included in DOF's unavailable revenue accrual. This error was due to DOF staff's use of incorrect parameters in financial reports used to calculate unavailable revenue at year-end.

These errors were ultimately corrected via audit adjustments and properly reported in the FY 16 CAFR.

<u>Legislative Audit's Current Position</u>

Inaccurate reporting of revenues recorded during reappropriation period remained an issue in FY 17. Multiple errors were identified related to the accrual of revenue and calculation of deferred inflows of resources (unavailable revenue). The significant errors include:

- General fund deferred inflows of resources were overstated $53.9 million in the fund statements. Furthermore, government-wide, governmental activities revenues on the Statement of Activities were overstated by the same amount. These errors were due to DOF accountants not ensuring known errors were corrected by the department prior to CAFR compilation.

- Government-wide, governmental activities revenues were overstated $10.3 million. General fund deferred inflows of resources were overstated $10 million and revenues were overstated $277 thousand. These errors were due to DOF staff not identifying that the ALDER report developed to support the adjustment to correct revenue recorded to the wrong fiscal year erroneously included duplicate transactions. The duplicate transactions were due to referencing errors in the ALDER report. Additionally, DOF's unavailable revenue calculation did not include all open receivables, and did not appropriately account for receivables manually posted by departments.

DOF's year-end process to identify and reclassify unavailable revenue in FY 17 remained problematic and resulted in the following revenue errors:

- Collected revenues of $21.5 million and $12.8 million of invalid receivables were erroneously included in DOF's unavailable revenue accrual, overstating unavailable revenue $34.3 million. In contrast, $12.9 million of uncollected revenues were omitted from DOF's unavailable revenue accrual, understating unavailable revenue by $12.9 million. The errors were due to DOF staff's use of incorrect parameters in ALDER reports used to calculate unavailable revenue at year-end and lack of review of outstanding receivables.

- DOF's year-end entry to reclassify general fund revenue to unavailable revenue did not appropriately consider negative open revenue transactions. As a result, general fund unavailable revenue was understated $20.9 million, due to other governments and due from other governments were understated by $20.9 million, and revenues were overstated by the same amount. The error was a result of DOF staff not considering proper classification of negative open revenue balances during CAFR preparation.

These errors were ultimately corrected via audit adjustments and properly reported in the FY 17 CAFR.

Governmental accounting standards[10] require governmental fund revenues to be recognized in the accounting period in which they become both measurable and available[11] to finance expenditures of the fiscal period.

We again recommend DOA's state accountant ensure year-end revenue accruals are accurately reported, are valid, and are properly supported. We also recommend the state accountant pursue an IRIS system modification to help facilitate the correct coding of receivables during the reappropriation period.

[10]*Codification of Governmental Accounting and Financial Reporting Standards 1600.106.*
[11]"Available" has been defined by DOF policy as being received within 60 days of fiscal year-end.

Recommendation No. 2017-007

DOA's state accountant should ensure personal services expenditures recorded in IRIS are reconciled to the State's payroll system.

Prior Finding

FY 16 personal services expenditures generated in the State's payroll system, AKPAY, were not reconciled with personal services expenditures recorded in the State's accounting system, IRIS.

The AKPAY system was used to process the State's payroll throughout FY 16; however, the system did not directly interface with IRIS. Management instituted a temporary process that included extracting personal services expenditure data from AKPAY, converting it into a format usable by IRIS, and uploading the data into IRIS to record personal services expenditures and associated liabilities. Per DOF management, insufficient resources and complexities with recording personal services activity to IRIS contributed to the lack of a reconciliation.

During FY 16, the AKPAY system processed approximately $1.8 billion in personal services expenditures. In absence of performing reconciliations, the manual processes used to record personal services expenditures in IRIS increased the risk of a financial misstatement.

Alaska Administrative Manual 05.020 requires each State agency to "adopt methods to periodically assess risk and to develop, implement, and review its system of internal controls." Furthermore, AAM 05.110 lists reconciliations as a common control activity that provide reasonable assurance of the accuracy of financial records through periodic comparison of source documents to data recoded in accounting information systems.

Legislative Audit's Current Position

No comprehensive reconciliation between the State's payroll systems and IRIS were performed during FY 17. The AKPAY system was decommissioned on January 17, 2017, and replaced by IRIS' Human Resources Management (HRM) Module. During FY 17, AKPAY processed approximately $912.6 million of personal services expenditures, and HRM processed approximately $957.7 million of personal services expenditures.

The implementation of HRM allowed DOA to interface personal service expenditures directly from HRM into IRIS. However, in a review of five pay periods between January and April 2017, only one reconciliation between HRM and IRIS' financial module was completed by DOA's contracted system administrator. Per DOF management, competing priorities and insufficient resources continued to limit management's ability to reconcile personal services expenditures. The lack of consistent timely reconciliations increases the risk that financial errors related to personal services expenditures would not be identified and corrected.

We recommend that the state accountant ensure personal services expenditures recorded in IRIS are reconciled to the State's payroll system.

Recommendation No. 2017-008

DOA's state accountant should improve procedures to ensure governmental activities net position related to long-term debt is accurately reported in the CAFR's government-wide Statement of Net Position.

DOF accountants did not properly classify net position related to long term debt in the draft FY 17 government-wide governmental activities Statement of Net Position. A misclassification of $67.3 million in net position resulted from DOF not ensuring: assets purchased with debt proceeds belonged to the State; net position calculations included updated total expenditures for appropriations funded by long term debt; and unspent capital project funds were properly considered in classification of debt-related net position.

Governmental accounting standards[12] require net position to be reported as restricted, unrestricted, or invested in capital assets in accordance with specific definitions. DOF did not adhere to the requirements when reporting long-term debt-related net position.

We recommend DOA's state accountant improve procedures to ensure governmental activities net position related to long-term debt is accurately reported in the CAFR's government-wide Statement of Net Position.

Recommendation No. 2017-009

DOA's chief accountant and finance officer should improve the State's payroll system controls.

An evaluation of DOA's State payroll system controls during FY 17 identified several internal control weaknesses. In aggregate, these deficiencies constitute a material weakness in controls over financial statements.

The control weaknesses increase the risk of noncompliance with state and federal regulations, financial statement misstatements, and misuse of sensitive information. Competing priorities, lack of resources, and management's reliance on contractor support contributed to the control weaknesses.

We recommend that DOA's chief accountant and finance officer should improve the State's payroll system controls.

[12] *Codification of Governmental Accounting and Financial Reporting Standards* Section 2200, Parts 118, 119 and 124.

Auditor's Note

The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate, confidential document.

Recommendation No. 2017-010

DOA's state accountant should work with outside audited entities to ensure audits are submitted to DOF timely.

Many outside audited entities were untimely in submitting audited financial statements to DOA DOF. A total of 13 audits were received by DOF after the CAFR was compiled mid-November 2017. In many cases, DOF staff had no advance notice of the delays.

DOF staff are responsible for creating the State's CAFR. The CAFR incorporates the financial information for components, such as governmental corporations and the University of Alaska, that independently compile their respective financial statements which are audited by CPA firms hired by the entities. A total of 25 outside audited entities, funds, or accounts submit audited FY 17 financial information to DOF for inclusion in the FY 17 CAFR as required by generally accepted accounting standards.

State law (AS 37.05.210) requires DOF to issue the audited CAFR for the preceding fiscal year by December 15th. To meet this deadline, DOF staff established a project timeline that required outside audits be submitted to DOF by October 3rd. Annually, DOF sends a standard communication letter to entities in the spring outlining timelines and expectations. No formal outreach, other than the letter, is conducted.

Management from a few entities stated that audits were delayed as a result of DOF providing pension allocation information needed to create financial statements in late September or early October. DOF was late in providing the information due to difficulties designing reports for its new payroll system. Additionally, delays for a few entities were due to a lack of outside auditor resources. It was also noted that DOF did not have formal outreach procedures to monitor the status of outside audits.

Untimely audits contributed to the delayed issuance of the CAFR, which negatively impacted decision-making by report users. Furthermore, the delays decreased audit efficiency.

We recommend the state accountant work with outside audited entities to ensure audits are submitted to DOF timely. Actions should include providing pension allocation to entities timely and actively monitoring outside audits as well as conducting outreach to ensure entities are fully aware of the CAFR project timeline and the impact of late audits.

Recommendation No. 2017-011

The Division of Retirement and Benefits' (DRB) chief financial officer (CFO) should improve procedures to ensure financial audits of the pension and health funds are performed timely.

The audit of the Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS) FY 17 financial statements could not be completed by an outside auditor (OA) due to the discovery that supporting census data was inaccurate. DRB staff did not have sufficient internal controls in place to verify the accuracy of the Department of Military and Veterans' Affairs census information.

Additionally, FY 17 financial statement audits for the following funds, performed by an OA, were not completed by October 3, 2017, the deadline established by DOF:

- Deferred Compensation Plan audit opinion issued November 22, 2017
- Supplemental Benefits System audit opinion issued November 22, 2017
- Public Employees Retirement System audit opinion issued December 5, 2017
- Judicial Retirement System audit opinion issued December 6, 2017
- Teachers Retirement System audit opinion issued December 5, 2017
- Retiree Health Fund audit opinion issued February 7, 2018
- Group Health and Life Fund audit opinion issued November 27, 2017

Several factors delayed the audits. Supporting information was not provided timely to the OA by DRB employees due to competing priorities and lack of resources. Information needed to complete the financial audit was determined by the OA to be inaccurate, incomplete, and/or missing from the actuary, third party administrator, and DRB. Furthermore, DRB management lacked sufficient internal controls to guide the financial reporting process and manage the related contracts.

State law (AS 37.05.210(a)(1)) requires DOF to issue the audited CAFR for the preceding fiscal year by December 15th. As noted above, the audits were issued from seven to 18 weeks after the deadline set by DOF, which prohibited DOF from including audited DRB financial activity in the draft CAFR. Incomplete and untimely draft CAFR information delayed the issuance of the CAFR opinion, which negatively impacted decision-making by report users. Furthermore, the delays decreased audit efficiency.

We recommend DRB's CFO improve procedures to ensure financial audits of the pension and health funds are performed timely.

Recommendation No. 2017-012

DOA state accountant should improve instructions to departments' staff responsible for the preparation of the schedule of expenditures of federal awards (SEFA), and conduct adequate training.

Eight departments inaccurately reported federal awards expended in the FY 17 preliminary SEFA. Additionally, five departments inaccurately reported pass through expenditures and six departments' subrecipient amounts were not supported by the accounting records. Auditors found that some department staff did not fully understand the definition of a federal pass through organization, the difference between an external pass through organization and a subrecipient of the State, and the types of reimbursable service agreements to report as state pass through expenditures.

DOF is the entity responsible for compiling the statewide SEFA. As part of DOF's process, a letter is sent out each year to departments with instructions for preparing the SEFA. Additionally, it has been DOF's standard practice to hold an annual SEFA instructional meeting with departmental staff assigned the task of preparing the schedule. According to department management, errors were due, in part, to unclear DOF instructions for preparing the SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA, in accordance with federal regulation.[13] Furthermore, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls over federal award management including reliability of reporting.

Inaccurate SEFA reporting increases the risk of financial reporting errors. Additionally, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal award agencies imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend DOA's state accountant improve instructions to departmental level staff responsible for the preparation of the SEFA, and conduct adequate training to ensure the SEFA is accurate, complete, and supported by the accounting records.

[13] 2 CFR 200.510.

Recommendation No. 2017-013

The state accountant should continue to work with the U.S. Department of Health and Human Services (USDHHS) to ensure the annual statewide cost allocation plan (SWCAP) is federally approved.

The State's FY 17 SWCAP, prepared by DOF accounting staff, has not been federally approved and therefore was not available for audit. The lack of an approved SWCAP increases the risk that unallowable costs will be claimed for federal reimbursement.

The SWCAP is the process through which central services[14] are identified and assigned to benefitted activities on a reasonable and consistent basis. Federal regulations[15] require submission of a proposed SWCAP to the State's cognizant agency, USDHHS, each year in which the State claims central service costs for reimbursement under federal awards. Once approved by USDHHS, the SWCAP will be accepted and used by all federal agencies. Approved proposals that are later found to have included unallowable costs must either be adjusted, or a refund must be made, at the option of USDHHS.

According to DOF management, the FY 17 SWCAP initially was not approved due to a delayed final review by USDHHS caused by complications from incorporating Governmental Accounting Standards Board (GASB) Statement Number 68 information into the SWCAP. Additionally, prior to FY 13, DOA's Office of Information Technology (OIT) central service costs billed to State agencies exceeded estimated allowable costs. A portion of these excess billings were subsequently claimed for federal reimbursement, resulting in unallowable costs. Identifying the specific amount of unallowable costs claimed under each federal award is a complex and time consuming process and resulted in additional review delay. In February 2018, the State submitted a repayment proposal to USDHHS. When the repayment amount is finalized with USDHHS, the State will have 30 days to submit the repayment.

We recommend the State Accountant continue to work with USDHHS to ensure the annual SWCAP is federally approved.

CFDA: 10.557, 10.558, 10.U08,
10.U09, 20.106, 84.010, 93.563,
93.659, 93.667, 93.767 93.775,
93.777, 93.778, 93.959
Questioned Costs: Indeterminate

Federal Agency: USDA
FAA, USED, USDHHS
Noncompliance
Allowable Costs/Cost Principles

[14]Services, such as motor pools, computer centers, purchasing, accounting, etc., that are provided to operating agencies on a centralized basis.
[15]Title 2 CFR 200 Appendix V.

Recommendation No. 2017-014

The OIT chief information officer (CIO) should continue to allocate staff resources to properly account for Information Services Fund (ISF) capital assets.

Prior Finding

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

- Consistently capitalize the cost of capital improvements; and
- Employ a consistent methodology for tracking capital asset disposal.

Additionally, OIT staff did not perform a formal inventory of ISF capital assets.

This finding was first reported in the FY 06 statewide single audit and was attributed to inadequate procedures including manual processes and lack of communication between staff. From FY 07 through FY 10, little progress was made to address the problem. In FY 11, Enterprise Technology Services implemented an asset tracking system which appeared adequate to meet basic asset tracking needs. Although the system improved asset tracking, historical data input into the new system continued to be unreliable. Furthermore, no physical inventory was completed for ISF capital assets. No forward progress in addressing the finding was made during FY 12 through FY 15. A physical inventory of networking assets was completed in FY 16.

Generally accepted accounting principles[16] (GAAP) require capital assets be reported at historical cost. GAAP also requires the ISF to be operated on a cost reimbursement basis, including recovering the cost of capital assets. Not maintaining accurate and complete records of ISF assets limits the State's ability to accurately report capital assets in financial statements.

Legislative Audit's Current Position

During FY 17, OIT management took steps to address the finding. A comprehensive inventory was completed by the end of FY 17 and adjustments were made to the asset tracking system data. However, OIT accounting staff did not fully reconcile the asset tracking system to the state accounting system and a $10 million discrepancy existed at the end of FY 17. OIT staff believes the discrepancy is due to unidentified accumulated depreciation errors. In October 2017, OIT staff requested approval from the Division of Finance to process an adjustment in the state accounting system to correct the discrepancy. However, due to a lack of sufficient supporting documentation, the adjusting entry was not processed.

[16] *Codification of Governmental Accounting and Financial Reporting Standards 1400.102-104*.

We recommend OIT's CIO continue to allocate staff resources to properly account for ISF capital assets, including identifying and correcting the discrepancy between the ISF asset tracking system and the State's accounting system.

Recommendation No. 2017-015

DOA DOF's chief accountant and finance officer should ensure the ALDER shortfall report is reconfigured to identify and monitor all revenue shortfalls.

Prior Finding

There was no tool for identifying FY 15 revenue shortfalls under IRIS, which went live in July 2015. Since there is no financial reporting function within IRIS, reporting is addressed through ALDER, the State's data warehouse reporting tool. Due to the time requirements to implement IRIS and the increased complexity of reporting IRIS activity in ALDER, no central ALDER shortfall report was created and made available to departments.

In FY 16, DOF personnel created an ALDER report to identify and monitor shortfalls. However, there were flaws in the report design and revenue shortfalls were incorrectly calculated. Additionally, DOF's shortfall ALDER report did not calculate shortfalls for appropriations with term years equal to FY 15 or earlier.[17]

The *State Budget Act* provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce the budget by the estimated reduction in collections. Furthermore, the Alaska Administrative Manual[18] states:

> *When an appropriation is funded from budgeted revenues, it means that the appropriation may be spent only to the extent that budgeted revenues are earned. If budgeted revenues (cash receipts plus valid accounts receivables) fall short of the amount estimated, expenditures must be reduced accordingly.*

Without a comprehensive shortfall report, department staff had no efficient way of monitoring appropriations to identify revenue shortfalls so that corrective actions to reduce expenditures could be taken timely.

Legislative Audit's Current Position

In FY 17, DOF staff made progress in addressing the finding by redesigning the ALDER shortfall report to allow for the correct calculation of shortfalls. However, the ALDER shortfall report did not calculate potential shortfalls for appropriations with term years equal to FY 15 or earlier (appropriations recorded in the old accounting system, AKSAS). Additionally, no

[17]Only the balance of outstanding encumbrances for appropriations were converted from the prior State accounting system, AKSAS to IRIS.
[18]Alaska Administrative Manual 25.090.

alternative process was developed for departments to monitor shortfalls for these appropriations. According to DOF accountants, creating an ALDER report that incorporates both AKSAS and IRIS data is not possible. Due to competing priorities, an alternate process for monitoring potential shortfalls for FY 15 or earlier appropriations was not developed.

Without a comprehensive shortfall report which includes appropriations with term years equal to FY 15 or earlier, or some alternative process, it is difficult for departments to monitor appropriations for shortfalls and take corrective action to reduce expenditures if necessary.

We again recommend DOF's chief accountant and finance officer ensure the ALDER shortfall report is reconfigured to identify and monitor all revenue shortfalls if possible. If ALDER cannot be used to monitor all shortfalls, an alternative monitoring process should be developed.

Recommendation No. 2017-016

The Department of Labor and Workforce Development's (DLWD) Administrative Services Division (ASD) director should coordinate with the DOA OIT chief information officer to address system security concerns.

Prior Finding

During FY 16, there was a significant deficiency in management of DLWD's information technology (IT) security. There were substantial delays in addressing the control deficiency due to a lack of productive communication between DLWD and OIT staff.

Per the State of Alaska's Information Security Policy and NIST Special Publication 800-53 Revision 4,[19] IT security deficiencies should be addressed timely.

The control deficiency created the potential for loss or manipulation of sensitive data.

Legislative Audit's Current Position

During FY 17, the control deficiency was not corrected by DLWD or OIT. Both DLWD and OIT attempted to correct this finding; however, the correction methodology was determined to be too difficult and costly to implement. DLWD has a plan to correct this finding during FY 18.

We, again, recommend DLWD's ASD director coordinate with the DOA OIT chief information officer to address system security concerns.

[19] *Security and Privacy Controls for Federal Information Systems and Organizations.*

Auditor's Note

The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate, confidential document.

Recommendation No. 2017-017

DOA DOF's chief accountant and finance officer should significantly improve ALDER 2.0 training.

Prior Finding

During FY 16, DOF did not adequately support State agencies' use of the ALDER 2.0 system. No formalized training classes and no comprehensive reference manuals were provided to ALDER users since going live in July 2015. Competing priorities, including the challenges of implementing the State's new accounting system, IRIS, prevented DOF from allocating the resources necessary to develop ALDER 2.0 training.

ALDER 2.0 is a statewide reporting system designed to integrate data from multiple systems into a unified environment for simpler and more effective reporting. With the implementation of IRIS, which has limited reporting capabilities, ALDER 2.0 is critical for querying and summarizing the State's accounting data.

An effective internal control system requires management communicate quality information to enable personnel to achieve management's objectives. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis.[20] The lack of formal training adversely impacted agency fiscal personnel's ability to perform duties, including the timely and accurate recording of transactions in IRIS. The lack of training also contributed to the delay in preparing the State's FY 16 CAFR.

Legislative Audit's Current Position

During FY 17, no formalized ALDER 2.0 training or comprehensive reference manual was developed by DOF management. Competing priorities, namely implementation of the State's new payroll system, and the extended timeframe for compiling the FY 16 CAFR, prevented DOF from allocating the resources necessary to develop ALDER 2.0 training and user manuals. According to DOF management, a new position is expected to be created to develop training materials and a curriculum in the future. The lack of formal training and comprehensive user manual continued to adversely impact agency fiscal personnel's ability to perform duties.

[20]GAO-14-704G 13.05 and 14.03, "Standards for Internal Control in the Federal Government," issued by the Comptroller General of the United States.

We again recommend DOF's chief accountant and finance officer significantly improve ALDER 2.0 training.

Recommendation No. 2017-018

DOA's commissioner should seek legislative clarification to ensure the proper accounting and reporting for the regional educational attendance area and small municipal school district (REAA) fund.

Prior Finding

DOF accounting staff did not transfer the REAA fund balance that exceeded $70 million to the general fund at the end of FY 16 as required by statute. The FY 16 REAA ending fund balance was $87.7 million.

REAA statutes state, in part:

> *Sec. 14.11.030. Regional educational attendance area and small municipal school district fund.*
>
> *(a) The regional educational attendance area and small municipal school district school fund is created as an account in the general fund to be used, in addition to other funding sources, to fund projects approved under AS 14.11.025 for the costs of school construction in regional educational attendance areas and small municipal school districts.*
>
> *(b) Legislative appropriations, including appropriations of interest earned on the fund, shall be deposited in the fund established under this section. The fund balance may not exceed $70,000,000.*
>
> *(c) **Money appropriated to the fund does not lapse except to the extent money in the fund exceeds the maximum fund balance specified in (b) of this section**.* [Emphasis added]

DOF staff did not transfer the FY 16 excess $17.7 million fund balance to the general fund based on guidance from the Department of Law (LAW) and the Office of Management and Budget. DOF was advised by LAW attorneys that the REAA statutory reference to "fund balance" should be interpreted as unobligated fund balance. As the unobligated fund balance at year-end did not exceed $70 million, LAW advised that no transfer was necessary. However, this guidance was not supported by a legal opinion, making it insufficient from an audit perspective.

Legislative Audit's Current Position

This finding was not resolved during FY 17. The FY 17 ending REAA fund balance was $94.2 million. DOF did not transfer the $24.2 million of fund balance that exceeded the statutory maximum. A total of $87.2 million of the fund balance was obligated, and DOF management contended that only the $7 million difference between the $87.2 obligated amount and the $94.2 million total fund balance was subject to the $70 million cap. Since the $7 million was below the $70 million maximum, no fund balance was transferred.

According to DOA management, a strict interpretation of statute that does not consider continuing appropriations would create legal issues for the State of Alaska in regards to the settlement that created the fund. Furthermore, DOA management stated that a legal opinion produced by the legislature's Division of Legal and Research Services (Legislative Legal) supported DOA's position that only the unexpended and unobligated balance of the REAA fund should be subject to lapse.

Statutes do not provide for a method of calculating fund balance; however, AS 37.05.210 states that the State's financial statements must be prepared in accordance with generally accepted accounting principles. Fund balance, per accounting principles, is calculated as assets and deferred outflows minus liabilities and deferred inflows. Under this methodology, the ending FY 17 REAA fund balance was $94.2 million.

The Legislative Legal opinion argues that it was the legislature's intent that only unobligated fund balance be subject to lapse; however, obligations/encumbrances were never discussed during legislative committee hearings. Given the lack of public record to support the conclusion, the argument is insufficient to justify a departure from the standard accounting definition of fund balance.

Per the Legislative Legal opinion, the REAA fund balance could grow unchecked as long as the unobligated amounts do not exceed $70 million. This is not a reasonable position when considered in conjunction with the testimony made during the legislative committee meetings. It was clear legislators were intent on ensuring excess dollars did not accumulate in the fund.

The Legislative Legal opinion also concluded that the federal constitution prohibits the State from impairing the obligation of contracts; therefore, money that has been obligated does not lapse and REAA fund balance must be interpreted as unobligated fund balance. This determination indicates that statutes should be clarified, as the current wording of AS 14.11.030 does not comply with this prohibition.

An audit adjustment was submitted to DOF to move the $24.2 million fund balance in excess of the $70 million to the general fund to comply with the lapse requirement. DOF staff did not post the adjustment. Because the REAA fund is a subfund of the general fund, the failure to post the adjustment did not create a misstatement in the general fund balance sheet, which is part of the FY 17 CAFR. However, not posting the adjustment did result in a misstatement to the FY 17 CAFR footnotes. The excess fund balance should have been available in the general fund to reduce the transfer from the CBRF per Chapter 3, 4SSLA 2016, Section 35(b) as explained in Note 2 to the FY 17 CAFR. Consequently, Note 2 is misstated by $24.2 million. We also note that the combining statement 3.01 which summarizes financial activity of the CBRF was misstated by the same amount.

We recommend DOA's commissioner seek legislative clarification to ensure the proper accounting and reporting for the REAA fund.

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DEPARTMENT OF LAW (LAW)

No recommendations were made to LAW in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016*.

One new recommendation has been made during the FY 17 statewide single audit and is included as Recommendation No. 2017-019. This Recommendation is from an auditor whose report was furnished to us. A complete copy of the other auditor report may be obtained directly from LAW.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Finding Number: 2017-019

Prior Year Finding Number: N/A

Compliance Requirement: Special Tests and Provisions – Medicaid Fraud Control Unit

Program:

U.S. Department of Health and Human Services

Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Award #: Various
Award Year: 07/01/2016 – 09/30/2017

Recommendation - We recommend that the Department of Law's (DOL) Medicaid Fraud Control Unit (MFCU) improve its internal control procedures to ensure that adequate documentation is maintained in its case tracking system to support the approval of case determinations, including case acceptance, work reviewed, and conclusions reached.

Criteria - States are required as part of their Medicaid State plans to maintain a MFCU, unless the Secretary of HHS determines that certain safeguards are met regarding fraud and abuse and waives the requirement.

Further, under 42 CFR 1007.11, the MFCU will conduct a Statewide program for investigating and prosecuting (or referring for prosecution) violations of all applicable State laws pertaining to fraud in the administration of the Medicaid program, the provision of medical assistance, or the activities of providers of medical assistance under the State Medicaid plan.

Condition - We sampled and selected 9 case files and noted that 1 case file did not have the necessary documentation. Additionally, for 3 of the 9 cases reviewed, the final disposition of the case was between 5 and 11 months after the initial case was opened.

Questioned Costs **–** Not determinable.

Context - This is a condition identified per review of the State of Alaska's compliance with specified requirements.

Effect - There may be prolonged, ongoing cases of fraud which may be unnoticed and remain unreported by the program.

Cause **–** The MFCU did not have adequate documentation in its case tracking system to support the disposition of the cases reviewed. In addition, we noted that the MFCU does not have standard operating procedures that include timeframes for conducting investigations, documenting case notes, and documenting the case conclusion.

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DEPARTMENT OF REVENUE (DOR)

One recommendation was made to DOR in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation No. 2016-018 is resolved.

Four new recommendations have been made during the FY 17 statewide single audit and are included as Recommendation Nos. 2017-020 through 2017-023.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Recommendation No. 2017-020

DOR's Administrative Services Division (ASD) director should develop and implement written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

ASD staff inaccurately reported federal awards expended on the department's FY 17 preliminary SEFA. The report generated from the state accounting system to identify federal awards expended did not include all fiscal year expenditures, and incorrectly included obligations. Additionally, the pass-through amount to another state agency was omitted and a computational error resulted in double counting $2.3 million in expenditures. Once identified by the auditor, the material errors were corrected by agency staff and expenditures are accurately presented in the statewide SEFA.

According to DOR management, the errors resulted from inadequate procedures. Specifically, there were no written procedures for calculating amounts or generating reports from the State accounting system.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[21] Furthermore, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls[22] over federal award management including reliability of reporting.

The SEFA is used to determine major programs. Inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in a federal award agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

We recommend DOR's ASD director develop and implement written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

[21] 2 CFR 200.510.

[22] 2 CFR 200.61 defines internal controls as a process, implemented by a non-federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) effectiveness and efficiency of operations; (b) reliability of reporting for internal and external use; and (c) compliance with applicable laws and regulations.

Recommendation No. 2017-021

DOR's ASD director should ensure expenditures are accurately claimed for federal reimbursement.

FY 17 Child Support Services Division (CSSD) rent expenditures were claimed for federal reimbursement twice. Rent was included in the Child Support Enforcement program (CSE) indirect cost rate and then claimed a second time as a direct expense.

Uniform Guidance 2 CFR 200.403(d) states:

> *A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to a Federal award as an indirect cost.*

According to ASD management, the inaccurate claiming was due to a budgetary change implemented in FY 17. The impact of the budgetary change on federal claiming was not properly considered. DOR's FY 17 indirect cost rate was calculated using FY 14 expenditure data. During FY 14, a portion of State facilities rent expenditures was included in the indirect cost pool. During FY 17, all State facilities rent expenditures were paid by CSSD and the portion allocated to CSE was claimed as a direct cost. Based on the indirect cost rate calculation methodology, a portion was also claimed as an indirect cost. The duplicate claiming resulted in questioned costs totaling $70,270.[23]

We recommend DOR's ASD director ensure expenditures are accurately claimed for federal reimbursement.

CFDA: 93.563	Federal Agency: USDHHS
Questioned Costs: $70,270	Noncompliance
	Allowable Costs/Cost Principles

Recommendation No. 2017-022

CSSD's director should develop and implement written procedures over the preparation and review of the Office of Child Support Enforcement (OCSE) 369 quarterly financial report.

Testing of the OCSE 369 quarterly financial report for the quarter ending September 30, 2016, identified the following errors:

- The spreadsheet supporting report calculations included hidden rows with outdated information, overstated expenditures by $4,599.

[23]Federal award 1704AKCSES.

- Court expenditures were not included in the summary calculation, resulting in a $266,515 understatement.

- Incorrect expenditures were used in the prior year re-appropriation period expenditure calculation, resulting in a $1,161,798 understatement.

- CSSD staff did not include all appropriation types in their State accounting report to support the quarterly report, resulting in an $114,601 understatement of total expenditures.

These errors resulted in a net understatement of quarterly expenditures reported on “Line 1b. Administrative Costs: Regular” totaling $1,538,315 and $1,015,288 for the federal portion. The errors did not impact allowable costs or federal reimbursements.

The OCSE 369 quarterly financial report is a required CSE report. Uniform Guidance 2 CFR 200.327 requires states to report financial information on the forms approved by the Office of Management and Budget, with the frequency required by the terms and conditions of the federal award. Inaccurate federal reporting limits transparency and may impair the federal agency’s ability to properly oversee the program.

According to CSSD management, the errors were due to challenges in developing a reporting process from the new State accounting system. However, the audit noted that two of the four errors were caused by inaccuracies in supporting calculations rather than the development of a new reporting process. These errors highlight the need for written procedures. Although testing of subsequent reports identified an improved process and no additional errors, absent written procedures, there is a risk of future reporting errors.

We recommend CSSD’s director develop and implement written procedures over the preparation and review of the OCSE 369 report. Additionally, the inaccurate report should be amended in accordance with federal guidelines.

CFDA: 93.563	Federal Agency: USDHHS
Questioned Costs: None	Significant Deficiency, Noncompliance
	Reporting

Recommendation No. 2017-023

DOR’s finance officer should take measures to resolve a revenue shortfall.

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.

One potential FY 17 shortfall was identified:

Appropriation	Appropriation Title	Amount
R700 (BFY 2017)	Alaska Permanent Fund Corporation	$2,416

Alaska Permanent Fund Corporation (APFC) staff does not utilize the State's payroll system. Therefore, DOR staff process APFC's payroll and bill APFC for reimbursement on a monthly basis. According to DOR management, the revenue shortfall was due to a failure by DOR finance staff to bill the APFC during the transition from the State's previous payroll system, AKPAY, to the State's new payroll system, IRIS-HRM.

We recommend DOR's finance officer resolve the revenue shortfall by collecting any remaining revenue due if possible, and requesting a supplemental appropriation if necessary.

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DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (DEED)

Five recommendations were made to DEED in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation Nos. 2016-021 through 2016-023 are resolved. Prior year Recommendation No. 2016-020 was not a significant issue in the current year and is not reiterated in this report. Prior year Recommendation No. 2016-019 is not resolved and is reiterated in this report as Recommendation No. 2017-031.

Seven new recommendations have been made during the FY 17 statewide single audit and are included as Recommendation Nos. 2017-024 through 2017-030.

The views of responsible officials and management’s corrective action plan are included in Section IV – Corrective Action Plan.

Recommendation No. 2017-024

DEED's Finance and Support Services (FSS) division director should improve written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

FSS staff inaccurately reported federal awards expended on DEED's FY 17 preliminary SEFA for two programs. Additionally, DEED's accounting records did not support pass through and subrecipient expenditures reported for five programs. Once identified by the auditor, the errors were corrected by agency staff and expenditures were accurately presented in the FY 17 statewide SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[24] Furthermore, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.[25] Per management, discrepancies were a result of human error. Additionally, DEED's written procedures did not provide adequate instructions for preparing and reviewing the SEFA.

Inaccurate SEFA reporting increases the risk of financial reporting errors. Furthermore, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in a federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding or terminating funding.

We recommend DEED's FSS division director improve written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

Recommendation No. 2017-025

DEED's FSS division director should develop and implement procedures for the Child and Adult Care Food Program (CACFP) to ensure the required annual media release is issued.

DEED did not issue the required FY 17 media release for the CACFP program. Failure to issue the public media notification was due, in part, to an oversight by program management and a lack of procedures to ensure the media release is issued annually.

Per 7 CFR 226.6(f)(1)(v), participating CACFP organizations are required to issue a media release about their participation, unless a statewide media release is issued by the State on

[24]2 CFR 200.510.

[25]2 CFR 200.61 defines internal controls as a process, implemented by a non-federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) effectiveness and efficiency of operations; (b) reliability of reporting for internal and external use; and (c) compliance with applicable laws and regulations.

behalf of those participants. DEED's policy is to issue an annual statewide media release. As a result of not issuing the media release, individuals may not be aware of their eligibility to receive free and reduced priced meals through CACFP.

We recommend DEED's FSS division director develop and implement procedures to ensure the annual media release is issued.

CFDA: 10.558 — Federal Agency: USDA
Questioned Costs: None — Significant Deficiency, Noncompliance
Eligibility

Recommendation No. 2017-026

DEED's Student Learning (SL) division director should improve subrecipient monitoring procedures to ensure compliance with federal subrecipient monitoring requirements.

During FY 17, DEED did not fully comply with Uniform Guidance monitoring requirements for CFDA 84.010 Title I Grants to Local Educational Agencies (Title IA) program subrecipients. Subrecipient monitoring has three components: pre-award notifications, annual risk assessments, and monitoring subrecipients for compliance with federal program requirements. Only pre-award notifications were sufficiently performed, whereas risk assessments and monitoring did not meet federal requirements. Specifically:

1. DEED staff did not perform 41 of the 53 annually required Local Education Agency (LEA) risk assessments. Per 2 CFR 200.331(b), to determine the appropriate level of subrecipient monitoring, the State is required to evaluate each LEA's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the grant award.

   Failure to perform all risk assessments was due, in part, to misinterpretation of the requirement by program managers. Risk assessments were only completed for the 12 LEAs already scheduled for monitoring in FY 17. Absent risk evaluation for all subrecipients, higher risk LEAs may not be sufficiently monitored, increasing the risk of inappropriate use of Title IA funds and noncompliance with federal statutes and regulations.

2. DEED staff did not sufficiently monitor seven of 10[26] FY 17 Title IA subrecipients, as monitoring did not include verification of the entities' compliance with applicable eligibility and special tests and provisions requirements. Per 2 CFR 200.331(d), the State is required to monitor activities of subrecipients as necessary to ensure LEA grant funding is used for authorized purposes; complies with federal statutes, regulations, and the terms and conditions of the grant award; and that performance goals are achieved.

[26] Of the 12 LEAs scheduled for monitoring in FY 17, two did not receive Title IA funds in FY 17.

Incomplete monitoring was due to program management's policy that not all compliance requirements need to be verified for LEAs deemed low or moderate risk. Full monitoring was performed only on high risk LEAs, and therefore DEED may not have identified all instances of noncompliance with federal requirements by LEAs. Furthermore, because not all FY 17 subrecipients were assessed for risk, DEED staff's identification of high risk entities may be inaccurate.

We recommend DEED's SL division director improve procedures to ensure compliance with subrecipient monitoring federal requirements.

CFDA: 84.010 Federal Agency: USED
Questioned Costs: None Significant Deficiency, Noncompliance
Subrecipient Monitoring

Recommendation No. 2017-027

DEED's SL division director should strengthen procedures to ensure LEAs notify subsequent sub awardees of the suspension and debarment pass down federal requirements.

In FY 17, DEED did not notify the 53 LEAs receiving Title IA funds of all federal suspension and debarment requirements. The assurances packet used to complete suspension and debarment requirements specifies LEAs, referred to as tier 1 sub awards, must certify that they were not a suspended or debarred entity; however, it lacks additional requirements for notification of pass down requirements to the next lower tier. SL program staff were not aware the State must ensure suspension and debarment requirements are communicated to all entities receiving federally funded sub awards.

According to 2 CFR 180.300, participants in covered transactions must verify that the entity with which they intend to do business is not suspended or debarred. Furthermore, 2 CFR 180.330 stipulates that prior to a participant entering into a covered transaction at the next lower tier and each subsequent lower tier, the participant must comply with the pass down requirements. The participant must ensure the next lower tier organization awarded federal funds is not suspended or debarred and is informed of their subsequent pass down obligations. Failing to notify sub awardees of the pass down suspension and debarment requirements increases the risk federal funds could be provided to suspended or debarred entities.

We recommend DEED's SL division director strengthen procedures to ensure LEAs notify subsequent sub awardees of the suspension and debarment pass down federal requirements.

CFDA: 84.010 Federal Agency: USED
Questioned Costs: None Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Recommendation No. 2017-028

DEED’s SL division director should ensure annual comparability reports are received from LEAs.

Four of 16 LEAs required to provide program comparability reports to DEED in FY 17 did not submit the report. Title IA program requirements stipulate LEAs must provide assurance through reporting that program funds used by participant schools provide services[27] that are comparable to non-participant schools in the same LEA. Although program managers maintained a log identifying submission of reports, due to competing priorities, no follow-up was performed to obtain un-submitted reports.

Per 20 USC 6321(c)(2)(A), applicable LEAs must provide written assurance to the State that the LEA has established and implemented policies to ensure comparability. By not obtaining and reviewing required reports from LEAs, the potential exists that participant schools may not provide teaching services for at-risk children and low income families comparable to non-participant schools.

We recommend DEED’s SL division director ensure annual comparability reports from LEAs are received.

CFDA: 84.010	Federal Agency: USED
Questioned Costs: None	Noncompliance
	Special Tests and Provisions

Recommendation No. 2017-029

DEED’s SL division director should improve student cohort procedures to ensure the retention of federally required documentation.

Due to a misunderstanding of Title IA requirements, DEED lacked procedures ensuring LEAs retain federally required documentation supporting removal of students from the regulatory cohort.

Per 34 CFR 200.34 (b)(3), to remove a student from the cohort, a school or LEA must confirm in writing that the student has transferred out, emigrated to another country, or is deceased. By not informing LEAs of document retention requirements for removal of students from the cohort, proper justification for the removal cannot be confirmed, resulting in potentially inaccurate reporting of graduation cohort rates for the State.

[27] Examples of services are staffing levels for teachers and administration, and instructional supplies.

We recommend DEED's SL division director improve student cohort procedures to ensure retention of federally required documentation.

CFDA: 84.010 | Federal Agency: USED
Questioned Costs: None | Significant Deficiency, Noncompliance
Special Tests and Provisions

Recommendation No. 2017-030

DEED's SL division director should ensure compliance with Title IA carryover requirements.

DEED staff did not maintain evidence that staff reviewed the amount of unexpended FY 16 Title IA federal funding to ensure no more than 15 percent of each LEA's award was carried over into FY 17. Additionally, DEED staff did not maintain copies or other evidence to demonstrate that waivers were issued for the three of 34[28] LEAs that had carryover funds exceeding 15 percent as federally required. According to program staff, reviews were performed and waivers issued; however, there was no documentation with which to verify compliance with the federal requirements. The lack of documentation was attributed to grant administration staff turnover.

Per 20 USC 6339(a-b), up to 15 percent of the funds allocated to an LEA remains available for obligation for one additional fiscal year. A waiver may be issued by the State once every three years allowing LEAs to exceed the carryover limit. The lack of a waiver results in questioned costs of $63,259 — the amount of FY 16 carryover exceeding the 15 percent limit.

We recommend DEED's SL division director ensure compliance with Title IA carryover requirements.

CFDA: 84.010 | Federal Agency: USED
Questioned Costs: $63,259 | Noncompliance
Period of Performance

[28]Of the 53 total LEAs, six LEAs did not receive carryover funds exceeding 15 percent, and 13 LEAs were exempt from the requirement with less than $50,000 of Title IA funds received.

Recommendation No. 2017-031

DEED's SL division director should improve and implement procedures to appropriately restrict access to the Grants Management System (GMS).

Prior Year Finding

In FY 16, three of 39 active user accounts no longer had a valid business purpose for access to GMS. GMS is a web-based system through which LEA employees submit grant applications, receive grant award notifications, and submit reimbursement requests for SL division approval. DEED is responsible for management of GMS user accounts at the State and LEA levels. State level access allows DEED employees to view, modify, and approve LEA grant awards and reimbursements requests. GMS is DEED's system of record for all U.S. Department of Education program grant documentation, as hard copy files are no longer maintained by DEED.

Per State Information Security Policies,[29] changes in employee status should be communicated to system administrators to ensure changes to user privileges are promptly and consistently applied across systems. Additionally, user accounts for terminated individuals must be promptly disabled or removed.

Written procedures for account management had not been drafted due to competing priorities, increasing the risk of unauthorized access to GMS, which could compromise the integrity and availability of data.

Legislative Audit's Current Position

During FY 17, DEED management took steps to address the finding by implementing a 90 day password change requirement and a twice yearly review procedure for inactive GMS user accounts. However, the procedure lacked sufficient detail to ensure the review was performed, and no documentation supported a review was completed. The audit found that as of June 30, 2017, two of 38 active user accounts were prior staff whose employment had been terminated for at least six months.

Additionally, due to an oversight in design, DEED's policy for managing GMS users required that only LEA-level user agreement forms be submitted and retained. The audit identified that no policy exists to retain approved user agreement forms for DEED employees. Failure to retain approved access forms hampers IT staff's ability to readily verify appropriate access of approved user accounts, potentially resulting in unauthorized access.

We again recommend SL's division director improve and implement procedures to appropriately restrict access to the GMS.

[29] Information Security Policy-171, 5.4.2 and 5.4.3.

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES (DHSS)

Thirteen recommendations were made to DHSS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016*. Prior year Recommendation Nos. 2016-027, 2016-28, 2016-030, and 2016-036 are resolved. Prior year Recommendation Nos. 2016-026, 2016-029, and 2016-035 were not a significant issue in the current year and are not reiterated in this report. Prior year Recommendation No. 2016-025 is not resolved and is reiterated as part of a new expanded current year Recommendation No. 2017-046. Prior year Recommendation Nos. 2016-024, 2016-031 through 2016-033, and 2016-034 are not resolved and are reiterated in this report as Recommendation Nos. 2017-032, 2017-043, and 2017-035 respectively. FY 17 Recommendation Nos. 2017-035 and 2017-043 are from an auditor whose report was furnished to us.

Eleven new recommendations have been made during the FY 17 statewide single audit and are included as Recommendation Nos. 2017-033, 2017-034, 2017-036 through 2017-042, 2017-044, and 2017-045. Nine of these, Recommendation Nos. 2017-036 through 2017-042, 2017-044, and 2017-045, are from an auditor whose report was furnished to us. A complete copy of the other auditor report may be obtained directly from DHSS.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-032

DHSS' commissioner should work with Conduent State Healthcare, LLC (formerly Xerox)[30] to correct defects in the Alaska Health Enterprise (AHE) system.

Prior Finding

On October 1, 2013, DHSS replaced its legacy Medicaid management information system that processed and paid Medicaid and Children's Health Insurance Program claims with the AHE system. DHSS and its system development contractor were aware the AHE system contained 44 defects at the time it was implemented. DHSS and the contractor developed work-around plans to manage the known system defects and proceeded with implementation. Once implemented, the number of defects climbed to 546.

The AHE system was not a fully operational or federally-certified Medicaid system during FY 14 through FY 16. The fiscal agent Conduent State Healthcare, LLC, with oversight by DHSS' Health Care Services (HCS) division, developed a Corrective Action Plan (CAP) in FY 15 to address system defects. While there were improvements evidenced by the decreased number of defects, the following issues were not fully resolved by the end of FY 16: suspended claims backlog, payment issues, and check-write issues.

Information technology best practices dictate that systems should be tested and significant defects corrected prior to implementing a new system. Specifically, the State's Information Security Policy (ISP) requires management to test a new information system prior to putting it into production to ensure that the system is configured correctly.[31] Furthermore, the National Institute of Standards and Technology special publication, *Security and Privacy Controls for Federal Information Systems,*[32] commonly regarded as national best practices, requires organizations to conduct an assessment of the information system, system component, or information system service prior to acceptance and update. It states:

> *Organizations conduct assessments to uncover unintentional vulnerabilities and intentional vulnerabilities including, for example, malicious code, malicious processes, defective software, and counterfeits.*

Legislative Audit's Current Position

During FY 17, DHSS' HCS division staff continued to work with its fiscal agent on correcting system defects in accordance with the CAP. As a result, more defects were resolved. Additionally, in FY 17, DHSS streamlined the check-write process to allow AHE to interface with the State's accounting system, IRIS, without manual adjustments.

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[30]Effective January 3, 2017, Alaska Medicaid's fiscal agent Xerox State Healthcare, LLC is independent of its parent company, Xerox Corporation, and is now known as Conduent State Healthcare, LLC.
[31]State of Alaska ISP-162-System Planning and Acceptance, 5.2.2.
[32]National Institute of Standards and Technology Special Publication 800-53 Revision 4, *Security and Privacy Controls for Federal Information System and Organizations, SA-12(7).*

The AHE system was not federally certified during FY 17. The Centers for Medicare and Medicaid Services (CMS) began their evaluation of the AHE system in September 2016. CMS notified DHSS in October 2017 that a certification decision will be made after verification of successful implementation of seven required corrective actions. As of December 2017, DHSS management stated that five of the seven requirements were resolved, and that the remaining two would be implemented by March 2018. According to DHSS management, federal requirements for certification were not fully addressed due to lack of resources and additional projects that required allocation of HCS division staff and contractor attention.

Between the end of FY 16 and the end of FY 17, the suspended claims backlog decreased from 62,322 claims totaling $133 million to 35,626 totaling $102.7 million. Management asserted that claims are no longer being suspended due to system defects and that suspended claims were a normal business practice. It is not possible to accurately identify the cause, number, or amount of suspended claims that result from system defects as opposed to other non-system related causes. Furthermore, it is not possible to determine how many of the claims will be deemed eligible and the resulting payment amount until all claims are processed by the AHE system. Since claims are not determined eligible until priced by the AHE system, suspended claims delay payments to providers.

In addition to the lack of federal certification, DHSS did not fully resolve AHE payment issues during FY 17. During September and October 2017, HCS staff corrected the AHE system logic identified in FY 16 that resulted in an overpayment of outpatient claims to tribal hospitals, and the related claims were reprocessed. However, other tribal-related payment issues were not resolved. Due to ongoing negotiations, DHSS was not able to reach a settlement agreement with tribes during FY 17. According to DHSS management, once a settlement is reached, claims will be reprocessed and overpaid amounts will be recouped.

In FY 17, the AHE system processed approximately $2.0 billion in general fund expenditures, which resulted in $1.3 billion in federal grant-in-aid revenues. Because of the complexity of medical claims processing, the actual amount of potential misreporting resulting from unresolved defects could not be determined. However, testing provided sufficient assurance that financial activity processed through the AHE system did not result in a material misstatement to financial statements in FY 17.

We recommend DHSS' commissioner continue working with Conduent State Healthcare, LLC to correct the defects in the AHE system. Additionally, we recommend DHSS' commissioner continue with corrective action necessary to obtain federal certification of the AHE system.

Recommendation No. 2017-033

DHSS' Medicaid, audit, and allocation services (MAAS) manager should work with Department of Administration (DOA) Division of Finance (DOF) accountants to develop year-end procedures to ensure that all Medicaid expenditures and revenues are reported accurately and in accordance with generally accepted accounting principles.

DHSS reports Medicaid expenditures on a cash basis, thereby creating an inherent risk that expenditures and revenues are not recognized in accordance with the generally accepted accounting principles. Annually, DHSS accountants work with DOA DOF accountants to accrue Medicaid expenditures and revenues to ensure the amounts are reported in the correct fiscal year in the State's Comprehensive Annual Financial Report (CAFR). However, the accrual is solely based on claims activity reported in the AHE system, and does not account for non-AHE generated Medicaid expenditures.

During FY 17, DHSS inappropriately omitted $2.8 million of non-AHE generated general fund expenditures from the FY 17 Medicaid accrual, even though the related liability occurred prior to June 30, 2017. Additionally, as a part of the June 30, 2017, Medicaid quarter-end reconciliation process, DHSS staff identified that $12.7 million of expenditures were not federally authorized Medicaid expenditures. Of this amount, $10.3 million had already been reimbursed by CMS. To correct the overpayment, DHSS reclassified the $12.7 million in expenditures as prepaid assets. Per DHSS management, the prepaid expenditures account was used because DHSS expected to obtain reimbursement for the expenditures in the future. The prepaid asset entry allowed DHSS to track non-reimbursable expenditures and to reimburse CMS by offsetting future draws.

From a CAFR reporting perspective, the reclassification overstated general fund prepaid assets and understated expenditures by $12.7 million. An automated receivable was also generated by the State's accounting system, IRIS, as a result of DHSS' entry. The receivable resulted in a $10.3 million understatement of general fund accounts due from other governments and due to other governments.

Generally accepted accounting principles[33] state that financial statements for governmental funds should be presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable.

The $2.8 million of non-AHE expenditures and the $12.7 million of Medicaid expenditures should be reported in FY 17 because a liability was incurred in FY 17 and the amount was measurable. The noted errors were corrected via audit adjustments and properly reported in the FY 17 CAFR.

[33]*Codification of Governmental Accounting Standards,* Section 1600 a.

We recommend DHSS' MAAS manager work with DOA DOF accountants to develop year-end procedures to ensure all Medicaid expenditures and revenues are reported accurately and in accordance with general accepted accounting principles.

Recommendation No. 2017-034

DHSS' Finance and Management Services (FMS) assistant commissioner should develop and implement written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

FMS staff inaccurately reported federal awards expended for 85 programs on DHSS' FY 17 preliminary SEFA submitted to DOF in October 2017, which resulted in over-reporting federal awards by approximately $48 million. Additionally, pass-through amounts to other State agencies were erroneously omitted from the SEFA, and subrecipient totals for 16 programs were not supported by the accounting records. Material errors were corrected by agency staff and expenditures were accurately presented in the FY 17 statewide SEFA.

According to FMS management, the discrepancies resulted from challenges converting to the new State accounting system. Additionally, there were inadequate procedures, specifically a lack of written procedures for preparing and reviewing the SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[34] Furthermore, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.[35]

Inaccurate SEFA reporting increases the risk of financial reporting errors. Additionally, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend the DHSS' FMS assistant commissioner develop and implement written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

[34] 2 CFR 200.510.

[35] 2 CFR 200.61 defines internal controls as a process, implemented by a non-federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) effectiveness and efficiency of operations; (b) reliability of reporting for internal and external use; and (c) compliance with applicable laws and regulations.

Finding Number: 2017-035
Prior Year Finding Number: 2016-034
Compliance Requirement: Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

Program:
U.S. Department of Agriculture

Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC)
CFDA #: 10.557
Award #: 7AK700AK7
Award Years: 10/01/2015 – 09/30/2016,
10/01/2016 – 09/30/2017

U.S. Department of Health and Human Services

Adoption Assistance – Title IV-E
CFDA #: 93.659
Award #: 1601AKADPT, 1701AKADPT
Award Years: 07/01/16 - 9/30/17

Social Services Block Grant
CFDA #: 93.667
Award #: G-1701AKSOSR
Award Years: 10/01/16 – 09/30/2018

Children's Health Insurance Program
CFDA #: 93.767
Award #: 05-1605AK5021, 1705AK0301
Award Years: 10/01/15 - 9/30/2017
10/01/16 – 09/30/2018

Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Award #: Various
Award Years: 07/01/2016 – 09/30/2017

Block Grants for the Prevention and Treatment of Substance Abuse
CFDA #: 93.959
Award #: 3B08TI01000-16S1,
2B08TI010000-17
Award Years: 10/01/2015 – 09/30/2017
10/01/2016 – 09/30/2018

Recommendation - We recommend that the Department of Health and Social Services (DHSS) Finance and Management Services (FMS) follow its internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for all funds, which includes the ability to generate appropriate reports over expenditures. In order to prevent significant errors in the financial records as well as prevent possible irregularities, including fraud, to exist and continue without notice, we recommend that all accounts, accruals, and reconciliations be reviewed on a periodic basis.

Criteria – 2 CFR Section 200.510(b) requires grantees that have a federal single audit to "prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with §200.502, Basis for determining federal awards expended."

Further, as per 2 CR Part 200, a State must adopt its own written fiscal and administrative requirements for expanding and accounting for all funds, which are consistent with the provisions of the Uniform Guidance, and extend such policies to all sub-recipients.

These fiscal and administrative requirements must be sufficiently specific to ensure that: funds are used in compliance with all applicable Federal statutory and regulatory provisions, costs are reasonable and necessary for operating these programs, and funds are not used for general expenses required to carry out other responsibilities of a State or its sub-recipients.

Condition – Procedures developed and implemented by FMS were not adequate to enable an accurate reconciliation of program expenditure details to total expenditures presented on the SEFA.

We noted significant variances with respect to FMS' identified SEFA expenditures, for its major programs, as compared to the corresponding program expenditure details. After multiple iterations, DHSS ultimately reconciled major program expenditures to the supporting details.

Questioned Costs – Not determinable.

Context – This is a condition identified per review of FMS' compliance with specified requirements.

Effect - Accounting tasks, such as periodic reconciliations, play a key role in proving the accuracy of accounting data and information included in various interim financial statements and/or Federal reports. A lack of timely preparation of complete and accurate reconciliations results in the absence of adequate control over both cash receipts and disbursements.

Cause - DHSS did not have adequate reporting processes and tools available to properly implement the existing procedures for the purpose of preparing and reporting the SEFA.

<u>Finding Number: 2017-036</u>
Prior Year Finding Number: N/A
Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Non-Payroll Activities

Program:
U.S. Department of Agriculture

Special Supplemental Nutrition Assistance Program
for Women, Infants, and Children (WIC)
CFDA #: 10.557
Award #: 7AK700AK7
Award Years: 10/01/2015 – 09/30/2016,
10/01/2016 – 09/30/2017

Recommendation - We recommend that DHSS' Division of Public Assistance (DPA) improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for expenditures.

Criteria – In accordance with 2 CFR 200.303, non-federal entities receiving federal awards (i.e., auditee management) must establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award.

In addition, 2 CFR Section 200.403 states "except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

(g) Be adequately documented."

Condition – We selected 99 transactions and noted 2 transactions had been erroneously charged to the program.

Questioned Costs – Below reporting threshold.

Context – This is a condition identified per review of DPA's compliance with specified requirements. The total amount of non-payroll expenditures charged to the program in fiscal year 2017 approximated $21.0 million.

Effect – DPA is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause – Turnover in both program and accounting staff resulted in transactions not being coded to the correct federal program.

Finding Number: 2017-037
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:
U.S. Department of Agriculture

Special Supplemental Nutrition Assistance Program
for Women, Infants, and Children (WIC)
CFDA #: 10.557
Award #: 7AK700AK7
Award Years: 10/01/2015 – 09/30/2016,
10/01/2016 – 09/30/2017

Recommendation – We recommend that DHSS' DPA and FMS Revenue Unit comply with the provisions of the CMIA agreement and request Federal funds consistent with the CMIA agreement funding techniques and clearance patterns for this program.

Criteria – The Uniform Guidance in 2 CFR Section 200.303 requires that non-Federal entities receiving Federal awards (i.e. auditee management) must establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Per 2 CFR Section 200.305(a), "For states, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR Part 205."

Per 31 CFR Section 205.11(a), "A State and a Federal Program Agency must minimize the time elapsing between the transfer of funds from the United States Treasury and the State's payout of funds for Federal assistance program purposes, whether the transfer occurs before or after the payout of funds."

Condition **–** We reviewed 21 out of 176 drawdowns made during fiscal year 2017, totaling approximately $4.4 million and noted 1 transaction where a portion of the requested drawdown was requested before the actual expenditures were incurred.

Questioned Costs **–** Not determinable.

Context – This is a condition identified per review of DHSS' compliance with specified requirements of the CMIA agreement. Total fiscal year 2017 drawdown requests approximately $21.2 million.

Effect – DHSS is not in compliance with the provisions of the CMIA agreement and cash management requirements.

Cause **–** DHSS did not appear to exercise due diligence in requesting Federal funds consistent with the CMIA agreement and its actual cash needs and in following internal procedures over reviews and authorizations.

Finding Number: 2017-038
Prior Year Finding Number: N/A
Compliance Requirement: Subrecipient Monitoring

Program:
U.S. Department of Agriculture

Special Supplemental Nutrition Assistance Program
for Women, Infants, and Children (WIC)
CFDA #: 10.557
Award #: 7AK700AK7
Award Years: 10/01/2015 – 09/30/2016,
10/01/2016 – 09/30/2017

Recommendation **–** We recommend that the Finance and Management Services Grants and Contracts Unit update their sub-awards to reference Uniform Guidance instead of OMB Circular A-133.

Criteria – 2 CFR 200.331(a) states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification(s). When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

Condition **–** During our testing, DHSS' subaward template and subrecipient terms, conditions and assurances reference OMB Circular A-133 instead of the Uniform Guidance requirements.

Questioned Costs **–** Not determinable.

Context **-** This is a condition identified per review of DHSS' compliance with specified requirements. We reviewed 5 out of 11 subawards.

Effect - Failure to provide subrecipients with correct and applicable laws and regulations could result in noncompliance.

Cause – DHSS does not appear to have adequate policies and procedures in place to ensure that corresponding changes to laws and regulations are appropriately effected in its subawards.

Finding Number: 2017-039
Prior Year Finding Number: N/A
Compliance Requirement: Subrecipient Monitoring

Program:
U.S. Department of Health and Human Services

Social Services Block Grant
CFDA #: 93.667
Award #: G-1701AKSOSR
Award Years: 10/01/2016 – 09/30/2018

Recommendation - We recommend that the Finance and Management Services Grants and Contracts Unit update their sub-awards to reference Uniform Guidance instead of OMB Circular A-133.

Criteria - 2 CFR 200.331(a) states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification(s). When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

Condition - During our testing, DHSS' subaward template and subrecipient terms, conditions and assurances reference OMB Circular A-133 instead of the Uniform Guidance requirements.

Questioned Costs **–** Not determinable.

***Context* -** This is a condition identified per review of DHSS' compliance with specified requirements. We reviewed 4 out of 6 subawards.

Effect - Failure to provide subrecipients with correct and applicable laws and regulations could result in noncompliance.

Cause - DHSS does not appear to have adequate policies and procedures in place to ensure that corresponding changes to laws and regulations are appropriately effected in its subawards.

Finding Number: 2017-040
Prior Year Finding Number: N/A
Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Non-Payroll Activities

Program:
U.S. Department of Health and Human Services

Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Award #: Various
Award Year: 07/01/2016 – 09/30/2017

Recommendation - We recommend that DHSS' Division of Health Care Services (DHCS) strengthen its internal control procedures to ensure that claims are not paid to recipients that do not have active eligibility status on the date of service. In addition, we recommend a review of the functionality of the Medicaid Management Information System (MMIS) to ensure the system is configured to limit payments to individuals with active eligibility status in the system.

Criteria –2 CFR 200.53 allowable cost principles dictate that federal funds should not be expended on individuals not yet determined to be eligible recipients.

Further, 2 CFR 200.303 requires that non-federal entities receiving federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition – In our review of the claims expenditure population, we noted there were claim lines without eligibility subtypes. This accounted for 376 individual claims expenditures, of which 368 had associated payments.

***Questioned Costs* –** $164,726

Context – This is a condition identified per review of DHCS' compliance with specified requirements. The payments associated with the 368 individual claims amounted to $164,726.

Effect – Noncompliance with program requirements could result in disallowance of costs and claimants could be receiving services that they are not entitled to receive under the program.

Cause – DHCS did not appear to follow its existing policies and procedures to ensure a consistent and systematic review of the data in its claimant files.

<u>Finding Number: 2017-041</u>
Prior Year Finding Number: N/A
Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Non-Payroll Activities

Program:
U.S. Department of Health and Human Services

Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Award #: Various
Award Year: 07/01/2016 – 09/30/2017

Recommendation – We recommend that DHSS' FMS improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for expenditures.

Criteria – In accordance with 2 CFR 200.303, non-federal entities receiving federal awards (i.e., auditee management) must establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award.

In addition, 2 CFR Section 200.403 states "except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

(g) Be adequately documented."

Condition – We selected 60 transactions and noted 2 transactions had been erroneously charged to the program.

Questioned Costs **–** Below reporting threshold.

Context – This is a condition identified per review of FMS' compliance with specified requirements. The total amount of non-payroll, non-claims expenditures charged to the program in fiscal year 2017 approximated $68.0 million.

Effect **–** FMS is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause **–** FMS did not consistently adhere to its internal policies and procedures to ensure that transactions are properly supported and authorized to ensure costs are allowable.

Finding Number: 2017-042
Prior Year Finding Number: N/A
Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Non-Payroll Activities

Program:
U.S. Department of Health and Human Services

Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Award #: Various
Award Year: 07/01/2016 – 09/30/2017

Recommendation - We recommend that DHSS' DHCS comply with the provisions of the Medicaid Payment Regulations 7 AAC 105 – 7 AAC 160 and pay Medicaid providers the lowest of the specified payment rates established in the Alaska Administrative Code.

Criteria **–** Per the provisions of 7 AAC 145.020, the Department will pay a provider for a covered service at the lowest of the specified payment rate established in 7 AAC 105 – 7 AAC 160; providers billed charges, or provider's lowest charge that is advertised, quoted, posted, billed, or discounted for that unit of service and provided on the same date.

Condition **–** We selected 29 transactions and noted 1 manually priced claim where the provider had been paid at a rate which differed from what the supporting schedules and regulations required.

Questioned Costs **–** None.

Context **–** This is a condition identified per review of DHCS' compliance with specified requirements. The total amount of manually priced claim expenditures charged to the program in fiscal year 2017 approximated $22.0 million.

Effect **–** DHCS is not in compliance with the stated provisions. Providers were not paid amounts allowed by regulation(s).

Cause **–** DHSS' sub-contractor incorrectly paid an amount which was less than required and not in compliance with the methods identified in the Alaska Administrative Code 7 AAC 105- 7 AAC 160.

<u>Finding Number: 2017-043</u>
Prior Year Finding Number: 2016-031, 2016-032, 2016-033
Compliance Requirement: Eligibility

Program:
U.S. Department of Health and Human Services

Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Award #: Various
Award Year: 07/01/2016 – 09/30/2017

Recommendation – We recommend that DHSS' DPA:

- Perform regular reviews of the data in its participant case files to ensure accuracy and completeness and confirming that only eligible participants are receiving the entitled benefits.
- Continue to leverage technology and update work processes to ensure timely

processing of eligibility determinations.
- Provide training on processes highlighting the importance of utilizing case notes to document income verification.
- Provide training on system changes and create audit trails for income verification.

Criteria – Plan and eligibility requirements must comply with Federal, state, and local requirements.

2 CFR Section 200.303, requires that non-federal entities receiving federal awards (i.e., auditee management) must establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition **–** DPA is responsible for determining participant eligibility. During our testing, we noted that DPA did not have consistent monitoring processes in place to review the eligibility determinations made.

In our review of 60 participant case files, we identified the following:

- For 2 participant files, DHSS was unable to provide signed applications.
- For 19 participant files, DHSS did not process the application within the 30-day required timeframe.
- For 1 participant file, there was no evidence that income or resources had been verified.
- For 1 participant, DHSS did not verify the citizenship of the applicant.
- For 12 participant files, DHSS did not process a recertification within the required 12-month timeframe.

Questioned Costs **–** Not determinable.

Context – This is a condition identified per review of DPA's compliance with specified requirements.

Effect **–** Noncompliance with program requirements could result in disallowances of program costs and ineligible recipients could be receiving benefits that they are not entitled to receive.

Cause **–** Staff turnover resulted in inconsistent review of the data in participant case files.

<u>Finding Number: 2017-044</u>
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions - Utilization Control and Program Integrity

Program:
U.S. Department of Health and Human Services

Medicaid Cluster
CFDA #: 93.775, 93.777, 93.778
Award #: Various
Award Year: 07/01/2016 – 09/30/2017

Recommendation – DHSS' DHCS should adhere to and execute its sampling plan for conducting Surveillance and Utilization Reviews (SURs) to ensure the program is in compliance with the specified requirement.

Criteria - The State plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long-term care institutions. In addition, the State must have (1) methods or criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures, developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials (42 CFR parts 455, 456, and 1002).

Suspected fraud should be referred to the State Medicaid Fraud Control Unit (MFCU) (42 CFR part 1007).

The State Medicaid agency must establish and use written criteria for evaluating the appropriateness and quality of Medicaid services. The agency must have procedures for the ongoing post-payment review, on a sample basis, of the need for and the quality and timeliness of Medicaid services. The State Medicaid agency may conduct this review directly or may contract with a Quality Improvement Organization.

Condition - DHCS did not properly execute its sampling plan for conducting SURs reviews, therefore the necessary controls or procedures to safeguard against unnecessary utilization care and services and to identify, investigate, and refer suspected fraud cases was not in compliance with the approved plan.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHCS' compliance with specified requirements.

Effect - Failure to identify potential fraud may result in unnecessary utilization of medical care and services. A lack of conducting the required SURs reviews could restrict DHCS' ability to make referrals to the MFCU.

Cause - DHCS added to the SURs level of effort during the year to identify fraud, waste, and abuse by reconciling all claims contained in the Account Reconciliation Management (ARM) project associated with an approved CMS good faith waiver that enabled DHSS to re- process a high volume of claims encompassing multiple years.

Finding Number: 2017-045
Prior Year Finding Number: N/A
Compliance Requirement: Subrecipient Monitoring

Program:
U.S. Department of Health and Human Services

Block Grants for Prevention and Treatment of Substance Abuse
CFDA #: 93.959
Award #: 3B08TI01000-16S1, 2B08TI010000-17
Award Years: 10/01/2015 – 09/30/2017
10/01/2016 – 09/30/2018

Recommendation - We recommend that the Finance and Management Services Grants and Contracts Unit update their sub-awards to reference Uniform Guidance instead of OMB Circular A-133.

Criteria - 2 CFR 200.331(a) states that all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes certain information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification(s). When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.

Condition - During our testing, DHSS' subaward template and subrecipient terms, conditions and assurances reference OMB Circular A-133 instead of the Uniform Guidance requirements.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHSS' compliance with specified requirements. We reviewed 12 out of 25 subawards.

Effect - Failure to provide subrecipients with correct and applicable laws and regulations could result in noncompliance.

Cause - DHSS does not appear to have adequate policies and procedures in place to ensure that corresponding changes to laws and regulations are appropriately effected in its subawards.

Recommendation No. 2017-046

DHSS' FMS assistant commissioner should take measures to resolve shortfalls.

The *State Budget Act* provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Six potential shortfalls previously identified in the FY 16 Single Audit were still outstanding in the following amounts as of February 2018:

Appropriation	Appropriation Title	Amount
H297	Mandatory Automated Child Welfare Info & Billing Sys Impvmts	$174,810
H264	MH Housing - Home Modification & Upgrades to Retain Housing	$8,824
HUBC	Dept of Health & Social Services – Unbudgeted Capital RSAs	$300,311
H001 (BFY 2016)	Alaska Pioneer Homes	$483,596
H007	Public Health	$1,556,610
H012	Medicaid Services	$8,715,671

According to DHSS management, shortfalls in appropriations H297, HUBC, H001, and H007 stemmed from IRIS implementation and conversion issues resulting in untimely billings and uncollected revenues. The shortfall in appropriation H264 is due to the Mental Health Trust Authority disallowing certain DHSS program expenditures. Additionally, management stated the shortfall in appropriation H012 was due to the FY 14 AHE system conversion, which resulted in reprocessed Medicaid claims falling outside the federal reporting time limits. The shortfalls represent unauthorized use of general funds.

Additionally, four FY 17 potential shortfalls were identified as follows:

Appropriation	Appropriation Title	Amount
H324	Medicaid Management Information System Reprocurement	$3,511,336
H260	MH Home Modification & Upgrades to Retain Housing	$7,355
H001 (BFY 2017)	Alaska Pioneer Homes	$66,141
H009	Departmental Support Services	$464,564

According to DHSS management, the revenue shortfall in appropriation H324 was due to CMS disallowing expenditures that were claimed beyond the period of availability. According to DHSS management, claiming was delayed due to litigation with the system development contractor, XEROX State Healthcare, LLC. The shortfall in appropriation H260 was caused by the Alaska Housing Finance Corporation (AHFC) disallowing expenditures funded by AHFC dividends. For appropriation H001, DHSS staff failed to bill the Veterans

Administration timely. Staff turnover contributed to the delay in billing and collection of revenue. DHSS staff could not provide a specific explanation for the shortfall in appropriation H009.

We recommend DHSS' FMS assistant commissioner take measures to resolve revenue shortfalls, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary. Additionally, we recommend the assistant commissioner improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

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DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (DLWD)

Six recommendations were made to DLWD in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016*. Prior year Recommendation No. 2016-041 is resolved. Prior year Recommendation Nos. 2016-039, 2016-040, and 2016-042 were not a significant issue in the current year and are not reiterated in this report. Prior year Recommendation Nos. 2016-037 and 2016-038 are not resolved and are reiterated in this report as Recommendation Nos. 2017-047 and 2017-048 respectively.

Two new recommendations have been made during the FY 17 statewide single audit and are included as Recommendation Nos. 2017-049 and 2017-050. One recommendation has been made to both DLWD and the Department of Administration (DOA) and is included as Recommendation No. 2017-016 on page II-27 of DOA's Section II.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-047

DLWD's Administrative Services Division (ASD) director should ensure uncollectible accounts receivable in the Unemployment Compensation Fund (UCF) are reported in accordance with general accepted accounting principles.

Prior Finding

DLWD staff did not establish an allowance for uncollectible accounts receivable from FY 09 through FY 16. Instead, uncollectible accounts were written off once they were determined uncollectible. The failure to establish an allowance for doubtful accounts resulted in overstating accounts receivable and misstating revenues and expenditures by indeterminate amounts. The inability to establish an allowance was due to a lack of available resources and staffing to conduct the analysis needed to estimate uncollectible accounts receivables.

DLWD management is responsible for ensuring financial accounting internal controls are adequate for proper reporting. Generally accepted accounting principles[36] require that losses (accounts receivables that will not be recovered) be recognized and reported in the same period that the asset is recognized.

Legislative Audit's Current Position

An allowance for uncollectible accounts was not established during FY 17 and DLWD staff continued to write off accounts determined uncollectible during the year. The failure to establish an allowance for uncollectible accounts resulted in overstating the accounts receivable balance as of June 30, 2017, and misstating revenues and expenditures accounts by indeterminate amounts.

DLWD attempted to resolve the finding by hiring a temporary accountant in October 2017 to perform the analysis necessary to estimate uncollectible accounts. The accountant proposed an adjustment to establish an allowance in November 2017 based on specific assumptions and summary information from DLWD's subsystem. The adjustment was rejected by auditors due to a lack of detail system information to support the collectability assumptions and a lack of evidence to support the reliability of the summary data.

We again recommend DLWD's ASD director ensure UCF accounts receivable are reported in accordance with generally accepted accounting principles.

[36]Codification of Governmental Accounting and Financial Reporting Standards N50.113.

Recommendation No. 2017-048

DLWD's ASD director should work with the department's finance officer to improve accounting for UCF activity.

Prior Year Finding

Multiple errors were identified in accounting for UCF activity in FY 16. Specifically:

- Assessed fraud penalties were recorded as reductions to expenses rather than revenues to the fund. Additionally, the fraud penalties receivable account had a negative balance due to DLWD's method of accounting for collections and write-offs, which is inconsistent with generally accepted accounting principles.[37] The misstated amounts could not be determined due to differences in accounting for this activity in the State's accounting system versus the UCF subsystem and a lack information regarding the age of receivables that were written off or collected.

- DLWD did not process the FY 16 year-end transaction to clear the UCF suspense receipts liability account. The year-end balance was $1,136,952 and represents amounts that likely should have been allocated to revenue or expense accounts. DLWD was unable to provide adequate support to allow for a correcting audit adjustment.

Legislative Audit's Current Position

DLWD staff did not make significant progress in addressing this finding in FY 17. Assessed fraud penalties continued to be recorded as reductions to expenditures rather than revenues of the fund. The fraud penalties receivable account had a negative balance of <$164,006> as of June 30, 2017. In November 2017, DLWD staff proposed an adjustment to correct the negative receivable amount. However, the adjustment methodology was flawed because it did not properly evaluate the collectability of the inception-to-date balance of the fraud penalties receivable account recorded in the UCF subsystem. The proposed adjustment was not processed and the negative receivable was reported in the FY 17 Comprehensive Annual Financial Report.

Additionally, DLWD again did not process the year-end transaction to clear the UCF suspense receipts liability account. The FY 17 year-end balance of the suspense account was $1,451,512. The error causes an overstatement of liabilities and unknown misstatements to revenue and expense accounts. This error was not addressed by DLWD staff due to competing priorities and staff turnover.

We again recommend DLWD's ASD director work with the department's finance officer to improve accounting for UCF activity.

[37]Codification of Governmental Accounting and Financial Reporting Standards N50.104(b), N50.114, and N50.115.

Recommendation No. 2017-049

DLWD's ASD director should improve written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

Division staff inaccurately reported federal awards expended on the department's FY 17 preliminary SEFA. Additionally, the department's accounting records did not support the pass through expenditures to other State agencies for two programs. Once identified by the auditor, the errors were corrected by agency staff and expenditures were accurately presented in the FY 17 statewide SEFA.

The federal expenditure errors were due to inaccurate report parameters used to identify federal awards expended in the State accounting system. Additionally, according to management, some of the errors noted above resulted from inadequate procedures based on unclear instructions provided by DOA, Division of Finance. Furthermore, DLWD's written procedures did not provide adequate instructions for preparing and reviewing the SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[38] Per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.

Inaccurate SEFA reporting increases the risk of financial reporting errors. Additionally, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in a federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding or terminating funding.

We recommend DLWD's ASD director improve written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

Recommendation No. 2017-050

DLWD's ASD director should strengthen information technology (IT) controls in accordance with state security policy.

Control deficiencies were identified in DLWD's IT system and related procedures. The control deficiencies were mainly due to human error.

The State of Alaska's Information Security Policies provide specific information and timelines related to the identified deficiencies and should be followed by all State agencies.

[38] 2 CFR 200.510.

The IT control deficiencies increase the risk of loss or manipulation of sensitive data.

We recommend DLWD's ASD director strengthen IT controls in accordance with State security policy.

Auditor's Note

The details related to this control weakness and the relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate, confidential document.

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT (DCCED)

Two recommendations were made to DCCED in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016*. Prior year Recommendation No. 2016-044 is resolved. Prior year Recommendation No. 2016-043 was not a significant issue in the current year and is not reiterated in this report.

One new recommendation has been made during the FY 17 statewide single audit and is included as Recommendation No. 2017-051.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-051

DCCED's Division of Administrative Services (DAS) director should develop and implement written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

DAS staff inaccurately reported federal awards expended on the department's FY 17 preliminary SEFA for three programs. Additionally, the department's accounting records did not support the subrecipient totals for two programs and the pass through expenditures to other State agencies for two programs. Once identified, the errors were corrected by agency staff and expenditures were accurately presented in the FY 17 statewide SEFA.

According to DCCED management, the discrepancies were the result of human error and a lack of understanding of pass through reporting requirements. Furthermore, DAS staff lacked written procedures for preparing and reviewing the SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[39] Additionally, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.

Inaccurate SEFA reporting increases the risk of financial reporting errors. Furthermore, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend DCCED's DAS director develop and implement written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

[39] 2 CFR 200.510.

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DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS (DMVA)

One recommendation was made to DMVA in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation No. 2016-045 is not fully resolved and is reiterated in this report as Recommendation No. 2017-053.

One new recommendations has been made during the FY 17 statewide single audit and is included as Recommendation No. 2017-052.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-052

DMVA's Division of Administrative Services (DAS) director should improve written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

Division staff inaccurately reported pass through expenditures to State agencies for six programs. Once identified by the auditors, the errors were corrected by agency staff and expenditures were accurately presented in the FY 17 statewide SEFA.

According to DMVA management, the discrepancies resulted from inadequate procedures based on unclear instructions provided by the Department of Administration, Division of Finance. Furthermore, changes to the new accounting and reporting systems contributed to the challenges in documenting adequate instructions for preparing and reviewing the SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[40] Additionally, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.

Inadequate SEFA preparation and review procedures increases the risk of financial reporting errors. Furthermore, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend DMVA's DAS director improve written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

Recommendation No. 2017-053

DMVA's DAS director should take measures to resolve shortfalls.

The *State Budget Act* provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

One potential shortfall previously identified in FY 16 was still outstanding in FY 17 in the following amount:

Appropriation	Appropriation Title	Amount
35091-15	Military Veterans Affairs	$126,697

[40] 2 CFR 200.510.

According to DMVA management, the revenue shortfall was caused by problems with recording revenues in the new State accounting system; however, management could not provide further explanation on what specific problems were encountered. According to DMVA management, a continued lack of resources due to staff turnover contributed to the delay in fully resolving the shortfall. The shortfall represents unauthorized use of general funds.

We recommend DMVA's DAS director take measures to resolve the shortfall including collecting any remaining revenue due if possible, and requesting a supplemental appropriation if necessary.

DEPARTMENT OF NATURAL RESOURCES (DNR)

Four recommendations were made to DNR in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation Nos. 2016-046 through 2016-049 are resolved.

Eight new recommendations have been made during the FY 17 statewide single audit and are included as Recommendation Nos. 2017-054 through 2017-061.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-054

DNR’s Division of Support Services director should improve written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

Division staff inaccurately reported federal awards expended on DNR’s FY 17 preliminary SEFA for 18 programs. Additionally, DNR’s accounting records did not support the subrecipient expenditures for five programs. Once identified, the errors were corrected by agency staff and expenditures were accurately presented in the statewide SEFA.

According to DNR management, the discrepancies resulted from challenges with the conversion to the new State accounting system. Furthermore, DNR’s written procedures did not provide adequate instructions for preparing and reviewing the SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[41] Additionally, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.

Inadequate SEFA preparation and review procedures increases the risk of financial reporting errors. Furthermore, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend DNR’s Division of Support Services director improve written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

Recommendation No. 2017-055

DNR’s Division of Forestry deputy director should improve procedures to ensure personal services costs are allowable, accurately calculated, and supported by required documentation.

Review of FY 17 United States Forest Service (USFS) Fire Suppression Program personal service expenditures identified a high degree of noncompliance with policies and procedures. A statistically valid random sample of 40 and a judgmental sample of 21 were selected from a total universe of 1,103 timesheets. Testing identified the following instances of noncompliance:

[41] 2 CFR 200.510.

- Thirty-seven state employee timesheets[42] were not supported by the federally required OF-288 timesheet. The errors occurred due to DNR management not actively requiring the federal timesheet be turned in once an employee returned from an out-of-area fire assignment.

- Twenty-four state employee timesheets were supported by the federal OF-288 timesheet; however, the number of hours recorded for eight[43] did not match. DNR management lacked procedures to ensure the state and federal timesheets reported the same amount of hours worked for each day.

- All nine timesheets[44] with days worked in excess of a 16 hour work day or when there was no 2:1 work-rest ratio[45] did not include a written justification. DNR management lacked procedures requiring employees to submit a written justification with their timesheet.

- Three timesheets[46] were not signed by employees due to human error.

- Sixteen timesheets[47] recorded additional compensation for meal breaks, shift differential, hazard, or standby pay when the timesheet indicated the employee traveled between fires. There was inadequate supporting documentation to demonstrate the reasonableness of such charges for the time the individual was traveling. DNR lacks written procedures to ensure timesheets clearly indicate travel time. Additionally, policies do not address the allowability of additional compensation when in travel status.

The multiple instances of noncompliance resulted in questioned costs totaling $484,065. Federal regulation 2 CFR § 200.430(a)(1) states that costs of compensation are allowable if the cost is reasonable for the services rendered and conforms to the established written policy of the non-federal entity. Federal regulation 2 CFR § 200.430(i) also states that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

The USFS Fire Suppression Program is administered through a Master Cooperative Wildland Fire Management Agreement[48] (Master Agreement) between USFS, Bureau of Land Management, and DNR. Per this agreement, OF-288 timesheets are required to be completed, signed, and retained. DNR's procedures[49] state that fire personnel time is kept on the OF-288. For regular State employees, the OF-288 is mandatory for out-of-area assignments

[42]Twenty-two random selected and 15 judgmentally selected timesheets.
[43]Five random and three judgmentally selected timesheets.
[44]Six random and three judgmentally selected timesheets.
[45]A 2:1 work-rest ratio requires an employee who works a 16 hour work shift to rest for at least 8 hours before beginning another shift.
[46]Two random and one judgmentally selected timesheets.
[47]Twelve random and four judgmentally selected timesheets.
[48]Master agreement number 15-FI-11100100-016.
[49]2016 Alaska Incident Management Handbook.

and must accompany the regular State timesheet. Written justification is required for hours worked in excess of a 16 hour day or when an employee does not meet the 2:1 work-rest ratio.

We recommend DNR's Division of Forestry deputy director improve procedures to ensure personal services costs charged to the USFS Fire Suppression Program are allowable, accurately calculated, and supported by required documentation.

CFDA: 10.U08	Federal Agency: USDA
Questioned Costs: $484,065	Material Weakness, Noncompliance
CFDA: 10.U09	Allowable Costs/Cost Principles
Questioned Costs: None	

Recommendation No. 2017-056

DNR's Division of Forestry deputy director should ensure only allowable costs are charged to the USFS Fire Suppression Program.

The review of non-personal service expenditures identified unallowable costs billed to the USFS Fire Suppression Program in FY 17. Testing of a statistically valid sample of 25 non-personal service expenditures identified six unallowable aviation offset transactions. Aviation offsets are indirect cost recovery rates applied to third party aviation invoices and submitted to the federal agency for reimbursement. Based on expanded testing, the audit identified a total of $67,936 unallowable aviation offset costs billed to the federal program.

The USFS Fire Suppression Program is administered through a Master Agreement[50] between USFS, the Bureau of Land Management, and DNR. Aviation offset indirect costs were not identified as an allowable cost in the Master Agreement. Furthermore, per federal regulation 2 CFR § 200.19, indirect cost plans are required to be reviewed, negotiated, and approved by the federal cognizant agency.

The aviation offset rates were not reviewed and approved by the USFS. DNR management reviewed and approved the rate as calculated by a contractor; however, management was not aware the rate must be federally approved.

We recommend DNR's Division of Forestry deputy director ensure only allowable costs are charged to the USFS Fire Suppression Program.

CFDA: 10.U08	Federal Agency: USDA
Questioned Costs: $67,936	Noncompliance
CFDA: 10.U09	Allowable Costs/Cost Principles
Questioned Costs: None	

[50]Master agreement number 15-FI-11100100-016.

Recommendation No. 2017-057

DNR's Division of Forestry deputy director and the Department of Administration's (DOA) Division of Personnel (DOP) director should work together to improve timesheet processing procedures for the USFS Fire Suppression Program.

DOP staff calculates and enters timesheets on behalf of DNR's Division of Forestry. The audit of FY 17 USFS Fire Suppression Program[51] personal service expenditures identified various compensation calculation errors made by DOP staff.[52] Testing of a statistically valid sample of 40 random and 21 judgmentally selected timesheets from a total universe of 1,103 timesheets identified 10 timesheets[53] that were calculated incorrectly. The inaccurate calculations resulted in $2,244 of unallowable expenditures charged to the federal program. Projecting the error to the total population identified likely questioned costs greater than $25,000.

Per federal regulation 2 CFR § 200.430(i), charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

DOP management stated the errors were due to lack of an automated data entry and calculation function for the time system, a high volume of timesheets that require manual calculations for various compensation requirements, and staff turnover. The audit noted review procedures were insufficient to identify and correct the calculation errors.

We recommend DNR's Division of Forestry deputy director and DOA's DOP director work together to improve timesheet processing procedures for the USFS Fire Suppression Program.

CFDA: 10.U08
Questioned Costs: $2,244
CFDA: 10.U09
Questioned Costs: None

Federal Agency: USDA
Significant Deficiency, Noncompliance
Allowable Costs/Cost Principles

[51]Master Agreement number 15-FI-11100100-016.
[52]Calculations including shift differential, holiday, overtime, standby, and meal pay.
[53]Four random and six judgmentally selected timesheets.

Recommendation No. 2017-058

DNR's Division of Forestry deputy director and DOA's DOP director should work together to strengthen system controls over the emergency fire fighter (EFF) time system.

A review of FY 17 EFF time system controls identified the following weaknesses:

- No record of names associated with user identifications (ID). State of Alaska Information Security Policy (ISP) 171 5.1.2 requires a record be maintained of all IDs assigned with access to computers, systems networks, and applications.

- No documented formal requests were required or approved to authorize users' access to the EFF system. ISP 171 5.4.1 requires the use of a formal request process for all access to computers, networks, or applications.

- Fifty active user IDs were determined to be invalid accounts. ISP 171 5.4.4 requires that all user accounts be authorized and be based on a business need related to the user's duties.

- No reconciliation of the interface between the EFF time system and the State's payroll system. The Alaska Administrative Manual (AAM) 05.020 requires each State agency to adopt methods to periodically assess risk, and develop, implement, and review its system of internal control. AAM 05.110 lists reconciliations as a common control activity that provide reasonable assurance of the accuracy of financial records through periodic comparison of source documents to data recorded in accounting information systems.

Due to unique characteristics of the EFF timesheets, DNR uses a standalone time system housed on the State's mainframe to record EFF time. DOP staff enters time into the EFF time system on behalf of DNR employees. Per DOP management, the division relied on the mainframe system controls and were not aware of their responsibility to maintain controls over the EFF time system. Additionally, according to DOP management, a lack of resources limited staff's ability to perform reconciliations.

Federal regulation 2 CFR § 200.430(i) requires personnel expense records to be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Lack of adequate system controls increases the risk of unauthorized system use, including risk of data manipulation and inaccurate expenditures charged to the USFS Fire Suppression Program.

We recommend DNR's Division of Forestry deputy director and DOA's DOP director work together to strengthen system controls over the EFF time system.

CFDA: 10.U08, 10.U09	Federal Agency: USDA
Questioned Costs: None	Significant Deficiency
	Allowable Costs/Cost Principles

Recommendation No. 2017-059

DNR's Division of Forestry deputy director should ensure federally reimbursed expenditures are supported by the State's accounting records.

DNR's 2017 bill for collection[54] to the USFS Fire Suppression Program was not fully supported by the State's accounting records. DNR is allowed to bill $350,000 for administrative overhead; however, only $175,000 of administrative expenditures were identifiable for this program in the State's accounting system for FY 17. Additionally, $11,556 in direct expenditures included in DNR's FY 17 bill for collection were not supported by the State's accounting records.

The Master Agreement[55] provides guidance over cash management and prescribes that for fires outside of Alaska, DNR will bill the USFS for reimbursable costs. The agreement allows for an administrative overhead rate of 15 percent, not to exceed a maximum of $350,000 per calendar year. Per federal regulation 2 CFR § 200.403, costs must meet general criteria in order to be allowable. General criteria includes that costs must be necessary and reasonable for the performance of the federal award and be adequately documented.

Per DNR management, the bill for collection was sent to USFS for payment before all reimbursable costs were appropriately coded to the federal program. Unsupported billings resulted in $186,556 in known questioned costs.

We recommend DNR's Division of Forestry deputy director ensure federally reimbursed expenditures are supported by the State's accounting records.

CFDA: 10.U08	Federal Agency: USDA
Questioned Costs: $186,556	Noncompliance
CFDA: 10.U09	Cash Management
Questioned Costs: None	

[54] Bill number MZD17-04 REV dated November 20, 2017.
[55] Master Agreement number 15-FI-11100100-016.

Recommendation No. 2017-060

DNR's Division of Forestry deputy director should ensure the purchase of aircraft rental services for the USFS Fire Suppression Program complies with appropriate State procurement statutes.

Division of Forestry solicitation for aircraft rentals was not in compliance with the State's procurement laws. Division of Forestry management solicited for aircraft rental agreements on its website, stating aircraft agreements are accepted between January 1st and March 15th of each year for the upcoming fire season. Aircraft rental agreements are received from vendors with the aircraft information, including rental rates. Division of Forestry staff then selects a vendor who submitted an agreement based on need and availability during the fire season. In FY 17, one aircraft rental vendor was used for the USFS Fire Suppression Program out of 25 agreements received. The aircraft rental agreement process did not adhere to the competitive sealed bid or proposal and award process outlined in Article 02 and 03 of the State Procurement Code as documented in AS 36.30.100 through AS 36.30.270.

Division of Forestry management believed that the procurement complied with emergency procurement law AS 36.30.310. Per this statute, emergency procurement may be used when there exists a threat to public health, welfare, or safety, when a situation exists that makes a procurement through competitive seal bidding or competitive seal proposals impracticable or contrary to the public interest, or to protect public or private property. The statute also requires a written determination of the basis for the emergency by the chief procurement officer be made. Since the aircraft rental agreements are solicited prior to the occurrence of an emergency condition and no written determination was made by the chief procurement officer, DNR's solicitation did not meet the requirements of the emergency procurement statute.

Per the Master Agreement,[56] the Division of Forestry must abide by the State procurement code. By not complying with State procurement statutes, potential vendors may not have been aware of the solicitation, and the resulting rates may have been higher than rates from a competitive procurement process.

We recommend DNR's Division of Forestry deputy director ensure the purchase of aircraft rental services for the USFS Fire Suppression Program complies with the appropriate State procurement statutes.

CFDA: 10.U08, 10.U09
Questioned Costs: None

Federal Agency: USDA
Noncompliance
Procurement and Suspension and Debarment

[56]Master agreement number 15-FI-11100100-016.

Recommendation No. 2017-061

DNR's finance officer should take measures to resolve revenue shortfalls.

The *State Budget Act* provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

One potential FY 17 shortfall was identified:

Appropriation	Appropriation Title	Amount
NUBC (BFY 2014)	DNR – Unbudgeted Capital RSAs	$26,324

According to DNR management, the shortfall is associated with services that have been billed to other State agencies; however, the billings were not processed timely due, in part, to staff turnover or lack of staff resources. Due to the shortfall, unauthorized general funds were expended.

We recommend DNR's finance officer take measures to resolve the shortfall, including collecting any remaining revenue due if possible, and requesting a supplemental appropriation if necessary. Additionally, we recommend DNR's finance officer improve procedures over

DEPARTMENT OF FISH AND GAME (DFG)

One recommendation was made to DFG in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation No. 2016-050 is not a significant issue in the current year and is not reiterated in this report.

One new recommendation has been made during the FY 17 statewide single audit and is included as Recommendation No. 2017-062.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-062

DFG's Division of Administrative Services (DAS) director should improve written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

Division staff inaccurately reported federal awards expended on DFG's FY 17 preliminary SEFA for four programs, pass through expenditures to other State agencies for one program, and subrecipient expenditures for two programs. Furthermore, 20 subrecipients were incorrectly listed as external pass through organizations. Once identified by the auditor, the errors were corrected by agency staff, and expenditures were accurately presented in the FY 17 statewide SEFA.

According to management, the discrepancies resulted from human error and misinterpretation of instructions from the Department of Administration's Division of Finance about reporting subrecipient and pass through amounts. Additionally, DFG's written procedures did not provide adequate instructions for preparing and reviewing the SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[57] Furthermore, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.

Inadequate SEFA preparation and review procedures increases the risk of financial reporting errors. Furthermore, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in a federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend DFG's DAS director improve written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

[57] 2 CFR 200.510.

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DEPARTMENT OF PUBLIC SAFETY (DPS)

One recommendation was made to DPS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation No. 2016-051 is not resolved and is reiterated as part of a new expanded current year Recommendation No. 2017-063.

No new recommendations have been made during the FY 17 statewide single audit.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-063

DPS' finance officer should take measures to resolve revenue shortfalls.

The *State Budget Act* provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

One shortfall identified in FY 13 was outstanding in FY 17 in the following amount:

Appropriation	Appropriation Title	Amount
47863-13	Bureau of Highway Patrol – Special Project – RSA	$4,304,930

One potential FY 17 shortfall was identified:

Appropriation	Appropriation Title	Amount
P600	Council on Domestic Violence and Sexual Assault	$916,648

The revenue shortfall in appropriation 47863-13 is due to the federal agency declining reimbursement for unallowable State expenditures. Specifically, under an agreement between DPS and the Department of Transportation and Public Facilities (DOTPF), DPS conducted driving under the influence enforcement activities. The agreement was funded by federal grants from the National Highway Traffic Safety Administration (NHTSA). DPS activities conducted in 2009 through 2011 were subject to the NHTSA management review, which found lack of documentation and questionable activities. NHTSA declined reimbursement for the activities. DOTPF subsequently informed DPS that no alternate funding was available. As a result of the shortfall, unauthorized general funds were expended.

According to DPS management, the revenue shortfall in appropriation P600 was due to failure by DPS accounting staff to monitor collections. The appropriation was funded through the Recidivism Reduction Fund which had available fund balance, however the appropriate transactions were not processed, resulting in the shortfall.

We recommend DPS' finance officer collect any remaining revenue due, if possible. Additionally, we recommend the DPS finance officer improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

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DEPARTMENT OF ENVIRONMENTAL CONSERVATION (DEC)

One recommendation was made to DEC in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation No. 2016-052 is resolved.

One new recommendation has been made during the FY 17 statewide single audit and is included as Recommendation No. 2017-064.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-064

DEC's Division of Administrative Services (DAS) director should develop and implement written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

During FY 17, DAS lacked effective controls to ensure the SEFA was accurate, complete, and supported by the accounting records. Specifically, DAS lacked procedures to ensure financial reporting parameters were accurate, and adequate documentation regarding the preparation and review of the SEFA was retained.

Per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls. Furthermore, per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.

According to DEC management, staff relied on general instructions from the Department of Administration's Division of Finance. The lack of controls over the preparation and review of the SEFA increases the risk of financial reporting errors and the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend DEC's DAS director develop and implement written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

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DEPARTMENT OF CORRECTIONS (DOC)

No recommendations were made to DOC in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.*

No new recommendations have been made during the FY 17 statewide single audit.

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOTPF)

Ten recommendations were made to DOTPF in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.* Prior year Recommendation No. 2016-058 is resolved. Prior year Recommendation Nos. 2016-060 through 2016-062 were not a significant issue in the current year and are not reiterated in this report. Prior year Recommendation Nos. 2016-053 through 2016-057 and 2016-059 are not resolved, and are reiterated in this report as Recommendation Nos. 2017-065 through 2017-068, 2017-070, and 2017-074 respectively.

Five new recommendations have been made during the FY 17 statewide single audit and are included as Recommendation Nos. 2017-069, 2017-071 through 2017-073, and 2017-075.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

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Recommendation No. 2017-065

DOTPF's Administrative Services Division (ASD) director should ensure financial transactions are properly coded to the correct fiscal year.

Prior Finding

From mid-July through August 2015, DOTPF staff erroneously recorded all FY 15 capital appropriation expenditures to FY 16. This resulted in understated capital project fund expenditures of $5.9 million, general fund expenditures of $34.7 million, and associated revenue earned but unbilled of $21.6 million. This error was due in part to the State's conversion to a new accounting system, IRIS, in July 2015.

Between July and August 2016 (FY 16 reappropriation period), DOTPF staff again struggled to record expenditures to the correct fiscal year. A total of $24.5 million FY 16 expenditures, associated revenues of $9.9 million, and associated unavailable revenues of $8.6 million were erroneously recorded to FY 17. Errors were caused by DOTPF staff's lack of detailed review and understanding of the fiscal year effect on financial reporting.

According to governmental accounting standards,[58] most expenditures are measurable and should be reported when the liability is incurred. All transactions identified as being in error were for goods or services received (liability incurred) during FY 15 and FY 16. The errors in both FY 15 and FY 16 were ultimately corrected and properly reported in the respective FY 15 and FY 16 Comprehensive Annual Financial Reports (CAFR).

Legislative Audit's Current Position

DOTPF staff failed to consistently record expenditure activity to the correct fiscal year during the FY 17 reappropriation period. A statistically valid sample selection of 81 financial transaction lines processed during the reappropriation period identified 16 lines incorrectly coded to FY 18.

The errors resulted in an understatement of general fund FY 17 expenditures of $3.3 million, associated revenues of $553 thousand, and associated unavailable revenue of $803 thousand. The volume of errors continue to show a lack of detailed review and understanding of the fiscal year effect on financial reporting. These errors were ultimately corrected and properly reported in the FY 17 CAFR.

We again recommend DOTPF's ASD director ensure financial transactions are properly coded to the correct fiscal year.

[58]*Codification of Governmental Accounting and Financial Reporting Standards 1600.116.*

Recommendation No. 2017-066

DOTPF's ASD director should ensure necessary revenue accruals are correctly recorded at fiscal year-end.

Prior Finding

DOTPF accounting staff did not perform the FY 15 year-end accounting entry to record earned but unbilled revenues. Without the entry, unavailable revenue and receivables in FY 15 were understated by $152.9 million. The error was due to the implementation of the State's new accounting system, IRIS, in July 2015, resulting in additional work for DOTPF accounting staff. DOTPF accounting staff did not understand the impact on the CAFR of not performing the year-end revenue accrual and focused limited resources on IRIS conversion activities.

During FY 16, DOTPF accounting staff struggled to accurately accrue revenues. Significant FY 16 errors included:

- Not recording a revenue accrual of $7 million relating to unprocessed expenditure allocations at fiscal year-end. The expenditure allocations were not processed by fiscal year-end due to the associated funding profiles not being validated in the accounting system.

- Posting the FY 16 year-end accounting entry to record $212.5 million of earned but unbilled general fund revenues (unavailable revenues) to an incorrect account. Additionally, staff understated unavailable revenues by $30.3 million. These errors were due to mistakes by DOTPF staff in the selection of the proper balance sheet account code for the accrual and use of incorrect parameters in the financial reports supporting the year-end revenue accrual.

- FY 16 general fund billed revenues of $64.3 million were erroneously coded to FY 17. While this error was identified and corrected by the Department of Administration (DOA) Division of Finance (DOF), the correcting entry was not properly considered by DOTPF accounting staff in the DOTPF year-end revenue accrual. This resulted in a $64.3 million overstatement to general fund unavailable revenue and a $58.1 million understatement to general fund revenues. The errors were caused by DOTPF staff failing to modify IRIS receivable documents to the correct fiscal year during the reappropriation period and not considering the cumulative effect and methodology used for determining revenue adjustments to the draft FY 16 CAFR.

The FY 15 and FY 16 errors were ultimately corrected by audit adjustments and properly reported in the respective CAFRs.

Governmental accounting standards[59] state that on either basis of accounting (modified accrual or full accrual), recognition of non-exchange transactions in the financial statements is required unless the transactions are not measurable or collection is not probable.

Legislative Audits Current Position

During FY 17, DOTPF accounting staff made improvements to their year-end revenue processes by processing the majority of expenditure allocations prior to year-end, and developing an unavailable revenue accrual. However, staff continued to struggle with the completeness and accuracy of reporting year-end revenues. Specifically:

- DOTPF accounting staff did not record an unavailable revenue accrual of $1.1 million relating to unprocessed expenditure allocations at fiscal year-end. No accrual was performed due to a lack of formal year-end procedures relating to recording revenue accruals.

- During the appropriation period, IRIS defaults to recording revenue to the current fiscal year (FY 18). Agency staff must either modify the IRIS receivable document posting incorrectly to FY 18 or process adjustments to properly record the revenue to the correct fiscal year. DOTPF did not identify and properly change the fiscal year to FY 17 or record adjustments for all applicable IRIS documents that had automatically defaulted to FY 18. Management stated that, due to the volume of lines within each IRIS receivable document, it would not be efficient to correct the fiscal year on each individual line. Furthermore, management stated that staff lacked a way to identify amounts recorded to the wrong fiscal year in order to process an adjustment.

  DOA DOF staff developed a financial report to identify the amount of the error, which was reviewed by DOTPF revenue staff. The adjustment processed by DOF identified general fund revenues of $55.3 million and unavailable revenues of $4.9 million as being erroneously recorded to FY 18. However, errors in DOF's financial report resulted in a $4.4 million overstatement of general fund revenues, and overstatement of $1.8 million in unavailable revenues.

- DOTPF accounting staff incorrectly calculated and posted the FY 17 year-end revenue accrual. Specifically, DOTPF accounting staff did not post the accrual to the correct balance sheet accounts. Additionally, the DOF adjustment to correct reappropriation period revenues erroneously recorded to FY 18 was not considered in the year-end revenue accrual. The errors resulted in an overstatement of general fund due from other governments of $78.1 million, an overstatement of $287 thousand to expenditures, an understatement of $24.6 million in accounts receivable, and a $53.9 million overstatement to unavailable revenues.

[59]*Codification of Governmental Accounting and Financial Reporting Standards N50.108.*

Each of the above noted errors was ultimately corrected via audit adjustments and properly reported in the FY 17 CAFR.

We again recommend DOTPF's ASD director ensure necessary revenue accruals are correctly recorded at fiscal year-end to ensure all revenues are reported in the appropriate fiscal year. Correctly recording revenue should be a priority during the reappropriation period.

Recommendation No. 2017-067

DOTPF's ASD director should improve internal controls to ensure expenditures are supported and properly recorded in the financial system.

Prior Finding

Testing of 109 DOTPF non-personal service transactions processed during FY 16 identified the following errors:

- Two payments for $73.2 thousand were not fully supported by an invoice, and therefore the amount paid did not match supporting documents.

- Two payments totaling $619 thousand did not include evidence of approval by an authorized DOTPF employee.

- Ten payments for $11.7 million were coded to incorrect appropriations or funds based on supporting documentation. The majority of errors totaling $11.6 million were the result of DOTPF's cost allocation structures not being finalized in IRIS when the system went live July 2015. DOTPF staff used temporary coding with the intention of reclassifying transactions to the correct appropriations before the end of FY 16. The reclass did not occur.

- Temporarily coded general fund transactions totaling an estimated $9.2 million were not reconciled and correctly reclassified by the end of FY 16. An estimated $1.9 million of the $9.2 million should not have been recorded as general fund.

DOTPF's internal controls over expenditures did not adequately ensure expenditure transactions were fully supported, approved, and correctly coded in the accounting system. The errors were not adjusted in the FY 16 CAFR; however, additional fieldwork was completed on material funds and accounts to ensure financial statements were materially correct.

Legislative Audit's Current Position

Testing of FY 17 non-personal service transactions found the transactions were properly supported and approved. However, not all temporary coded expenditure transactions were posted to the correct project structures in IRIS by the end of FY 17. General fund expenditures remaining in temporary coded status totaled an estimated $1.9 million, of which $46 thousand related to FY 17 activity. DOTPF continues to temporary code transactions to allow vendor invoices to be paid timely while awaiting the finalization of project structures in IRIS.

DOTPF accounting staff did not fully ensure all temporary coded transactions were posted to the correct accounting structures in FY 17 due to competing priorities related to the continued implementation of IRIS. Additionally, some temporary coded transactions relate to projects that have closed since the related transaction processed and the appropriation no longer has available authorization to cover the temporarily coded amount.

Generally accepted accounting principles[60] state that the proper terminology and appropriate classification is essential through the budgeting, accounting, and reporting process. Not ensuring temporarily coded amounts are posted timely to the correct IRIS project structures limits the ability of the department to track project expenditures and could result in overspending appropriations.

We again recommend DOTPF's ASD director improve internal controls to ensure expenditures are supported and properly recorded in the financial system. Improvements should include ensuring all temporarily coded expenditures are recoded to the correct appropriation and fund.

Recommendation No. 2017-068

DOTPF's ASD should improve procedures to accurately report capital assets.

Prior Finding

DOTPF's FY 16 infrastructure (IF) and construction in progress (CIP) listings submitted to DOF contained significant errors. Specifically, errors included:

- Forty-two of 69 projects added by DOTPF to the FY 16 IF listing did not meet the capitalization criteria and should have been expensed. This resulted in a net overstatement to DOTPF's reported IF of $208.6 million.

- Twenty-three of 146 projects tested on DOTPF's FY 16 CIP listing did not meet the capitalization criteria and should have been expensed. This resulted in an overstatement to DOTPF's reported CIP of $64.5 million.

[60]*Codification of Governmental Accounting and Financial Reporting Standards 1800.101.*

- Five of 69 projects added by DOTPF to the FY 16 IF listing were added at the incorrect amount. This resulted in an understatement to DOTPF's IF listing of $7.5 million.

- Five of 146 projects tested on DOTPF's FY 16 CIP listing were recorded with an incorrect capitalizable amount. This understated DOTPF's CIP listing by $20.4 million.

- Eight of 69 projects added by DOTPF to the IF listing were previously recorded to infrastructure. The double recording of these projects overstated DOTPF reported IF listing by $102.8 million.

- Fifteen of 146 projects tested on DOTPF's reported FY 16 CIP listing should have been moved to DOTPF's FY 16 IF listing. This resulted in an overstatement to DOTPF's CIP listing of $139.2 million, net understatement to DOTPF's IF listing of $127.9 million, and understatement of transportation depreciation expenditures of $11.3 million.

Each of the noted errors was corrected via adjustments and properly reported in FY 16 CAFR.

Errors in DOTPF's IF and CIP listings were due to insufficient training and a lack of review of the listings before submission to DOF staff. Additionally, the effect of FY 15 audit adjustments was not considered when compiling the FY 16 information.

According to governmental accounting standards,[61] capital assets should be reported at historical cost and include all tangible or intangible assets used in operations that have initial useful lives extending beyond a single reporting period. The Alaska Administrative Manual[62] (AAM) stipulates that repair and maintenance costs are expenditures and should not be capitalized.

Legislative Audit's Current Position

DOTPF's FY 17 IF and CIP listings submitted to DOF continued to contain significant errors. Specifically, errors include:

- Twenty-two of 63 projects added by DOTPF to the FY 17 IF listing did not meet the criteria for IF and should have remained in CIP resulting in a net IF overstatement of $74.3 million, transportation expenditure overstatement of $2.3 million, and CIP understatement of $76.6 million.

- Fifteen of 63 projects added by DOTPF to the FY 17 IF listing were added with an incorrect capitalization date resulting in an understatement to IF of $2.7 million and an overstatement to transportation expenditures in the same amount.

[61]*Codification of Governmental Accounting and Financial Reporting Standards 1400.102-103.*
[62]AAM 55.040 Capital Assets Repairs, Improvements, Betterments, and Additions.

- Ninety-five of 192 expensed projects tested should have been capitalized as CIP, resulting in a $211.6 million CIP understatement, and transportation expenditures overstatement in the same amount.

- Four of 192 expensed projects tested should have been capitalized as IF, resulting in a $56.9 million IF understatement, and transportation expenditures overstatement in the same amount.

- Nine of 93 projects tested on DOTPF's CIP listing should have been moved to DOTPF's FY 17 IF listing, resulting in a $164.3 million CIP overstatement, $140.9 million IF understatement, and $23.4 million transportation expenditures understatement.

- Seven of 93 projects tested on DOTPF's CIP listing did not meet the capitalization criteria and should have been expensed, resulting in a $27.5 million DOTPF CIP overstatement and an understatement to transportation expenditures in the same amount.

Additionally, the CIP listing provided to DOF for the FY 17 CAFR did not adequately report current year CIP additions, and the CIP and IF listings were provided to DOF the week of October 16, 2017, over four weeks late. This resulted in DOF not having the necessary information to properly calculate FY 17 CIP additions for footnote reporting, and the inability of Legislative Audit to audit the CIP and IF listings timely.

Errors in DOTPF's FY 17 IF and CIP listings were due to lack of review of the listings before submission to DOF staff. Late submission of the IF and CIP listing was the result of competing priorities. Each of the noted errors were ultimately corrected via audit adjustments and properly reported in FY 17 CAFR.

We again recommend DOTPF's ASD director improve procedures to accurately and timely report capital assets to DOF.

Recommendation No. 2017-069

DOTPF's commissioner should promote strong internal controls over financial accounting and reporting.

As described in Recommendations Nos. 2017-063 through 2017-066 above, the financial audit of the FY 17 CAFR identified multiple significant deficiencies in internal controls over DOTPF's accounting and reporting of financial activity. When considered together, the deficiencies represent a material weakness in internal controls over the State of Alaska's basic financial statements. A material weakness is defined as 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. The errors noted in Recommendations Nos. 2017-063 through 2017-066, if left unadjusted, may have materially misstated the CAFR.

The implementation of IRIS in FY 16 contributed to the deficiencies noted in Recommendation Nos. 2017-063 through 2017-066. Implementation required DOTPF accountants establish new project accounting structures, which were not fully in place at the time of conversion. The finalization and validation of project accounting structures after the system went live required a substantial amount of DOTPF accounting staff resources. Furthermore, with the implementation of IRIS, new year-end processes and procedures had to be established; however, DOTPF accounting staff did not clearly understand CAFR financial reporting when creating new procedures or the accounting need for the year-end entries. Furthermore, the audit noted that turnover in capital asset accounting staff and inadequate training led to inaccurate capital asset reporting. Overall, DOTPF accounting staff, have not prioritized accurate financial reporting when faced with competing projects and limited resources.

Alaska Administrative Manual 05 addresses internal controls and departmental requirements for internal controls. Specifically, AAM 05.020 states the commissioner is ultimately responsible for maintaining and reviewing the internal controls for each department. Per AAM 05.040, "departments should annually determine if internal control modifications are needed by considering events that have occurred, processes or procedures that have changed, new projects or programs that are being planned or implemented, and other changes within the agency that may have additional risks."

Without strong internal controls over financial accounting and reporting, the department increases the risk of material misstatement in effected financial statement accounts. Additionally, the time and effort expended identifying and correcting errors caused by ineffective internal controls may delay the CAFR audit opinion.[63]

We recommend DOTPF's commissioner promote strong internal controls over financial accounting and reporting. This should include establishing clear priorities for limited resources and ensuring that the department has the resources necessary to properly account for and report financial activity.

[63]Alaska Statute 37.05.210(a)(1) – Requires the audited CAFR, for the preceding fiscal year, be provided to the governor and legislative auditor before December 16.

Recommendation No. 2017-070

The Alaska International Airport System (AIAS) controller should ensure AIAS' financial statement audit is performed timely.

Prior Finding

The AIAS FY 16 financial statement audit, performed by other auditors (OA), was not completed by the October 3, 2016, deadline established by DOF. As a result, AIAS financial activity was not included in the draft CAFR prepared by DOF.

AIAS' financial activity is reported in the CAFR as a major proprietary fund and constituted a significant component of the State's financial statements. State law (AS 37.05.210(a)(1)) requires DOF to issue the audited CAFR for the preceding fiscal year by December 15th. Due to the implementation of the State's new accounting system, IRIS, and various related issues encountered by AIAS staff, AIAS' draft audited financial statements were provided to DOF on February 22, 2017. The final OA opinion and audited financial statements were provided to DOF on April 28, 2017 – over six months after DOF's October 3rd deadline.

Legislative Audit's Current Position

The AIAS FY 17 financial statement audit, performed by OA, was not completed by the October 3, 2017, deadline established by DOF. AIAS' final audit was issued on December 27, 2017, several months after DOF's October 3rd deadline. As a result, the draft CAFR prepared by DOF did not include AIAS financial activity. AIAS audited financial activity was added to the CAFR via an audit adjustment.

According to AIAS' comptroller, the audit was delayed due to difficulties accounting for capital projects using the new accounting system. Untimely draft CAFR information decreased audit efficiency and contributed to a delay in issuing the FY 17 CAFR opinion.

We again recommend the AIAS controller ensure AIAS' financial statement audit is performed timely.

Recommendation No. 2017-071

DOTPF's ASD director should develop and implement written procedures over the preparation and review of the schedule of expenditures and federal awards (SEFA).

ASD staff inaccurately reported federal awards expended on DOTPF's FY 17 preliminary SEFA for one program. Additionally, DOTPF's accounting records did not support the subrecipient amounts for eight programs. Once identified, the errors were corrected by agency staff and the amounts were accurately presented in the FY 17 statewide SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA in accordance with federal regulation.[64] Furthermore, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.

A lack of written procedures contributed to the errors. During FY 17, DOTPF revised its methodology for preparing the SEFA. However, ASD staff did not develop written procedures to guide SEFA completion.

Inadequate SEFA preparation and review procedures increases the risk of financial reporting errors. Furthermore, because the SEFA is used to determine major programs, inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend DOTPF's ASD director develop and implement written procedures over the preparation and review of the SEFA to ensure it is accurate, complete, and supported by the accounting records.

Recommendation No. 2017-072

DOTPF's deputy commissioner over aviation should improve equipment inventory procedures to adequately track Airport Improvement Program (AIP) equipment.

DOTPF's record of AIP funded equipment[65] was incomplete and inaccurate primarily due to inadequate procedures. The incomplete records impaired auditors' ability to test equipment for compliance with federal program requirements. Specifically:

- AIAS staff could not provide a listing of AIP equipment identifying equipment location, remaining useful life, and disposal date.

- Testing of 14 pieces of State Equipment Fleet (SEF) managed AIP equipment identified eight that should not have been reported as active AIP equipment. One piece of equipment was removed from service pending disposal and seven pieces had been reassigned to other, non-AIP, uses. Furthermore, the listing was inaccurate, as two of the seven reassigned pieces of equipment were not at the location indicated in SEF's equipment list. DOPTF procedures require equipment location to be updated in SEF's equipment database when an asset changes location or use. DOTPF staff did not follow the procedure to ensure timely updates to SEF's equipment listing.

[64] 2 CFR 200.510.
[65] AIP funded equipment utilized at rural airports is under the purview of the SEF. AIP-funded equipment utilized at Anchorage International Airport and Fairbanks International Airport is under the purview of the AIAS.

Federal regulation[66] requires AIP-funded equipment be used for authorized purposes during the period of performance, or until the property is no longer needed for the purposes of the project. Federal Aviation Administration (FAA) guidelines[67] allow for reassignment of AIP equipment without reimbursement to FAA if specific conditions are met. Once reassigned, AIP equipment should be removed from AIP equipment listings. Inaccurate and incomplete equipment listings reduce management's ability to monitor equipment use and reassignment, thereby increasing the risk that AIP equipment will be misused, lost, or misappropriated.

We recommend DOTPF's deputy commissioner over aviation improve equipment inventory procedures to adequately track AIP equipment.

CFDA: 20.106 — Federal Agency: FAA
Questioned Costs: None — Significant Deficiency, Noncompliance
Equipment and Real Property Management

<u>Recommendation No. 2017-073</u>

<u>DOTPF's ASD director should improve internal controls over federal report preparation to ensure reports are accurate and supported by the accounting records</u>.

During FY 17, multiple AIP financial reports contained significant reporting errors. Specifically:

- One[68] of the nine tested Standard Form 425 federal reports submitted during FY 17 omitted 27 FFY 16 grants, resulting in a $28 million understatement to line e federal share of expenditures. According to DOTPF management, the FFY 16 grants were omitted due to failure by DOTPF staff to properly identify the grants in the State's new accounting system.

- Due to human error, three of 16 tested FAA 5100-126[69] reports for FFY 16 erroneously included amounts that were reported in the prior year. Two[70] of the three reports should not have been submitted, as there was no current year activity to report. The third report[71] error resulted in a $9,565 overstatement of the section of the report titled Property and (or) Services Provided to Other Units of Government.

[66]Title 2 CFR 200.313 (a).
[67]*FAA Order 5100.38D, Airport Improvement Program Handbook, 30 September 2014* Section 5-67 item c.
[68]FFY 16 Annual Report.
[69]Amounts paid and services provided to other units of government are reported via the FAA 5100-126 Financial Government Payment Report (OMB No. 2120-0569).
[70]The two reports were City of Seldovia and Native Village of Kiana.
[71]Report for the State of Alaska.

- Three of three tested FAA 5100-127[72] reports for FFY 16 had multiple errors. The Alaska Consolidated report did not correctly incorporate the financial information from the Ketchikan International Airport and was miscalculated, which resulted in a $1,286,586 overstatement of report line 13.0 Unrestricted Cash and Investments, a $5,809,268 understatement of expenditures (report lines 6.9 and 10.6), and a $188,624 understatement of revenues (report line 1.6). The reports for Anchorage and Fairbanks International Airports were not supported by the accounting records, and understated expenditures by $2,829,193 (line 6.9) and revenues by $476,928 (line 1.6). These errors resulted from a flaw in the report parameters used by DOTPF staff to extract financial data from the State accounting system.

The audit did not identify a significant internal control to prevent incorrect or unsupported federal reports. DOTPF management stated that supervisory review was performed on all reports prior to being submitted to the FAA. However, there was no evidence to support the review occurred. Once identified by auditors, the errors were corrected by agency staff and revised reports were submitted.

Title 2 CFR 200.327 requires states to report financial information on the forms approved by the federal Office of Management and Budget (OMB), with the frequency required by the terms and conditions of the federal award. Additionally, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls.[73] Inaccurate federal reporting limits transparency and may impair the federal agency's ability to properly oversee the program.

We recommend DOTPF's ASD director improve internal controls over federal report preparation to ensure reports are accurate and supported by the accounting records.

CFDA: 20.106	Federal Agency: FAA
Questioned Costs: None	Significant Deficiency, Noncompliance Reporting

Recommendation No. 2017-074

DOTPF's finance officer and Marine Transportation Services manager should improve controls over issuing and recouping employee advances.

Prior Finding

DOTPF staff issued over $2 million in payroll advances to Marine Highway employees over the course of approximately four years. Of this amount, $289,350 was not recouped as of the

[72]Revenues and expenditures for commercial service airports sponsored by the State are reported via the FAA 5100-127 Operating and Financial Summary (OMB No. 2120-0569). The State submits four reports: Alaska International Airport, Fairbanks International Airport, Lake Hood Airport, and an Alaska Consolidated report encompassing all other State-owned airports.

[73]2 CFR 200.61 defines internal controls as a process, implemented by a non-federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) effectiveness and efficiency of operations; (b) reliability of reporting for internal and external use; and (c) compliance with applicable laws and regulations.

end of FY 16 and represented unauthorized use of State funds. Marine Highway management reported that advances were made as an employee convenience and were allowable under union contracts. However, upon review, advances were allowable for only one of three union contracts applicable to employees who received advances. Furthermore, there was no evidence that controls existed to verify union membership prior to issuing advances. Additionally, the union contract limited advances to $500; however, 44 of 81 advances issued in FY 16 exceeded $500.

The advances were issued inappropriately and not recouped because internal controls over advances were weak or nonexistent. Specifically:

- Employees were not required to sign an agreement to repay an advance and there was no process in place to recoup funds from separated employees.

- No reconciliation was completed between issued advances and payroll recoupments.

- There was no process in place to evaluate or report the tax consequences of unrecovered advances.

Article IX, Section 13, of the State constitution says, “No money shall be withdrawn from the Treasury except in accordance with appropriations made by law.” Furthermore, AAM 05.020 requires each State agency to “adopt methods to periodically assess risk and to develop, implement, and review its system of internal controls.”

Legislative Audit’s Current Position

Although some progress was made in FY 17, additional action is still needed to resolve the finding. During FY 17, no recoupments were received and three new advances were issued totaling $2,449. Two of the three new advances were in excess of $500. The balance of unrecouped advances as of June 30, 2017, was $291,799 and represents unauthorized use of State funds. According to DOTPF management, new policies and procedures for issuing advances to marine highway employees were implemented in April 2017 and subsequently updated in September 2017. The three FY 17 advances were issued prior to April 2017.

An internal audit and reconciliation of the unrecouped advances was initiated by DOA’s Division of Personnel (DOP) during FY 17, but was not completed as of January 2018. According to DOP management, the internal audit is time consuming, as the employment history of each individual who received an advance must be researched. Once the internal audit is complete, management plans to begin recoupment of the unauthorized advances.

We again recommend DOTPF’s finance officer and Marine Transportation Services manager improve controls over issuing and recouping employee advances. Advances should be recouped to the greatest extent possible and practical.

Recommendation No. 2017-075

DOTPF's ASD director should take measures to resolve revenue shortfalls.

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 FY 17 shortfalls were identified:

Appropriation	Appropriation Title	Amount
T002 (BFY 2017)	Administration and Support	$256,781
T004 (BFY 2017)	Design, Engineering and Construction	$126,481

According to DOTPF management, the revenue shortfalls are due to a combination of errors in year-end entries. Specifically, budget transactions processed to restrict the remaining balance of the appropriations were posted backwards.

We recommend DOTPF's ASD director correct any errors contributing to the shortfalls, and request a supplemental appropriation if necessary. Additionally, we recommend the ASD director improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

ALASKA COURT SYSTEM (ACS)

No recommendations were made to ACS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016.*

No new recommendations have been made during the FY 17 statewide single audit.

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COMPONENT UNITS

One recommendation was made to the Alaska Mental Health Trust Authority (AMHTA) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2016*. Prior year Recommendation No. 2016-063 is not resolved and is reiterated in this report as 2017-076.

Two new recommendations have been made during the FY 17 statewide single audit and are included as Recommendation Nos. 2017-077, directed to the Alaska Housing Finance Corporation (AHFC) and 2017-078, directed to the Alaska Aerospace Corporation (AAC).

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Recommendation No. 2017-076

AMHTA's chief financial officer (CFO) should ensure AMHTA's financial statements are audited timely and provided to the Department of Administration (DOA) Division of Finance (DOF).

Prior Finding

The AMHTA FY 16 financial statement audit, performed by other auditors (OA), was not completed by the October 3, 2016, deadline established by DOF. As a result, AMHTA financial activity was not included in the FY 16 draft Comprehensive Annual Financial Report (CAFR) prepared by DOF.

AMHTA's financial activity is reported in the CAFR as a discretely presented component unit and constitutes a significant component of the State's financial statements. State law (AS 37.05.210) requires DOF to issue the audited CAFR for the preceding fiscal year by December 15th. Due to staff turnover within AMHTA accounting department and difficulty producing a trial balance report, AMHTA's draft audited financial statements were provided to DOF on February 28, 2017. The final OA opinion and audited financial statements were provided to DOF on March 24, 2017 – over five months after DOF's October 3rd deadline.

Legislative Audit's Current Position

The AMHTA FY 17 financial statement audit, performed by OA, was not completed by the October 3, 2017, deadline established by DOF. Vacancies in key financial positions, including the CFO, a lack of written procedures for compiling financial statements, and difficulties creating financial reports contributed to the delay. AMHTA's final audit was issued on January 16, 2018, over three months after DOF's October 3rd deadline.

Untimely draft CAFR information delayed the issuance of the CAFR, which negatively impacted decision-making by report users. Furthermore, the delay decreased audit efficiency.

We recommend AMHTA's CFO ensure AMHTA's financial statements are audited timely and provided to DOF.

Recommendation No. 2017-077

AHFC's CFO should ensure financial statements are audited timely and provided to DOF.

The FY 17 financial statement audits for the Northern Tobacco Securitization Corporation (NTSC) and the Alaska Housing Capital Corporation (AHCC), performed by OA, were not completed by October 3, 2017, the deadline established by DOF. As a result, unaudited FY 17 financial activity for NTSC and AHCC was included in the draft CAFR.

AHFC provides the fiscal support for both NTSC and AHCC, including compiling draft financial statements and overseeing the respective financial audits. NTSC and AHCC are both reported in the State's CAFR as blended component unit special revenue funds. State law (AS 37.05.210(a)(1)) requires DOF issue the CAFR for the preceding fiscal year by December 15th. NTSC's final audit was issued on November 20, 2017, and AHCC's audit was issued November 17, 2017. Both were issued over six weeks after DOF's October 3rd deadline. According to AHFC management, the audits were delayed due to a lack of available OA staff. Untimely financial OA audits contributed to the delay in issuing the FY 17 CAFR, which negatively impacted decision-making by report users. Furthermore, the delay decreased audit efficiency.

We recommend AHFC's CFO ensure financial statements are audited timely.

<u>Recommendation No. 2017-078</u>

<u>AAC's CFO should ensure financial statements are audited timely and provided to DOF</u>.

The AAC FY 17 financial statement audit, performed by OA, was not completed by October 3, 2017, the deadline established by DOF. As a result, final FY 17 financial activity for AAC was not included in the draft CAFR.

AAC financial activity is reported in the CAFR as a discretely presented component unit. State law (AS 37.05.210(a)(1)) requires DOF issue the audited CAFR for the preceding fiscal year by December 15th. AAC's final audit was provided to DOF on November 20, 2017, more than a month after DOF's October 3rd deadline.

AAC management stated that AAC's financial audit was delayed because pension schedules were provided to AAC by DOF staff late, which delayed the preparation of financial statements. Additionally, the OA had limited resources available to complete the audit timely.

Incomplete and untimely draft CAFR information delayed the issuance of the CAFR opinion, which negatively impacted decision-making by report users. Furthermore, the delay decreased audit efficiency.

We recommend AAC's CFO ensure financial statements are audited timely and provided to DOF within the deadline to allow for the timely preparation of the draft CAFR.

Part I – Summary of Auditor's Results

a) An unmodified opinion was issued on the basic financial statements of the State of Alaska.

b) Significant deficiencies and material weaknesses in internal controls over financial reporting were disclosed by the audit of the basic financial statements.

c) There were no instances of noncompliance which were material to the basic financial statements.

d) Material weaknesses in internal controls over the Special Supplemental Nutrition Program for Women, Infants, and Children, U.S. Forest Service (USFS) Fire Suppression Program, Adoption Assistance – Title IV-E, Social Service Block Grants, Children's Health Insurance Program, Medicaid Cluster, and Block Grants for Prevention and Treatment of Substance Abuse were disclosed by the audit. Additionally, significant deficiencies in internal controls over other major federal programs were disclosed by the audit.

e) The independent auditor's report on compliance with requirements applicable to each major federal program expressed an unmodified opinion on all programs except for the USFS Fire Suppression Program and the Medicaid Cluster which received a qualified opinion.

f) There were several audit findings that were required to be reported under 2 CFR 200.516(a). These are summarized in Part III of this Schedule of Findings and Questioned Costs. The detail findings and recommendations can be read in Section II – Recommendations and Questioned Costs of this report.

g) The State of Alaska has 23 major federal programs for the fiscal year ended June 30, 2017, as follows:

CFDA or Other Identifying Number	Federal Program Title
10.410	Very Low to Moderate Income Housing Loans
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
10.558	Child and Adult Care Food Program
10.601	Market Access Program
10.U08, 10.U09	USFS Fire Suppression Program
14.865	Public and Indian Housing_Indian Loan Guarantee Program
14.881	Moving to Work Demonstration Program

CFDA or Other Identifying Number	Federal Program Title
20.106	Airport Improvement Program
20.500, 20.507, 20.525	Federal Transit Cluster
20.933	National Infrastructure Investments
64.114	Veterans Housing_Guaranteed and Insured Loans
66.458	Clean Water State Revolving Funds Cluster
66.468	Drinking Water State Revolving Funds Cluster
84.010	Title I Grants to Local Educational Agencies
84.032L	Federal Family Education Loans – Lenders
90.100	Denali Commission Program
93.563	Child Support Enforcement
93.659	Adoption Assistance – Title IV-E
93.667	Social Service Block Grants
93.767	Children's Health Insurance Program
93.775, 93.777, 93.778	Medicaid Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
Various	Student Financial Assistance Cluster

h) A threshold of $13,177,599 was used to distinguish between Type A and Type B programs.

i) The State of Alaska does not qualify as a low-risk auditee.

Part II – Findings related to the Basic Financial Statements (Findings are described in detail in the preceding pages of Section II.)

Material Weaknesses

State Department	Recommendation Number
Administration	2017-009
Transportation	2017-069

Significant Deficiencies

State Department	Recommendation Number
Administration	2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, 2017-010, 2017-011, 2017-012
Revenue	2017-020
Education	2017-024
Health and Social Services	2017-032, 2017-033, 2017-034
Labor and Workforce Development	2017-047, 2017-048, 2017-049
Commerce, Community, and Economic Development	2017-051
Military and Veterans' Affairs	2017-052
Natural Resources	2017-054
Fish and Game	2017-062
Environmental Conservation	2017-064
Transportation and Public Facilities	2017-065, 2017-066, 2017-067, 2017-068 2017-070, 2017-071
Component Units	2017-076, 2017-077, 2017-078

Fraud, Non-Compliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse

None reported.

Part III – Federal Findings and Questioned Costs (Findings are described in detail in the preceding pages of Section II.)

Federal Agency/ Recommendation Number	Questioned Costs	Comments
FAA		
2017-013	Indeterminate	Noncompliance
2017-072	None	Significant Deficiency, Noncompliance
2017-073	None	Significant Deficiency, Noncompliance
USDA		
2017-013	Indeterminate	Noncompliance
2017-025	None	Significant Deficiency, Noncompliance
2017-035	Indeterminate	Material Weakness, Noncompliance
2017-036	None	Significant Deficiency, Noncompliance
2017-037	Indeterminate	Significant Deficiency, Noncompliance
2017-038	Indeterminate	Significant Deficiency, Noncompliance
2017-055	$484,065	Material Weakness, Noncompliance
2017-056	$67,936	Noncompliance
2017-057	$2,244	Significant Deficiency, Noncompliance
2017-058	None	Significant Deficiency
2017-059	$186,556	Noncompliance
2017-060	None	Noncompliance
USDHHS		
2017-013	Indeterminate	Noncompliance
2017-019	Indeterminate	Significant Deficiency, Noncompliance
2017-021	$70,270	Noncompliance
2017-022	None	Significant Deficiency, Noncompliance
2017-035	Indeterminate	Material Weakness, Noncompliance
2017-039	Indeterminate	Significant Deficiency, Noncompliance
2017-040	$164,726	Significant Deficiency, Noncompliance
2017-041	None	Significant Deficiency, Noncompliance
2017-042	None	Significant Deficiency, Noncompliance
2017-043	Indeterminate	Material Weakness, Noncompliance
2017-044	Indeterminate	Material Weakness, Noncompliance
2017-045	Indeterminate	Significant Deficiency, Noncompliance

Federal Agency/ Recommendation Number	Questioned Costs	Comments
USED		
2017-013	Indeterminate	Noncompliance
2017-026	None	Significant Deficiency, Noncompliance
2017-027	None	Significant Deficiency, Noncompliance
2017-028	None	Noncompliance
2017-029	None	Significant Deficiency, Noncompliance
2017-030	$63,259	Noncompliance

SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS AND SUPPLEMENTARY INFORMATION

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of Alaska's basic financial statements, and have issued our report thereon dated February 9, 2018.

Our report includes a reference to other auditors who audited the financial statements of the: Alaska Permanent Fund, International Airports Fund, University of Alaska, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Railroad Corporation, Alaska Energy Authority, Alaska Municipal Bond Bank Authority, Alaska Clean Water Fund, Alaska Drinking Water Fund, Retiree Health Fund, the Invested Assets Under the Investment Authority of the Commissioner of Revenue, and the Pension and Other Employee Benefit Trust Funds except for Alaska National Guard and Alaska Naval Militia Retirement Fund, as described in our report on the State of Alaska's financial statements in Section I. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Certain entities of the State of Alaska were not audited in accordance with *Government Auditing Standards.* These entities include: the Alaska Municipal Bond Bank Authority (a discretely presented component unit), the Retiree Health Fund (a proprietary fund), the

Invested Assets Under the Investment Authority of the Commissioner of Revenue (certain cash and investment accounts), and the Pension and Other Employee Benefit Trust Funds except for Alaska National Guard and Alaska Naval Militia Retirement Fund (fiduciary funds).

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Alaska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in Section II – Recommendations and Questions Costs, Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the preceding Section II - Recommendations and Questioned Costs, in Recommendations Nos. 2017-009 and 2017-069 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the preceding Section II – Recommendations and Questioned Costs, in Recommendations Nos. 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, 2017-010, 2017-011, 2017-012, 2017-020, 2017-024, 2017-032, 2017-033, 2017-034, 2017-047, 2017-048, 2017-049, 2017-051, 2017-052, 2017-054, 2017-062, 2017-064, 2017-065, 2017-066, 2017-067, 2017-068, 2017-070, 2017-071, 2017-076, 2017-077, and 2017-078 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Alaska's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 II – Recommendations and Questioned Costs. Our recommendations for these instances are identified in the Summary of Recommendations table under *Other State Issues*.

State of Alaska's Response to Findings

The State agencies' responses to the findings identified in our audit are included in the succeeding Section IV – Corrective Action Plan. The State agencies' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State of Alaska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Alaska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
February 9, 2018

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE
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Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

Report on Compliance for Each Major Federal Program

We have audited the State of Alaska's compliance with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2017. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Alaska's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the federal programs of the Department of Health and Social Services, University of Alaska, Alaska Housing Finance Corporation, Alaska Railroad Corporation, Alaska Energy Authority, Alaska Clean Water Fund, Alaska Drinking Water Fund, Alaska Student Loan Corporation, and Alaska Seafood Marketing Institute. As shown in the table on the following page, the audits of those entities and funds reflect the following percent of major federal program expenditures.

CFDA	Federal Program Title	Percent of Major Federal Program Expenditures
10.410	Very Low to Moderate Income Housing Loans	100%
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	100%
10.601	Market Access Program	100%
14.865	Public and Indian Housing_Indian Loan Guarantee Program	100%
14.881	Moving to Work Demonstration Program	100%
20.933	National Infrastructure Investments	100%
64.114	Veterans Housing_Guaranteed and Insured Loans	100%
66.458	Clean Water State Revolving Funds Cluster	100%
66.468	Drinking Water State Revolving Funds Cluster	100%
84.032L	Federal Family Education Loans (Lenders)	100%
90.100	Denali Commission	96%
93.659	Adoption Assistance – Title IV-E	100%
93.667	Social Services Block Grant	100%
93.767	Children's Health Insurance Program	100%
93.959	Block Grants for Prevention and Treatment of Substance Abuse	100%
Various	Medicaid Cluster	100%
Various	Federal Transit Cluster	91%
Various	Student Financial Assistance Cluster	99%

The above federal programs were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the compliance requirements applicable to those programs, is based solely on the report of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*,[1] issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of

[1]The standards applicable to financial audits are in chapters 1-4 of *Government Auditing Standards*.

Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Alaska's compliance.

Basis for Qualified Opinion on US Forest Service (USFS) Fire Suppression Program (CFDA 10.U08 and 10.U09)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding the USFS Fire Suppression program (CFDA 10.U08 and 10.U09) as described in Recommendation Nos. 2017-055, 2017-056, and 2017-057 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on US Forest Service (USFS) Fire Suppression Program (CFDA 10.U08 and 10.U09)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the USFS Fire Suppression program (CFDA 10.U08 and 10.U09) for the fiscal year ended June 30, 2017.

Basis for Qualified Opinion on the Medicaid Cluster (CFDA 93.775, 93.777 and 93.778)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding the Medicaid Cluster (CFDA 93.775, 93.777 and 93.778) as described in Recommendation No. 2017-035 for Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Recommendation Nos. 2017-040, 2017-041, and 2017-042 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles, Recommendation No. 2017-043 for Eligibility, and Recommendations Nos. 2017-019 and 2017-044 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on the Medicaid Cluster (CFDA 93.775, 93.777 and 93.778)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster (CFDA 93.775, 93.777 and 93.778) for the fiscal year ended June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the fiscal year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. These instances are listed in the accompanying Summary of Recommendations table and Schedule of Findings and Questioned Costs and described in detail in Section II – Recommendations and Questioned Costs as items 2017-013, 2017-021, 2017-022, 2017-025 through 2017-030, 2017-035 through 2017-039, 2017-045, 2017-059, 2017-060, 2017-072 and 2017-073. Our opinion on each major federal program is not modified with respect to these matters except for the impact of item 2017-035 on the Medicaid Cluster.

State agencies' responses to the noncompliance findings identified in our audit are included in Section IV – Corrective Action Plan. State agencies' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the State of Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs and described in detail in Section II – Recommendations and Questioned Costs as items 2017-035, 2017-043, 2017-044 and 2017-055 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs and described in detail in Section II – Recommendations and Questioned Costs as items 2017-019, 2017-022, 2017-025 through 2017-027, 2017-029, 2017-036 through 2017-042, 2017-045, 2017-057, 2017-058, 2017-072, and 2017-073 to be significant deficiencies.

State agencies' responses to the internal control over compliance findings identified in our audit are included in Section IV – Corrective Action Plan. State agencies' responses were not subject to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
May 24, 2018

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By Federal Agency
Prepared by DOF

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
U.S. Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	10.553			12,935,208	12,618,227
National School Lunch Program	10.555			37,565,834	36,959,077
National School Lunch Program (*Food Commodities*)	10.555			3,403,733	3,403,733
Summer Food Service Program for Children	10.559			1,606,211	1,493,785
Total for Child Nutrition Cluster				**55,510,986**	**54,474,822**
Food Distribution Cluster					
Commodity Supplemental Food Program	10.565			252,986	242,689
Commodity Supplemental Food Program (*Food Commodities*)	10.565			528,625	528,625
Emergency Food Assistance Program (*Administrative Costs*)	10.568			162,770	153,362
Emergency Food Assistance Program (*Food Commodities*)	10.569			1,748,493	1,748,493
Total for Food Distribution Cluster				**2,692,874**	**2,673,169**
Forest Service Schools and Roads Cluster					
Schools and Roads - Grants to States	10.665			533,453	533,453
Total for Forest Service Schools and Roads Cluster				**533,453**	**533,453**
Research and Development Cluster					
Plant and Animal Disease, Pest Control, and Animal Care	10.025			83,633	
Federal-State Marketing Improvement Program	10.156			25,283	
Specialty Crop Block Grant Program - Farm Bill	10.170			16,774	
Grants for Agricultural Research, Special Research Grants	10.200	Colorado State University	G-14026-3	7,809	
Cooperative Forestry Research	10.202			592,458	
Payments to Agricultural Experiment Stations Under the Hatch	10.203			305,217	
Sustainable Agriculture Research and Education	10.215	Utah State University	140867035-247	7,429	
Sustainable Agriculture Research and Education	10.215	Utah State University	140867045-121	14,457	
Sustainable Agriculture Research and Education	10.215	Utah State University	150893-00001-181	4,197	
Sustainable Agriculture Research and Education	10.215	Utah State University	WSARE GW15-005	918	
Sustainable Agriculture Research and Education	10.215			5,422	
				32,423	-
1890 Institution Capacity Building Grants	10.216			612	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	10.228			1,603,613	100,446
Agriculture and Food Research Initiative (AFRI)	10.310	University of Hawaii	MA110010 / Z986079-01	51,346	
Agriculture and Food Research Initiative (AFRI)	10.310	Virginia Polytech Institute	2016-67003-24944	4,611	
				55,957	-
Forestry Research	10.652	University of Montana	PG 16-65035-01	(12,004)	
Forestry Research	10.652			9,222	
				(2,782)	-
Rural Development, Forestry, and Communities	10.672			7,142	
Wood Utilization Assistance	10.674			58,980	
Forest Health Protection	10.680			143,877	
Watershed Restoration and Enhancement Agreement Authority	10.693			25,063	
Partnership Agreements	10.699			239,640	
Soil and Water Conservation	10.902			11,802	
Soil Survey	10.903			63,112	
Bridge Inspection	10.RD		G00010109	30,100	

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, 2017
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Prepared by DOF

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
Coastal margin carbon cycling in the Alaskan perhumid coastal temperate rainforest	10.RD		G00010250	35,653	
Cofiring wood pellets with coal at electrical generating facilities in Alaska	10.RD		G00009612	8,466	
Critical zone measurements in the perhumid coastal temperate rainforest of Southeast Alaska	10.RD		G00009615	18,300	
Modeling stream ecosystem dynamics to support river restoration and management	10.RD		G00010715	69,019	
Monitoring with Forest Inventory and Analysis in Tanana Valley State Forest	10.RD		G00009133	55,349	
Tongass Rare Plant Species Assessment	10.RD		G00009709	2,765	
UAF support for "Wood energy in Alaska: quantifying environmental and socioeconomic benefits"	10.RD		G00009170	8,435	
USDA AHAP - GINA	10.RD		G00011076	19,806	
Waterbirds on the Copper River Delta (FS CESU)	10.RD		G00010530	1,851	
Where Culture & Ecology Meet: Merging Key Cultural Functions, Plants & Animals, Habitat Ecology in SEAK	10.RD		G00008170	30,726	
Wicking Fabric	10.RD		G00010854	8,932	
Total for Research and Development Cluster				**3,560,015**	**100,446**
Supplemental Nutrition Assistance Program (SNAP) Cluster					
Supplemental Nutrition Assistance Program	10.551			183,539,665	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			10,891,841	17,312
Total for Supplemental Nutrition Assistance Program (SNAP) Cluster				**194,431,506**	**17,312**
Plant and Animal Disease, Pest Control, and Animal Care	10.025			269,734	
Wildlife Services	10.028			13,815	
Inspection Grading and Standardization	10.162			824	
Market Protection and Promotion	10.163			3,818	
Specialty Crop Block Grant Program - Farm Bill	10.170			214,871	(7,831)
Organic Certification Cost Share Programs	10.171			10,263	
Higher Education - Institution Challenge Grants Program	10.217	Purdue University	8000064676-AG	20,801	
Higher Education - Institution Challenge Grants Program	10.217	University of Missouri	C00041710-3	50,249	
				71,050	-
Homeland Security_Agricultural	10.304	University of California, Davis	201303063-05 (201223902-05)	(18)	
Homeland Security_Agricultural	10.304	University of California, Davis	201603794-05	4,702	
				4,684	-
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328	University of Idaho	BLK246-SB-002	22,780	
Crop Protection and Pest Management Competitive Grants	10.329	University of California, Davis	2014-70006-22629	15,000	
Crop Protection and Pest Management Competitive Grants	10.329			119,670	
				134,670	-
Very Low to Moderate Income Housing Loans	10.410			124,367,761	
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	10.443			36,258	
Cooperative Extension Service	10.500	Kansas State University	S16078	34,610	
Cooperative Extension Service	10.500	Pennsylvania State University	5356-UAF-USDA-4341	27,204	
Cooperative Extension Service	10.500	University of Missouri	C00051968-5	14,928	
Cooperative Extension Service	10.500			2,322,058	
				2,398,800	-

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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
Professional Standards for School Nutrition Employees	10.547			15,402	1,456
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			21,413,460	6,260,474
Child and Adult Care Food Program	10.558			9,896,022	9,676,409
Child and Adult Care Food Program (***Food Commodities***)	10.558			17,987	17,987
State Administrative Expenses for Child Nutrition	10.560			1,326,172	249,957
WIC Farmers' Market Nutrition Program (FMNP)	10.572			131,014	
Team Nutrition Grants	10.574			110,715	(649)
Senior Farmers Market Nutrition Program	10.576			50,969	47,203
SNAP Partnership Grant	10.577	Oklahoma State Dept. of Health	PO# 3409018697 Rev. 4	15,775	
ARRA-WIC Grants To States (WGS)	10.578			43,703	
Child Nutrition Discretionary Grants Limited Availability	10.579			129,356	82,434
Fresh Fruit and Vegetable Program	10.582			1,869,946	1,815,983
Market Access Program	10.601			4,250,522	
Cooperative Forestry Assistance	10.664			2,914,938	386,787
Wood Utilization Assistance	10.674			162,794	
Forest Legacy Program	10.676			5,726	
Forest Health Protection	10.680			119,871	
Good Neighbor Authority	10.691			37,512	
Water and Waste Disposal Systems for Rural Communities	10.760			10,310,323	829,793
Solid Waste Management Grants	10.762			108,067	
Rural Cooperative Development Grants	10.771			216,393	
Plant Materials for Conservation	10.905			31,590	
Regional Conservation Partnership Program	10.932			19,890	
Biomass System Performance Grant	10.U01		JV 11261975 061	3,475	
Miscellaneous US Forest Service-Fisheries Research	10.U02		14-CS-11100400-021	1,950	
Miscellaneous US Forest Service-Fisheries Research	10.U03		AG-0109-C-14-0002	116,194	
Miscellaneous US Forest Service-Wildlife Research	10.U04		AG-0109-C-14-0013	6,920	
Miscellaneous US Forest Service-Wildlife Research	10.U05		AG-0116-P-149-0012	3,589	
16 Pioneer Hotshot Crew	10.U06		12PA11100100009 M	122,580	
Young Growth SE	10.U07		15CS11100106809	1,717,149	
16 USFS Fire Suppression (AKDF070002)	10.U08		15-FI-11100100-016	9,564,687	
17 USFS Fire Suppression (AKDF070002)	10.U09		15-FI-11100100-016	131,754	
Tanana Valley FIA Inventory	10.U10		15JV11261939053	24,370	
17 Hotshot Crew	10.U11		17FI11100100005	53,579	
16 FIA Inventory	10.U12		2016JV11261919028	1,235,398	
Federal Travel	10.U13		Federal Travel	2,139	
Forestry Travel	10.U14		Forestry Travel	10,613	
USFS Contract-Fish passageways on Mitkof, Hydaburg and Yakutat Highways	10.U15		USFS 07-RO-11100100-076	3	
The University of Alaska Southeast GIS Library & the Southeast Alaska Hydrography Database	10.U16		G00007725	69,211	
Alaska Coastal Rainforest Center Director Support	10.U17		G00008142	65,068	
Interior Reindeer Herding	10.U18		G00010394	4,566	
Stonework Base UAS/PNW	10.U19		G00011092	23,286	
Total for U.S. Department of Agriculture				**450,632,840**	**77,159,205**
U.S. Department of Commerce					
Economic Development Cluster					
Economic Adjustment Assistance	11.307			7,409,508	
Total for Economic Development Cluster				**7,409,508**	-
Research and Development Cluster					
Ocean Exploration	11.011			1,826,366	124,065
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2300-	10,246	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2300-51	93,193	

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STATE OF ALASKA
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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2300-52	10,000	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2300-59	134,580	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2300-64	11,197	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2300-66	14,383	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2300-69	54,008	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2300-80	38,962	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-50	5,999	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-51	7,642	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-52	86,507	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-64	99,287	
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2404-00	5,138	
Integrated Ocean Observing System (IOOS)	11.012			467,741	183,066
				1,038,883	183,066
Sea Grant Support	11.417	University of Hawaii	6102193 | PO NO.	1,002	
Sea Grant Support	11.417			2,035,016	154,930
				2,036,018	154,930
Coastal Zone Management Estuarine Research Reserves	11.420			606,526	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	Sitka Sound Science Center Inc	NA15NMF4270271	58,648	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			98,028	
				156,676	-
Climate and Atmospheric Research	11.431			1,087,623	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432			1,415,657	
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	11.438	Bering Sea Fisherman's Association	AC-1511D REVISION 2	38,322	
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	11.438			121,505	
				159,827	-
Marine Mammal Data Program	11.439	Alaska Native Harbor Seal Commission	Sub-award 8/1/15; MOD 1 8/26/16	20,055	
Marine Mammal Data Program	11.439	Alaska SeaLife Center	R0110-02	47,591	
Marine Mammal Data Program	11.439			704,322	9,226
				771,968	9,226
Unallied Industry Projects	11.452	Pacific States Marine Fisheries Commission	16-102G	13,518	
Unallied Industry Projects	11.452	Pacific States Marine Fisheries Commission	16-103G	80,933	
				94,451	-
Habitat Conservation	11.463			183,658	
Meteorologic and Hydrologic Modernization Development	11.467	UCAR Office of Programs	Subaward Z16-23490	4,683	
Meteorologic and Hydrologic Modernization Development	11.467			351,993	
				356,676	-
Applied Meteorological Research	11.468			92,649	
Unallied Science Program	11.472	North Pacific Research Board	1501	3,437	
Unallied Science Program	11.472	North Pacific Research Board	1520	252	

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
Unallied Science Program	11.472	North Pacific Research Board	1607	57,316	
Unallied Science Program	11.472	North Pacific Research Board	1608	29,561	
Unallied Science Program	11.472	North Pacific Research Board	1612	124,848	
Unallied Science Program	11.472	North Pacific Research Board	1613	41,116	
Unallied Science Program	11.472	North Pacific Research Board	1616	18,123	
Unallied Science Program	11.472	North Pacific Research Board	1426B / F6426-00	71,722	
Unallied Science Program	11.472	North Pacific Research Board	1427C	160,592	
Unallied Science Program	11.472	North Pacific Research Board	1503 / F6503-00	60,598	
Unallied Science Program	11.472	North Pacific Research Board	1504 / F6504-00	46,157	
Unallied Science Program	11.472	North Pacific Research Board	1506 / F6506-01	5,545	
Unallied Science Program	11.472	North Pacific Research Board	1508 F6508-00	149,339	
Unallied Science Program	11.472	North Pacific Research Board	1515B	80,129	
Unallied Science Program	11.472	North Pacific Research Board	1521 F6521-00	35,398	
Unallied Science Program	11.472	North Pacific Research Board	1533 / F6533-02	74,401	
Unallied Science Program	11.472	North Pacific Research Board	A91-00A	303,525	
Unallied Science Program	11.472	North Pacific Research Board	A97-00	3,473	
Unallied Science Program	11.472	North Pacific Research Board	A98-00A	2,195	
Unallied Science Program	11.472	North Pacific Research Board	G81/F5381-01 YR 4&5	61,631	28,375
Unallied Science Program	11.472	North Pacific Research Board	G84/F5384-02	8,255	
Unallied Science Program	11.472	North Pacific Research Board	NPRB Project 1409	7,738	
Unallied Science Program	11.472	North Pacific Research Board	Project #1302	3,316	
Unallied Science Program	11.472	North Pacific Research Board	Project #1303	13,238	
Unallied Science Program	11.472	North Pacific Research Board	Project #1323	50,953	
Unallied Science Program	11.472	North Pacific Research Board	Project #1410	32,366	
Unallied Science Program	11.472	North Pacific Research Board	Project #1415	89,667	
Unallied Science Program	11.472	North Pacific Research Board	Project #1420	8,036	
Unallied Science Program	11.472	North Pacific Research Board	Project #1427	(45,290)	
Unallied Science Program	11.472	Prince William Sound Science Ctr	12-81-03	155,065	
Unallied Science Program	11.472	Prince William Sound Science Ctr	12-81-06	29,272	
Unallied Science Program	11.472	Prince William Sound Science Ctr	12-81-07	71,534	
Unallied Science Program	11.472	Prince William Sound Science Ctr	17-71-06	4,906	
Unallied Science Program	11.472	Prince William Sound Science Ctr	Contract 17-71-01	13,916	
Unallied Science Program	11.472	University of California, San Diego	MP# S9001183	3,148	
Unallied Science Program	11.472			139,056	
				1,914,534	28,375
Office for Coastal Management	11.473	Southwest Wetlands Interpretive Association	3003647574	14,605	
Alaska Center for Microgrid Technologies Commercialization	11.RD		G00010263	65,851	
Ocean Exploration	11.RD		G00011090	74,052	
Regional Climate Services Support in the Western Region	11.RD		G00010964	48,602	
Total for Research and Development Cluster				**11,944,622**	**499,662**
Economic Development Technical Assistance	11.303			182,824	
Interjurisdictional Fisheries Act of 1986	11.407			169,626	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			671,160	
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Commission	Multiple Awards	3,111,287	
Pacific Fisheries Data Program	11.437			2,687,190	
				5,798,477	-

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	11.438			7,751,649	1,299,099
Marine Mammal Data Program	11.439			1,688,762	
Regional Fishery Management Councils	11.441	North Pacific Fishery Mgmt Council	IHP-16-073	16,490	
Regional Fishery Management Councils	11.441			15,732	
				32,222	-
Meteorologic and Hydrologic Modernization Development	11.467			432,724	34,619
Unallied Science Program	11.472	North Pacific Research Board	Multiple Awards	601,754	
Unallied Science Program	11.472	Yukon River Drainage Fisheries	COOP-15-045	49,621	
Unallied Science Program	11.472			388,456	
				1,039,831	-
State and Local Implementation Grant Program	11.549			16,030	
Japanese Tsunami Marine Debris	11.U01		MOA-2013-005-8626	461,000	
Miscellaneous NOAA-Fisheries Research	11.U02		RA-133F-15-SE-1438	54,240	
Miscellaneous NOAA-Marine Mammal Research	11.U03		WE-133F-14-SE-3963	651	
Miscellaneous NOAA-Marine Mammal Research	11.U04		WE-133F-14-SE-4018	12,758	
Miscellaneous NOAA-Fisheries Research	11.U05		WE-133F-15-SE-1959	25,314	
Miscellaneous NOAA-Fisheries Research	11.U06		WE-133F-15-SE-1978	9,624	
Miscellaneous NOAA-Marine Mammal Research	11.U07		WE-133F-16-SE-0512	21,991	
Miscellaneous NOAA-Marine Mammal Research	11.U08		WE-133R-15-SE-1025	724	
Chena 67 Flood	11.U09		RA133W16SE1611	11,997	
National Marine Fisheries Joint Enforcement Agreement	11.U10		11.04 and NMFS-JEA	1,036,918	
Southeast humpback whale database management services	11.U11		G00011072	9,654	
Total for U.S. Department of Commerce				**38,782,306**	**1,833,380**
U.S. Department of Defense					
Research and Development Cluster					
Basic and Applied Scientific Research	12.300	Woods Hole Oceanographic Inst.	13258400	45,718	
Basic and Applied Scientific Research	12.300	Woods Hole Oceanographic Inst.	13262700	154,651	
Basic and Applied Scientific Research	12.300			1,923,789	5,926
				2,124,158	5,926
Basic, Applied, and Advanced Research in Science and	12.630			1,932	
Legacy Resource Management Program	12.632			41,635	
Data compilation for observing stations across Alaska	12.RD	UCAR Office of Programs	Sub-award No. Z16-20856	2,785	
Architectural Recordation of the Annette Island Army Air Base Boiler House Task Order 0009	12.RD		G00010426	41,625	
Arctic Gravity Data Acquisition and Processing	12.RD		G00010982	98,521	
Bird and Bat Management TO0012	12.RD		G00011150	53,254	
Cultural Resource Support, Wake Island, HI, and AK TO0013	12.RD		G00011147	93,064	
Eagle / Bird Risk	12.RD		G00011486	10,999	
Estimation of Uncertainties of Full Moment Tensors	12.RD		G00010213	117,986	
High-frequency Analysis of Stream Chemistry to Establish Elemental Cycling Regimes of High-latitude Catchments	12.RD		G00009950	(1,513)	
Lead and Antimony Speciation in Shooting Range Soils: Molecular Scale Analysis, Temporal Trends and Mobility	12.RD		G00006854	43,973	
Materials Management Support - TO0003	12.RD		G00009699	126,235	
NACT Proposal for HDTRA1-14-R-0028	12.RD		G00010031	2,708,124	

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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
NACT Proposal for HDTRA1-17-R-003: Waveform Operations & Maintenance	12.RD		G00011364	400,871	
OANRP Tree Snail Conservation and Genetics Project	12.RD		G00009781	3,004	157
PRSC Cultural Resources TO #11	12.RD		G00010478	244,300	
Total for Research and Development Cluster				**6,110,953**	**6,083**
Procurement Technical Assistance For Business Firms	12.002			493,291	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			2,211,626	
Basic and Applied Scientific Research	12.300	Office of Naval Research, Department of the Navy, USDoD	N00014-16-1-3019	480,365	
National Guard Military Operations and Maintenance (O&M)	12.401			17,206,289	
National Guard ChalleNGe Program	12.404			3,897,496	
Language Grant Program	12.900			82,307	
Information Security Grants	12.902			47,927	
Miscellaneous Army-Wildlife Research	12.U01		W9DO-11-D-003	46,669	
OHA Wake Island	12.U02		F1W6CC3262M001	1,466	
Interpretive Display at Tripler Army Medical Center TO 0008	12.U03		G00010425	32,704	
Interpretive Display at Bldg. 3010, Schofield Barracks, Hawaii	12.U04		G00010427	49,360	
Total for U.S. Department of Defense				**30,660,453**	**6,083**
U.S. Department of Housing & Urban Development					
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871			2,134,740	
Total for Housing Voucher Cluster				**2,134,740**	**-**
Section 8 Project-Based Cluster					
Section 8 Housing Assistance Payments Program	14.195			2,173,081	
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249			528,393	460,110
Total for Section 8 Project-Based Cluster				**2,701,474**	**460,110**
Mortgage Insurance_Homes	14.117			255,241,838	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228			2,966,412	2,825,373
Emergency Solutions Grant Program	14.231			212,077	212,077
Home Investment Partnerships Program	14.239			4,291,292	3,914,585
Housing Opportunities for Persons with AIDS	14.241			507,526	507,526
Continuum of Care Program	14.267			723,563	723,563
Project Rental Assistance Demonstration Program of Section 811 Supportive Housing for Persons with Disabilities	14.326			11,858	
Public and Indian Housing_Indian Loan Guarantee Program	14.865			127,501,527	
Moving to Work Demonstration Program	14.881			48,737,398	
Family Self-Sufficiency Program	14.896			299,079	
Total for U.S. Department of Housing & Urban Development				**445,328,784**	**8,643,234**
U.S. Department of the Interior					
Fish and Wildlife Cluster					
Sport Fish Restoration	15.605			19,246,267	2,504,820
Wildlife Restoration and Basic Hunter Education	15.611			24,160,511	
Total for Fish and Wildlife Cluster				**43,406,778**	**2,504,820**
Research and Development Cluster					
Aid To Tribal Governments	15.020			23,074	
Tribal Climate Resilience	15.156	Nome Eskimo Community	Sub-award A14AV00209-01	61,291	
Recreation Resource Management	15.225			305,695	23,072
Invasive and Noxious Plant Management	15.230			14,417	

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Fish, Wildlife and Plant Conservation Resource Management	15.231	National Fish & Wildlife	2100.15.047583 / 47583	28,370	
Fish, Wildlife and Plant Conservation Resource Management	15.231			949,748	
				978,118	-
Wildland Fire Research and Studies	15.232	Colorado State University	G093481	38,295	
Wildland Fire Research and Studies	15.232			303,230	
				341,525	-
Environmental Quality and Protection	15.236			76,419	
Rangeland Resource Management	15.237			12,898	
Alaska Coastal Marine Institute	15.421	University of Texas at Austin	UTA 12-000603	1,593	
Alaska Coastal Marine Institute	15.421			1,783,080	187,776
				1,784,673	187,776
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423	Rutgers	5747	147,805	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423	University of Texas at Austin	UTA11-000873	792	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423	University of Texas at Austin	UTA11-000973	376,908	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423			429,520	
				955,025	-
Fish and Wildlife Management Assistance	15.608	National Fish & Wildlife	2100.12.030840 / #30840	55,386	
Fish and Wildlife Management Assistance	15.608			133,823	
				189,209	-
Coastal	15.630			72,717	
State Wildlife Grants	15.634			703,067	16,065
Alaska Subsistence Management	15.636			83,626	
Research Grants (Generic)	15.650			18,222	
Migratory Bird Monitoring, Assessment and Conservation	15.655			27,210	
National Fish and Wildlife Foundation	15.663			1,339	
Coastal Impact Assistance	15.668	North Slope Borough	MOA sgnd 2/17/14 2014-182	43,596	
Coastal Impact Assistance	15.668			521,329	204,696
				564,925	204,696
Cooperative Landscape Conservation	15.669			323,628	
Adaptive Science	15.670			42,786	
Youth Engagement, Education, and Employment	15.676			50,000	
Cooperative Ecosystem Studies Units	15.678			43,971	
Assistance to State Water Resources Research Institutes	15.805			115,593	19,920
Earthquake Hazards Program Assistance	15.807			49,053	
U.S. Geological Survey_ Research and Data Collection	15.808			2,697,990	11,954
Cooperative Research Units	15.812			1,080,596	
National Land Remote Sensing_Education Outreach and	15.815	America View, Inc.	20022934	18,812	
National Geospatial Program: Building The National Map	15.817			36,738	
Volcano Hazards Program Research and Monitoring	15.818			952,794	
National Climate Change and Wildlife Science Center	15.820			87,657	
Cooperative Research and Training Programs – Resources of the National Park System	15.945			771,076	
Ebeys Landing National Historical Reserve and Ebeys Landing National Historical Reserve Trust Board	15.956			11,230	

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Schools on Trails Partnership with the National Park Service RTCA Program	15.RD	National Park Service	IPA Signed 10/6/2016	15,836	
Analysis of Ion and DOC in Glacial Water	15.RD		G00011294	7,879	
Comparison of Putative Carex Subspathacea between the Arctic Coastal Plan and the Yukon Kuskokwim Delta and Interpretations of Climate Effects on Grazing Systems	15.RD		G00011118	4,779	
Consequences of a Changing Climate for Alaska's Boreal Forests (A Continuation of the Bonanza Creek Long-Term Ecological Research Program)	15.RD		G00007288	66,465	
Determining the Magnitude and Social Context of Shorebird Hunting in French Guiana Using Potential Biological Removal Models and Hunter Surveys	15.RD		G00008908	40,102	21,048
Evaluation of nearshore communities and habitats Ecological Process in Lower Cook Inlet	15.RD		G00010161	24,291	
Fatty Acid Analysis in Mussel Foot Tissue	15.RD		G00010860	22,817	
Operational Satellite Monitoring of Fires in Alaska	15.RD		G00011508	453	
Stream discharge and water balance of coastal Alaska	15.RD		G00010255	47	
University of Alaska Museum of the North Curation Agreement - Paleontology	15.RD		G00011080	9,011	
USGS AVO Near-real time satellite support for volcano monitoring - Follow on order	15.RD		G00009562	28,359	
Total for Research and Development Cluster				**12,715,413**	**484,531**
Cultural and Paleontological Resources Management	15.224			1,003,218	
Recreation Resource Management	15.225			499	
Payments in Lieu of Taxes	15.226			10,638,649	10,638,649
Distribution of Receipts to State and Local Governments	15.227			5,565,418	5,565,418
Fish, Wildlife and Plant Conservation Resource Management	15.231	National Fish & Wildlife Foundation	0801.16.049830, 0801.16.050074	119,612	
Fish, Wildlife and Plant Conservation Resource Management	15.231			253,211	
				372,823	-
Environmental Quality and Protection	15.236			16,177	
Challenge Cost Share	15.238			102,133	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			292,482	
Abandoned Mine Land Reclamation (AMLR) Program	15.252			2,334,310	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423			691	
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427			100,376	
Alaska Native Science and Engineering	15.442			32,500	
Fish and Wildlife Management Assistance	15.608			706,546	
Cooperative Endangered Species Conservation Fund	15.615			95,027	
Clean Vessel Act	15.616			48,638	
Multistate Conservation Grant	15.628	National Fish Habitat Partnership	MSCG Statewide Coord NFHP	1,950	
Coastal	15.630			45,777	
State Wildlife Grants	15.634			2,589,508	
Alaska Subsistence Management	15.636			2,225,715	
Alaska Migratory Bird Co-Management Council	15.643			96,456	
Service Training and Technical Assistance (Generic Training)	15.649			1,832	
National Fish and Wildlife Foundation	15.663	National Fish & Wildlife	0801.13.041134	61,635	
Fish and Wildlife Coordination and Assistance	15.664	National Fish & Wildlife	2100.16.052159	40,567	

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Fish and Wildlife Coordination and Assistance	15.664	National Fish & Wildlife	50059 0801.16.050059	20,073	
				60,640	-
Coastal Impact Assistance	15.668			6,350,324	1,614,476
Cooperative Landscape Conservation	15.669			72,697	
Adaptive Science	15.670			11,481	
Yukon River Salmon Research and Management Assistance	15.671			82,121	
National Fire Plan-Wildland Urban Interface Community Fire Assistance	15.674			71,730	
U.S. Geological Survey_ Research and Data Collection	15.808			1,183,641	
National Cooperative Geologic Mapping	15.810			134,985	
National Geological and Geophysical Data Preservation	15.814			55,237	
Volcano Hazards Program Research and Monitoring	15.818			623,481	
Energy Cooperatives to Support the National Energy Resources Data System	15.819			20,401	
Historic Preservation Fund Grants-In-Aid	15.904			996,499	97,608
Outdoor Recreation_Acquisition, Development and Planning	15.916			358,678	129,516
Rivers, Trails and Conservation Assistance	15.921			36,367	
National Maritime Heritage Grants	15.925			425	
Cooperative Research and Training Programs – Resources of the National Park System	15.945			256,174	
Cultural Resources Management	15.946			1,946	
National Ground-Water Monitoring Network	15.980			7,079	
Water Use and Data Research	15.981			7,447	
Fish and Wildlife Management Assistance	15.U01		F16PX00352	1,929	
Miscellaneous United States Geological Survey	15.U02		G15AC00012 COOP-15-090	51,778	
Miscellaneous Bureau of Safety and Environmental Enforcement-Marine Mammal Research - Walrus	15.U03		M09PC00027	1,984	
Miscellaneous Bureau of Safety and Environmental Enforcement-Marine Mammal Research - Whale	15.U04		M12PC00005 IHP-13-040	454,344	
Miscellaneous Bureau of Safety and Environmental Enforcement-Marine Mammal Research - Seal	15.U05		M13PC00015 IHP-14-053	227,023	
AOF Fixed Cost	15.U06		AOF Fixed Cost	24,625	
16 BLM Fire Suppression	15.U07		BLM MOU AK-2015-002	5,898,638	
17 BLM Fire Suppression	15.U08		BLM MOU AK-2015-002	3,801,033	
DGGS Travel	15.U09		DGGS Travel	1,749	
Herning Trail Project	15.U10		Herning Trail Project	1,976	
Irwin Project	15.U11		Irwin Project	974	
BLM Employee	15.U12		M#4500104134	136,809	
Identification & Verification of Interior Alaska vascular plants and herbarium deposition of selected species	15.U13		G00010962	16,391	
TAPS Report	15.U14		G00011119	21,837	
Total for U.S. Department of the Interior				**103,426,994**	**21,035,018**
U.S. Department of Justice					
Research and Development Cluster					
State Justice Statistics Program for Statistical Analysis Centers	16.550			147,864	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560			31,700	
Criminal Justice Research and Development_Graduate Research Fellowships	16.562			26,417	
Crime Victim Assistance/Discretionary Grants	16.582	Alaska Immigration Justice Project	Agreement DTD 2/10/13	7,484	
Crime Victim Assistance/Discretionary Grants	16.582	Fox Valley Technical College	D2016006028	14,021	
				21,505	-

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The Alaska Arctic Observatory & Knowledge Hub (AAOKH): A framework for integration of long-term environmental observations and knowledge sharing	16.RD		G00009912	168,225	
Total for Research and Development Cluster				**395,711**	**-**
Sexual Assault Services Formula Program	16.017			192,489	175,670
Justice Systems Response to Families	16.021			104,909	95,737
Juvenile Justice and Delinquency Prevention	16.540			444,011	228,071
Missing Children's Assistance	16.543	Municipality of Anchorage, Police Department	2010-MC-CX-K031 & 2013-MC-FX-K011	22,030	
National Criminal History Improvement Program (NCHIP)	16.554			727,617	
Crime Victim Assistance	16.575			2,119,393	2,043,472
Crime Victim Compensation	16.576			910,042	
Crime Victim Assistance/Discretionary Grants	16.582			5,141	
Drug Court Discretionary Grant Program	16.585			38,179	
Violence Against Women Formula Grants	16.588			911,408	210,185
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590			178,349	169,571
Residential Substance Abuse Treatment for State Prisoners	16.593			58,016	
State Criminal Alien Assistance Program	16.606			103,100	
Juvenile Mentoring Program	16.726	National 4H Council	4H NMP6 ltrs 2/8/16 & 2/28/17	118,162	
Juvenile Mentoring Program	16.726	National 4H Council	4H NMP7 Letter Date 1/19/17	96,978	
Juvenile Mentoring Program	16.726			15,000	
				230,140	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738			583,317	91,009
DNA Backlog Reduction Program	16.741			195,007	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			79,885	
Support for Adam Walsh Act Implementation Grant Program	16.750			52,465	
Edward Byrne Memorial Competitive Grant Program	16.751			81,811	
Swift, Certain, and Fair (SCF) Sanctions Program: Replicating the Concepts behind Project HOPE	16.828			90,128	
National Sexual Assault Kit Initiative	16.833			25,969	
Equitable Sharing Program	16.922			587,890	
Federal Equitable Sharing UAFPD	16.U01		G00006407	710	
FED-UAF Police Drug Task Force	16.U02		G00009400	74	
Total for U.S. Department of Justice				**8,137,791**	**3,013,715**
U.S. Department of Labor					
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207			9,887,613	
Disabled Veterans' Outreach Program (DVOP)	17.801			424,767	
Local Veterans' Employment Representative Program	17.804			214,344	
Total for Employment Service Cluster				**10,526,724**	**-**
WIOA Cluster					
WIOA Adult Program	17.258			1,828,668	
WIOA Youth Activities	17.259			2,417,009	1,422,837
WIOA Dislocated Worker Formula Grants	17.278			2,417,266	56,355
Total for WIOA Cluster				**6,662,943**	**1,479,192**
Labor Force Statistics	17.002			620,005	
Compensation and Working Conditions	17.005			86,823	
Unemployment Insurance	17.225			163,313,384	
Senior Community Service Employment Program	17.235			1,734,167	840,499
Trade Adjustment Assistance	17.245			48,489	

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WIOA Pilots, Demonstrations, and Research Projects	17.261			303,040	
H-1B Job Training Grants	17.268			655,796	150,796
Reentry Employment Opportunities	17.270			120,377	
Work Opportunity Tax Credit Program (WOTC)	17.271			37,866	
Temporary Labor Certification for Foreign Workers	17.273			70,853	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277			1,740,020	653,185
WIOA Dislocated Worker National Reserve Technical Assistance and Training	17.281			1,234	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282	Tyler Junior College	MOU DTD 4/17/13 AMD#1 10/27/13	33,659	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282			3,408,902	
				3,442,561	-
Apprenticeship USA Grants	17.285			114,289	100,669
Occupational Safety and Health_State Program	17.503			1,325,622	
Consultation Agreements	17.504			670,565	
Mine Health and Safety Grants	17.600			93,086	
Total for U.S. Department of Labor				**191,567,844**	**3,224,341**
U.S. Department of State					
Research and Development Cluster					
Statement of Work: Business Meetings Support: Artic Remote Energy Networks Academy (ARENA) – Alaska On-site Program	19.RD		G00011492	12,830	
Total for Research and Development Cluster				**12,830**	**-**
Total for U.S. Department of State				**12,830**	**-**
U.S. Department of Transportation					
Federal Transit Cluster					
Federal Transit Capital Investment Grants	20.500	Federal Transit Administration	AK-55-0003	16,889	
Federal Transit Capital Investment Grants	20.500			2,476,443	491,312
				2,493,332	491,312
Federal Transit Formula Grants	20.507			2,479,669	
State of Good Repair Grants Program	20.525			21,342,114	
Total for Federal Transit Cluster				**26,315,115**	**491,312**
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205			600,313,567	3,067,406
Recreation Trails Program	20.219			1,354,604	739,734
Federal Lands Access Program	20.224			2,496	
Total for Highway Planning and Construction Cluster				**601,670,667**	**3,807,140**
Highway Safety Cluster					
State and Community Highway Safety	20.600			1,075,087	991,106
State Traffic Safety Information System Improvement Grants	20.610			46,875	12,542
Incentive Grant Program to Increase Motorcyclist Safety	20.612			14,974	
National Priority Safety Programs	20.616			1,431,599	1,176,153
Total for Highway Safety Cluster				**2,568,535**	**2,179,801**
Research and Development Cluster					
Highway Research and Development Program	20.200			543,048	
University Transportation Centers Program	20.701	University of Washington	BPO#3882	421,555	

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University Transportation Centers Program	20.701			1,386,473	817,144
				1,808,028	817,144
Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	20.724			98,609	
Transportation Planning, Research and Education	20.931			243,784	22,159
ACUASI FAA A10 SME	20.RD		G00011434	387	
Total for Research and Development Cluster				**2,693,856**	**839,303**
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			191,063	153,763
New Freedom Program	20.521			(857)	
Total for Transit Services Programs Cluster				**190,206**	**153,763**
Airport Improvement Program	20.106			244,794,892	
Highway Research and Development Program	20.200			1,103,154	
Highway Training and Education	20.215			469,353	
Motor Carrier Safety Assistance	20.218			1,088,327	10,024
Performance and Registration Information Systems Management	20.231			59,622	
Commercial Driver's License Program Implementation Grant	20.232			31,097	
Border Enforcement Grants	20.233			191,740	
Safety Data Improvement Program	20.234			119,084	
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			114,188	
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240			104,572	
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			358,744	280,247
Formula Grants for Rural Areas	20.509			9,975,591	9,352,003
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			4,211,999	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614			49,056	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			136,722	
National Infrastructure Investments	20.933			1,213,384	
Clean-up Contaminated Sites in Alaska	20.U01		DTFAWN-15-A-80000	149,873	
Glen Highway Cultural Resource Survey	20.U02		DTHF70-13-E-00026	1,506	
Snug Harbor Road	20.U03		DTFH70-13-E-00018	681,989	
Total for U.S. Department of Transportation				**898,293,272**	**17,113,593**
Equal Employment Opportunity Commission					
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002			202,300	
Total for Equal Employment Opportunity Commission				**202,300**	**-**
General Services Administration					
Donation of Federal Surplus Personal Property	39.003			1,055,998	
Total for General Services Administration				**1,055,998**	**-**
National Aeronautics and Space Administration					
Research and Development Cluster					
Science	43.001	Clemson University	1820-204-2010726 NNX15AL71G	1,245	

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Science	43.001	Dartmouth College	1460R123	24,410	
Science	43.001	Southern Methodist University	G001392-7500 - NNX14AQ95G	54,294	
Science	43.001	Universities Space Research Association	2015000929 02250-01 NNX15AL12A	111,339	
Science	43.001	University of Colorado	1555192	411	
Science	43.001	University of Colorado	Sub 1554201 PO# 1000686852	58,384	
Science	43.001	University of Pittsburgh	0037582 (410463-01) NNX14AQ96G	51,852	
Science	43.001	University of Texas at Arlington	2612013261	33,557	
Science	43.001	Woods Hole Oceanographic Inst.	A101135	56,696	
Science	43.001			15,992,819	250,416
				16,385,007	250,416
Space Operations	43.007			17,511	
Education	43.008			1,449,460	34,128
Science	43.RD	California Institute of Technology	INEWERC17-017 *Pending*	19,990	
Science	43.RD	Harris Critical Network Segment	ITT-2712-11-11	25,925	
A Cephid-Based Distance to the Benchmark AGN NGC 4151	43.RD		G00010608	7,082	
Science	43.RD		G00005454	18,658	
Science	43.RD		G00011251	12,062	
Total for Research and Development Cluster				**17,935,695**	**284,544**
Science	43.001			33,326	
Total for National Aeronautics and Space Administration				**17,969,021**	**284,544**
Institute of Museum and Library Services					
Grants to States	45.310			1,103,912	844,562
Total for Institute of Museum and Library Services				**1,103,912**	**844,562**
National Endowment for the Arts					
Promotion of the Arts_Grants to Organizations and Individuals	45.024			(2)	
Promotion of the Arts_Partnership Agreements	45.025			585,341	286,200
Total for National Endowment for the Arts				**585,339**	**286,200**
National Endowment for the Humanities					
Promotion of the Humanities_Federal/State Partnership	45.129	Alaska Humanities Forum	G15-0008	1,119	
Promotion of the Humanities_Division of Preservation and Access	45.149			94,385	
Total for National Endowment for the Humanities				**95,504**	**-**
National Science Foundation					
Research and Development Cluster					
Engineering Grants	47.041			141,473	
Mathematical and Physical Sciences	47.049			206,385	
Geosciences	47.050	Columbia University	43(GG009393) / G11492	29,724	
Geosciences	47.050	Columbia University	43B(GG009393) / G11492	4,446	
Geosciences	47.050	Cornell University	70413-10264 Amend 3	31,477	
Geosciences	47.050	Idaho State University	12-120A-RMNH30	19,227	
Geosciences	47.050	Incorporated Research Institutions for Seismology	Sub-award 06-UAF-SAGE	82,265	

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Geosciences	47.050	Research Foundation SUNY	R890450 | 111524 / 66933	4,699	
Geosciences	47.050	SRI International	Subcontract 119-000221	527,196	
Geosciences	47.050	UCAR Office of Programs	Sub-award No. Z17-25760	5,573	
Geosciences	47.050	University of Kansas Center For Research	FY2017-072	670	
Geosciences	47.050	University of Northern Iowa	NUMBER 101765	4,387	
Geosciences	47.050	University of Southern California	149701; PO 10012361	39,921	41,165
Geosciences	47.050	University of Washington	740876	9,023	
Geosciences	47.050	Utah State University	150124-0001-43	23,182	
Geosciences	47.050			28,285,386	740,079
				29,067,176	781,244
Computer and Information Science and Engineering	47.070	Research Foundation SUNY	Sub-awd R875772/R1041161	19,805	
Computer and Information Science and Engineering	47.070			102,803	
				122,608	-
Biological Sciences	47.074			2,975,229	88,399
Social, Behavioral, and Economic Sciences	47.075			132,952	8,460
Education and Human Resources	47.076	Columbia University	4(GG009026)/G06271/G11364	70,290	16,007
Education and Human Resources	47.076			2,279,293	102,132
				2,349,583	118,139
Polar Programs	47.078			1,641,677	47,837
Office of International Science and Engineering	47.079	University of Southern California	67449315 / PO#10372986	127,335	
Office of International Science and Engineering	47.079			150,605	
				277,940	-
Office of Cyberinfrastructure	47.080			4,468,771	33,133
Office of Integrative Activities	47.083	George Washington University	16-S10 Amend 1	4,357	
Total for Research and Development Cluster				**41,388,151**	**1,077,212**
Total for National Science Foundation				**41,388,151**	**1,077,212**
Small Business Administration					
Small Business Development Centers	59.037			637,739	
State Trade Expansion	59.061			6,682	
Total for Small Business Administration				**644,421**	**-**
U.S. Department of Veterans Affairs					
Veterans Transportation Project	64.035			214,632	190,959
Veterans Housing_Guaranteed and Insured Loans	64.114			53,777,139	
Contract	64.U01		V101 (223C) P-5701	22,789	
Total for U.S. Department of Veterans Affairs				**54,014,560**	**190,959**
Environmental Protection Agency					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds	66.458			8,698,025	8,514,736
Total for Clean Water State Revolving Fund Cluster				**8,698,025**	**8,514,736**
Drinking Water State Revolving Fund Cluster					
Capitalization Grants for Drinking Water State Revolving Funds	66.468			9,334,174	6,625,007

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Total for Drinking Water State Revolving Fund Cluster				**9,334,174**	**6,625,007**
Research and Development Cluster					
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			86,055	
Regional Wetland Program Development Grants	66.461			56,897	
Science To Achieve Results (STAR) Research Program	66.509	University of Colorado, Boulder	PO 1000397392/REF	74,327	
Science To Achieve Results (STAR) Fellowship Program	66.514			148	
Total for Research and Development Cluster				**217,427**	**-**
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			103,459	
ARRA-State Clean Diesel Grant Program	66.040			56,059	
Congressionally Mandated Projects	66.202			7,574,847	672,521
Multipurpose Grants to States and Tribes	66.204			4,566	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			231,464	
State Public Water System Supervision	66.432			2,602,352	
State Underground Water Source Protection	66.433			118,000	
Water Quality Management Planning	66.454			118,269	
Beach Monitoring and Notification Program Implementation	66.472			63,607	28,921
Performance Partnership Grants	66.605			5,439,552	245,030
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			164,035	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			82,743	
Underground Storage Tank Prevention, Detection and Compliance Program	66.804			256,286	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			472,694	
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			115,200	
State and Tribal Response Program Grants	66.817			729,629	
LUST Trust Cost Recovery	66.U01		LUST Trust Cost Recovery	221,545	
Total for Environmental Protection Agency				**36,603,933**	**16,086,215**
U.S. Department of Energy					
Research and Development Cluster					
Office of Science Financial Assistance Program	81.049	Battelle Oak Ridge National Lab.	4000116073	(462)	
Office of Science Financial Assistance Program	81.049	University of Illinois at Champaign	083570-15976	24,826	
Office of Science Financial Assistance Program	81.049			152,011	
				176,375	-
Renewable Energy Research and Development	81.087	Oregon State University	G0152A-A	167,576	
Fossil Energy Research and Development	81.089			126,299	
Arctic 2030: Projecting Challenges Facing Arctic Maritime	81.RD		G00011458	32,500	
HiLAT: Investigating the role of Arctic sea ice decline on high-latitude ocean and sea ice ecosystems	81.RD		G00011418	15,122	
Mentor: Solid Precipitation Measurement on the North Slope AK	81.RD		G00010768	4,348	
UAF Supersite Support - Sandia	81.RD		G00009865	7,436	
Week of the Arctic/Arctic Interchange - Funding Support	81.RD		G00011439	16,768	
Total for Research and Development Cluster				**546,424**	**-**
State Energy Program	81.041			448,310	
Weatherization Assistance for Low-Income Persons	81.042			1,721,293	1,576,487
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical	81.117			313,813	
State Energy Program Special Projects	81.119			23,194	
Long-Term Surveillance and Maintenance	81.136			78,525	
Total for U.S. Department of Energy				**3,131,559**	**1,576,487**

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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
U.S. Department of Education					
Special Education Cluster (IDEA)					
Special Education_Grants to States	84.027			36,445,823	34,290,638
Special Education_Preschool Grants	84.173			1,302,145	1,192,821
Total for Special Education Cluster (IDEA)				**37,747,968**	**35,483,459**
Student Financial Assistance Programs Cluster					
Federal Supplemental Educational Opportunity Grants	84.007			729,752	
Federal Work-Study Program	84.033			34,759	
Federal Pell Grant Program	84.063			20,636,444	
Federal Direct Student Loans	84.268			55,337,084	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			347,104	
Total for Student Financial Assistance Programs Cluster				**77,085,143**	**-**
TRIO Cluster					
TRIO_Student Support Services	84.042			465,779	
TRIO_Talent Search	84.044			45,898	
TRIO_Upward Bound	84.047			578,620	160,564
TRIO_Educational Opportunity Centers	84.066			169,843	
Total for TRIO Cluster				**1,260,140**	**160,564**
Adult Education - Basic Grants to States	84.002			1,118,110	870,147
Title I Grants to Local Educational Agencies	84.010			43,941,325	43,539,385
Migrant Education_State Grant Program	84.011			6,642,480	6,158,876
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013			322,267	319,414
Higher Education_Institutional Aid	84.031			6,286,647	
Impact Aid	84.041			43,104,523	
Career and Technical Education - Basic Grants to States	84.048			4,338,689	3,380,257
Indian Education_Grants to Local Educational Agencies	84.060			129,776	129,776
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126			10,872,094	
Migrant Education_Coordination Program	84.144			70,609	70,453
Rehabilitation Services_Client Assistance Program	84.161			131,917	
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177			214,400	212,700
Special Education-Grants for Infants and Families	84.181			2,247,200	1,674,021
School Safety National Activities	84.184			158,392	96,846
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			142,669	
Education for Homeless Children and Youth	84.196			169,120	127,745
Twenty-First Century Community Learning Centers	84.287			5,556,065	5,472,335
Special Education - State Personnel Development	84.323			184,363	115,797
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330			13,108	
Alaska Native Educational Programs	84.356	Alaska Humanities Forum	AKHF# 16-025	191,681	
Alaska Native Educational Programs	84.356	INUIT Circumpolar Conference	ICC-AK	10,717	
Alaska Native Educational Programs	84.356			3,466,129	232,468
				3,668,527	232,468
Rural Education	84.358			140,031	117,216
English Language Acquisition State Grants	84.365			1,494,740	1,045,121
Mathematics and Science Partnerships	84.366			643,003	457,374
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	National Writing Project Corporation	Agreement 14-AK01-SEED2014	2,059	
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367			11,335,391	10,936,643
				11,337,450	10,936,643

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Grants for State Assessments and Related Activities	84.369			3,500,776	
Statewide Longitudinal Data Systems	84.372			(1,302)	(1,302)
School Improvement Grants	84.377			251,809	247,309
Strengthening Minority-Serving Institutions	84.382			281,851	
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407			48,967	
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411			2,486,852	1,221,655
Federal Family Education Loans (Lenders)	84.032L			84,979,585	
College Access Challenge Grant Program	84.378A			21,829	
Total for U.S. Department of Education				**350,591,123**	**112,068,259**
National Archives and Records Administration					
National Historical Publications and Records Grants	89.003			21,296	
Total for National Archives and Records Administration				**21,296**	**-**
Denali Commission					
Research and Development Cluster					
Denali Commission Program	90.100			94,514	
Total for Research and Development Cluster				**94,514**	**-**
Denali Commission Program	90.100			5,318,358	4,439,179
Total for Denali Commission				**5,412,872**	**4,439,179**
Election Assistance Commission					
Help America Vote Act Requirements Payments	90.401			648,916	
Total for Election Assistance Commission				**648,916**	**-**
U.S. Department of Health and Human Services					
Aging Cluster					
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044			2,409,344	1,586,291
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045			2,833,381	2,717,702
Nutrition Services Incentive Program	93.053			498,676	1,767
Total for Aging Cluster				**5,741,401**	**4,305,760**
Child Care and Development Fund (CCDF) Cluster					
Child Care and Development Block Grant	93.575			21,073,370	4,225,721
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596			6,026,223	2,932,440
Total for Child Care and Development Fund (CCDF) Cluster				**27,099,593**	**7,158,161**
Medicaid Cluster					
State Medicaid Fraud Control Units	93.775			1,118,095	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			477,297	
Medical Assistance Program	93.778			1,411,771,998	5,925
Total for Medicaid Cluster				**1,413,367,390**	**5,925**
Maternal, Infant and Early Childhood Home Visiting Cluster					
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505			2,371,503	
Total for Maternal, Infant and Early Childhood Home Visiting Cluster				**2,371,503**	**-**

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Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
Research and Development Cluster					
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			191,325	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	Cook Inlet Tribal Council	Contract DTD 3/8/17	51,925	
Food and Drug Administration_Research	93.103			15,000	
Environmental Health	93.113	University of Montana	PG15-64491-01	195,035	
Injury Prevention and Control Research and State and Community Based Programs	93.136			141,371	
Mental Health Research Grants	93.242	University of Massachusetts	15-008328 C00-1/PO	12,530	
Occupational Safety and Health Program	93.262			71,199	
Alcohol Research Programs	93.273			889,332	74,049
Drug Abuse and Addiction Research Programs	93.279	Northwest Indian College	Sub-award No. 24222	15,985	
Minority Health and Health Disparities Research	93.307			22,009	18,141
Trans-NIH Research Support	93.310	Portland State University	205CRE496 Amend 6	118,240	
Trans-NIH Research Support	93.310	Portland State University	206CRE544 Amend 2	78,670	
Trans-NIH Research Support	93.310			5,007,523	8,610
				5,204,433	8,610
Cancer Cause and Prevention Research	93.393	Arizona State University	Sub-award No. 17-009	10,006	
Cancer Cause and Prevention Research	93.393			84,395	
				94,401	-
Cancer Research Manpower	93.398	AK Native Tribal Health Consortium	ANTHC 15-U-61682 MOD 4	17,251	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	University of Illinois at Chicago	487842 E2379 Amend 4	989	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433			21,191	
				22,180	-
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632			439,634	
Child Welfare Research Training or Demonstration	93.648	State University of New York	1128024-17-72851	40,734	
Child Welfare Research Training or Demonstration	93.648	State University of New York	RF# 1135853-17-76397	82,907	
				123,641	-
Cardiovascular Diseases Research	93.837	National Jewish Health	Sub-award No. 2010902	16,535	
Lung Diseases Research	93.838			34,358	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846			51,172	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			821,557	235,396
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			36,931	
Allergy and Infectious Diseases Research	93.855			345,237	
Biomedical Research and Research Training	93.859	Montana State University	ALF	11,211	
Biomedical Research and Research Training	93.859	Montana State University	G133-17-W6221	108,064	
Biomedical Research and Research Training	93.859	Montana State University	G134-17-W6223	29,331	
Biomedical Research and Research Training	93.859	Montana State University	G139-17-W6218	160,385	
Biomedical Research and Research Training	93.859	Montana State University	G140-17-W6219	83,988	

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Biomedical Research and Research Training	93.859	Montana State University	G141-17-W6220	24,039	
Biomedical Research and Research Training	93.859	Montana State University	G213-17-W6223	26,937	
Biomedical Research and Research Training	93.859	Montana State University	G228-17-W6223	19,733	
Biomedical Research and Research Training	93.859	Montana State University	G234-17-W6223	33,163	
Biomedical Research and Research Training	93.859	University of Nevada, Las Vegas	16-746Q-UAF-BS14-00/01	37,774	
Biomedical Research and Research Training	93.859	University of Nevada, Las Vegas	17-746Q-UAA-PG61-00	71,699	
Biomedical Research and Research Training	93.859	University of Washington	UWSC9310 / BPO#17644	163,455	
Biomedical Research and Research Training	93.859			5,057,018	213,382
				5,826,797	213,382
Child Health and Human Development Extramural Research	93.865			3,933	
Aging Research	93.866	Colorado State University	Sub-award No. G-25008-1	11,604	
Aging Research	93.866	University of Colorado, Denver	FY17.001.023	57,330	
				68,934	-
NIAID Centers of Excellence for Influenza Research and Surveillance	93.RD	Mount Sinai School of Medicine	HHSN27220140008C/COA# 3	43,646	
Total for Research and Development Cluster				**14,756,351**	**549,578**
TANF Cluster					
Temporary Assistance for Needy Families	93.558	Association Village Council Presic	AVCP TANF & UAF 4-H Sub-awd	37,860	
Temporary Assistance for Needy Families	93.558	Association Village Council Presic	Contract DTD 3/25/16	1,014,298	
Temporary Assistance for Needy Families	93.558			38,293,306	
Total for TANF Cluster				**39,345,464**	**-**
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041			23,660	
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042			79,188	
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043			104,564	104,563
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			206,493	60,106
National Family Caregiver Support, Title III, Part E	93.052			727,255	727,255
Public Health Emergency Preparedness	93.069			3,587,199	875,147
Medicare Enrollment Assistance Program	93.071			43,599	10,000
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			349,665	28,413
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074			703,628	
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079			60,775	
Guardianship Assistance	93.090			607,762	
Affordable Care Act (ACA) Personal Responsibility Education	93.092			252,595	
Food and Drug Administration_Research	93.103			905,500	
Area Health Education Centers	93.107			595,370	464,764
Maternal and Child Health Federal Consolidated Programs	93.110			1,184,495	26,766
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			465,871	
Emergency Medical Services for Children	93.127			264,904	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			154,438	
Injury Prevention and Control Research and State and Community Based Programs	93.136			727,700	47,500
Projects for Assistance in Transition from Homelessness (PATH)	93.150			540,000	540,000
Grants to States for Loan Repayment Program	93.165			476,821	
Disabilities Prevention	93.184			6,349	

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Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47000	199,393	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47002	418,046	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47003	169,720	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47004	518,338	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47005	734,356	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47007	161,555	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47008	313,618	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47009	361	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47011	2,657	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47012	3,811	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47013	128,107	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47014	1,934	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47015	61,274	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47016	864,404	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47019	(116)	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47029	37,929	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47033	163,153	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47034	374,186	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47039	59,018	
Tribal Self-Governance Program: IHS Compacts/Funding	93.210	AK Native Tribal Health Consortium	MOU dated 05/09/2006-W47040	14,157	
				4,225,901	-
Family Planning_Services	93.217			543,170	107,030
Traumatic Brain Injury State Demonstration Grant Program	93.234			482,033	143,336
State Capacity Building	93.240			361,484	
State Rural Hospital Flexibility Program	93.241			719,096	71,102
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	Anchorage Community Mental Health Services	Contract DTD 2/15/17	7,859	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243			6,099,526	3,168,204
				6,107,385	3,168,204
Universal Newborn Hearing Screening	93.251			251,242	35,000
Immunization Cooperative Agreements (***Admin Costs***)	93.268			1,410,465	
Immunization Cooperative Agreements (***Immunizations***)	93.268			9,078,664	
Viral Hepatitis Prevention and Control	93.270			77,367	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283			3,406,879	
Small Rural Hospital Improvement Grant Program	93.301			111,987	
National State Based Tobacco Control Programs	93.305			1,076,630	179,846
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323			1,214,337	
State Health Insurance Assistance Program	93.324			197,916	70,025
Behavioral Risk Factor Surveillance System	93.336			286,679	
Advanced Education Nursing Traineeships	93.358			349,928	
ACL Independent Living State Grants	93.369			249,101	162,024
ACL Assistive Technology	93.464			422,072	418,800
ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	93.506			1,028	
Public Health Training Centers Program	93.516	University of Washington	UWSC8209	47,834	
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreement: PPHF	93.521			808,801	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539			942,852	
Promoting Safe and Stable Families	93.556			662,444	404,383
Child Support Enforcement	93.563			17,249,182	
Low-Income Home Energy Assistance	93.568			8,169,716	300,000
Community Services Block Grant	93.569			2,597,736	2,509,806
Improving the Capability of Indian Tribal Governments to Regulate Environmental Quality	93.581	Yukon River Inter-Tribal Watershed Council	G00009563	(3,758)	

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, 2017
By Federal Agency
Prepared by DOF

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
State Court Improvement Program	93.586			309,511	
Community-Based Child Abuse Prevention Grants	93.590			438,992	434,281
Grants to States for Access and Visitation Programs	93.597			102,090	
Chafee Education and Training Vouchers Program (ETV)	93.599			305,692	
Head Start	93.600			156,239	
Adoption and Legal Guardianship Incentive Payments	93.603			473,213	85,000
Developmental Disabilities Basic Support and Advocacy Grants	93.630			410,053	
Developmental Disabilities Projects of National Significance	93.631			351,515	
Children's Justice Grants to States	93.643			101,979	
Stephanie Tubbs Jones Child Welfare Services Program	93.645			96,200	96,199
Foster Care_Title IV-E	93.658			21,012,320	
Adoption Assistance	93.659	University of Nevada, Las Vegas	16-746Q-UAA-BS15-01	21,397	
Adoption Assistance	93.659			21,500,566	
				21,521,963	-
Social Services Block Grant	93.667			6,245,851	346,210
Child Abuse and Neglect State Grants	93.669			120,665	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			963,399	956,368
Chafee Foster Care Independence Program	93.674			1,138,551	104,000
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	93.733	National AHEC Organization	Amend #1 DTD 12/13/16	36,000	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	93.733	National AHEC Organization	Contract DTD 1/19/17	15,806	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	93.733			966,947	
				1,018,753	-
State Public Health Approaches for Ensuring Quitline Capacity Funded in part by Prevention and Public Health Funds (PPHF)	93.735			50,237	
Elder Abuse Prevention Interventions Program	93.747			25,899	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757			971,671	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758			584,267	
Children's Health Insurance Program	93.767			28,375,710	
Medicare_Hospital Insurance	93.773			854,349	
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815			223,220	
Hospital Preparedness Program (HPP) and Ebola Preparedness and Response Activities	93.817			155,899	
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829			62,699	
Assistance for Oral Disease Prevention and Control	93.875			181,889	
Medical Library Assistance	93.879	University of Washington	Sub No. UWSC9122 MOD 1	62,341	
The Health Insurance Enforcement and Consumer Protections Grant Program	93.881			33,479	
National Bioterrorism Hospital Preparedness Program	93.889			1,378,821	
Grants to States for Operation of Offices of Rural Health	93.913			101,542	
HIV Care Formula Grants	93.917			1,124,039	819,809
Healthy Start Initiative	93.926			98,496	91,559
HIV Prevention Activities_Health Department Based	93.940			692,879	261,765
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944			129,872	
Assistance Programs for Chronic Disease Prevention and Control	93.945			15,038	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			206,599	
Block Grants for Community Mental Health Services	93.958			1,176,109	1,045,737
Block Grants for Prevention and Treatment of Substance Abuse	93.959			5,880,030	5,833,040
PPHF Geriatric Education Centers	93.969	Southcentral Foundation	560140-20-430-000-1138-4730	336,009	
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			338,934	
Maternal and Child Health Services Block Grant to the States	93.994			935,811	36,086
FDA Food Inspections	93.U01		HHSF223201310149C	709,636	
IHS Water Innovations for Healthy Arctic Homes	93.U02		MOA dated 03/21/2016	65,000	

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, 2017
By Federal Agency
Prepared by DOF

Federal Program Title	CFDA Number	Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipient
Association of State and Territorial Health Officials (ASTHO)	93.U03		8612323	(12,403)	
Mammography Inspection	93.U04		223-03-4401	42,922	
Reducing the Incidence of Suicide in Indigenous Groups (RISING-SUN) Project	93.U05		G00011103	13,175	
Total for U.S. Department of Health and Human Services				1,675,378,859	32,583,548
Corporation for National and Community Service					
State Commissions	94.003			233,079	19,269
AmeriCorps	94.006			520,664	520,664
Training and Technical Assistance	94.009			51,486	
Volunteers in Service to America	94.013			11,907	7,139
AmeriCorps VISTA Umbrella 2016	94.U01		G00010749	6,138	
Total for Corporation for National and Community Service				823,274	547,072
Social Security Administration					
Disability Insurance/SSI Cluster					
Social Security_Disability Insurance	96.001			4,609,764	
Supplemental Security Income	96.006			1,086,540	
Total for Disability Insurance/SSI Cluster				5,696,304	-
Social Security - Work Incentives Planning and Assistance Program	96.008			252,546	
Incentive Payment Agreement (IPMOU) between SSA and DOC	96.U01		IPMOU	51,200	
Total for Social Security Administration				6,000,050	-
U.S. Department of Homeland Security					
Research and Development Cluster					
Centers for Homeland Security	97.061			1,938,423	800,738
Total for Research and Development Cluster				1,938,423	800,738
Boating Safety Financial Assistance	97.012			743,237	
State Access to the Oil Spill Liability Trust Fund	97.013			552	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			107,693	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			18,072,182	14,912,498
Hazard Mitigation Grant	97.039			662,749	266,337
National Dam Safety Program	97.041			51,786	
Emergency Management Performance Grants	97.042			2,908,141	807,398
State Fire Training Systems Grants	97.043			3,682	
Assistance to Firefighters Grant	97.044			525,554	
Cooperating Technical Partners	97.045			166,465	
Pre-Disaster Mitigation	97.047			2,198,113	940,827
Homeland Security Grant Program	97.067			2,472,186	1,627,339
U.S. Coast Guard Oversight - Juneau/Kodiak	97.U01		HSCG8716PPXA7V5	64,777	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	97.U02		FPNJ05003	1,827	
Coast Guard	97.U03		HSCG89-16-9-0053	101,484	
Total for U.S. Department of Homeland Security				30,018,851	19,355,137
TOTAL EXPENDITURES OF FEDERAL AWARDS:				4,392,533,053	321,367,943

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Note 1: Purpose of the Schedule

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) requires a schedule of expenditures of federal awards showing total federal financial assistance for the period covered in the financial statements. Each federal financial assistance program must be identified by its Catalog of Federal Domestic Assistance (CFDA) title and number. When CFDA information is not available, another federal identifying number must be used.

Note 2: Significant Accounting Policies

A. **Reporting Entity** - The accompanying schedule includes the federal financial assistance programs administered by the State of Alaska for the fiscal year ended June 30, 2017.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

D. **Basis of Presentation** - The accompanying schedule presents expenditures of federal awards for each federal financial assistance program in accordance with the Uniform Guidance. Federal program titles are reported as presented in the CFDA whenever possible.

   Expenditures of Federal Awards - As defined in the Uniform Guidance, federal financial assistance means assistance provided by a federal agency in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, or direct appropriations. However, it does not include direct federal cash assistance to individuals. Federal financial assistance includes awards received directly from federal agencies, or indirectly through other units of state and local government and private nonprofit agencies.

   Program Clusters – The OMB *Compliance Supplement* identifies programs to be considered clusters of programs for auditing purposes. These clusters consist of related programs that share common compliance requirements.

Note 3: Indirect Cost Rate

The State of Alaska has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Surplus Property Program

All assistance provided to the Federal Surplus Property Program is in the form of donations of excess property to the Department of Administration, Division of General Services. In FY2017 the State processed federal property valued at $4,699,593 donors acquisition cost. For Uniform Guidance purposes, the donated property is valued at 22.47% of donors cost. This is the expenditure amount shown on the schedule as $1,055,998. The ending inventory at June 30, 2017, carried at the donors' acquisition cost was $1,066,487. (CFDA 39.003)

Note 5: WIC Rebates

During FY2017, the Department of Health and Social Services (DHSS) earned cash rebates of $2,501,835 from infant formula manufacturers on sales of formula to participants in the WIC Program. Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(a) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enables DHSS to extend program benefits to approximately 3,022 more persons than could have been served this fiscal year in the absence of the rebate contract. The number of additional persons provided benefits was determined by dividing the total amount of program benefits by the total annual case load to determine average individual benefits. Total rebate dollars were then divided by the average benefit, determining the increased food instruments issued. This result is divided by 12 months. (CFDA 10.557)

The U.S. Department of Agriculture requires a cash basis approach for reporting WIC rebates on the 798 reports; however, food benefits continue to be reported on the accrual basis. Based on the FY2017 WIC 798 report, the infant formula rebates were $2,729,414 resulting in additional clients served totaling 3,296. All other reporting requirements for the WIC 798 are the same.

Note 6: Loans

A. **Alaska Housing Finance Corporation (AHFC) Loan Guarantee Programs** - During the fiscal year ended June 30, 2017, AHFC owned mortgage loans with various federal insurance and guarantee agreements covering future losses. Coverage under the Veterans Affairs Mortgage Guarantee is subject to a loss limit. The principal balances of loans covered under these federal programs at June 30, 2017, are:

CFDA 10.410	Farmers Home Administration Mortgage Insurance	$	125,691,397
CFDA 14.117	HUD FHA Mortgage Insurance		252,770,217
CFDA 14.865	HUD Loan Guarantees for Indian Housing		127,353,240
CFDA 64.114	Department of Veterans' Affairs Mortgage Guarantees		146,260,517
	Total Loan Guarantees and Insurance Programs:	$	652,075,371

B. **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. FY2017 loan disbursements are $0. Loans outstanding at June 30, 2017, totaled $23,816. Federal share of principal is $22,475. (CFDA 20.205)

C. **Federal Family Education Loan Program (FFELP)** - FFELP loans are governed by the Higher Education Act (Act). The Act provides for federal: (a) insurance or reinsurance of eligible loans, (b) interest subsidy payment to eligible lenders with respect to certain subsidized loans (Stafford and Consolidation), and (c) special allowance payments (net of excess interest) paid by the Secretary of the U.S. Department of Education to holders of eligible loans. FFELP loan guarantees outstanding at year end were $71,799,006. Claim payments in the amount of $4,301,846 were received during the fiscal year. (CFDA 84.032L)

D. **Economic Adjustment Assistance Revolving Loan Fund** - The U.S. Department of Commerce funds the Economic Adjustment Assistance Revolving Loan Fund (RLF) for the Department of Commerce, Community, and Economic Development. The RLF is used for business lending in Alaska. The federal share of the RLF as of June 30, 2017, totals $7,409,508 and is comprised of the following balances: $5,166,133 in loans outstanding, $2,228,662 in cash and investments, $14,713 in administrative expenses, and $0 in loans written off during the FY2017. The new loans disbursed in FY2017 and current year administrative expenses total $674,017. (CFDA 11.307)

E. **Federal Direct Student Loans** –The University of Alaska is responsible for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program. Amounts relating to this program are not included in the University's basic financial statements. Loans distributed to students of the University under this program (CFDA 84.268) during the year ended June 30, 2017 are summarized as follows:

	Amount Disbursed
Direct Subsidized Loan	$ 19,176,777
Direct Unsubsidized Loan	31,984,827
Direct PLUS Loan	3,906,154
Total:	$ 55,067,758

Note 7: Unemployment Insurance

Federal participation in FY2017 Unemployment Insurance benefits was $2,202,376. Federal participation for program administration was $23,959,509. UI benefits paid by the State during FY2017 were $139,353,875. (CFDA 17.225)

Note 8: Petroleum Violation Escrow

The U.S. Department of Energy programs were funded in part by Petroleum Violation Escrow (PVE) funds. These expenditures are not included in the Schedule of Expenditures of Federal Awards. PVE funds represent the State of Alaska's share of settlement proceeds in various lawsuits between the Federal

Government and oil producers. During the year ended June 30, 2017, Alaska Housing Finance Corporation expended $22,291 from the trust fund in support of Department of Energy programs. (CFDA 81.041)

Note 9: Reporting Prior Year Expenditures

Due to the implementation of the State's new accounting system and a change in methodology for identifying federal awards expended, the Department of Transportation and Public Facilities federal expenditures were understated on the FY2016 Schedule of Expenditures of Federal Awards (SEFA). The FY2017 SEFA includes prior year expenditures totaling $89.4 million reported under CFDA 20.106 ($69.4 million) and CFDA 20.205 ($20 million).

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Administration

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Summary Schedule of Prior Audit Findings

Year Ended June 30, 2017

Report: **02-40011-11** Finding Number: **10** Fiscal Year: **2010** Initial Finding Year: **2010** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.558** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** DHSS' DPA director should implement policies and procedures to ensure the accurate and timely documentation of client participation status. **Status/corrective action planned/reasons for no further action:** This audit finding is fully corrected.
Report: **02-40012-12** Finding Number: **31** Fiscal Year: **2011** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036** Questioned Costs: **None**	**Prior Audit Finding:** The DMVA DAS director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are submitted. **Status/corrective action planned/reasons for no further action:** This finding is partially corrected. Due to various issues, including the FSRS reporting system, FFATA reports were submitted untimely. The DMVA Finance Officer and Homeland Security & Emergency Management Administrative Operations Manager is continuing to strengthen procedures over timeliness of FFATA reporting for FY2018.
Report: **02-40013-13** Finding Number: **32** Fiscal Year: **2012** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036** CFDA: **97.067** Questioned Costs: **None**	**Prior Audit Finding:** DAS' director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are submitted timely and accurately. **Status/corrective action planned/reasons for no further action:** Repeat of finding 02-40012-12 #31. Please refer to the updated response on finding 02-40012-12 #31.

Report: **02-40014-14** Finding Number: **18** Fiscal Year: **2013** Initial Finding Year: **2013** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.568** Questioned Costs: **None**	**Prior Audit Finding:** LIHEAP's manager should ensure the LIHEAP State Plan complies with federal requirements. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The Division of Public Assistance (DPA) has provided the public notice for the regulation changes and conducted a public hearing on 10/02/2017. The changes necessary for federal compliance are scheduled for implementation in FY2018.
Report: **02-40014-14** Finding Number: **33** Fiscal Year: **2013** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036** CFDA: **97.067** Questioned Costs: **None**	**Prior Audit Finding:** The Division of Administrative Services (DAS) director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are accurately submitted. **Status/corrective action planned/reasons for no further action:** Repeat of finding 02-40012-12 #31 and finding 02-40013-13 #32. Please refer to the updated response on finding 02-40012-12 #31.
Report: **02-40014-14** Finding Number: **43** Fiscal Year: **2013** Initial Finding Year: **2013** Federal Agency: **EPA** State Agency: **DEC** CFDA: **66.202** Questioned Costs: **None**	**Prior Audit Finding:** DEC's finance officer should develop and implement procedures to comply with Federal Funding Accountability and Transparency Act (FFATA) subaward reporting requirements. **Status/corrective action planned/reasons for no further action:** DEC has partially resolved the finding. The guidance on FFATA requirement provided by Federal Government is vague and doesn't address some specific situations encountered by DEC on regular basis. DEC is continuing to refine the process of applying the FFATA compliance requirements to DEC's specific business practice. During the process, we have learned that we should be reporting each sub-award within the designated timeframe, rather than waiting for all subawards to come in and report them as a group. In FY2018 we are reporting once per month, for every month that we receive a signed grant agreement.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

Report: **02-40014-14** Finding Number: **45** Fiscal Year: **2013** Initial Finding Year: **2013** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.600** CFDA: **20.613** CFDA: **20.509** Questioned Costs: **None**	<u>**Prior Audit Finding:**</u> DOTPF's director of program development should develop and implement procedures to ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) subaward reporting requirements. <u>**Status/corrective action planned/reasons for no further action:**</u> This finding is partially resolved. The delinquent reports for the Highway Safety Programs (CFDA 20.600 & 20.613) have been completed and procedures have been developed to comply with FFATA reporting requirements. However, not all reports required in FY2015, FY2016 and FY2017 for CFDA 20.509 were submitted timely. DOTPF currently expects to submit the FFATA reports for FY2015, FY2016 and FY2017 by June 30, 2018.
Report: **02-40014-14** Finding Number: **49** Fiscal Year: **2013** Initial Finding Year: **2013** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.509** Questioned Costs: **None**	<u>**Prior Audit Finding:**</u> DOTPF's transit program manager should strengthen procedures to ensure federal report accuracy. <u>**Status/corrective action planned/reasons for no further action:**</u> This finding is partially resolved. The prior year finding related to RR-20 reports is fully resolved. The corrective action to ensure the SF-425 reports are accurate was not implemented in FY2017. Corrective action for the SF-425 reports includes a review procedure and additional documentation requiring the report preparer and approver sign the report prior to submission. These actions went into effect September 2017.
Finding Number: **2014-016** Fiscal Year: **2014** Initial Finding Year: **2013** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.568** Questioned Costs: **None**	<u>**Prior Audit Finding:**</u> LIHEA's program manager should ensure the LIHEA State Plan complies with federal requirements. <u>**Status/corrective action planned/reasons for no further action:**</u> Repeat of finding 02-40014-14 #18. Refer to the updated response with finding 02-40014-14 #18.
Finding Number: **2014-019** Fiscal Year: **2014** Initial Finding Year: **2014** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$21,429** CFDA: **93.767** Questioned Costs: **$1,768,845**	<u>**Prior Audit Finding:**</u> DHSS' commissioner should take action to implement effective controls to ensure Medicaid claims are processed accurately and timely. <u>**Status/corrective action planned/reasons for no further action:**</u> This audit finding was partially corrected. DHSS resolved the defects through the facilitation of corrective action plans with its fiscal agent, Conduent (formerly XEROX). Resolution of the questioned costs is pending reconciliation by the fiscal agent and the department anticipates this finding will be resolved in state FY2018.

Finding Number: **2014-025** Fiscal Year: **2014** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036** CFDA: **97.039** CFDA: **97.067** Questioned Costs: **None**	**Prior Audit Finding:** The Division of Administrative Services' (DAS) director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports comply with federal reporting requirements. **Status/corrective action planned/reasons for no further action:** Repeat of finding 02-40012-12 #31, finding 02-40013-13 #32 and finding 02-40014-14 #33. Please refer to the updated response with finding 02-40012-12 #31.
Finding Number: **2014-031** Fiscal Year: **2014** Initial Finding Year: **2013** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.509** Questioned Costs: **None**	**Prior Audit Finding:** DOTPF's program development director should ensure compliance with the Federal Funding Accountability and Transparency Act (FFATA) subaward reporting requirements. **Status/corrective action planned/reasons for no further action:** Repeat of finding 02-40014-14 #45. Please refer to the updated response on finding 02-40014-14 #45.
Finding Number: **2014-032** Fiscal Year: **2014** Initial Finding Year: **2013** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.509** Questioned Costs: **None**	**Prior Audit Finding:** DOTPF's program development director should develop and implement procedures to ensure accurate federal reporting. **Status/corrective action planned/reasons for no further action:** Repeat of finding 02-40014-14 #49. Please refer to the updated response on finding 02-40014-14 #49.
Finding Number: **2015-002** Fiscal Year: **2015** Initial Finding Year: **2015** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure expenses and deferred outflows related to pensions are accurately reported in the Comprehensive Annual Financial Report (CAFR). **Status/corrective action planned/reasons for no further action:** This finding is partially resolved. While the procedures for the pension entries were written, they were not finalized until November 2017; after the FY2017 draft CAFR had been submitted. Upon review, the procedures had to be extensively edited for clarity. The procedures for function classification have been finalized and are available for the FY2018 CAFR preparation.

Finding Number: **2015-003** Fiscal Year: **2015** Initial Finding Year: **2015**	**Prior Audit Finding:** The state accountant should ensure pension plan contributions are accounted for in accordance with governmental accounting standards.
State Agency: **DOA** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2015-006** Fiscal Year: **2015** Initial Finding Year: **2015**	**Prior Audit Finding:** The Division of Finance director should improve controls over the preparation of financial statement footnotes to ensure all footnotes are correctly prepared as required by GAAP.
State Agency: **DOA** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2015-007** Fiscal Year: **2015** Initial Finding Year: **2015**	**Prior Audit Finding:** The state accountant should ensure debt-related activities are accurately reported in the CAFR.
State Agency: **DOA** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2015-008** Fiscal Year: **2015** Initial Finding Year: **2015**	**Prior Audit Finding:** The state accountant should ensure procedures are followed to accurately report financial activity of the Statutory Budget Reserve Fund (SBRF) and the Constitutional Budget Reserve Fund (CBRF).
State Agency: **DOA** **Financial statement finding**	**Status/corrective action planned/reasons for no further action:** This finding was partially resolved. Procedures for accurately reporting the financial activity of the SBRF have been updated and implemented. The procedures for the reporting of inter-fund activity between the CBRF and the General Fund were rewritten to address errors found during FY2016 testing. However, procedures were not updated timely for the treatment of lapsing and duplicate appropriations for initial calculations prepared for the FY2017 CAFR process. The procedure updates will be completed for use in the FY2018 CAFR preparation.

Finding Number: **2015-019** Fiscal Year: **2015** Initial Finding Year: **2014** State Agency: **DHSS** **Financial statement finding**	**Prior Audit Finding:** DHSS' commissioner should work with Xerox to correct defects in the Alaska Health Enterprise (AHE) system. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DHSS has resolved most of the defects that had originally been identified in the AHE system. Correcting defects involves multiple steps including: an assessment and prioritization; evaluation and programming by fiscal agent; validation and testing by subject matter experts; deployment; and associated follow up action depending on related processes. From the work completed during FY2017, additional defects were identified that have been prioritized for deployment. DHSS anticipates that this finding will be resolved in state FY2018. The Department continues to facilitate corrective action plans for Conduent (formerly Xerox), its fiscal agent. In November 2017 DHSS was notified in writing by CMS with a request for additional information needed to complete the certification of the AHE system.
Finding Number: **2015-021** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.045** Questioned Costs: **$221,215** CFDA: **93.558** Questioned Costs: **$961,240** CFDA: **93.596** Questioned Costs: **$ 41,274**	**Prior Audit Finding:** Management should ensure that all employees complete appropriate time records as required by federal grant regulations. Employees that work on one federal grant or one cost objective should complete semi-annual payroll certifications. Management should also implement processes and procedures that ensure proper data entry occurs to ensure employee efforts are assigned to the correct federal funding **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2015-022** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.044** CFDA: **93.045** CFDA: **93.053** Questioned Costs: **None**	**Prior Audit Finding:** The revenue unit has a system to track grant report due dates and submissions. We recommend program personnel coordinate with the revenue unit to submit grant reports timely. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.

Finding Number: **2015-023** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.767** Questioned Costs: **None**	**Prior Audit Finding:** Management should reconcile program revenue and expenditures as part of the SEFA preparation process to ensure amounts reported are based on current year eligible expenditures and all reconciling items are clearly identified and documented. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DHSS Finance and Management Services (FMS) is strengthening the procedures for the preparation of the federal pass-through report and schedule of expenditures of federal awards (SEFA) to include more transparent stages in the reconciliation process. The department anticipates this finding will be resolved in state FY2018.
Finding Number: **2015-024** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.069** Questioned Costs: **$136,760**	**Prior Audit Finding:** Management should ensure that revenue and expenditure reconciliations for prior year grants, with activity in the current year, are completed timely. Additionally, adjustments between fiscal years and the final reconciliation for closed grants should be reviewed and approved by the Revenue Unit Supervisor in a timely manner. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DHSS Finance and Management Services (FMS) strengthened its reconciliation and close out processes for timely reviews. The department anticipates the questioned costs and the finding will be resolved in state FY2018.
Finding Number: **2015-025** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$101** CFDA: **93.767** Questioned Costs: **$1**	**Prior Audit Finding:** DHSS should continue to facilitate the XEROX corrective action plan to address system defects and revising for new deficiencies as they are identified. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

Finding Number: **2015-026** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.767** CFDA: **93.778** Questioned Costs: **None**	**<u>Prior Audit Finding:</u>** DHSS should update its policies and procedures to more clearly define a "timely" redetermination of Medicaid eligibility. DHSS should also strengthen controls around their application processing procedures to ensure all initial applications are processed within the required time frame. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was partially corrected. In addition to the updates made in FY2016 pertaining to the definition of a timely redetermination in the DPA Medicaid Manual, DPA was approved for a Medicaid waiver that allows eligibility technicians to renew MAGI Medicaid benefits for many households using the gross income calculated for the Supplemental Nutrition Assistance Program (SNAP) recertification. The Centers for Medicare and Medicaid Services (CMS) approved a request to expand the use of this waiver to MAGI Medicaid applications. This waiver strategy will allow the division to get through the MAGI Medicaid application backlog much quicker. In addition, the division is utilizing a computer program to track the time that staff dedicates to application processing to identify, and correct barriers to timely processing. Along with the software, regional managers are using a report which shows outstanding items by date allowing managers to prioritize items chronologically. The division is making progress towards meeting required time frames.
Finding Number: **2015-027** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$14,337**	**<u>Prior Audit Finding:</u>** DHSS should ensure that uncashed State warrants are credited to the Medicaid program within the required time line. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was fully corrected.
Finding Number: **2015-028** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$64** CFDA: **93.767** Questioned Costs: **$7**	**<u>Prior Audit Finding:</u>** DHSS should implement/enhance procedures that allow for review of manually priced claims. **<u>Status/corrective action planned/reasons for no further action:</u>** This audit finding was partially corrected. The department continues to facilitate corrective action plans (CAP) for its fiscal agent, Conduent (previously XEROX). Due to high turnover, the fiscal agent is continuously providing training to staff on processes and procedures to ensure manually priced claims are accurately and timely processed. DHSS anticipates that this finding will be resolved in state FY2018**.**

Finding Number: **2015-029** Fiscal Year: **2015** Initial Finding Year: **2013** State Agency: **DLWD** **Financial statement finding**	**Prior Audit Finding:** The Division of Administrative Services' (DAS) director should ensure uncollectible accounts receivable in the Unemployment Compensation Fund (UCF) are reported in accordance with generally accepted accounting principles. **Status/corrective action planned/reasons for no further action:** This finding is not resolved. The department adopted a policy and procedure for purposes of recording an allowance for uncollectible accounts receivable in the UCF in FY2015. The department shared the policy with the United States Department of Labor and they accepted the corrective actions as sufficient to address this finding. The auditors rejected our current methodology described in our policy. The department continued to strive to come up with an aging methodology in FY2016 and FY2017. The department has hired a short-term Accountant who will work closely with internal accounting and data processing staff beginning October 9, 2017. The team will review the UCF system and accounting processes to come up with aging methodology for estimating an allowance for uncollectible accounts receivable in the UCF by August 31, 2018.
Finding Number: **2015-030** Fiscal Year: **2015** Initial Finding Year: **2015** State Agency: **DLWD** **Financial statement finding**	**Prior Audit Finding:** DLWD's DAS' director should work with the department's finance office to improve accounting for UCF activity. **Status/corrective action planned/reasons for no further action:** This finding is not resolved. Until September 2017, the department's attempts to hire a specialized accounting resource were unsuccessful. Beginning October 9, 2017, a new short-term Accountant will work with lead internal accounting positions to review current UCF accounting activities, identify improvements, and ensure compliance with generally accepted accounting principles. The department plans to implement UCF accounting improvements based on this review by August 31, 2018.

Finding Number: **2015-031** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDOI** State Agency: **DCCED** CFDA: **15.227** Questioned Costs: **None**	**Prior Audit Finding:** DCCED's Division of Administrative Services (DAS) and Division of Community and Regional Affairs (DCRA) directors should work together to improve procedures to ensure all federal receipts deposited into the National Petroleum Reserve Alaska (NPR) special revenue fund (fund) are made available for NPR impact mitigation program grants. **Status/corrective action planned/reasons for no further action:** This finding is partially corrected. The Department concurs with this recommendation and implemented procedures effective for the FY2017 distributions to ensure all federal receipts deposited into the NPR fund are made available for NPR grants per AS 37.05.530(d). This includes written notification of available funding from DAS to the DCRA Director, the DCCED Commissioner, and the DCCED budget manager. Timely notification ensures that supplemental appropriations for additional NPR grants may be requested prior to available funds lapsing.
Finding Number: **2015-033** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDOD** State Agency: **DMVA** CFDA: **12.401** Questioned Costs: **$1,273**	**Prior Audit Finding:** DVMA's Army Guard Facilities Maintenance Division (ARNG FMD) operations manager and administrative services director (ASD) should provide for the training and monitoring of staff to ensure personal service expenditures are accurately charged to federal programs. **Status/corrective action planned/reasons for no further action:** The finding is partially resolved. The Army Guard Facilities Maintenance Division Operations Manager and the Administrative Services Director coordinated with uniform staff and facilitated the monitoring and training of their respective staff, to ensure personal services expenditures are accurately charged to federal programs. Effective October 2017, the State Program Manager and the Federal Program Manager reporting relationship changed to the Administrative Services Director. It is expected that questioned costs relating to this finding will be resolved by June 30, 2018.
Finding Number: **2015-034** Fiscal Year: **2015** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's administrative services director should ensure financial transactions are properly coded to the correct fiscal year in the accounting system. **Status/corrective action planned/reasons for no further action:** This finding is partially corrected. While training was provided, the finding has continued due to insufficient staff training through the reappropriation period. The department will use the list from the current audit to provide examples and training to department staff going forward. The expected implementation will begin June 8, 2018 and continue through August 2018.

Finding Number: **2015-035**
Fiscal Year: **2015**
Initial Finding Year: **2015**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:
DOTPF's administrative services director should ensure necessary revenue accruals are recorded at fiscal year-end.

Status/corrective action planned/reasons for no further action:
This finding is partially corrected. This finding continues to be in error as billable funding lines were originally established without a revenue source code during the AKSAS/IRIS conversion. Expenses posted to these funding lines and were not identified when preparing the year end closing entries for CAFR. Partial corrective action was taken to add customer identification numbers to the billable funding lines, however expenses already posted in IRIS resulted in the expenditures not being picked up during the reimbursement output cycles.

Continued corrective action includes setting up funding priorities with correct billable information and correcting already posted expenditures to bill through the corrected funding priorities. Additionally, the department is working on accrual procedures to ensure the revenue accruals get posted correctly. The department has received an ALDER report that will allow the accruals to be posted at the fund level. The expected implementation date is September 7, 2018.

Finding Number: **2015-036**
Fiscal Year: **2015**
Initial Finding Year: **2013**

Federal Agency: **USDOT**
State Agency: **DOTPF**

CFDA: **20.509**
Questioned Costs: **None**

Prior Audit Finding:
DOTPF's program development director should develop and implement procedures to ensure accurate federal reporting.

Status/corrective action planned/reasons for no further action:
Repeat of finding 02-40014-14 #49 and finding 2014-032. Please refer to the updated response on finding 02-40014-14 #49.

Finding Number: **2015-040**
Fiscal Year: **2015**
Initial Finding Year: **2015**

Federal Agency: **USDOT**
State Agency: **DOTPF**

CFDA: **20.205**
Questioned Costs: **$42,557**

Prior Audit Finding:
DOTPF's administrative services director should ensure personal service expenditures charged to federal programs comply with federal cost principles.

Status/corrective action planned/reasons for no further action:
The finding is partially resolved pending resolution of questioned costs. DOTPF has a negotiated labor rate with FHWA. During the process of negotiation, any over or under-collected revenues are used to determine the future rate.

Finding Number: **2015-041** Fiscal Year: **2015** Initial Finding Year: **2015** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.205** Questioned Costs: **$488**	**Prior Audit Finding:** DOTPF's administrative services director should ensure personal service expenditures charged to federal programs comply with federal cost principles. **Status/corrective action planned/reasons for no further action:** This finding is fully corrected.
Finding Number: **2016-002** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure expenses and deferred outflows related to pensions are accurately reported in the Comprehensive Annual Financial Report (CAFR). **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-002. Please refer to the updated response on finding 2015-002.
Finding Number: **2016-003** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure pension plan contributions are accounted for in accordance with governmental accounting standards. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-003. Please refer to the updated response on finding 2015-003.
Finding Number: **2016-005** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** DOF's director should improve controls over the preparation of financial statement footnotes to ensure all footnotes are correctly prepared as required by GAAP. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-006. Please refer to the updated response on finding 2015-006.
Finding Number: **2016-006** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure debt-related activities are accurately reported in the CAFR. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-007. Please refer to the updated response on finding 2015-007.

Finding Number: **2016-007** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure procedures are followed to accurately report financial activity of the Statutory Budget Reserve Fund (SBRF) and the Constitutional Budget Reserve Fund (CBRF). **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-008. Please refer to the updated response on finding 2015-008.
Finding Number: **2016-012** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** DOF's director should implement strong system configuration management controls. **Status/corrective action planned/reasons for no further action:** This audit finding is unresolved. DOF began the process to address this finding but needed to temporarily cease work to focus on the FY2017 CAFR and other year-end items. DOF created a working group consisting of accountants responsible for compiling financial data, business analysts within the IRIS project section and a computer programmer to document a procedure for processing configuration changes. This includes documenting decisions made for changes believed to carry less risk and therefore require less review and/or formal processes. The expected completion date is June 30, 2018.
Finding Number: **2016-013** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure revenues are consistently and accurately classified in the CAFR. **Status/corrective action planned/reasons for no further action:** This finding is unresolved. While CAFR procedures have been updated there is still significant improvements that need to occur. Revenues in IRIS are very complex and a one for one relation to how things were done in the old accounting system does not exist. While we thought we had accounted for all areas of difficulties in our revised procedures there are still areas where a new process needs to be documented. Staff continue to fine tune the new procedures and workpapers to avoid these errors from occurring in the FY2018 CAFR. Revised procedures will be finalized after CAFR finalization and before February 28, 2018.
Finding Number: **2016-014** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should improve procedures to accurately report capital assets. **Status/corrective action planned/reasons for no further action:** This finding is unresolved. System support has not resolved the depreciation issues experienced during FY2016, prohibiting the State from using the capital asset functionality in IRIS and forcing DOF to continue to use the legacy procedures. With no resolution timeline from system support, DOF will include in the current capital assets procedures extra checks to be implemented. The revised procedures will be finalized after CAFR finalization and before February 28, 2018.

Finding Number: **2016-015** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure year-end revenue accruals reported in the CAFR are recorded to the correct fiscal year, are valid, and are properly supported. **Status/corrective action planned/reasons for no further action:** This finding is unresolved. While CAFR procedures have been updated there is still significant improvements that need to occur. Revenues in IRIS are very complex and a one for one relation to how things were done in the old accounting system does not exist. While we thought we had accounted for all areas of difficulties in our revised procedures there are still areas where a new process needs to be documented. Staff continue to fine tune the new procedures, ALDER reports, and workpapers to avoid these errors from occurring in the FY2018 CAFR. Revised procedures and new ALDER reports will be finalized after CAFR finalization and before February 28, 2018.
Finding Number: **2016-016** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOA** **Financial statement finding**	**Prior Audit Finding:** The state accountant should ensure personal service expenditures recorded in IRIS are reconciled to the State's payroll system (AKPAY). **Status/corrective action planned/reasons for no further action:** This audit finding is unresolved. DOF began the process to address this finding but needed to temporarily cease work to focus on the FY2017 CAFR and other year-end items. Some compensating controls were in effect, such as the interface summary control totals between AKPAY and IRIS financial and the generation of payroll charge reports distributed to departments. DOF will develop and implement a plan to reconcile personal service expenditures between AKPAY and IRIS financial at the summary level for FY2017. The expected completion date is June 30, 2018.

Finding Number: **2016-017**
Fiscal Year: **2016**
Initial Finding Year: **2016**

State Agency: **DOA**
Financial statement finding

Prior Audit Finding:
The Division of Retirement and Benefits' (DRB) director should ensure the financial audits of the retiree and health funds are performed timely.

Status/corrective action planned/reasons for no further action:
DRB concurs with this recommendation that the division should ensure the financial audits of the retiree health fund (RHF) and the group health and life fund (GH&LF) are performed timely. We believe this finding is partially corrected.

Although DOF established an October 3, 2017 deadline for the audits of the RHF and the GH&LF, DRB notified DOF that they would not be able to meet that deadline. Field work for all our audits is completed on the last Friday of September, and at best, we can provide DRAFT financial statements, as we have timing issues with GASB reports, and with lag reports related to health claims. Issues that contributed to the delays included missing member documentation, a change in reporting entity from pension plan to enterprise fund, additional external audit test work on incurred but not reported claims, a need for additional documentation to complete the necessary audit work, and limited staff resources. While every effort was made to correct this finding, additional but different issues developed that delayed the issuance of the RHF financial statements, with delays on the GH&LF related to "Incurred But Not Reported" (IBNR) health claims.

To better manage this process, DRB worked with our primary third-party administrator (TPA) to perform health plan testing on-site, which proved beneficial in meeting our internal deadline for health plan testing. Additionally, DRB and the external audit team held teleconferences with the three TPAs to confirm the receipt of the test items list, discuss the required support needed by the external auditors, and determine the timing involved to meet reporting deadlines. We continued to work with our external auditors to better identify areas which required additional audit work and added those to the audit schedule to implement these earlier in the scheduling of audit field work. This additional work proved fruitful, though there were still minor delays in obtaining all necessary documents to complete fieldwork timely. DRB will continue to ratchet up deadlines with our TPAs to meet DOF established deadlines. This will occur in August 2018 with our kick-off calls to TPAs, but we will notify them in July 2018 via email, letter, and phone call.

This most recent audit, DRB has spent a considerable amount of time on the IBNR amounts reported on all health plans. An area of focus this audit related to the Long-Term Care Fund within the RHF. Additional audit procedures on the Long-Term Care Fund's Present Value of Amounts Not Yet Due (PVANYD) has resulted in a delay as we work with our long-term care actuary to secure the necessary files to test. As of January 22, 2018, the necessary files have not yet been received. We continue to work with our actuaries to obtain this. Next audit, DRB will work with our long-term care actuary earlier in the audit process to secure the necessary files for audit testing and will secure files by September 21, 2018.

With these additional measures in place and deadlines for our TPAs to meet, DRB could meet a delayed deadline of November 1, 2018, and accomplish the goal of issuing health plan audited financial statements earlier. DRB has made every effort to meet the October 3 deadline; however, we do not believe this is an appropriate deadline for final audited financial statements, particularly with all the timing involved to obtain necessary external reports from our TPAs and consultants. We will work with DOF and Legislative Audit to discuss a deadline that is more appropriate.

Contact on corrective action: Kevin Worley, DRB Chief Financial Officer

Finding Number: **2016-018** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOR** **Financial statement finding**	**Prior Audit Finding:** DOR's Tax Division director should update procedures to ensure oil and gas tax credits payable at year-end are accurately reported in the Comprehensive Annual Financial Report (CAFR). **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2016-020** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOE** State Agency: **DEED** CFDA: **84.027** CFDA: **84.173** Questioned Costs: **None**	**Prior Audit Finding:** DEED's TLS division director should ensure LEAs are notified of federal suspension and debarment requirements. **Status/corrective action planned/reasons for no further action:** The finding has been partially resolved. DEED will add additional language to grant assurances to include the requirement that subrecipients inform next tier subawards of suspension and debarment requirements; the correction will be fully implemented in grant awards issued for FY2019.
Finding Number: **2016-021** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOE** State Agency: **DEED** CFDA: **84.027** CFDA: **84.173** Questioned Costs: **None**	**Prior Audit Finding:** DEED's School Finance (SF) division director should amend federal program administration procedures to ensure compliance with federal regulations. **Status/corrective action planned/reasons for no further action:** DEED has resolved this finding.
Finding Number: **2016-022** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOE** State Agency: **DEED** CFDA: **84.027** CFDA: **84.173** Questioned Costs: **None**	**Prior Audit Finding:** DEED's TLS division director should amend the standard grant agreement form to ensure LEAs are informed of required federal award information. **Status/corrective action planned/reasons for no further action:** DEED has resolved this finding.

Finding Number: **2016-023** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOE** State Agency: **DEED** CFDA: **84.027** CFDA: **84.173** Questioned Costs: **None**	**Prior Audit Finding:** DEED's TLS division director should establish procedures and perform risk assessments on LEAs as required by the Uniform Guidance. **Status/corrective action planned/reasons for no further action:** DEED has resolved this finding.
Finding Number: **2016-024** Fiscal Year: **2016** Initial Finding Year: **2014** State Agency: **DHSS** **Financial statement finding**	**Prior Audit Finding:** DHSS's commissioner should work with Conduent State Healthcare, LLC (formerly Xerox) to correct defects in the Alaska Health Enterprise (AHE) system. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-019. Please refer to the updated response on finding 2015-019.
Finding Number: **2016-026** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.568** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend the Finance and Management Services (FMS) Assistance Commissioner should ensure that proper controls over tracking of reporting deadlines are in place and working effectively. Communication between the Division of Public Assistance (DPA) and the FMS Revenue Unit needs to be clear and concise to ensure proper financial data is being reported. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DPA and FMS have both instituted internal tracking systems and written procedures are still being developed.
Finding Number: **2016-027** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.568** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend the Division of Public Assistance (DPA) Director should ensure that Low-Income Home Energy Assistance Program (LIHEAP) subawards are reviewed to ensure they are properly reported on the schedule of expenditures of Federal awards (SEFA). **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.

Finding Number: **2016-028** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.658** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend the Office of Children's Services (OCS) Director should ensure that its Tribal Foster Care–Title IV-E provider agreements are evaluated for compliance with the provisions of 2 CFR 200.330 and .331 and implement requisite changes to its Agreements. DHSS should also perform its tribal monitoring activities as stipulated in its policies. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2016-029** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDA** State Agency: **DHSS** CFDA: **10.551** CFDA: **10.561** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend the Finance and Management Services (FMS) Assistant Commissioner and Division of Public Assistance (DPA) Director should continue to refine the accounting reports used to support the amounts in the SF-425. In addition, the preparation and review of the SF-425 be segregated between the FMS Revenue Unit and DPA. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DPA has segregated duties internally to strengthen internal controls and FMS has standardized expenditure reports to be used for federal reporting, however, processes between the two divisions are still pending development.
Finding Number: **2016-030** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$125,490** CFDA: **93.767** Questioned Costs: **$430**	**Prior Audit Finding:** We recommend that the Program Integrity Unit review and adhere to their written procedures and Finance and Management Services (FMS) should strengthen its tracking tools to ensure accurate information is reported. **Status/corrective action planned/reasons for no further action:** This audit finding was fully corrected.
Finding Number: **2016-031** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** CFDA: **93.767** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** We recommend that the Division of Public Assistance (DPA) should continue to leverage technology and update work processes to ensure timely processing of eligibility redeterminations. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The division is continuing to work with contractors to strengthen the Alaska Resource for Integrated Eligibility Services (ARIES) system.

Finding Number: **2016-032** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** CFDA: **93.767** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend that the Division of Public Assistance (DPA) provide training on new processes highlighting the importance of utilizing case notes to document income verification. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DPA continues to provide agency wide training on updated work processes and working with the challenges associated with managing caseloads with two separate eligibility systems. The department anticipates this finding will be resolved during state FY2018.
Finding Number: **2016-033** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** CFDA: **93.767** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** We recommend that the Division of Public Assistance (DPA) provide training on system changes and how to create audit trails for income verification. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. DPA continues to provide agency wide training on updated work processes and working with the challenges associated with managing caseloads with two separate eligibility systems. The department anticipates this finding will be resolved during state FY2018.
Finding Number: **2016-034** Fiscal Year: **2016** Initial Finding Year: **2015** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** CFDA: **93.767** CFDA: **93.658** CFDA: **93.568** CFDA: **93.268** CFDA: **10.551** CFDA: **10.561** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend the Finance and Management Services (FMS) Deputy Director continue to develop, test, and implement procedures that would allow for the accurate preparation and reconciliation of the amounts to be reported on the SEFA. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-023. Please refer to the updated response on finding 2015-023.

Finding Number: **2016-035** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** CFDA: **93.767** CFDA: **93.658** CFDA: **93.568** CFDA: **93.268** CFDA: **10.551** CFDA: **10.561** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend that the Department of Administration, Division of Finance (DOF) and the Department of Health and Social Services (DHSS) work together to improve information system change management controls. **Status/corrective action planned/reasons for no further action:** Agency Response — Department of Health and Social Services The Department of Administration will respond directly to this recommendation as DHSS has no authorization or oversight responsibilities with AKPAY; ALDER; or IRIS. Agency Response — Department of Administration This audit finding is unresolved. DOF began the process to address this finding but needed to temporarily cease work to focus on the FY2017 CAFR and other year-end items. DOF has created a working group consisting of accountants responsible for compiling financial data, business analysts within the IRIS project section and a computer programmer to document a procedure for processing configuration changes. This includes documenting decisions made for changes believed to carry less risk and therefore require less review and/or formal processes. The expected completion date is June 30, 2018.
Finding Number: **2016-036** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** CFDA: **93.767** CFDA: **93.658** CFDA: **93.568** CFDA: **93.268** CFDA: **10.551** CFDA: **10.561** Questioned Costs: **$0**	**Prior Audit Finding:** We recommend that the Department of Health and Social Services (DHSS) improve information system change management controls. **Status/corrective action planned/reasons for no further action:** This audit finding related to system managed by DHSS was fully corrected. The audit finding related to system managed by the Department of Administration are included in 2016-035. This finding is resolved.
Finding Number: **2016-037** Fiscal Year: **2016** Initial Finding Year: **2013** State Agency: **DLWD** **Financial statement finding**	**Prior Audit Finding:** The Division of Administrative Services (DAS) director should ensure uncollectible accounts receivable in the Unemployment Compensation fund (UCF) are reported in accordance with generally accepted accounting principles. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-029. Please refer to the updated response on finding 2015-029.

Finding Number: **2016-038** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DLWD** **Financial statement finding**	**<u>Prior Audit Finding:</u>** DLWD's DAS director should work with the department's finance office to improve accounting for UCF activity. **<u>Status/corrective action planned/reasons for no further action:</u>** Repeat of finding 2015-030. Please refer to the updated response on finding 2015-030.
Finding Number: **2016-039** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOL** State Agency: **DLWD** CFDA: **17.225** Questioned Costs: **$27,694**	**<u>Prior Audit Finding:</u>** DLWD's ASD director should ensure expenditures are charged to federal grant awards in accordance with the specified period of performance. **<u>Status/corrective action planned/reasons for no further action:</u>** DLWD considers this finding partially corrected due to outstanding questioned costs. Employment and Training Administration considered this finding corrected; however, final determination on the questioned costs has not been received. The department acknowledges that documentation to allow expenditures to be charged outside the period of performance as authorized by USDOL could not be produced likely due to staff turnover. Change of personnel, along with new chart-of-account structures in the state's new accounting system, the Integrated Resource Information System (IRIS), contributed to the posting of expenditures outside the federal grant award period of performance. In November 2016, DLWD provided ASD fiscal staff with training on 2 CFR 200, which included period of performance. DLWD's ASD director will ensure new ASD fiscal staff are trained on the requirements of 2 CFR 200.
Finding Number: **2016-040** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOL** State Agency: **DLWD** CFDA: **17.225** Questioned Costs: **None**	**<u>Prior Audit Finding:</u>** DLWD's Employment and Training Services division (DET) director should strengthen procedures to ensure that Employment and Training Administration (ETA) 227 quarterly reports are accurately and fully supported by the accounting records. **<u>Status/corrective action planned/reasons for no further action:</u>** DLWD considers this finding partially corrected during FY2017. The department revised its ETA 227 report procedure and implemented the change effective May 1, 2017. Additional staff training on implementation of this new procedure is needed to fully resolve this finding.

Finding Number: **2016-041** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOL** State Agency: **DLWD** CFDA: **17.225** Questioned Costs: **None**	**<u>Prior Audit Finding:</u>** DLWD's ASD director should strengthen procedures to ensure that the ETA 9130 quarterly reports are accurate and fully supported by the accounting records. **<u>Status/corrective action planned/reasons for no further action:</u>** The department considers this finding corrected. DLWD has written procedures for preparing the ETA 9130 quarterly reports. Early in FY2016, DLWD staff tried to follow these procedures but they referenced the state's old accounting system and proved difficult to follow at the start of the fiscal year with the state's new accounting system. Staff were required to use multiple sources of information from multiple state systems to populate the reports. Many of the issues with report preparation were resolved toward the end of the fiscal year, which allowed staff to more closely follow existing procedures and produce more fully supported reports. The DLA auditor noted the ETA 9130 reporting improvements in a meeting with DLWD. ASD fiscal staff also participated in USDOL training on preparation of ETA 9130 reports in September 2016. DLWD's finance officer updated the existing procedures to reflect the new accounting system in May 2017.
Finding Number: **2016-042** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOL** State Agency: **DLWD** CFDA: **17.225** Questioned Costs: **$576**	**<u>Prior Audit Finding:</u>** DLWD's DET director should ensure that policies and procedures for verifying eligibility are followed. **<u>Status/corrective action planned/reasons for no further action:</u>** DLWD considers this finding partially corrected during FY2017. The department revised its procedure and training curriculum and in June 2017, provided subject specific training to claim center staff to ensure policies and procedures for verifying eligibility for non-citizens are followed. Detailed instructions for performing the Systematic Alien Verification for Entitlements (SAVE) are included in DET's Unemployment Insurance Processing Manual and in new hire training curriculum.

Finding Number: **2016-043** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOI** State Agency: **DCCED** CFDA: **15.226** Questioned Costs: **$99,864**	**Prior Audit Finding:** DCCED's Division of Community and Regional Development (DCRA) director should remove eligibility requirements from state regulations that conflict with federal law. **Status/corrective action planned/reasons for no further action:** The finding is partially resolved. The DCRA director has been working to revise the state regulations to make them consistent with federal law. This corrective action is anticipated to be completed by the end of FY2018. This audit finding stated DCRA withheld distribution of Payment in Lieu of Taxes (PILT) funds in accordance with state regulations that contain specific eligibility requirements. The department understands those state regulations are contrary to applicable federal laws governing PILT and has ceased applying requirements that are more restrictive than federal law to PILT distribution. To comply with both the PILT federal laws and audit recommendation, while also commencing the lengthy state regulation revision process, at the end of FY2017, the DCRA director requested approval from DCCED's Commissioner to suspend the state regulations and distribute the withheld funds.
Finding Number: **2016-044** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOI** State Agency: **DCCED** CFDA: **15.227** Questioned Costs: **None**	**Prior Audit Finding:** DCCED's DCRA director should take appropriate action against subrecipients that are unable or unwilling to have a single audit as required by the federal Single Audit Act. **Status/corrective action planned/reasons for no further action:** This finding is resolved.
Finding Number: **2016-053** Fiscal Year: **2016** Initial Finding Year: **2015** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** DOTPF's Administrative Services Division (ASD) director should ensure financial transactions are properly coded to the correct fiscal year in the accounting system. **Status/corrective action planned/reasons for no further action:** Repeat of finding 2015-034. Please refer to the updated response on finding 2015-034.

Finding Number: **2016-054**
Fiscal Year: **2016**
Initial Finding Year: **2015**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:
DOTPF's ASD director should ensure necessary revenue accruals are correctly recorded at fiscal year-end.

Status/corrective action planned/reasons for no further action:
Repeat of finding 2015-035. Please refer to the updated response on finding 2015-035.

Finding Number: **2016-055**
Fiscal Year: **2016**
Initial Finding Year: **2016**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:
DOTPF's ASD director should improve internal controls to ensure expenditures are supported and properly recorded in the financial system.

Status/corrective action planned/reasons for no further action:
This audit finding was partially corrected. This error is continuing as expenses were recorded to temporary coding but not immediately moved back to the programs when adequate budgets where available on the programs. As part of corrective action, remaining costs in temporary coding are currently being identified and expenses will be moved to the correct programs. Uncleared amounts from the temporary coding are pending project funding. Grants that have been closed will seek non-participating funding to clear the transactions. Corrective action began December 2017 and is ongoing.

Finding Number: **2016-056**
Fiscal Year: **2016**
Initial Finding Year: **2016**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:
DOTPF's ASD director should improve procedures to accurately report capital assets.

Status/corrective action planned/reasons for no further action:
The 2016-056 corrective action plan included exploration of available fixed asset tools in IRIS. Due to staffing shortages, that exploration did not occur. The action taken after the 2016-056 finding was to do a complete review of all projects that could be located in the file drawers and to start using the program code table for notations on programs that were fixed asset related. The cause of the continued error is attributed to the unusually high number of vacancies which did not allow the staffing resources available to resolve this issue.

Our planned corrective action moving forward will consist of a reorganization of the Finance Section which includes recruiting for a number of accounting vacancies. It is anticipated that we will be fully staffed within six months which will give the new fixed asset accountant the necessary time to rewrite and implement procedures related to the new fixed assets process in the IRIS accounting system. We expect that our corrective actions will be reflected in the FY2018 CAFR reporting cycle.

There were no other corrective actions taken for this audit finding.

Finding Number: **2016-057** Fiscal Year: **2016** Initial Finding Year: **2016** State Agency: **DOTPF** **Financial statement finding**	**Prior Audit Finding:** The Alaska International Airport System (AIAS) controller should ensure AIAS' financial statement audit is performed timely. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. AIAS worked with the Division of Finance to build better ALDER reports to assist in more timely audits and continues to work with DOT&PF Administrative Services regarding project accounting processes performed by Administrative Services on behalf of AIAS to help ensure meeting future financial closing deadlines. AIAS Controller, as the position responsible for timely completion of AIAS audits, is the contact person regarding this finding. In addition to continuing the processes undertaken to address initial finding and which reduced FY2017 FS issuance timing significantly, AIAS is drafting a memorandum of understanding (MOU) specifying and documenting certain budget and accounting processes related to AIAS capital project grant accounting. AIAS intends to submit the MOU to DOT&PF Administrative Services (A/S), and Dept. of Administration, Division of Finance (DOF) and request signed concurrence to the MOU prior to March 30, 2018. We believe this additional action, along with continuation of the efforts undertaken to address initial finding will help ensure timely issuance of FY2018 and subsequent financial statements.
Finding Number: **2016-060** Fiscal Year: **2016** Initial Finding Year: **2015** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.205** Questioned Costs: **$1,219**	**Prior Audit Finding:** DOTPF's ASD director should ensure personal service expenditures charged to federal programs comply with federal cost principles. **Status/corrective action planned/reasons for no further action:** This finding is partially resolved pending resolution of questioned costs. DOTPF has identified the affected programs and will be moving expenditures between programs to correct the questioned costs. The department has started corrective action and anticipates completion by February 2018.
Finding Number: **2016-061** Fiscal Year: **2016** Initial Finding Year: **2016** Federal Agency: **USDOT** State Agency: **DOTPF** CFDA: **20.205** Questioned Costs: **None**	**Prior Audit Finding:** DOTPF's Statewide Design and Engineering chief should strengthen procedures to ensure the annual Federal Highway Administration (FHWA) value engineering (VE) report accurately represents the VE studies performed. **Status/corrective action planned/reasons for no further action:** This audit finding was partially corrected. The department has updated the P&P and is currently going through internal review and approval process. The expected completion date for the listed corrective action is during FY2018.

Finding Number: **2016-062**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Federal Agency: **USDOT**
State Agency: **DOTPF**

CFDA: **20.205**
Questioned Costs: **None**

Prior Audit Finding:
DOTPF's chief contracts officer should improve procedures to verify all subcontractors meet suspension and debarment requirements.

Status/corrective action planned/reasons for no further action:
This finding was partially corrected. The department has revised Appendix E, Certification of Compliance, and submitted it to FHWA in June 2017. FHWA approval of the revised form is pending. Once approval is received from FHWA, the department will begin using the revised Appendix E. The expected implementation date is January 2018.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

Finding Number: **2016-063**
Fiscal Year: **2016**
Initial Finding Year: **2016**

State Agency: **AMHTA**
Financial statement finding

Prior Audit Finding:
AMHTA's chief financial officer (CFO) should ensure AMHTA's financial statement audit is performed timely.

Status/corrective action planned/reasons for no further action:
This audit finding was partially corrected, however the AMHTA has not approved the final annual audit report by the October 3 due date.

Significant progress was made during the year with audit fieldwork completed in a timely manner. The CEO and staff of AMHTA made a substantial commitment to improving the timeliness of audit preparation and ran initial trial balance reports according to the CAP. Upon review of these reports it was determined that certain prior period adjustments associated with closing FY2016 were not showing up on the reports and a series of manual adjustments were needed to create a working trial balance. This additional work at the beginning of the audit created an unexpected delay that led to the missed deadline. The AMHTA continues to take aggressive steps to remedy this finding. As noted in the previous report, the vacant CFO position has been filled and completing the audit remains the number one priority of the new CFO. The AMHTA staff are also working with the outside auditors to develop a reference guide to help generate the necessary trial balance reports in an efficient manner.

Corrective Action Plan:
The AMHTA Chief Financial Officer will continue implementing the Corrective Action Plan (CAP):

a) The CFO continues to make it their number one priority that accurate and complete trial balances are submitted to the agency's auditor by the established deadline.
b) The AMHTA's accounting staff and the CFO, reviewed the issues that caused the delays in getting the appropriate information from IRIS last year and, in the course of that review, discovered new issues. The staff continues to address and resolve those issues. Test balances are run to determine if the information is available and then reviewed by the AMHTA's outside auditor to determine their adequacy. Those tests are run at least 30 days in advance of the submittal deadline.
c) If the required information is not available from IRIS at the time of the tests, the AMHTA will escalate the issue to the DOF, the Information Technology staff for assistance in resolving the issues.

The CAP should be complete by October 3, 2018 the date that financials are due to be submitted for the annual audit.

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SECTION IV – CORRECTIVE ACTION PLAN

THE STATE of ALASKA

GOVERNOR BILL WALKER

Department of Administration

OFFICE OF THE COMMISSIONER

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June 14, 2018

RECEIVED
JUN 15 2018
LEGISLATIVE AUDIT

Kris Curtis, CPA, CISA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

RE: Response to Confidential Preliminary Audit Report, Department of Administration (DOA), FY 17 Statewide Single Audit

This is in response to Recommendations in the FY 17 State of Alaska Single Audit.

Recommendation No. 2017-001

DOA's state accountant should ensure expenses and deferred outflows related to pensions are accurately reported in the Comprehensive Annual Financial Report (CAFR).

Prior Finding

FY 15 and FY 16 expenses and deferred inflows and outflows related to pensions for governmental activities were incorrectly calculated. Specifically, when preparing the draft FY 15 CAFR, Division of Finance (DOF) staff responsible for calculating FY 15 governmental activities pension expense and deferred outflows used the incorrect contribution amount for the Teachers' Retirement System (TRS) portion of the pension activity calculation.

When preparing the FY 16 CAFR, DOF staff made multiple errors, resulting in incorrectly calculating FY 16 pension expense and deferred outflows and inflows of resources related to pensions:

- Deferred activity related to the State of Alaska's change in proportionate share of pension activity and pension contributions for the Public Employees Retirement System (PERS) was not appropriately netted when reported in the draft FY 16 CAFR. The errors resulted in deferred inflows and deferred outflows of resources related to pensions being overstated by $132.1 million for governmental activities in the draft FY 16 government-wide Statement of Net Position.

- DOF incorrectly calculated and recorded the State's portion of deferred outflows and pension expense for PERS. This error was the result of multiple mistakes in the PERS calculations performed by DOF accountants, resulting in deferred outflows being understated and pension expense being overstated by $124.2 million for governmental activities on the FY 16 draft government-wide statements.

- DOF failed to accurately identify the functional classification of pension expenses on the draft FY 16 government-wide Statement of Activities, resulting in misclassifications across expense functions of $136.6 million. This error was due to accountant oversight and lack of sufficient review procedures over preparing the reconciliation and allocating expenses across functions.

All misstatements identified in the prior years were ultimately corrected via audit adjustments and properly reported in the respective FY 15 and FY 16 CAFRs.

Legislative Audit's Current Position

Improvements were made when preparing the FY 17 draft CAFR, and DOF staff properly reported deferred inflows and deferred outflows related to pensions. However, the functional classification of the State's proportionate share of pension expense remained an issue in FY 17.

DOF failed to accurately identify the functional classification of pension expenses on the FY 17 governmental activities government-wide Statement of Activities, resulting in misclassifications across expense functions of $379.6 million. Governmental accounting standards I require the functional classification of expenses in order to group related activities that are aimed at accomplishing a major service or regulator responsibility. This provides information on the overall purposes or objectives of expenditures.

This error was due to accountant oversight, lack of sufficient procedures, and use of faulty allocation methodology to assign pension-related expenses to functional classifications. This misstatement was ultimately corrected via an audit adjustment and properly reported in the FY 17 CAFR.

We again recommend the state accountant ensure pension expenses are accurately reported in the CAFR.

Agency Response

The Division of Finance (DOF) agrees with this recommendation. The GASB 68 procedures did not provide enough detail regarding the function classification of pension expense. DOF performed an extensive review and rewrite of the procedures in the preparation of the FY18 CAFR. The updated procedures were finalized in February of 2018.

Recommendation No. 2017-002

DOA's state accountant should ensure procedures are updated timely to accurately report financial activity of the Constitutional Budget Reserve Fund (CBRF).

Prior Finding

Testing of the FY 15 and FY 16 draft CAFR identified multiple instances of inaccurate reporting of CBRF financial activity that were primarily due to human error by accounting staff. The noted errors were corrected via audit adjustments and the activity was properly reported in the respective CAFRs.

Specifically, errors were identified relating to the presentation of the repayment from the General Fund (GF) to the CBRF required by Article IX, section 17(d) of the Alaska Constitution. The repayment errors in FY 16 resulted in a net understatement of $522.6 million. Errors were corrected via an audit adjustment and the activity was properly reported in the FY 16 CAFR.

Also, during FY 16, four separate errors were identified in the financial reporting of interfund activity for the draw from the CBRF to the GF for balancing appropriations at year end as permitted by legislation. The errors resulted in a net overstatement for the CBRF draw of

$450.9 million. Errors were corrected via an audit adjustment and the activity was properly reported in the FY 16 CAFR.

Generally accepted accounting principles require that governmental funds be reported using the modified accrual basis of accounting, under which expenditures and transfers are recognized when measurable and when the related liability is incurred.[2]

Legislative Audit's Current Position

This finding was partially resolved, as DOF staff followed established procedures during preparation of the FY 17 draft CAFR to report CBRF financial activity. Thus, no errors were identified that were similar to the prior year.

However, for FY 17, the procedures associated with the governmental reserve calculation were not updated timely for appropriations with lapsing balances and appropriations with multiple function categories. This deficiency was identified by auditors before the release of the draft CAFR and corrected. If not identified and corrected, the draw from the CBRF to the GF would have been overstated by approximately $180 million.

Furthermore, it was identified that the procedure for calculating the draw from the CBRF to the GF does not include a process to annually evaluate the methodology for appropriate components. For example, the GF oil and gas tax credit liability was reported in the FY 17 financial statements following generally accepted accounting principles; however, there was no budgeted appropriation at year end to pay for the tax credit liability. Therefore, the liability should be excluded from the calculation of the draw from the CBRF to the GF for balancing appropriations at year end. In FY 17, the draw from the CBRF to the GF was overstated by $740.80 million due to including the oil and gas tax credit liability in the calculation methodology. This overstatement was corrected via audit adjustment.

We recommend DOA's state accountant ensure procedures are updated timely to accurately report CBRF financial activity. This should include an annual evaluation of the CBRF draw calculation methodology to ensure the draw from CBRF is accurately calculated.

Agency Response

The Division of Finance agrees with this recommendation. During a time of staff turnover, the governmental reserves procedures were not revised and completed before the start of the FY17 CAFR preparation. The updated procedures have been finalized.

The procedure for calculating the draw from the CBRF to the general fund will be revised to include an analysis of the components being used for the calculation and will be completed by August 31, 2018.

Recommendation 2017-003

The chief accountant and finance officer should implement strong system configuration management controls.

Prior Year Finding

During FY 16, there was no comprehensive policy for configuration management.[3] According to DOF management, certain configuration changes were considered minor and too time consuming for tracking and monitoring. However, there was no guidance to define a minor change.

The National Institute of Standards and Technology[4] (NIST) *Special Publication 800-53*[5] provides extensive framework for system configuration management controls. Per NIST control CM-1, a typical organization should develop, document, and disseminate a configuration management policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance. Additionally, per NIST control CM-3, each organization should:

a. Determine the types of changes to the information system that are configuration controlled;
b. Review proposed configuration-controlled changes to the infonnation system and approve or disapprove such changes with explicit consideration for security impact analyses;
c. Document configuration change decisions associated with the information system;
d. Implement approved configuration-controlled changes to the information system;
e. Retain records of configuration-controlled changes to the information system;

f. Audit and review activities associated with configuration-controlled changes to the information system; and
g. Coordinate and provide oversight for configuration change control activities.

Lack of well-designed configuration management may result in inappropriate system changes that cause disruptions, inefficiencies, noncompliance with federal and state laws, and/or loss of productivity.

Legislative Audit's Current Position

During FY 17 there continued to be no comprehensive policy in place for configuration management. Per DOF management, competing priorities limited the division's ability to implement corrective action during FY 17.

We continue to recommend the chief accountant and finance officer implement strong system configuration management controls.

Auditor' s Note

The details related to this control weakness are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate, confidential document.

Agency Response

The Division of Finance (DOF) agrees with this recommendation.

A procedure for processing configuration changes will be developed to include documentation of the change in a migration packet, with backup support, to be reviewed and approved by a second employee.

The expected completion date to implement strong system configuration management controls is July 1, 2018

Recommendation No. 2017-004

DOA's state accountant should ensure revenues are consistently and accurately classified in the CAFR.

Prior Finding

Government-wide governmental activities revenues in the draft FY 16 Statement of Activities contained numerous classification errors. As a result, $398.4 million of revenues were misclassified. The most significant errors were as follows:

- Property taxes of $111.6 million were incorrectly reported as severance taxes on the Statement of Activities.

- An adjustment to reverse governmental activities capital grants and contributions: transportation revenue of $210.1 million was incorrectly classified as operating grants and contributions: transportation on the Statement of Activities-.

These errors were ultimately corrected via an audit adjustment and properly reported in the FY 16 CAFR.

Governmental accounting standards[6] require revenues to be classified between program revenues and general revenues. Program revenues are derived directly from the program itself and classified between charges for services, operating grants and contributions, and capital grants and contributions. General revenues include all other revenues not meeting the definition of program revenues and break out taxes by the different tax types, including sales tax, property tax, and income tax.

Legislative Audit's Current Position

Government-wide governmental activities revenues in the draft FY 17 Statement of Activities contained numerous classification errors. As a result, $230.1 million of revenues were misclassified.

Current year errors were the result of ambiguities within DOF's updated revenue classification tool regarding how various revenues should be classified for government-wide presentation; inconsistent classification of government-wide governmental activities revenue between DOF accountants; not fully incorporating FY 16 audit adjustments in FY 17 CAFR preparation; and not thoroughly analyzing fund only revenue transactions for proper classification. These errors were corrected via an audit adjustment and properly reported in the FY 17 CAFR.

We again recommend DOA's state accountant ensure revenues are consistently and accurately classified in the CAFR.

Agency Response

The Division of Finance agrees with this recommendation. Revenue classification continues to be a difficult area for CAFR reporting with the implementation of IRIS-FIN and the re-engineering of the State's business processes. Improvements are ongoing, and procedures are updated as short-comings are identified.

The updated procedures will be finalized by August 31, 2018.

Recommendation No. 2017-005

DOA's state accountant should improve procedures to accurately report capital assets.

Prior Finding

Multiple errors were identified in the reporting of capital assets on the draft FY 16 government- wide governmental activities Statement of Net Position. Specifically, the capital asset accounts: Construction in Progress (CIP); Infrastructure Net of Depreciation (IF); Buildings, Net of Depreciation; and Equipment, Net of Depreciation contained significant errors. The following errors were noted for each account:

- IF was understated $61.1 million.
- CIP was understated $237.6 million.
- Buildings, Net of Depreciation was overstated $76.4 million.
- Equipment, Net of Depreciation was understated $21.6 million.

The errors were the result of DOF accountants not identifying that: FY 15 audit adjustments were not treated correctly in the FY 16 capital asset listings; capital asset listings by account contained formula errors; and adjustments posted to the capital asset accounts were not supported by the associated capital asset listing. Collectively, the errors would have misstated the financial statements; however, the errors were corrected via audit adjustments, and capital assets were properly reported in the FY 16 CAFR.

Governmental accounting standards[7] require capital assets to be reported at historical cost and include all tangible or intangible assets used in operations that have initial useful lives extending beyond a single reporting period and be depreciated over their useful lives.

Legislative Audit's Current Position

Multiple errors were again identified in the reporting of FY 17 capital assets on the draft government-wide governmental activities financial statements. These errors include:

- Miscalculations of the Department of Transportation and Public Facilities' CIP balance resulted in a $381.0 million overstatement of CIP and an understatement of transportation expense in the same amount.

- Seven departmental CIP projects[8] were finished prior to June 30, 2017, and should have been moved to the Buildings, Net of Depreciation listing. This resulted in $86.0 million overstatement of CIP; $75.3 million understatement of Buildings, Net of Depreciation; and $10.7 million understatement of expenses.

- Two software CIP projects[9] were found to be erroneously included in CIP. One project was complete and should have been moved to Equipment, Net of Depreciation for $884 thousand, and one software project had been cancelled and should have been expensed for $24.9 million. Additionally, a miscalculation resulted in $6.1 million in software CIP that should have been expensed.

- The IF spreadsheet included a formula error which incorrectly calculated accumulated depreciation additions. This resulted in a $17.7 million overstatement to IF and understatement to transportation expense in the same amount.

The errors were the result of DOF accountants' oversight in not identifying formula errors in the capital asset listings. Additionally, DOF staff did not review for and inquire about projects on departmental CIP listings that were at risk of needing to be reclassified from the CIP listing. Collectively, the errors would have misstated the financial statements; however, the errors were corrected via audit adjustments and capital assets were properly reported in the FY 17 CAFR.

We again recommend DOA's state accountant improve procedures to accurately report capital assets.

Agency Response

The Division of Finance (DOF) agrees with this recommendation. DOF experienced staff turnover in the middle of the CAFR process. Due to staff turnover the capital asset procedures were inaccurate or incomplete

DOF will perform an extensive review of the capital asset procedures ensuring all revisions and updates are included. The revision will include a review of projects that should have changed asset class. For FY18, DOF will be utilizing the full capital asset functionality of the accounting system; therefore, formula errors should not be a concern. The updated procedures will be finalized by August 31, 2018.

Recommendation No. 2017-006

DOA's state accountant should ensure year-end revenue accruals are accurately reported, are valid and are properly supported.

Prior Finding

Implementation of IRIS in FY 16 resulted in various revenue errors. By default, IRIS records revenue receivables (RE) during the reappropriation period (July and August following fiscal year-end) to the current fiscal year. Agency accountants must manually change IRIS-generated RE transactions to the prior fiscal year as necessary. DOF staff identified that agency accountants did not always correctly modify the fiscal year of RE documents and proposed adjustments to address the issue. However, DOF's methodology was flawed and resulted in the following identified errors:

- General fund deferred inflows of resources (unavailable revenue) of $122.4 million were overstated in the fund statements. Furthermore, government-wide, governmental activities revenues on the Statement of Activities were overstated by the same amount. These errors were due to DOF accountants not correctly considering the cumulative effect of various pre-draft CAFR adjustments to these accounts, and by considering all RE-related errors to be unavailable revenue.

- General fund unavailable revenue was overstated $23 million, and government-wide, governmental activities revenues were overstated by the same amount. This error was caused by DOF staff incorrectly including duplicate transactions totaling $4.2 million, and accruing $18.8 million in revenues for expenditures that were not reimbursable. These errors were the result of DOF's methodology not fully considering the different ways agencies use IRIS structures to track expenditures and required state match for federally reimbursed programs.

DOF's year-end process to identify and reclassify unavailable revenue in the FY16 draft CAFR also resulted in various revenue errors:

- Intergovernmental receivables of $14.2 million converted from the prior accounting system, AKSAS, were inadvertently reported as general fund unavailable revenue instead of being eliminated as intergovernmental activity. This resulted in general fund expenditures and unavailable revenue being overstated $14.2 million. This error was due to the complexity of converting intergovernmental receivables from the prior accounting system to IRIS.

- Collected revenues of $3.8 million were included in DOF's unavailable revenue accrual. This error was due to DOF staffs use of incorrect parameters in financial reports used to calculate unavailable revenue at year-end.

These errors were ultimately corrected via audit adjustment and properly reported in the FY 16 CAFR.

Legislative Audit's Current Position

Inaccurate reporting of revenues recorded during reappropriation period remained an issue in FY 17. Multiple errors were identified related to the accrual of revenue and calculation of deferred inflows of resources (unavailable revenue). The significant errors include:

- General fund deferred inflows of resources were overstated $53.9 million in the fund statements. Furthermore, government-wide, governmental activities revenues on the Statement of Activities were overstated by the same amount. These errors were due to DOF accountants not ensuring known errors were corrected by the department prior to CAFR compilation.
- Government-wide, governmental activities revenues were overstated $10.3 million. General fund deferred inflows of resources were overstated $10 million and revenues were overstated $277 thousand. These errors were due to DOF staff not identifying that the ALDER report developed to support the adjustment to correct revenue recorded to the wrong fiscal year erroneously included duplicate transactions. The duplicate transactions were due to referencing errors in the

ALDER report. Additionally, DOF's unavailable revenue calculation did not include all open receivables, and did not appropriately account for receivables manually posted by departments. DOF's year-end process to identify and reclassify unavailable revenue in FY 17 remained problematic and resulted in the following revenue errors:

- Collected revenues of \$21.5 million and \$12.8 million of invalid receivables were erroneously included in DOF's unavailable revenue accrual, overstating unavailable revenue \$34.3 million. In contrast, \$12.9 million of uncollected revenues were omitted from DOF's unavailable revenue accrual, understating unavailable revenue by \$12.9 million. The errors were due to DOF staffs use of incorrect parameters in ALDER reports used to calculate unavailable revenue at year-end and lack of review of outstanding receivables.

- DOF's year-end entry to reclassify general fund revenue to unavailable revenue did not appropriately consider negative open revenue transactions. As a result, general fund unavailable revenue was understated \$20.9 million, due to other: governments and due from other governments were understated by \$20.9 million, and revenues were overstated by the same amount. The error was a result of DOF staff not considering proper classification of negative open revenue balances during CAFR preparation.

These errors were ultimately corrected via audit adjustments and properly reported in the FY 17 CAFR.

Governmental accounting standards[10] require governmental fund revenues to be recognized in the accounting period in which they become both measurable and available[11] to finance expenditures of the fiscal period.

We again recommend DOA's state accountant ensure year-end revenue accruals are accurately reported, are valid, and are properly supported. We also recommend the state accountant pursue an IRIS system modification to help facilitate the correct coding of receivables during the reappropriation period.

Agency Response

The Division of Finance (DOF) agrees with this finding. The auto generated receivable process during the reappropriation period in the new accounting system continues to be difficult. DOF is working with the ALDER programmer to develop an *accurate report that will assist Accounting Services in monitoring the receivables during the reappropriation period and assist the departments in correcting the documents' fiscal year. The ALDER report will be developed by June 30, 2018.*

Recommendation No. 2017-007

DOA's state accountant should ensure personal services expenditures recorded in IRIS are reconciled to the State's payroll system.

Prior Finding

FY 16 personal services expenditures generated in the State's payroll system, AK.PAY, were not reconciled with personal services expenditures recorded in the State's accounting system, IRIS.

The AKPAY system was used to process the State's payroll throughout FY 16; however, the system did not directly interface with IRIS. Management instituted a temporary process that included extracting personal services expenditure data from AKPAY, converting it into a format usable by IRIS, and uploading the data into IRIS to record personal services expenditures and associated liabilities. Per DOF management, insufficient resources and complexities with recording personal services activity to IRIS contributed to the lack of a reconciliation.

During FY 16, the AK.PAY system processed approximately $1.8 billion in personal services expenditures. In absence of performing reconciliations, the manual processes used to record personal services expenditures in IRIS increased the risk of a financial misstatement.

Alaska Administrative Manual 05.020 requires each State agency to "adopt methods to periodically assess risk and to develop, implement, and review its system of internal controls." Furthermore, AAM 05. I IO lists reconciliations as a common control activity that provide reasonable assurance of the accuracy of financial records through periodic comparison of source documents to data recoded in accounting information systems.

Legislative Audit's Current Position

No comprehensive reconciliation between the State's payroll systems and IRIS were performed during FY 17. The AKPAY system was decommissioned on January 17, 2017, and replaced by IRIS Human Resources Management (HRM)

Module. During FY 17, AKPAY processed approximately $912.6 million of personal services expenditures, and HRM processed approximately $957.7 million of personal services expenditures.

The implementation of HRM allowed DOA to interface personal service expenditures directly from HRM into IRIS. However, in a review of five pay periods between January and April 2017, only one reconciliation between HRM and IRIS financial module was completed by DOA's contracted system administrator. Per DOF management, competing priorities and insufficient resources continued to limit management's ability to reconcile personal services expenditures. The lack of consistent timely reconciliations increases the risk that financial errors related to personal services expenditures would not be identified and corrected.

We recommend that the state accountant ensure personal services expenditures recorded in IRIS are reconciled to the State's payroll system.

Agency Response

The Division of Finance (DOF) agrees with this recommendation.

The DOF payroll section began reconciling personal services expenditure amounts recorded in IRIS-FIN to the amounts recorded in IRIS-HRM (the payroll system) from the PAM (Payroll Accounting Management) process for each payroll on May 8, 2017. Reconciliations are being completed retroactively for payrolls processed in IRIS-HRM between January 27, 2017 and May 8, 2017. In addition to the reconciliation between IRIS-FIN and IRIS-HRM (from the PAM) that is completed by the payroll section, the accounting services section worked with the payroll section in developing an ALDER report to perform reconciliations between IRIS-FIN and IRIS-HRM.

The expected completion date for performing past/current reconciliations is June 30, 2018.

Recommendation No. 2017-008

DOA's state accountant should improve procedures to ensure governmental activities net position related to long-term debt is accurately reported in the CAFR's government-wide Statement of Net Position.

DOF accountants did not properly classify net position related to long term debt in the draft FY 17 government-wide governmental activities Statement of Net Position. A misclassification of $67.3 million in net position resulted from DOF not ensuring: assets purchased with debt proceeds belonged to the State; net position calculations included updated total expenditures for appropriations funded by long term debt; and unspent capital project funds were properly considered in classification of debt-related net position.

Governmental accounting standards[12] require net position to be r ported as restricted, unrestricted, or invested in capital assets in accordance with specific definitions. DOF did not adhere to the requirements when reporting long-term debt-related net position.

We recommend DOA's state accountant improve procedures to ensure governmental activities net position related to long-term debt is accurately reported in the CAFR's government-wide Statement of Net Position.

Agency Response

The Division of Finance (DOF) agrees with this recommendation. The debt accountant has included instructional information imbedded directly into each debt related workpaper used for the CAFR preparation. DOF continues to search for training related to debt accounting.

Recommendation No. 2017-009

DOA's chief accountant and finance officer should improve the State's payroll system controls.

An evaluation of DOA's State payroll system controls during FY 17 identified several internal control weaknesses. In aggregate, these deficiencies constitute a material weakness in controls over financial statements.

The control weaknesses increase the risk of noncompliance with state and federal regulations, financial statement misstatements, and misuse of sensitive information. Competing priorities, lack of resources, and management's reliance on contractor support contributed to the control weaknesses.

We recommend that DOA's chief accountant and finance officer should improve the State's payroll system controls.

Auditor's Note

The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate, confidential document.

Agency Response

The Division of Finance (DOF) agrees with this recommendation. Where controls were not able to be strengthened due to a few agencies with limited staffing, ALDER reports have been developed for monitoring purposes. Other controls were corrected via a patch that was provided by the State's contractor. The remaining control issue will be resolved with the system upgrade that is set to begin July 2018 and completed July 2020.

Recommendation No. 2017-010

DOA's state accountant should work with outside audited entities to ensure audits are submitted to DOF timely.

Many outside audited entities were untimely in submitting audited financial statements to DOA DOF. A total of 13 audits were received by DOF after the CAFR was compiled mid-November 2017. In many cases, DOF staff had no advance notice of the delays.

DOF staff are responsible for creating the State's CAFR. The CAFR incorporates the financial information for components, such as governmental corporations and the University of Alaska, that independently compile their respective financial statements which are audited by CPA firms hired by the entities. A total of 25 outside audited entities, funds, or accounts submit audited FY 17 financial information to DOF for inclusion in the FY 17 CAFR as required by generally accepted accounting standards.

State law (AS 37.05.210) requires DOF to issue the audited CAFR for the preceding fiscal year by December 15th To meet this deadline, DOF staff established a project timeline that required outside audits be submitted to DOF by October 3ro, Annually, DOF sends a standard communication letter to entities in the spring outlining timelines and expectations. No formal outreach, other than the letter, is conducted.

Management from a few entities stated that audits were delayed as a result of

DOF providing pension allocation information needed to create financial statements in late September or early October. DOF was late in providing the information due to difficulties designing reports for its new payroll system. Additionally, delays for a few entities were due to a lack of outside auditor resources. It was also noted that DOF did not have formal outreach procedures to monitor the status of outside audits.

Untimely audits contributed to the delayed issuance of the CAFR, which negatively impacted decision-making by report users. Furthermore, the delays decreased audit efficiency.

We recommend the state accountant work with outside audited entities to ensure audits are submitted to DOF timely. Actions should include providing pension allocation to entities timely and actively monitoring outside audits as well as conducting outreach to ensure entities are fully aware of the CAFR project timeline and the impact of late audits.

Agency Response

The Division of Finance (DOF) agrees with this recommendation. The delay in providing GASB 68 information to the component units was a contributing factor in outside auditors not completing their audits timely during FY17. DOF has refined the process and procedures for calculating the GASB 68 allocations and will have the information to the funds by the third week in September. In addition, DOF will continue to have discussions with the component units and their auditors to ensure audits are received in a timely manner for the FY18 CAFR reporting period.

Recommendation No. 2017-011

The Division of Retirement and Benefits' (DRB) chief financial officer (CFO) should improve procedures to ensure financial audits of the pension and health funds are performed timely.

The audit of the Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS) FY 17 financial statements could not be completed by an outside auditor (QA) due to the discovery that supporting census data was inaccurate. DRB staff did not have sufficient internal controls in place to verify the accuracy of the Department of Military and Veterans' Affairs census information.

Additionally, FY 17 financial statement audits for the following funds, performed by an OA, were not completed by October 3, 2017, the deadline established by DOF:

- Deferred Compensation Plan audit opinion issued November 22, 2017
- Supplemental Benefits System audit opinion issued November 22, 2017
- Public Employees Retirement System audit opinion issued December 5, 2017
- Judicial Retirement System audit opinion issued December 6, 2017
- Teachers Retirement System audit opinion issued December 5, 2017
- Retiree Health Fund audit opinion issued February 7, 2018
- Group Health and Life Fund audit opinion issued November 27, 2017

Several factors delayed the audits. Supporting information was not provided timely to the OA by DRB employees due to competing priorities and lack of resources. Information needed to complete the financial audit was determined by the OA to be inaccurate, incomplete, and/or missing from the actuary, third party administrator, and ORB. Furthermore, DRB management lacked sufficient internal controls to guide the financial reporting process and manage the related contracts.

State law (AS 37.05.210(a)(l)) requires DOF to issue the audited CAFR for the preceding fiscal year by December 15th As noted above, the audits were issued from seven to 18 weeks after the deadline set by DOF, which prohibited DOF from including audited ORB financial activity in the draft CAFR. Incomplete and untimely draft CAFR information delayed the issuance of the CAFR opinion, which negatively impacted decision-making by report users. Furthermore, the delays decreased audit efficiency.

We recommend DRB's CFO improve procedures to ensure financial audits of the pension and health funds are performed timely.

Agency Response

The Division of Retirement and Benefits agrees with your recommendation. Currently, the Division is working with our external auditors to develop a work schedule / calendar to meet the due date of draft financial statements the first week of October 2018 and issuing final audited financial statements by October 31, 2018. This will require moving up work performed for interim test work, audit work on healthcare claims testing, and preparation of GASB 67 / 74 by the Division's consulting actuary. The Division will work with the ARM Board audit committee on this topic so that the deadlines are transparent to all parties.

The Division is also working with the Department of Military and Veterans' Affairs (DMVA) on the census data required by our consulting actuary to prepare the actuarial valuation report as well as the GASB 68 report necessary for the external audit. The Division will work with DMVA to develop policies and procedures for creation of the census data by branch of service and to provide all the necessary information required. We will also be reviewing the census data going forward as well as providing additional lump sum payment information to the actuary to develop the actuarial and GASB 68 reports.

Recommendation No. 2017-012

DOA state accountant should improve instructions to departments' staff responsible for the preparation of the schedule of expenditures of federal awards (SEFA), and conduct adequate training.

Eight departments inaccurately reported federal awards expended in the FY 17 preliminary SEFA. Additionally, five departments inaccurately reported pass through expenditures and six departments' subrecipient amounts were not supported by the accounting records. Auditors found that some department staff did not fully understand the definition of a federal pass through organization, the difference between an external pass through organization and a subrecipient of the State, and the types of reimbursable service agreements to report as state pass through expenditures.

DOF is the entity responsible for compiling the statewide SEFA. As part of DOF's process, a letter is sent out each year to departments with instructions for preparing the SEFA. Additionally, it has been DOF's standard practice to hold an annual SEFA instructional meeting with departmental staff assigned the task of preparing the schedule. According to department management, errors were due, in part, to unclear DOF instructions for preparing the SEFA.

Per 2 CFR 200.508(b), the auditee must prepare appropriate financial statements, including the SEFA, in accordance with federal regulation.t3 Furthermore, per 2 CFR 200.303, the auditee is responsible for establishing effective internal controls over federal award management including reliability of reporting.

Inaccurate SEFA reporting increases the risk of financial reporting errors. Additionally, because the SEFA is used to determine major programs, inaccurate

SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal award agencies imposing additional conditions or taking corrective action, including requiring additional reports or withholding/terminating funding.

We recommend DOA's state accountant improve instructions to departmental level staff responsible for the preparation of the SEFA, and conduct adequate training to ensure the SEFA is accurate, complete, and supported by the accounting records.

Agency Response

The Division of Finance (DOF) agrees with this recommendation. DOF will review the instructions related to the federal expenditures and provided to subrecipient fields for clarity. The current instructions already instruct departments to maintain all backup to support the reported amounts for review and audit.

For several years, DOF conducted a "kick off" meeting to walk through the SEFA process with department staff. Due to a lack of participation and attendance, the kick off meeting was found to be ineffective and an inefficient use of time and resources. As a result, the kick off has not be held since the FY15 SEFA process.

DOF has created a new position that will be responsible for statewide training. The incumbent will address creating a virtual kick off video and revising the SEFA instructions. This will be completed in time for the FY18 SEFA process.

Recommendation No. 2017-013

The state accountant should continue to work with the U.S. Department of Health and Human Services (USDHHS) to ensure the annual statewide cost allocation plan (SWCAP) is federally approved.

The State's FY 17 SWCAP, prepared by DOF accounting staff, has not been federally approved and therefore was not available for audit. The lack of an approved SWCAP increases the risk that unallowable costs will be claimed for federal reimbursement.

The SWCAP is the process through which central services[14] are identified and assigned to benefitted activities on a reasonable and consistent basis. Federal regulations[15] require submission of a proposed SWCAP to the State's cognizant agency, USDHHS, each year in which the State claims central service costs for reimbursement under federal awards. Once approved by USDHHS, the SWCAP will be accepted and used by all federal agencies. Approved proposals that are later found to have included unallowable costs must either be adjusted, or a refund must be made, at the option of USDHHS.

According to DOF management, the FY 17 SWCAP initially was not approved due to a delayed final review by USDHHS caused by complications from incorporating Governmental Accounting Standards Board (GASB) Statement Number 68 information into the SWCAP. Additionally, prior to FY 13, DOA's Office of Information Technology (OIT) central service costs billed to State agencies exceeded estimated allowable costs. A portion of these excess billings were subsequently claimed for federal reimbursement, resulting in unallowable costs. Identifying the specific amount of unallowable costs claimed under each federal award is a complex and time consuming process and resulted in additional review delay. In February 2018, the State submitted a repayment proposal to USDHHS. When the repayment amount is finalized with USDHHS, the State will have 30 days to submit the repayment.

We recommend the State Accountant continue to work with USDHHS to ensure the annual SWCAP is federally approved.

Agency Response

The Department of Administration, Division of Finance (DOF) agrees with this recommendation.

The delay in completing the FY15 CAFR and the complexities of GASB 68 for the cognizant agency contributed to the significant delay in obtaining approval for the FY17 SWCAP; based on FY15 actuals. The FY18 SWCAP (based on FY16 actuals) was submitted to USDHHS immediately after FY17 was approved. States have been instructed by USDHHS that subsequent SWCAP proposals cannot be submitted until the SWCAP currently under review has been approved. The State of Alaska is ready to submit the FY19 SWCAP (based on FY17 actuals) as soon as the prior year has been approved.

<u>Recommendation No. 2017-014</u>

<u>The OIT chief information officer (CIO) should continue to allocate staff resources to properly account for Information Services Fund (ISF) capital assets.</u>

Prior Finding

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

Consistently capitalize the cost of capital improvements; and
Employ a consistent methodology for tracking capital asset disposal.

Additionally, OIT staff did not perform a formal inventory of ISF capital assets.

This finding was first reported in the FY 06 statewide single audit and was attributed to inadequate procedures including manual processes and lack of communication between staff From FY 07 through FY 10, little progress was made to address the problem. In FY 11, Enterprise Technology Services implemented an asset tracking system which appeared adequate to meet basic asset tracking needs. Although the system improved asset tracking, historical data input into the new system continued to be unreliable. Furthermore, no physical inventory was completed for ISF capital assets. No forward progress in addressing the finding was made during FY 12 through FY 15. A physical inventory of networking assets was completed in FY 16.

Generally accepted accounting principles16 (GAAP) require capital assets be reported at historical cost. GAAP also requires the ISF to be operated on a cost reimbursement basis, including recovering the cost of capital assets. Not maintaining accurate and complete records ofI SF assets limits the State's ability to accurately report capital assets in financial statements.

Legislative Audit's Current Position

During FY 17, OIT management took steps to address the finding. A comprehensive inventory was completed by the end of FY 17 and adjustments were made to the asset tracking system data. However, OIT accounting staff did not fully reconcile the asset tracking system to the state accounting system and a $10 million discrepancy existed at the end of FY 17. 0 IT staff believes the discrepancy is due to unidentified accumulated depreciation errors. In October 2017, OIT staff requested approval from the Division of Finance to process an adjustment in the state accounting system to correct the discrepancy. However, due to a lack of sufficient supporting documentation, the adjusting entry was not processed.

We recommend OIT's CIO continue to allocate staff resources to properly account for ISF capital assets, including identifying and correcting the discrepancy between the ISF asset tracking system and the State's accounting system.

Agency Response

The Office of Information Technology (OIT) agrees with this recommendation. A comprehensive computer services inventory was completed on August 4, 2017. A revised capitalized asset valuation, based upon GAAP principles, is anticipated to be included in the FY 18 CAFR statements. OIT continues to allocate staff resources to reconcile and properly account for ISF capital assets. A review of the computer services inventory found a high degree of accuracy with the current FASGOV inventory process in all areas except the disposal of fully depreciated assets. To address this, a procedure was put in place for the disposal of assets and a disposal entry was done at the end of FY 17 that recorded an immaterial amount of loss on the assets that were disposed.

Recommendation No. 2017-015

DOA DOF's chief accountant and finance officer should ensure the ALDER shortfall report is reconfigured to identify and monitor all revenue shortfalls.

Prior Finding

There was no tool for identifying FY 15 revenue shortfalls under IRIS, which went live in July 2015. Since there is no financial reporting function within IRIS, reporting is addressed through ALDER, the State's data warehouse reporting tool. Due to the time requirements to implement IRIS and the increased complexity of reporting IRIS activity in ALDER, no central ALDER shortfall report was created and made available to departments.

In FY 16, DOF personnel created an ALDER report to identify and monitor shortfalls. However, there were flaws in the report design and revenue shortfalls were incorrectly calculated. Additionally, DOF's shortfall ALDER report did not calculate shortfalls for appropriations with term years equal to FY 15 or earlier.17

The State Budget Act provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce the budget by the estimated reduction in collections. Furthermore, the Alaska Administrative Manual18 states:

When an appropriation is funded from budgeted revenues, it means that the appropriation may be spent only to the extent that budgeted revenues are earned. If budgeted revenues (cash receipts plus valid accounts receivables) fall short of the amount estimated, expenditures must be reduced accordingly.

Without a comprehensive shortfall report, department staff had no efficient way of monitoring appropriations to identify revenue shortfalls so that corrective actions to reduce expenditures could be taken timely.

Legislative Audit's Current Position

In FY 17, DOF staff made progress in addressing the finding by redesigning the ALDER shortfall report to allow for the correct calculation of shortfalls. However, the ALDER shortfall report did not calculate potential shortfalls for appropriations with term years equal to FY 15 or earlier (appropriations recorded in the old accounting system, AKSAS). Additionally, no alternative process was developed for departments to monitor shortfalls for these appropriations. According to DOF accountants, creating an ALDER report that incorporates both AKSAS and IRIS data is not possible. Due to competing priorities, an alternate process for monitoring potential shortfalls for FY 15 or earlier appropriations was not developed.

Without a comprehensive shortfall report which includes appropriations with term years equal to FY 15 or earlier, or some alternative process, it is difficult for departments to monitor appropriations for shortfalls and take corrective action to reduce expenditures if necessary.

We again recommend DOF's chief accountant and finance officer ensure the ALDER shortfall report is reconfigured to identify and monitor all revenue shortfalls if possible. If ALDER cannot be used to monitor all shortfalls, an alternative monitoring process should be developed.

Agency Response

The Division of Finance (DOF) agrees with this recommendation. During FY17, DOF corrected the issues identified in the ALDER shortfall report for appropriations in IRIS and provided departments information on the updates. Since it is not possible to combine AKSAS and IRIS information in one ALDER report, departments must run two ALDER reports and evaluate the appropriations for possible shortfalls. Since all financial information is available in ALDER for both AKSAS and IRIS, an alternative process is not necessary.

Recommendation No. 2017-016

The Department of Labor and Workforce Development's (DLWD) Administrative Services Division (ASD) director should coordinate with the

DOA OIT chief information officer to address system security concerns.

Prior Finding

During FY 16, there was a significant deficiency in management of DLWD's information technology (IT) security. There were substantial delays in addressing the control deficiency due to a lack of productive communication between DLWO and OIT staff.

Per the State of Alaska's Information Security Policy and NIST Special Publication 800-53 Revision 4,[19] IT security deficiencies should be addressed timely.

The control deficiency created the potential for loss or manipulation of sensitive data.

Legislative Audit's Current Position

During FY 17, the control deficiency was not corrected by DLWD or OIT. Both DLWD and OIT attempted to correct this finding; however, the correction methodology was determined to be too difficult and costly to implement. DLWD has a plan to correct this finding during **FY** 18.

We, again, recommend DLWD's ASD director coordinate with the DOA OIT chief information officer to address system security concerns.

Auditor's Note

The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate, confidential document.

Agency Response

OIT agrees with this recommendation and continues to work with DLWD to ensure the security concerns are addressed. The previous response to this recommendation stated DLWD would move to a cloud version of their current system to migrate off the current servers. After the cloud version was deployed and extensively tested, it was discovered this solution did not work in Alaska as it caused delays in data transfer.

DLWD purchased upgraded servers as a solution approved by the Spend Review Board and in compliance with OIT security protocols. The DLWD is migrating data sections throughout FY 18 in coordination with OIT. This work is anticipated to be complete by June 30, 2018.

Recommendation No. 2017-017

DOA DOF's chief accountant and finance officer should significantly improve ALDER 2.0 training.

Prior Finding

During FY 16, DOF did not adequately support State agencies' use of the ALDER 2.0 system. No formalized training classes and no comprehensive reference manuals were provided to ALDER users since going live in July 2015. Competing priorities, including the challenges of implementing the State's new accounting system, IRIS, prevented DOF from allocating the resources necessary to develop ALDER 2.0 training.

ALDER 2.0 is a statewide reporting system designed to integrate data from multiple systems into a unified environment for simpler and more effective reporting. With the implementation of IRIS, which has limited reporting capabilities, ALDER 2.0 is critical for querying and summarizing the State's accounting data.

An effective internal control system requires management communicate quality information to enable personnel to achieve management's objectives. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis.20 The lack of formal training adversely impacted agency fiscal personnel's ability to perform duties, including the timely and accurate recording of transactions in IRIS. The lack of training also contributed to the delay in preparing the State's FY 16 CAFR.

Legislative Audit's Current Position

During FY 17, no formalized ALDER 2.0 training or comprehensive reference manual was developed by DOF management. Competing priorities, namely implementation of the State's new payroll system, and the extended timeframe for compiling the FY 16 CAFR, prevented DOF from allocating the resources necessary to develop ALDER 2.0 training and user manuals. According to DOF management, a new position is expected to be created to develop training materials and a curriculum in the future. The lack of formal training and comprehensive user manual continued to adversely impact agency fiscal personnel's ability to perform duties.

We again recommend DOF's chief accountant and finance officer significantly improve ALDER 2.0 training.

Agency Response

The Division of Finance (DOF) agrees with this recommendation. DOF has created and staffed a position within the Director's Office to address statewide financial training needs. ALDER training is one of the priorities of this position. The incumbent will work with Accounting Services in developing and delivering ALDER training courses. This initiative is ongoing and is estimated to start conducting courses by August 2018.

Recommendation No. 2017-018

DOA's commissioner should seek legislative clarification to ensure the proper accounting and reporting for the regional educational attendance area and small municipal school district (REAA) fund.

Prior Finding

DOF accounting staff did not transfer the REAA fund balance that exceeded $70 million to the general fund at the end of FY 16 as required by statute. The FY 16 REAA ending fund balance was $87.7 million.

REAA statutes state, in part:

Sec. 14.11.030. Regional educational attendance area and small municipal school district fund.

(a) *The regional educational attendance area and small municipal school district school fund is created as an account in the general fund to be used, in addition to other funding sources, to fund projects approved under AS 14.11.025 for the costs of school construction in regional educational attendance areas and small municipal school districts.*

(b) *Legislative appropriations, including appropriations of interest earned on the fund, shall be deposited in the fund established under this section. The fund balance may not exceed $70,000,000.*

(c) *Money appropriated to the fund does not lapse except to the extent money in the fund exceeds the maximum fund balance specified in (b) of this section. [Emphasis added]*

DOF staff did not transfer the FY 16 excess $17.7 million fund balance to the general fund based on guidance from the Department of Law (LAW) and the Office of Management and Budget. DOF was advised by LAW attorneys that the REAA statutory reference to "fund balance" should be interpreted as unobligated fund balance. As the unobligated fund balance at year-end did not exceed $70 million, LAW advised that no transfer was necessary. However, this guidance was not supported by a legal opinion, making it insufficient from an audit perspective.

Legislative Audit's Current Position

This finding was not resolved during FY 17. The FY 17 ending REAA fund balance was $94.2 million. DOF did not transfer the $24.2 million of fund balance that exceeded the statutory maximum. A total of $87.2 million of the fund balance was obligated, and DOF management contended that only the $7 million difference between the $87.2 obligated amount and the $94.2 million total fund balance was subject to the $70 million cap. Since the $7 million was below the $70 million maximum, no fund balance was transferred.

According to DOA management, a strict interpretation of statute that does not consider continuing appropriations would create legal issues for the State of Alaska in regards to the settlement that created the fund. Furthermore, DOA management stated that a legal opinion produced by the legislature's Division of Legal and Research Services (Legislative Legal) supported DOA's position that only the unexpended and unobligated balance of the REAA fund should be subject to lapse.

Statutes do not provide for a method of calculating fund balance; however, AS 37.05.210 states that the State's financial statements must be prepared in accordance with generally accepted accounting principles. Fund balance, per accounting principles, is calculated as assets and deferred outflows minus liabilities and deferred inflows. Under this methodology, the ending FY 17 REAA fund balance was $94.2 million.

The Legislative Legal opinion argues that it was the legislature's intent that only unobligated fund balance be subject to lapse; however, obligations/encumbrances were never discussed during legislative committee hearings. Given the lack of public record to support the conclusion, the argument is insufficient to justify a departure from the standard accounting definition of fund balance.

Per the Legislative Legal opinion, the REAA fund balance could grow unchecked as long as the unobligated amounts do not exceed $70 million. This is not a reasonable position when considered in conjunction with the testimony made during the legislative committee meetings. It was clear legislators were intent on ensuring excess dollars did not accumulate in the fund.

The Legislative Legal opinion also concluded that the federal constitution prohibits the State from impairing the obligation of contracts; therefore, money that has been obligated does not lapse and REAA fund balance must be interpreted as unobligated fund balance. This determination indicates that statutes should be clarified, as the current wording of AS 14.11.030 does not comply with this prohibition.

An audit adjustment was submitted to DOF to move the $24.2 million fund balance in excess of the $70 million to the general fund to comply with the lapse requirement. DOF staff did not post the adjustment. Because the REAA fund is a subfund of the general fund, the failure to post the adjustment did not create a misstatement in the general fund balance sheet, which is part of the FY 17 CAFR. However, not posting the adjustment did result in a misstatement to the FY 17 CAFR footnotes. The excess fund balance should have been available in the general fund to reduce the transfer from the CBRF per Chapter 3, 4SSLA 2016, Section 35(b) as explained in Note 2 to the FY 17 CAFR. Consequently, Note 2 is misstated by $24.2 million. We also note that the combining statement 3.01 which summarizes financial activity of the cBRF was misstated by the same amount.

We recommend DOA's commissioner seek legislative clarification to ensure the proper accounting and reporting for the REAA fund

Agency Response

The Division of Finance disagrees with this recommendation.

The unexpended and unobligated balance did not exceed $70 million. An opinion from legislative Legal Services dated May 23, 2017 (Work Order No. 30-LS0907) provided legislative clarification that the fund balance referenced in AS 14.11.030(b) is the unexpended and unobligated balance. This was also the guidance from the Department of Law and the Office of Management and Budget.

HB212 passed clarification language to ensure the proper accounting and reporting for the regional educational attendance area and small municipal school district (REAA) fund. Legislation is awaiting signature from the Governor.

Sincerely,

Leslie Ridle

Leslie Ridle
Commissioner of Administration

Single Audit Corrective Action Plan

Finding No. 2017-001: The State's proportionate share of pension expense totaling $379.6 million was not accurately classified by function in the draft FY 17 government-wide Statement of Activities.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

Reviewed and updated procedures.

Completion Date (List anticipated completion date):

February 2018

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-002: Division of Finance procedures were inadequate to ensure Constitutional Budget Reserve Fund financial activity was accurately reported in the FY 17 Comprehensive Annual Financial Report (CAFR).

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

Update the procedures for drawing from the CBRF to the general fund and will include an analysis of the components being used for the calculation

Completion Date (List anticipated completion date):

April 30, 2018

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-003: The Department of Administration's (DOA) Division of Finance (DOF) has not implemented a comprehensive policy for configuration management.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

A procedure for processing configuration changes will be developed to include documentation of the change in a migration packet, with backup support, to be reviewed and approved by a second employee

Completion Date (List anticipated completion date):

July 1, 2018

Agency Contact (Name of person responsible for corrective action):

Kelly O'Sullivan

Finding No. 2017-004: Government-wide governmental activities revenue in the FY 17 draft Statement of Activities contained numerous classification errors totaling $230.1 million.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

Continue to update procedures for revenue classification.

Completion Date (List anticipated completion date):

June 2018

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-005: Multiple government-wide governmental activities capital asset errors were identified in the draft FY 17 CAFR financial statements.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

DOF will perform an extensive review of the capital asset procedures and update them.

Completion Date (List anticipated completion date):

June 2018

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-006: Multiple errors were identified related to the accrual of revenue and the calculation of deferred inflows of resources.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

DOF will develop an accurate ALDER report for monitoring and department use during the reappropriation period

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-007: Personal services expenditures generated from the State's payroll systems were not reconciled to the State's accounting system, IRIS.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

Accounting services section will work with the payroll section in developing a procedure to perform reconciliations between IRIS-FIN and IRIS-HRM.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-008: Government-wide governmental activities net position related to long term debt in the amount of $67.3 million was not properly classified in the FY 17 draft CAFR.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

Updated workpapers to include instructions within the workbook.

Completion Date (List anticipated completion date):

February 2018

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-009: Material internal control weaknesses exist with the State's new payroll system, Human Resources Management Module.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

DOF worked with departments to eliminate bypass authority for payroll transactions. Where controls were not able to be strengthened, ALDER reports were developed for monitoring. The remaining control issues will be resolved with the system upgrade.

Completion Date (List anticipated completion date):

July 2020

Agency Contact (Name of person responsible for corrective action):

Kelly O'Sullivan

Finding No. 2017-010 A total of 13 outside audits were received by DOF after the draft CAFR was complete.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

DOF finalized procedures for GASB 68 allocations and will continue to communicate with component units and auditors to ensure timely submission of audits.

Completion Date (List anticipated completion date):

Procedures finalized February 2018, Communications will be ongoing.

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding 2017-011: The FY 17 financial audits of the pension and health funds were not completed timely.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

DRB is working with DMVA to develop policies and procedures on proper development of census information for our actuary to properly prepare GASB and actuarial reports. We anticipate this will resolve discrepancies in valuation development and allow for proper financial GASB reports. DRB is working with KPMG, third party administrators, and our actuaries to tighten up the work calendar so that a complete DRAFT financial statement can be prepared by October 5, 2018, and that FINAL financial statements can be delivered on October 31, 2018.

Completion Date (List anticipated completion date):

Draft October 5, 2018 Final October 31, 2018

Agency Contact (Name of person responsible for corrective action):

Christina Maiquis

Finding No. 2017-012: Eight departments inaccurately reported federal awards expended on the FY 17 preliminary schedule of expenditures of federal awards. Additionally, five departments inaccurately reported pass through expenditures and six departments' subrecipient amounts were not supported by the accounting records. Auditors found that some department staff did not fully understand the definition of a federal pass through organization, the difference between an external pass through organization and a subrecipient of the State, and the types of reimbursable service agreements to report as state pass through expenditures.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

DOF will create a virtual kick off video and revise the SEFA instructions

Completion Date (List anticipated completion date):

Prior to FY2018 SEFA process

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-013: The FY 17 annual statewide cost allocation plan has not been federally approved.

Questioned Costs: Indeterminate

CFDA #(s): 10.557, 10.558, 10.U08, 10.U09, 20.106, 84.010, 93.563, 93.659, 93.667, 93.767, 93.775, 93.777, 93.778, 93.959

CFDA Name(s): Special Supplemental Food Program For Women, Infants, and Children; Child and Adult Care Food Program; USFS Fire Suppression; Airport Improvement Program; Title I Grants to Local Educational Agencies; Child Support Enforcement; Adoption Assistance; Social Service Block Grants; Children's Health Insurance Program; Medicaid Cluster; Block Grants for Prevention and Treatment of Substance Abuse

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Disagrees

Corrective Action (Corrective action planned):

DOA, DOF submitted the FY 17 SWCAP to the federal cognizant agency timely after the FY 15 CAFR was completed. The length of time of the federal review is out of DOF's control

Completion Date (List anticipated completion date):

Agency Contact (Name of person responsible for corrective action):

Katina Holmberg

Finding No. 2017-014: DOA's Office of Information Technology's asset tracking system does not reconcile to the state accounting system.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

OIT continues to allocate staff resources to reconcile and properly account for ISF capital assets. Additionally in FY 18 OIT intends to address a remaining historical discrepancy in the aggregate asset valuation, which will complete the corrective actions related to this recommendation

Completion Date (List anticipated completion date):

FY 18 CAFR Statements

Agency Contact (Name of person responsible for corrective action):

Ben Shier

Finding No. 2017-015: The central ALDER shortfall report did not calculate revenue shortfalls for all appropriations.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

DOF corrected the ALDER shortfall report.

Completion Date (List anticipated completion date):

Corrected in FY2018

Agency Contact (Name of person responsible for corrective action):

Kelly O'Sullivan

Finding No. 2017-016: During FY 17, there was a significant deficiency in management of the Department of Labor and Workforce Development's information technology security.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

OIT continues to work with Department of Labor to ensure the security concerns are addressed. Labor purchased upgraded servers as a solution approved by the Spend Review Board and in compliance with OIT security protocols.

Completion Date (List anticipated completion date):

June 2018

Agency Contact (Name of person responsible for corrective action):

Russel Kunibe

Finding No. 2017-017: During FY 17, DOA DOF staff did not provide ALDER 2.0 training or a comprehensive user manual.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees

Corrective Action (Corrective action planned):

DOF will develop and deliver ALDER training courses.

Completion Date (List anticipated completion date):

August 2018

Agency Contact (Name of person responsible for corrective action):

Kelly O'sullivan

Finding No. 2017-018: DOF accounting staff did not transfer the regional educational attendance area and small municipal school district fund balance that exceeded $70 million to the general fund at the end of FY 17 as required by statute.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Disagrees

Corrective Action (Corrective action planned):

DOA's Commissioner will forward the recommendation to seek legislative clarification.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Kelly O'Sullivan

Finding No. 2017-057: Ten of 61 tested USFS Fire Suppression Program timesheets were inaccurately calculated.

Questioned Costs: $2,244

CFDA #: 10.U08

CFDA Name: USFS Fire Suppression Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The Department of Administration agrees with the audit findings and the total questioned costs of $2,244.

Corrective Action (Corrective action planned):

DOA will increase training on timesheet entry and update certification procedures. DNR will have timekeepers review timesheets prior to submission for accuracy.

Completion Date (List anticipated completion date):

The training will be ongoing for DOPLR payroll staff each fire season. The certification procedures were created and implemented in 2018.

Agency Contact (Name of person responsible for corrective action):

Rachel Atkinson, DOA Dean Brown, DNR

Finding No. 2017-058: Multiple FY 17 system control deficiencies were identified during review of the emergency fire fighter time system.

Questioned Costs: None

CFDA #: 10.U08

CFDA Name: USFS Fire Suppression Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DOA agrees with the findings regarding strengthening systems controls over the emergency fire fighter (EFF) time system.

Corrective Action (Corrective action planned):

DOA Payroll will create a log to track the EFF user accounts and document request process for user access. DNR will review the invalid accounts for inactivation. DOA Payroll will implement a reconciliation process for the timesheets entered into the EFF system and timesheets will be certified in IRIS HRM once the interface is complete.

Completion Date (List anticipated completion date):

April 2018

Agency Contact (Name of person responsible for corrective action):

Kate Sheehan/Nancy Sutch

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Law
OFFICE OF THE ATTORNEY GENERAL

1031 West Fourth Avenue, Suite 200
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Fax: (907) 269-5110

June 28, 2018

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

Single Audit Corrective Action Plan

Finding No. 2017-019: One of nine case files reviewed did not have the necessary documentation. Additionally, for three of the nine cases reviewed, the final disposition of the case was between five and 11 months after the initial case was opened.

Questioned Costs: Not determinable.

CFDA #: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The Department of Law concurs with the recommendation.

Corrective Action (Corrective action planned):

The MFCU does need a more well-defined protocol for dealing with referral in a timely manner. DOL will work on an exhaustive revision of MFCU's policies and procedures to include setting clear time parameters so that referrals are screened and investigated in a timely and consistent manner. Additionally, the MFCU has taken measures to ensure that all referrals are uploaded into our case management system upon receipt and documenting the progress of the referral through disposition with the same system.

Completion Date (List anticipated completion date):

December 31, 2018

Agency Contact (Name of person

John Cagle, Medicaid Fraud Control Unit Director john.cagle@alaska.gov

Sincerely,

Jahna Lindemuth
Attorney General

THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Revenue
SHELDON FISHER, COMMISSIONER
11th Fl. State Office Building
PO Box 110400
Juneau, AK 99811-0400
Main: 907.465.2300
Fax: 907.465.2389
www.dor.alaska.gov

June 26, 2018

RECEIVED
JUN 26 2018
LEGISLATIVE AUDIT

Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

Dear Division of Legislative Audit:

We are submitting this letter in response to your letter of June 5, 2018 describing the four FY17 audit findings for the Department of Revenue.

Our response is submitted below on the required template provided by your office. Thank you for your consideration.

Single Audit Corrective Action Plan

Finding No. 2017-020: The Department of Revenue (DOR) Administrative Services Division inaccurately reported federal awards expended on the department's FY 17 preliminary schedule of expenditures of federal awards.

Questioned Costs: None

CFDA #: 93.563

CFDA Name: Child Support Enforcement

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

Develop written procedures for preparation and review of the SEFA.

The division concurs with the recommendation to develop and implement written procedures for the preparation and review of the SEFA. The finance officer and budget manager are collaborating to develop written procedures as recommended. Procedures were finalized before the preliminary schedule due date in April 2018.

The division acknowledges that the SEFA is used to determine major programs, and that inaccurate SEFA reporting increases the risk of noncompliance with federal audit and reporting requirements. This can lead to a federal award agency imposing additional conditions or taking correction action. The division wishes to avoid these consequences and so will implement this corrective action.

Completion Date (List anticipated completion date):

April 2018

Agency Contact (Name of person responsible for corrective action):

Gabe Ellenbecker, Finance Officer

Michelle Vuille, Budget Manager

Finding No. 2017-021: Child Support Services Division claimed federal reimbursement for rent expenditures twice.

Questioned Costs: $70,270

CFDA #: 93.563

CFDA Name: Child Support Enforcement

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The federal agency will not be reopening the indirect cost rate plan (ICRP) negotiations. However, since the same costs should not be claimed twice (as direct and indirect) the department will make adjustments to avoid double claiming of expenditures in FY17 & FY18. The ICRP is up for negotiations in FY19 and rent will not be included as an indirect expenditure going forward.

Completion Date (List anticipated completion date):

End of FY2018

Agency Contact (Name of person responsible for corrective action):

Michelle Vuille, Budget Manager

Finding No. 2017-022: Office of Child Support Enforcement 369 Child Support Enforcement program quarterly financial report for quarter ending September 30, 2017, contained errors due to lack of written procedures.

Questioned Costs: None

CFDA #: 93.563

CFDA Name: Child Support Enforcement

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

Develop written instructions for gathering quarterly reporting numbers to ensure consistent processes each time.

Completion Date (List anticipated completion date):

April 2018

Agency Contact (Name of person responsible for corrective action):

Chrysti Brevogel, Finance Manager

Finding No. 2017-023: One FY 17 DOR shortfall was identified in the amount of $2,416.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The amount was previously posted to FY18 instead of FY17; this has been corrected by completing a journal voucher.

Completion Date (List anticipated completion date):

March 20, 2018

Agency Contact (Name of person responsible for corrective action):

Michelle Vuille, Budget Manager

Sheldon Fisher, Commissioner

6/25/2018
Date

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THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Education and Early Development

OFFICE OF THE COMMISSIONER

801 W 10th Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
Main: 907.465.2800
Fax: 907.465.4156

June 21, 2018

RECEIVED
JUN 2 1 2018
LEGISLATIVE AUDIT

Kris Curtis, Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

The Department of Education & Early Development (DEED) appreciates the opportunity to respond to the audit recommendations in the confidential preliminary audit report on the State of Alaska, Statewide Single Audit for the Fiscal Year Ended June 30, 2017.

Enclosed are the corrective action plan forms for each of the eight findings addressed in the preliminary audit report.

The department would like to take the opportunity to say that during the time period of these findings, the department underwent many changes including leadership changes as well as organizational changes. For instance, with findings #1, 4, and 6, the Grants Administrator for the program changed twice due to layoffs and retirement, and the Program Administrator position changed four times. These changes, combined with the others mentioned above, resulted in required procedures being overlooked. The department appreciates these being brought to our attention and we welcome the opportunity to correct them and ensure compliance.

Sincerely,

Dr. Michael Johnson
Commissioner

Enclosure

Single Audit Corrective Action Plan

Finding No. 2017-024: Department of Education and Early Development, Finance and Support Services Division staff inaccurately reported federal awards expended on the department's FY 17 preliminary schedule of expenditures of federal awards for two programs. Additionally, the department's accounting records did not support pass through and subrecipient expenditures reported for five programs.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department agrees with Finding No. 24.

Corrective Action (Corrective action planned):

DEED's Internal Auditor has added an additional step to the Schedule of Expenditures of Federal Awards (SEFA) procedures to verify all commodities columns report the same amount to ensure all columns have been appropriately updated.

An additional step has also been added to SEFA procedures to check amounts reported as pass-through against the ALDER report of grant (Object Type 7000) payments to internal vendor codes to ensure all amounts are considered in pass-through reporting.

Completion Date (List anticipated completion date):

January 2018

Agency Contact (Name of person responsible for corrective action):

Heidi Teshner, Division Director

Finding No. 2017-025: DEED did not issue the required annual media release in FY 17 for the Child and Adult Care Food Program.

Questioned Costs: None

CFDA #: 10.558

CFDA Name: Child and Adult Care Food Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department agrees with Finding No. 25.

Corrective Action (Corrective action planned):

The CACFP Program Coordinator has updated the procedures to include that they will submit the media release to the department's Information Officer after the agency contact list is updated on the website. The agency contact list is updated annually in December. A media release was issued on 1/3/2018.

Completion Date (List anticipated completion date):

January 2018

Agency Contact (Name of person responsible for corrective action):

Heidi Teshner, Division Director

Finding No. 2017-026: DEED did not fully comply with Uniform Guidance sub recipient monitoring requirements including conducting annual risk assessments and monitoring for compliance.

Questioned Costs: None

CFDA #: 84.010

CFDA Name: Title I Grants to Local Educational Agencies

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department partially agrees with Finding No. 26.

Corrective Action (Corrective action planned):

The department agrees with part 1 of this finding and the Program Administrator will update procedures to include conducting risk assessments for all grantees annually. The procedures will include what types of actions to take such as requiring technical assistance or monitoring.

The department disagrees with part 2 of the finding. 2 CFR 200.331(d) does not specify what is required to be done in monitoring. While we disagree that insufficient monitoring was done, the procedures for risk assessments will clarify what type and level of monitoring is necessary depending on the level of risk.

Completion Date (List anticipated completion date):

September 2018

Agency Contact (Name of person responsible for corrective action):

Paul Prussing, Division Director

Finding No. 2017-027: DEED did not notify the 53 Local Education Agencies (LEA) receiving Title 1A funds that they must comply with federal suspension and debarment requirements and pass these requirements down to subsequent awardees.

Questioned Costs: None

CFDA #: 84.010

CFDA Name: Title I Grants to Local Educational Agencies

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department agrees with Finding No. 27.

Corrective Action (Corrective action planned):

The department's Internal Auditor has drafted language specifying the requirements of 2 CFR 180.330, which has been added to the assurances contained in the grant application. The new language will be included starting with all FY2019 grants.

Completion Date (List anticipated completion date):

April 2018

Agency Contact (Name of person responsible for corrective action):

Paul Prussing, Division Director

Finding No. 2017-028: Four of 16 LEAs required to provide program comparability reports to DEED in FY 17 did not submit the report.

Questioned Costs: None

CFDA #: 84.010

CFDA Name: Title I Grants to Local Educational Agencies

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department agrees with Finding No. 28.

Corrective Action (Corrective action planned):

Title I, Part A procedures have been implemented to include the following:

- Beginning of January (annually): The Title I/ESEA Education Administrator will work with the Education Associate II on the data team to determine which districts are required to complete the comparability report.
- Beginning of January (annually): The Title I/ESEA Education Administrator will send notices to districts required to complete the comparability report. The notice will include the criteria used to determine if they are required to complete the report, the comparability report form, the due date (February 15, annually), and the directions for submission.
- January – February 15 (annually): The Education Associate II will collect the completed comparability forms from the districts. Once a comparability report is submitted, the Education Associate II will determine if the form was completed and log the submission date and the name of who submitted the form.
- February 15 (annually): The Title I/ESEA Education Administrator will work with the Education Associate II to determine which districts have and have not submitted the completed comparability reports. For districts that did not meet the deadline, the Title I/ESEA Education Administrator will contact the districts and work with them in getting a completed comparability report submitted in a timely manner.
- February 15-28 (annually): The Title I/ESEA Education Administrator will review the completed comparability reports and determine if the districts meet the comparability requirements.

Completion Date (List anticipated completion date):

February 28, 2018

Agency Contact (Name of person responsible for corrective action):

Paul Prussing, Division Director

Finding No. 2017-029: DEED lacked procedures ensuring LEAs retain federally required documentation supporting removal of students from the regulatory cohort.

Questioned Costs: None

CFDA #: 84.010

CFDA Name: Title I Grants to Local Educational Agencies

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department agrees with Finding No. 29.

Corrective Action (Corrective action planned):

The Research Analyst III has added an additional frequently asked question (FAQ), specifying document retention requirements, to the FY2018 Summer OASIS handbook which was published in March 2018. Additionally, an audio conference is available every May to familiarize LEAs with changes to the handbook.

Completion Date (List anticipated completion date):

March 2018

Agency Contact (Name of person responsible for corrective action):

Paul Prussing, Division Director

Finding No. 2017-030: DEED staff did not maintain evidence that staff reviewed the amount of unexpended FY 16 Title 1A federal funding to ensure no more than 15 percent of each LEA's award was carried over into FY 17. Additionally, DEED staff did not maintain copies or other evidence to demonstrate that waivers were issued for the three of 34 LEAs that had carryover funds exceeding 15 percent as federally required.

Questioned Costs: $63,259

CFDA #: 84.010

CFDA Name: Title I Grants to Local Educational Agencies

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department agrees with Finding No. 30.

Corrective Action (Corrective action planned):

The department is in the process of reviewing carryover procedures including updating timelines for the Grants Administrator's review and early notification of districts with potential carryover in excess of 15%.

The department has also been working with districts to determine the best course of action for reimbursement of questioned costs.

Completion Date (List anticipated completion date):

July 2018

Agency Contact (Name of person responsible for corrective action):

Paul Prussing, Division Director

Finding No. 2017-031: As of June 30, 2017, two of 38 active Grants Management System user accounts were prior staff that had not been employed by the Department of Education and Early Development (DEED) for over six months. No policy exists to retain approved user agreement forms for DEED employees.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department agrees with Finding No. 31.

Corrective Action (Corrective action planned):

In mid-January 2018, the Grants Administrator provided a state user report for supervisor review of employee permissions. Permissions were updated by the Grant Administrator as needed based on supervisor feedback. Subsequent to this review, approved user agreements were obtained for everyone on the user list. Review of the user list will be completed every six months.

Additionally, the department's Human Resource Manager will provide monthly notification of separated employees.

Approved user access forms were collected for all current state users in February 2018.

Completion Date (List anticipated completion date):

March 2018

Agency Contact (Name of person responsible for corrective action):

Paul Prussing, Division Director

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THE STATE of ALASKA

GOVERNOR BILL WALKER

Department of
Health and Social Services

OFFICE OF THE COMMISSIONER

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June 26, 2018

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, Alaska 99811-3300

Dear Ms. Curtis:

RE: Response to confidential preliminary audit report on State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2017.

We appreciate the opportunity to review and evaluate the audit report with the associated recommendations as shared in your confidential audit report. Below are the department's responses for each of the recommendations.

Recommendation No. 032:
DHSS' commissioner should work with Conduent State Healthcare, LLC (formerly Xerox) to correct defects in the Alaska Health Enterprise (AHE) system.

DHSS concurs with the recommendation. The department continues to facilitate corrective action plans for Conduent (formerly XEROX), its fiscal agent. It has resolved most of the defects that had originally been identified in the AHE system. The correction of defects involves multiple steps including an assessment and prioritization; evaluation and programming by the fiscal agent; validation and testing by subject matter experts; deployment; and associated follow up action depending on related processes. Additional defects were identified from the work completed during FY 2017 and were also prioritized for deployment. DHSS anticipates this finding will be resolved in FY 2018.

Recommendation No. 033:
DHSS' Medicaid, audit, and allocation services (MAAS) manager should work with Department of Administration (DOA) Division of Finance (DOF) accountants to develop year-end procedures to ensure

all Medicaid expenditures and revenues are reported accurately and in accordance with generally accepted accounting principles.

DHSS partially concurs with the recommendation. Medicaid reporting and claiming is performed in compliance with the code of federal regulations (CFR) and the State of Alaska statutes and regulations. State statute requires that spending authority from the legislature must exist for a department to encumber or process for payment legal obligations and the federal Medicaid guidance requires the state to provide the general fund match prior to seeking federal reimbursement. This requirement applies to both service claims interfaced to IRIS through the AHE system and those obligations processed directly through IRIS. The invoice totaling $2.8 million referenced in the finding is associated with those monthly invoices for Medicare premiums for parts A; B and D which are associated with Medicaid participants who are also eligible for Medicare. They are calculated and issued by the Centers for Medicare and Medicaid Services (CMS) based on the previous month's participation, however, if the department has no spending authority remaining for general fund match the state of Alaska accounting system (IRIS) prohibits the department from encumbering and/or processing payment transactions and Title 45 CFR Part 95 states that the federal government only recognizes an expenditure for Medicaid services or administration in the quarter which payment has been made by a state agency.

Advance planning documents (APD) are established for large information technology projects and are required for enhanced federal participation rates. The $12.7 million of expenditures are associated with advance planning documents that cover multiple years of system development and provided prior authorization for these expenditures. However, due to a difficult MMIS conversion and subsequent legal litigation adequate federal spending authorization is not available in the Medicaid Budget and Expenditure System (MBES) for the correct reporting period for the state to report and claim the expenditures due to the timing of the court order settlements. This situation and subsequent reconciliation was further complicated by the conversion between state of Alaska accounting systems and changes in accounting structure. Since the department was unable to claim these expenditures until a multi-year reconciliation going back over five to ten years of invoices was completed, the department re-classified the expenditures to a balance sheet account (BSA) that most closely addressed the situation with the expectation of reporting as prior period adjustments in accordance with Title 45 CFR part 95 and following resolution with CMS management.

The department is working with DOA DOF on procedures to address this issue and anticipates this finding will be resolved in FY 2018.

Recommendation No. 034:
DHSS' Finance and Management Services (FMS) assistant commissioner should develop and implement written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

DHSS concurs with the recommendation. The FMS revenue unit relied on the written procedures provided by the Division of Finance to prepare the SEFA and concurs that these procedures should be strengthened. However, departmental internal controls identified during the re-appropriation period that several grant payments had missing program codes necessary for federal claiming and reporting. The program codes were missing due to interim procedures associated with the transition between state accounting systems and the alignment of IRIS functionality with federal grant information. While FMS fiscal staff took corrective action to ensure these expenditures were reported in the correct fiscal year, it resulted in modifying how the federal pass-through and SEFA were completed.

Recommendation No. 2017-035:
DHSS Finance and Management Services (FMS) should follow its internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for all funds, which includes the ability to generate appropriate reports over expenditures. In order to prevent significant errors in the financial records as well as prevent possible irregularities, including fraud, to exist and continue without notice, we recommend that all accounts, accruals, and reconciliations be reviewed on a periodic basis.

DHSS concurs with the recommendation and agrees that it needs adequate reporting processes and tools to ensure adherence to federal regulations related to fiscal and administrative requirements for reporting of all funds. The Alaska Data Enterprise Reporting (ALDER) system was frequently either not available or processing so slowly it took weeks to retrieve the required information.

The FMS finance unit relied on the written procedures provided by the Division of Finance to prepare the SEFA and agrees these procedures should be strengthened to better support departmental processes, in addition to receiving adequate access to ALDER. The department has been provided representation with a state ALDER workgroup to assist in resolving system issues. It also continues to update its procedures to replace interim processes associated with the transition between state accounting systems and to increase the use of IRIS functionality with federal grant information. DHSS anticipates that this finding will be resolved during SFY 2018.

Recommendation No. 2017-036:
DHSS' DPA should improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for expenditures.

DHSS concurs with the recommendation. The Division of Public Assistance (DPA) is adopting a training schedule for WIC program leads and financial oversite employees to refresh their knowledge of division responsibilities regarding IRIS financial coding for federal programs. Additionally, the division is developing checklists and/or other similar training aids to assist staff in implementing agency procedures. DHSS anticipates that this finding will be resolved during SFY 2018.

Recommendation No. 2017-037:
DHSS' Division of Public Assistance (DPA) and FMS Revenue Unit should comply with the provisions of the CMIA agreement and request federal funds consistent with the CMIA agreement funding techniques and clearance patterns for this program.

DHSS concurs with the recommendation. DPA will include the finance officer on future requests from federal cognizant agencies pertaining to cash management issues and the FMS Finance Officer is implementing refresh training for both revenue and division staff. The refresh training includes State of

Alaska CMIA regulations and DHSS internal policy and procedures regarding the submission on draw requests.

Recommendation Nos. 2017-038; 2017-039; and 2017-045:
DHSS FMS Grants and Contracts Unit should update their sub-awards to reference Uniform Guidance instead of OMB Circular A-133.

DHSS concurs with the recommendation. The FMS Grants and Contracts Unit have posted information regarding the Uniform Guidance and its effects on DHSS grantees on the DHSS Grant Electronic Management System (GEMS). Additionally, the FY 2018 sub-award templates were updated followed by written notification to all DHSS grantees of the updates and that they were in accordance with the Uniform Guidance 2 CFR 200. The department's FY 2019 assurances and from FY 2017 forward solicitations were also updated by replacing references of OMB Circular A-133 with Uniform Guidance 2 CFR 200 and the updated thresholds. DHSS internal policy and procedure updates are in process and the department anticipates resolving this finding by June 30, 2018.

Recommendation No. 2017-040:
DHSS' Division of Health Care Services (HCS) should strengthen its internal control procedures to ensure that claims are not paid for recipients that do not have active eligibility status on the date of service. In addition, we recommend a review of the functionality of the Medicaid Management Information System (MMIS) to ensure the system is configured to limit payments to individuals with active eligibility status in the system.

DHSS partially concurs with the recommendation and does not concur with the cause as written. DHSS does concur with the recommendation that HCS should strengthen its internal control procedures to ensure that claims are not paid for recipients that do not have active eligibility on the date of service. The cause is this phenomenon did not occur in system testing during ongoing system updates. HCS policy and procedures are being followed, and when defects are identified the required corrective action is followed.

HCS implemented fixes to associated technical defects in July, 2017 to prevent further instances from occurring and additionally updates are pending the collocation code assignment matrix that should also strengthen internal controls. The division is reviewing impacted claims and reprocessing is being planned pending advance notification to providers. DHSS anticipates that this finding will be resolved during SFY 2018.

Recommendation No. 2017-041:
DHSS' Finance and Management Services (FMS) Administration should improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for expenditures.

DHSS partially concurs with the recommendation, criteria, cause, and condition as written. The errored transactions are both associated with the failure by a reviewer to identify a coding error; however, one of the errored transactions had already been identified through existing department internal control processes and was being addressed through existing procedures.

FMS administration is strengthening its internal controls by updating written procedures and providing refresh training to staff responsible for both financial coding and verification. DHSS anticipates that this finding will be resolved during SFY 2018.

<u>Recommendation No. 2017-042:</u>
<u>DHSS' Division of Health Care Services should comply with the provisions of the Medicaid Payment Regulations 7 AAC 105 – 7 AAC 160 and pay Medicaid providers the lowest of the specified payment rates established in the Alaska Administrative Code.</u>

DHSS concurs with the recommendation. HCS continues to facilitate corrective action plans (CAP) for its fiscal agent, Conduent (previously XEROX). Due to high turnover, the fiscal agent is continuously providing training to staff on processes and procedures to ensure manually priced claims are accurately and timely processed. DHSS anticipates that this finding will be resolved during SFY 2018.

<u>Recommendation No. 2017-043:</u>
<u>DHSS' Division of Public Assistance (DPA) should:</u>

- <u>Perform regular reviews of the data in its participant case files to ensure accuracy and completeness and confirming that only eligible participants are receiving the entitled benefits.</u>
- <u>Continue to leverage technology and update work processes to ensure timely processing of eligibility determinations.</u>
- <u>Provide training on processes highlighting the importance of utilizing case notes to document income verification.</u>
- <u>Provide training on system changes and create audit trails for income verification.</u>

DHSS concurs with the recommendation but not with the condition as written. DPA has demonstrated it has adequate policies and procedures, however, there is a considerable lack of human resources available to comply and implement the P&P. In order to perform monitoring, an agency must have adequate staffing to monitor. There has been an increase of 34.6% in Medicaid caseload since 2015 and a 31% eligibility staff turnover occurred over the last 12 months.

DPA continues to strengthen the processes and procedures for administrating eligibility determinations with two different eligibility systems. The division is providing continuous training on the required eligibility elements and specifically for the verification of actual self-employment expenses when the standard deduction is not being used. DPA is also in the process of creating a centralized file repository to reduce the risk of missing applications and/or supporting documentation.

<u>Recommendation No. 2017-044:</u>
<u>DHSS' Division of Health Care Services (HCS) should adhere to and execute its sampling plan for conducting Surveillance and Utilization Reviews (SURs) to ensure the program is in compliance with the specified requirement.</u>

DHSS partially concurs with the recommendation. DHSS concurs that it did not complete all cases in the SURs sampling plan, however, the department added the ARM project to mitigate the increased risk of improper payments or fraudulent claims associated with the high volume of re-processing service claims The department implemented the revised approach in fiscal year 2017 to address the universe of claims encompassing multiple years made possible by a federally approved good faith waiver. The personnel of the HCS SURs unit and fiscal agent did not change. DHSS anticipates that this finding will be resolved during SFY 2018.

<u>Recommendation No. 046:</u>
<u>DHSS' assistant commissioner over the Finance and Management Services Division (FMS) should take measures to resolve shortfalls</u>

DHSS concurs with the recommendation. FMS is strengthening its internal controls by developing stronger reporting tools and implementing processes that include frequent monitoring. However, with the implementation of IRIS, department revenue postings will always lag behind program expenditures.

Please contact Linnea Osborne at (907) 465-6333 if you have any questions or require additional information.

Sincerely,

Valerie Nurr'araaluk Davidson
Commissioner

Cc: Shawnda O'Brien, Assistant Commissioner
Jon Sherwood, Deputy Commissioner
Karen Forrest, Deputy Commissioner
Margaret Brodie, Director of Health Care Services
Monica Windom, Director of Public Assistance
Marian Sweet, Deputy Director Finance and Management Services
Michael Frawley, Grants and Procurement Manager
Eric Demoulin, Finance Officer
Linnea Osborne, Accountant V

Single Audit Corrective Action Plan

Finding No. 2017-032: During FY 17, Department of Health and Social Services (DHSS) did not fully address Alaska Health Enterprise (AHE) system deficiencies. Additionally, the AHE system was not federally certified.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (Corrective action planned):

The department continues to facilitate corrective action plans for Conduent (formerly XEROX), its fiscal agent. It has resolved most of the defects that had originally been identified in the AHE system. The correction of defects involves multiple steps including an assessment and prioritization; evaluation and programming by the fiscal agent; validation and testing by subject matter experts; deployment; and associated follow up action depending on related processes. Additional defects were identified from the work completed during FY 2017 and were also prioritized for deployment. DHSS continues to work with CMS on certifying the AHE system.

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-033: DHSS misstated FY 17 expenditures, assets, and liabilities by incorrectly reclassifying unauthorized federal expenditures as prepaid assets and recording expenditures to the incorrect fiscal year.

DHSS partially concurs with the finding.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department is working with DOA DOF on procedures to address this issue.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-034: DHSS' Finance and Management Services (FMS) staff inaccurately reported federal awards expended on DHSS' FY 17 preliminary schedule of expenditures of federal awards (SEFA) for 85 programs, which resulted in over-reporting federal awards by approximately $48 million. Additionally, pass through amounts to other state agencies were erroneously omitted from the SEFA and subrecipient totals for 16 programs were not supported by the accounting records.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

FMS is strengthening procedures to better support departmental processes and the agency has been provided representation on a state ALDER workgroup to assist in resolving system issues.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-035: Procedures developed and implemented by FMS were not adequate to enable an accurate reconciliation of program expenditure details to total expenditures presented on the SEFA.

Significant variances with respect to FMS' identified SEFA major program expenditures were noted as compared to the corresponding program expenditure details. After multiple iterations, DHSS ultimately reconciled major program expenditures to the supporting details.

Questioned Costs: Not determinable.

CFDA # (s): 10.557, 93.659, 93.667, 93.767, 93.775, 93.777, 93.778, 93.959

CFDA Name: Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC); Adoption Assistance Title IV-E; Social Services Block Grant; Children's Health Insurance Program; Medicaid Cluster; Block Grants for the Prevention and Treatment of Substance Abuse

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

Corrective Action (Corrective action planned):

The department has been provided representation with a state ALDER workgroup to assist in resolving system issues, in addition to, facilitating a department workgroup to develop reporting resources. FMS also continues to update its procedures to replace interim processes associated with the transition between state accounting systems and to increase the use of IRIS functionality with federal grant information.

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-036: Two transactions out of 99 selected were erroneously charged to the Special Supplemental Nutrition Assistance Program for Women, Infant, and Children.

Questioned Costs: Below reporting threshold.

CFDA #: 10.557

CFDA Name: Special Supplemental Nutrition Assistance Program for Women, Infants, and Children (WIC)

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

The Division of Public Assistance (DPA) is adopting a training schedule for WIC program leads and financial oversite employees to refresh their knowledge of division responsibilities regarding IRIS financial coding for federal programs. Additionally, the division is developing checklists and/or other similar training aids to assist staff in implementing agency procedures.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-037: A portion of one transaction from 21 drawdowns reviewed was requested before the actual expenditures were incurred.

Questioned Costs: Not determinable.

CFDA #: 10.557

CFDA Name: Special Supplemental Nutrition Assistance Program for Women, Infants, and Children

DHSS concurs with the finding.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DPA will include the finance officer on future requests from federal cognizant agencies pertaining to cash management issues and the FMS Finance Officer is implementing refresh training for both revenue and division staff. The refresh training includes State of Alaska CMIA regulations and DHSS internal policy and procedures regarding the submission on draw requests.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-038: DHSS subaward template's subrecipient terms, conditions, and assurances reference OMB Circular A-133 instead of the Uniform Guidance requirements.

Questioned Costs: Not determinable.

CFDA #: 10.557

CFDA Name: Special Supplemental Nutrition Assistance Program for Women, Infants, and Children

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

The FMS Grants and Contracts Unit have posted information regarding the Uniform Guidance and its effects on DHSS grantees on the DHSS Grant Electronic Management System (GEMS). Additionally, the FY 2018 sub-award templates were updated followed by written notification to all DHSS grantees of the updates and that they were in accordance with the Uniform Guidance 2 CFR 200. The department's FY 2019 assurances and from FY 2017 forward solicitations were also updated by replacing references of OMB Circular A-133 with Uniform Guidance 2 CFR 200 and the updated thresholds. DHSS internal policy and procedure updates are in process.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-039: DHSS subaward template's subrecipient terms, conditions and assurances reference OMB Circular A-133 instead of the Uniform Guidance requirements.

Questioned Costs: Not determinable.

CFDA #: 93.667

CFDA Name: Social Services Block Grant

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

The FMS Grants and Contracts Unit have posted information regarding the Uniform Guidance and its effects on DHSS grantees on the DHSS Grant Electronic Management System (GEMS). Additionally, the FY 2018 sub-award templates were updated followed by written notification to all DHSS grantees of the updates and that they were in accordance with the Uniform Guidance 2 CFR 200. The department's FY 2019 assurances and from FY 2017 forward solicitations were also updated by replacing references of OMB Circular A-133 with Uniform Guidance 2 CFR 200 and the updated thresholds. DHSS internal policy and procedure updates are in process.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-040: A total of 376 individual claims expenditures contained lines without eligibility subtypes. Of the 376, 368 had associated payments.

Questioned Costs: $164,726.

CFDA #: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding and does not concur with the cause as written.

HCS implemented fixes to associated technical defects in July, 2017 to prevent further instances from occurring and additionally updates are pending the collocation code assignment matrix that should also strengthen internal controls. The division is reviewing impacted claims and reprocessing is being planned pending advance notification to providers.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-041: Two of 60 transactions reviewed were erroneously charged coded to the Medicaid Cluster program.

Questioned Costs: Below reporting threshold.

CFDA #: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the recommendation, criteria, cause, and finding as written.

Corrective Action (Corrective action planned):

FMS administration is strengthening its internal controls by updating written procedures and providing refresh training to staff responsible for both financial coding and verification.

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Agency Contact (Name of person responsible for corrective action):

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Finding No. 2017-042: One of 29 transactions were paid at a rate which differed from what the supporting schedules and regulations required.

Questioned Costs: None.

CFDA #: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

HCS continues to facilitate corrective action plans (CAP) for its fiscal agent, Conduent (previously XEROX). Due to high turnover, the fiscal agent is continuously providing training to staff on processes and procedures to ensure manually priced claims are accurately and timely processed.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-043: DHSS' Division of Public Assistance does not have consistent monitoring processes in place to review the eligibility determinations made.

Questioned Costs: Not determinable.

CFDA #: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the recommendation but not with the finding as written.

In order to perform monitoring, an agency must have adequate staffing to monitor. DPA is working through the legislative process by requesting additional positions to address staffing shortages.

DPA continues to strengthen the processes and procedures for administrating eligibility determinations with two different eligibility systems. The division is providing continuous training on the required eligibility elements and specifically for the verification of actual self-employment expenses when the standard deduction is not being used. DPA is also in the process of creating a centralized file repository to reduce the risk of missing applications and/or supporting documentation.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2019.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-044: DHSS' Division of Health Care Services did not properly execute its sampling plan for conducting Surveillance and Utilization Reviews, therefore the necessary controls or procedures to safeguard against unnecessary utilization care and services and to identify, investigate, and refer suspected fraud cases was not in compliance with the approved plan.

Questioned Costs: Not determinable.

CFDA #: 93.775, 93.777, 93.778

CFDA Name: Medicaid Cluster

DHSS partially concurs with the finding. DHSS concurs that it did not complete all cases in the SURs sampling plan, however, the department added the ARM project to mitigate the increased risk of improper payments or fraudulent claims associated with the high volume of re-processing service claims

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The department implemented the revised approach in fiscal year 2017 to address the universe of claims encompassing multiple years made possible by a federally approved good faith waiver. The personnel of the HCS SURs unit and fiscal agent did not change. The ARM project was completed in FY 2017 and HCS SURs unit has returned to adhering and executing its sampling plan for conducting Surveillance and Utilization Reviews.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-045: DHSS' subaward template's subrecipient terms, conditions and assurances reference OMB Circular A-133 instead of the Uniform Guidance requirements.

Questioned Costs: Not determinable.

CFDA #: 93.959

CFDA Name: Block Grants for Prevention and Treatment of Substance Abuse

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DHSS concurs with the finding.

The FMS Grants and Contracts Unit have posted information regarding the Uniform Guidance and its effects on DHSS grantees on the DHSS Grant Electronic Management System (GEMS). Additionally, the FY 2018 sub-award templates were updated followed by written notification to all DHSS grantees of the updates and that they were in accordance with the Uniform Guidance 2 CFR 200. The department's FY 2019 assurances and from FY 2017 forward solicitations were also updated by replacing references of OMB Circular A-133 with Uniform Guidance 2 CFR 200 and the updated thresholds. DHSS internal policy and procedure updates are in process.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2018.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

Finding No. 2017-046: Ten DHSS appropriations were in potential shortfall for a total of $15,289,218 as of February 2018.

DHSS concurs with the finding.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

FMS is strengthening its internal controls by developing stronger reporting tools and implementing processes that include frequent monitoring. However, with the implementation of IRIS, department revenue postings will always lag behind program expenditures.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

DHSS anticipates this finding will be resolved in FY 2019.

Shawnda O'Brien, Assistant Commissioner

Finance & Management Services

Agency Contact (Name of person responsible for corrective action):

(Intentionally left blank)

THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Labor and Workforce Development

Office of the Commissioner

Post Office Box 111149
Juneau, Alaska 99811
Main: 907.465.2700
Fax: 907.465.2784

June 26, 2018

Ms. Kris Curtis
Legislative Auditor
Alaska State Legislature
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

This letter provides the Division of Legislative Audit with the Department of Labor and Workforce Development's (DLWD) corrective action plan for recommendations noted in confidential preliminary audit report on: *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2017.*

Recommendation No. 2017-016: The Department of Labor and Workforce Development's (DLWD) Administrative Services Division (ASD) director should coordinate with the DOA OIT chief information officer to address system security concerns.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DLWD agrees with the recommendation.

Corrective Action (Corrective action planned):

DLWD is upgrading to a new system version for enhanced security, which is now in test. Once testing is completed, the department will migrate business processes and users to production on the new version of the system.

Completion Date (List anticipated completion date):

DLWD expects to be fully migrated by October 31, 2018.

Agency Contact (Name of person responsible for corrective action):

Paul Hegg, Department Technology Officer

Recommendation No. 2017-047: DLWD's ASD director should ensure uncollectible accounts receivable in the Unemployment Compensation Fund (UCF) are reported in accordance with generally accepted accounting principles.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DLWD agrees with the recommendation.

Corrective Action (Corrective action planned):

DLWD hired a nonpermanent accountant in October 2017 to perform the analysis necessary to estimate UCF uncollectible accounts receivable. In November 2017, the accountant developed a methodology to establish the allowance for uncollectible accounts receivable to be reported in accordance with generally accepted accounting principles.

Completion Date (List anticipated completion date):

An allowance for uncollectible accounts receivable will be established and reported for FY 18.

Agency Contact (Name of person responsible for corrective action):

Rachel Paguio, Chief Finance Officer

Recommendation No. 2017-048: DLWD's ASD director should work with the department's finance officer to improve accounting for UCF activity.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DLWD agrees with the recommendation.

Corrective Action (Corrective action planned):

DLWD hired a nonpermanent accountant in October 2017 to analyze the department's accounting for UCF activity. Based on this analysis, DLWD revised its procedures to properly account for fraud penalties receivable and suspense receipts liability for FY 18.

Completion Date (List anticipated completion date):

Updated DLWD procedures will be followed for FY 18 UCF accounting.

Agency Contact (Name of person responsible for corrective action):

Rachel Paguio, Chief Finance Officer

Recommendation No. 2017-049: DLWD's ASD director should improve written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DLWD agrees with the recommendation.

Corrective Action (Corrective action planned):

Once identified by the auditor, DLWD updated its written procedures for preparation and review of SEFA reporting.

Completion Date (List anticipated completion date):

The corrective action was completed in December 2017 and will be followed in the preparation and review of the preliminary FY 18 SEFA.

Agency Contact (Name of person responsible for corrective action):

Rachel Paguio, Chief Finance Officer

Recommendation No. 2017-050: DLWD's ASD director should strengthen information technology (IT) controls in accordance with state security policy.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DLWD agrees with the recommendation.

Corrective Action (Corrective action planned):

DLWD runs system patches routinely within timeframes stipulated by state security policy, but due to an oversight by responsible staff a specific server type was being excluded. The error was corrected, and the system patching process was strengthened with additional supervisory review.

Completion Date (List anticipated completion date):

DLWD corrected the system patch process in April 2017.

Agency Contact (Name of person responsible for corrective action):

Paul Hegg, Department Technology Officer

Thank you for the opportunity to respond to the Confidential Preliminary Report.

Sincerely,

Heidi Drygas
Commissioner

THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Commerce, Community, and Economic Development

OFFICE OF THE COMMISSIONER

P.O. Box 110800
Juneau, AK 99811-0800
Main: 907.465.2500
Fax: 907.465.5442

June 26, 2018

RECEIVED
JUN 26 2018
LEGISLATIVE AUDIT

Ms. Kris Curtis
Legislative Audit
Division of Legislative Audit
P.O. Box 11330
Juneau, AK 99811-3300

Re: Confidential Preliminary Audit report on State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2017, Finding No. 2017-051

Dear Ms. Curtis:

This letter is in response to the finding resulting from the FY2017 Statewide Single Audit.

Finding No. 2017-051

The Department of Commerce, Community, and Economic Development's Division of Administrative Services staff inaccurately reported federal awards expended on the department's FY 17 preliminary schedule of expenditures of federal awards for three programs. Additionally, the department's accounting records did not support the subrecipient totals for two programs, and the pass through expenditures to other state agencies for two programs.

The department concurs with this finding. The department has developed written instructions for reporting federal expenditures, which include specific detail on subrecipient and pass through reporting. The standardized corrective action plan form is attached to this document.

Sincerely,

Mike Navarre

Mike Navarre
Commissioner

Cc: Catherine Reardon, Administrative Services Director

Attachment: Standardized corrective action plan

Single Audit Corrective Action Plan

Finding No. 2017-051: the Department of Commerce, Community, and Economic Development's Division of Administrative Services staff inaccurately reported federal awards expended on the department's FY 17 preliminary schedule of expenditures of federal awards for three programs. Additionally, the department's accounting records did not support the subrecipient totals for two programs, and the pass through expenditures to other state agencies for two programs.

Agency Agreement (State whether your agency agrees or disagrees with the funding):

Concur.

Corrective Action (Corrective action planned):

The department has developed written instructions for reporting federal expenditures, which include specific detail on subrecipient reporting. These instructions will be finalized by the end of Federal Fiscal Year 2018, and include specific instructions for subrecipient and pass through reporting.

Completion Date (List anticipated completion date):

September 30, 2018

Agency Contact (Name of person responsible for corrective action):

Jenny McDowell, Finance Officer

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Military and Veterans' Affairs
Office of the Commissioner

P.O. Box 5800
JBER, AK 99505-0800
Main: 907.428.6003
Fax: 907.428.6019

RECEIVED
JUN 2 6 2018
LEGISLATIVE AUDIT

MEMORANDUM

TO: Kris Curtis
Division of Legislative Audit

FROM: Laurel J. Hummel
Commissioner

Laurel J Hummel

DATE: June 26, 2018

SUBJECT: DMVA Response – SFY17 Statewide Single Audit

Thank you for your recent feedback regarding Department of Military and Veterans Affairs' performance during the SFY17 Statewide Single Audit.

As stated in our April 2, 2018, memo on this subject, the Department agrees one appropriation was in shortfall for $126,697, the overwhelming majority of which resulted from erroneous transactions created during the State's migration of financial information from the legacy Alaska Statewide Accounting System (AKSAS) to the current Integrated Resources Information System Financial/Procurement (IRIS FIN/PROC) module. Further details regarding these matters are described on the "AR 35091-15" tab in the attached spreadsheet.

Additionally, as stated in our February 28, 2018, memo on this subject, we acknowledge your recommendation "DMVA's Division of Administrative Services (Division) Director should improve written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA)." Our revised anticipated completion date is August 31, 2018. If you or the members of your staff have questions or would like additional information, please contact our Administrative Services Director, Brian Duffy, at (907) 428-7210.

Enclosure: DMVA Single Audit Corrective Action Plan

Single Audit Corrective Action Plan

Finding: DMVA should improve written procedures over the presentation and review of the schedule of expenditures of federal awards (SEFA).

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The Department acknowledges the recommendation and projects an updated completion date of August 31, 2018.

Completion Date (List anticipated completion date):

August 31, 2018

Agency Contact (Name of person responsible for corrective action):

Brian Duffy, Director; Administrative Services Division; (907) 428-7210

Single Audit Corrective Action Plan

Finding: One Department of Military and Veterans' Affairs appropriation was in shortfall for $126,697.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The Department agrees one appropriation was in shortfall for $126,697, the overwhelming majority of which resulted from erroneous transactions created during the State's migration of financial information from the legacy Alaska Statewide Accounting System (AKSAS) to the current Integrated Resources Information System Financial/Procurement (IRIS FIN/PROC) module. Further details regarding these matters are described on the "AR 35091-15" tab in the attached spreadsheet.

Completion Date (List anticipated completion date):

September 30, 2018

Agency Contact (Name of person responsible for corrective action):

Brian Duffy, Director; Administrative Services Division; (907) 428-7210

Total Control AR	Component	Revenue Should Be	Revenue Is	Revenue Difference	OPEN Receivables/ Assets	NOTES
35000-15	**Office of Commissi**	**$ (3,131,314.16)**	**$ (3,131,314.16)**	**$ -**	**$ -**	
	100% FED AR	$ (1,068,802.47)	$ (1,068,802.47)	**$** -		
	FED/GFM AR	$ (245,055.40)	$ (245,055.40)	**$** -		
	I/A	$ (1,657,067.55)	$ (1,657,067.55)	**$** -		
	SD/PR	$ (5,000.00)	$ (5,000.00)	**$** -		
	GF/PR	$ (199.70)	$ (199.70)	**$** -		
	CIP	$ (19,880.06)	$ (19,880.06)	**$** -		
	Unbudgeted RSA's	$ (135,308.98)	$ (135,308.98)	**$** -		
35200-15	**Homeland Security**	**$ (6,249,033.26)**	**$ (6,249,033.26)**	**$ -**	**$ -**	
	100% FED AR	$ (621,139.69)	$ (621,139.69)	**$** -		
	FED/GFM AR	$ (3,128,009.72)	$ (3,128,009.72)	**$** -		
	I/A	$ (1,731,606.02)	$ (1,731,606.02)	**$** -		
	SD/PR	$ (23,112.19)	$ (23,112.19)	**$** -		
	GF/PR	$ -	$ -	**$** -		
	CIP	$ (740,680.09)	**$ (740,680.09)**	**$** -		**THIS IS RESOLVED.** In column E, row 17, DMVA manually reduced "Revenue is" column by $49,299.02 to show adjustments processed in JVA 170008908, 170008910, 170008864, 160000654 and 170008845. All JVA's posted against fund level ARU 999999999 or no ARU depending upon guidance from DOA/Finance. This allowed DOA/Finance to easily identify CAFR adjustment needed from AKSAS. Due to this being processed at the fund level appropriation only, this information is not visible within AKSAS or easily tied back to the AKSAS data within IRIS as the current component is being pulled through AKSAS appropriations only. Additionally, RE's CV*0962027, CV*0962007,CV*0962006 and CV*0962025 associated with the identified revenue (JVA transactions) were released in July 2017 as part of the overall cleanup of unneeded converted transactions. Note; JVA transactions do not allow the referencing of RE's. Resulting in the need for separate document processing for the noted RE's above.
	Unbudgeted RSA's	$ (4,485.55)	$ (4,485.55)	**$** -		
35250-15	**Local Emergency N**	$ -	$ -	$ -		
35300-15	**National Guard Mi**	$ -	$ -	$ -		
35400-15	**Army Guard Facilit**	**$ (6,688,236.44)**	**$ (6,688,236.44)**	**$ -**	**$ 4,286.68**	
	100% FED AR	$ (4,140,328.07)	**$ (4,140,328.07)**	**$** -	$ 4,225.99	**THIS IS PARTIALLY RESOLVED.** In column E, row 22, DMVA manually reduced "Revenue is" column by $25,796.90 to reflect pending CH8 180023649. CH8 will post against ARU 09FND1004 based upon DOA guidance. This will allow DOA/Finance to easily identify CAFR adjustment needed from AKSAS. Due to this being processed at the fund level appropriation only, this information will not be visible within AKSAS or easily tied back to the AKSAS data within IRIS as the current component is being pulled through AKSAS appropriations only. Additionally, both the CH8 adjustment and RE CV*0950080 balance release will process in **July 2018**. Open RE's CV*0950020, CV*0950055 and CV*0950077 are valid and related to partially unreimbursed federal billing MA-15-A01-01 and MA-15-A01-02 ($1,531.99); see tab open receivables. ARNG FMO is pursuing funding at the National Guard Bureau level to process the billing. If reimbursement is not received by September 30, 2018, DMVA leadership will review for write off of uncollectable federal dollars. DMVA ARNG FMO is pursuing collections in the amount of $2,694.00 with vendor AK Winter related to RE CV*0950089. Item purchased was returned; reference invoice 439874 / Warrant 25549482, Batch AA2652369 s. 8. If reimbursement is not received by **September 30, 2018**, DMVA leadership will review for write off of uncollectable federal dollars.

Total Control AR	Component	Revenue Should Be	Revenue Is	Revenue Difference	OPEN Receivables/ Assets	NOTES
	FED/GFM AR	$ (1,476,540.26)	**$ (1,476,540.26)**	**$ -**	$ 60.64	**THIS IS PARTIALLY RESOLVED.** In column E, row 23, DMVA manually reduced "Revenue is" column by $15,535.04 to reflect pending CH8 180023649. CH8 will post against ARU 09FND1004 based upon DOA guidance. This will allow DOA/Finance to easily identify CAFR adjustment needed from AKSAS. Due to this being processed at the fund level appropriation only, this information will not be visible within AKSAS or easily tied back to the AKSAS data within IRIS as the current component is being pulled through AKSAS appropriations only. Additionally, both the CH8 adjustment and RE CV*0950080 balance release will process in **July 2018**. Open RE CV*0950020 is valid and related to partially unreimbursed federal billing MA-15-A01-02; see tab open receivables. ARNG FMO is pursuing funding at the National Guard Bureau level to process the billing. If reimbursement is not received by **September 30, 2018**, DMVA leadership will review for write off of uncollectable federal dollars.
	I/A	$ (960,527.18)	$ (960,527.18)	**$ -**		
	SD/PR	$ (51,599.80)	$ (51,599.80)	**$ -**	$ 0.05	**THIS IS PARTIALLY RESOLVED.** Vendor short paid bill for rental of Shishmaref Armory. Approval for write off has been given by DMVA Finance Officer as it has been determined to be a de minimums amount. Pending CH8 180023651 will post against ARU 09FND1004 based upon DOA guidance. This will allow DOA/Finance to easily identify CAFR adjustment needed from AKSAS. Due to this being processed at the fund level appropriation only, this information will not be visible within AKSAS or easily tied back to the AKSAS data within IRIS as the current component is being pulled through AKSAS appropriations only. Additionally, both the CH8 adjustment and RE CV*0950003 balance release will process in **June 2018** and absorbed in the lapsed balance. Note; JVA transactions do not allow the referencing of RE's. Resulting in the need for separate document processing for the noted RE's above.
	GF/PR	$ (4,098.83)	$ (4,098.83)	**$ -**		
	CIP	$ (9,489.38)	$ (9,489.38)	**$ -**		
	Unbudgeted RSA's	$ (45,652.92)	**$ (45,652.92)**	**$ -**	$ -	**THIS IS RESOLVED.** In column E, row 28, DMVA manually reduced "Revenue is" column by $42,819.19 to show adjustments processed in JVA 180000075, 180000076 and 180000077. All JVA's posted against ARU 999999999 or no ARU depending upon guidance from DOA/Finance. This allowed DOA/Finance to easily identify CAFR adjustment needed from AKSAS. Due to this being processed at the fund level appropriation only, this information is not visible within AKSAS or easily tied back to the AKSAS data within IRIS as the current component is being pulled through AKSAS appropriations only. Additionally, RE's CV*4160002, CV*4160045 and CV*4160044 associated with the identified revenue (JVA transactions) were released in August 2017 as part of the overall cleanup of unneeded converted transactions. Note; JVA transactions do not allow the referencing of RE's. Resulting in the need for separate document processing for the noted RE's above.
35500-15	**Air Guard Facilities**	**$ (3,340,402.90)**	**$ (3,340,402.90)**	**$ -**	**$ -**	
	100% FED AR	$ (110,418.27)	$ (110,418.27)	**$ -**		
	FED/GFM AR	$ (3,124,014.15)	$ (3,124,014.15)	**$ -**		
	I/A	$ (48,200.00)	$ (48,200.00)	**$ -**		
	SD/PR	$ -	$ -	**$ -**		
	GF/PR	$ -	$ -	**$ -**		

Total Control AR	Component	Revenue Should Be	Revenue Is	Revenue Difference	OPEN Receivables/ Assets	NOTES
	CIP	$ -	$ -	$ -		
	Unbudgeted RSA's	$ (57,770.48)	$ (57,770.48)	$ -		
35600-15	**AK Military Youth /**	**$ (3,990,787.58)**	**$ (3,990,787.57)**	**$ (0.01)**	**$ -**	
	100% FED AR	$ (6,795.17)	$ (6,795.17)	$ -		
	FED/GFM AR	$ (3,622,761.84)	$ (3,622,761.83)	$ **(0.01)**		**THIS IS RESOLVED.** Revenue rounding issue/cumulative could be .84 for AR/entered .83. DMVA wishes to allow the .01 to hit the lapse balance as this is not a material amount.
	I/A	$ (361,209.32)	$ (361,209.32)	$ -		
	SD/PR	$ -	$ -	$ -		
	GF/PR	$ (21.25)	$ (21.25)	$ -		
	CIP	$ -	$ -	$ -		
	Unbudgeted RSA's	$ -	$ -	$ -		
35700-15	**Veterans Services**	**$ (142,643.83)**	**$ (142,643.83)**	**$ -**	**$ -**	
	100% FED AR	$ (142,359.05)	**$ (142,359.05)**	$ -		**THIS IS RESOLVED.** In column E, row 46, DMVA manually reduced "Revenue is" column by $15,950.00. Revenue was provided by the State of Utah to Alaska for Veterans Info System in advance of work performed. Encumbered expense was later paid/offsetting the revenue collection in a future year as is required in IRIS. JVC 160000708 processed in May 2016, moved revenue into the IRIS program for Veterans Information Systems. The effect of this JVC is a net zero to the appropriation within IRIS. It was a mechanism to identify the revenue at the program structure level within IRIS only.
	FED/GFM AR	$ -	$ -	$ -		
	I/A	$ -	$ -	$ -		
	SD/PR	$ -	$ -	$ -		
	GF/PR	$ (284.78)	$ (284.78)	$ -		
	CIP	$ -	$ -	$ -		
	Unbudgeted RSA's	$ -	$ -	$ -		
35900-15	**State Active Duty**	**$ (34,622.63)**	**$ (34,622.63)**	**$ -**	**$ -**	
	100% FED AR	$ -	$ -	$ -		
	FED/GFM AR	$ -	$ -	$ -		
	I/A	$ (18,825.78)	**$ (18,825.78)**	$ -		**THIS IS PARTIALLY RESOLVED.** In column E, row 56, DMVA manually increased "Revenue is" column by $18,825.78. Revenue was collected in CR2 170000122. The receivable (conversion) data associated with the CR2 identified on Info From Leg 2 tab, will require further direction from DOA Finance. DOF is investigating the ability to pull the amounts into IRIS reporting; either for CAFR AKSAS adjustments or directly to the IRIS conversion ARU 091535900. **DMVA is dependent upon DOF for resolution. Estimation for completion is June 30, 2018.**
	SD/PR	$ -	$ -	$ -		
	GF/PR	$ -	$ -	$ -		
	CIP	$ -	$ -	$ -		
	Unbudgeted RSA's	$ (15,796.85)	**$ (15,796.85)**	$ -		**THIS IS PARTIALLY RESOLVED.** In column E, row 60, DMVA manually increased "Revenue is" column by $801.85. $14,995.00 was collected in AKSAS prior to conversion. $801.85 in revenue was collected in CR2 170000122. The receivable (conversion) data associated with the CR2 identified on Info From Leg 2 tab, will require further direction from DOA Finance. DOF is investigating the ability to pull the amounts into IRIS reporting; either for CAFR AKSAS adjustments or directly to the IRIS conversion ARU 091535900. **DMVA is dependent upon DOF for resolution. Estimation for completion is June 30, 2018.**
		$ (23,577,040.80)	**$ (23,577,040.79)**	**$ (0.01)**	**$ 4,286.68**	
			Leg Audit number	**$ 380,356.62**	**$ -**	Receivable released in IRIS
			Difference	**$ (380,356.63)**	**$ 4,286.68**	**Total RC's**

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Natural Resources
COMMISSIONER'S OFFICE
550 W. 7th #1400
Anchorage, AK 99501
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June 28, 2018

Kris Curtis, CPA
Legislative Auditor
Legislative Budget and Audit
PO Box 113300
Juneau, AK 99811-3300

Re: FY2017 Statewide Single Audit, Department of Natural Resources (DNR)

Dear Ms. Curtis

Thank you for the opportunity to provide a written response to the Confidential Preliminary Audit Report on the State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2017. The findings for DNR in the audit and corresponding responses are below.

Finding No. 2017-054
The Department of Natural Resources' (DNR) Division of Support Services staff inaccurately reported federal awards expended on the department's FY 17 preliminary schedule of expenditures of federal awards for 18 programs. Additionally, the department's accounting records did not support the subrecipient expenditures for five programs.

Response:
The Department of Natural Resources (DNR) agrees with the finding. DNR's Division of Support Services director should improve written procedure over the preparation and review of the schedule of expenditures of federal awards (SEFA).
DNR's Division of Support Services updated procedures for the preparation of the SEFA. Additionally, the Financial Section of the Division of Support Services has scheduled weekly meetings intended to strengthen our internal controls over financial reporting.

Finding No. 2017-055
Thirty-seven timesheets were not supported by the federally required OF-288 form; nine timesheets lack the required written justification for hours worked in excess of 16 hours or 2:1 work-rest ratio; eight of 24 state timesheets reviewed did not match the OF-288 timesheets; three timesheets were not signed by an employee; and 16 timesheets recorded additional compensation during travel status without adequate support.

Response:
A policy letter was written to cover the needs arising from this finding. In addition, A checklist has been created to verify that all documents needed have been received and/or signed by the employee, including OF288s and all other supporting documents for time charged. This information was also updated in the Alaska Incident Business Management Handbook (AIBMH).
If the necessary information is not received by the date timesheets are due, the administrative staff will follow up with an audit of the affected timesheet(s) and the employee will need to file an amended timesheet if the information is different than the original. The supervisor will verify the information when signing the employee timesheets.

Finding No. 2017-056
Unallowable aviation offset indirect costs were billed to the federal agency.

Response:
The Department of Natural Resources (DNR) agrees with the finding. The Division of Forestry will follow-up with:

1. The indirect cost rates will be included in the Master Agreement/Annual Operating Plan (AOP) to address aviation offset indirect costs when aircraft on assignment are outside of Alaska. This agreement is signed by both parties.
2. The current rates will be published in the AOP on an annual basis.
3. The Division of Forestry will provide a letter of understanding and rate sheet with the Department of Agriculture, U.S. Forest Service. This letter will be signed by both parties.

Finding No. 2017-057
Ten of 61 tested USFS Fire Suppression Program timesheets were inaccurately calculated.

Response:
DNR's Division of Forestry (DNR) and DOA's Division of Personnel and Labor Relations (DOA) have discussed solutions to improve timesheet processing procedures. DOA will increase training on timesheet entry. Additionally, certification procedures will be created to outline what to look for when certifying a timesheet. Due to the complex nature of the timesheets, each fire season, additional training will be implemented for those staff entering and certifying DNR Forestry timesheets. This will include training to review the timesheets for premium codes and financial coding as well as departmental letters of agreement that are specific to DNR. DNR will also have timekeepers review timesheets prior to submission for accuracy.

Finding No. 2017-058
Multiple FY 17 system control deficiencies were identified during review of the emergency fire fighter time system.

Response:
DOA agrees with the findings regarding strengthening systems controls over the emergency fire fighter (EFF) time system. DOA Payroll will create a log to track the EFF user accounts supplied by DNR according to each user. DOA Payroll will also document the formal request system for users to authorize access to the EFF system already implemented with State Mainframe access. DNR will review the invalid accounts; those with valid accounts not currently assigned to a user will be inactivated.

DOA Payroll will implement a reconciliation process for the timesheets entered into the EFF system and interfaced to the state payroll system (IRIS HRM). Timesheets will be certified in IRIS HRM once the interface is complete.

Finding No. 2017-059

The Department of Natural Resources (DNR) billed $175,000 of administrative overhead costs that were not identified as program expenditures in the State's accounting system. Additionally, $11,556 in direct expenditures included in DNR's bill for collection in FY 17 were not supported by the State's accounting records.

Response:
The state accounting system (IRIS) auto selects the active fiscal year and DNR didn't actively monitor this. As a result, the revenue from the overhead costs billed was incorrectly posted during the re-appropriation period to the next fiscal year. To avoid this from reoccurring in the future, DNR will expense the administrative overhead for both Bureau of Land Management and US Forest Service.

Finding No. 2017-060

DNR management's procurement of aircraft rentals did not comply with State procurement laws.

Response:
The Division of Forestry will follow the DNR procurement regulations and policies.
The Deputy Director will work with Forestry Procurement Officer and with DNR Procurement Officers to solicit bids for aviation equipment and equipment such as rental cars, dozers and excavators.

1. Emergency Procurement will only occur if there is an emergency condition: a threat, documentation of the emergency, and if there is delegation established such as a Fire Incident Report and a record of the procurement. 2AAC 12.440 and 2 AAC12.460 and 2 AAC 12.460

2. The Division of Forestry will update Chapter 6 and 14 Forestry Business Management Handbook, Update Division of Forestry websites – Aviation, OLAS (Online Application System) and Forestry's Policy and Procedures Manual (PPM).

Finding No. 2017-061

One Department of Natural Resources appropriation is in shortfall for $26,324.

Response:
DNR disagrees with this finding as the appropriation in question is an active capital appropriation. This appropriation reflected an outstanding receivable matching the amounts in question with another department, in addition, the other department had an outstanding liability for the same amount. As of April 2018, the $26,324 has been collected from the other state agency and the appropriation is no longer in shortfall status.

Again, thank you for the opportunity to review and respond to this audit. We look forward to ensuring that the implementation of the improvements noted in this report is carried out.

Sincerely,

Andrew Mack

Andrew T. Mack
Commissioner

Cc: Fabienne Peter-Contesse, Director, Support Services Division

Single Audit Corrective Action Plan

Finding No. 2017-054: The Department of Natural Resources' (DNR) Division of Support Services staff inaccurately reported federal awards expended on the department's FY 17 preliminary schedule of expenditures of federal awards for 18 programs. Additionally, the department's accounting records did not support the subrecipient expenditures for five programs.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The Department of Natural Resources (DNR) concurs with the recommendation that DNR's Division of Support Services director should improve written procedure over the preparation and review of the schedule of expenditures of federal awards (SEFA).

Corrective Action (Corrective action planned):

DNR's Division of Support Services Accountant, Steve Schmitz, updated procedures for the preparation of the State Expenditures of Federal Awards. In addition, the Financial Section of the Division of Support Services has scheduled weekly meetings intended to strengthen our internal controls over financial reporting.

Completion Date (List anticipated completion date):

Completed and tested by March 30, 2018

Agency Contact (Name of person responsible for corrective action):

Luke Canady, Finance Officer
465-3503
Luke.canady@alaska.gov

Finding No. 2017-055: Thirty-seven timesheets were not supported by the federally required OF-288 form; nine timesheets lack the required written justification for hours worked in excess of 16 hours or 2:1 work-rest ratio; eight of 24 state timesheets reviewed did not match the OF-288 timesheets; three timesheets were not signed by an employee; and 16 timesheets recorded additional compensation during travel status without adequate support.
Questioned Costs: None
CFDA #: 10.U08, 10.U09
CFDA Name: USFS Fire Suppression Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

A policy letter was written to cover the needs arising from this finding.

A checklist has been created to verify that all documents needed have been received and signed by the employee, including OF288s and all other supporting documents for time charged. This information was also updated in the Alaska Incident Business Management Handbook (AIBMH).

If the necessary information is not received by the date timesheets are due, the administrative staff will follow up with an audit of the affected timesheet(s) and the employee will need to file an amended timesheet if the information is different than the original. The supervisor will verify the information when signing the employee timesheets.

Completion Date (List anticipated completion date):

The policy letter was written and distributed to Division of Forestry employees by April 15, 2018. The employee handbook will be updated with this information, no later than Spring 2019.

Agency Contact (Name of person responsible for corrective action):

Karlyn Herrera, Administrative Operations Manager 269-8477

and/or Tim Dabney, Division Operations Manager 440-4052

Finding No. 2017-056: Unallowable aviation offset indirect costs were billed to the federal agency.
Questioned Costs: $67,936
CFDA #: 10.U08, 10.U09
CFDA Name: USFS Fire Suppression Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The Division of Forestry will follow-up with:

1. The indirect cost rates will be included in the Master Agreement/Annual Operating Plan (AOP) to address aviation offset indirect costs when aircraft on assignment are outside of Alaska. This agreement is signed by both parties.
2. The current rates will be published in the AOP on an annual basis.
3. The Division of Forestry will provide a letter of understanding and rate sheet with the Department of Agriculture, U.S. Forest. This letter will be signed by both parties.

Completion Date (List anticipated completion date):

July 15, 2018

Agency Contact (Name of person responsible for corrective

Tom Kurth, Fire Program Manager
State of Alaska, Division of Forestry
(907) 451-2675, tom.kurth@alaska.gov

Finding No. 2017-057: Ten of 61 tested USFS Fire Suppression Program timesheets were inaccurately calculated.
Questioned Costs: $2,244
CFDA #: 10.U08, 10.U09
CFDA Name: USFS Fire Suppression Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

The Department of Administration agrees with the audit findings and the total questioned costs of $2,244.

Corrective Action (Corrective action planned):

DNR's Division of Forestry (DNR) and DOA's Division of Personnel and Labor Relations (DOA) have discussed solutions to improve timesheet processing procedures. DOA will increase training on timesheet entry. Additionally, certification procedures will be created to outline what to look for when certifying a timesheet. Due to the complex nature of the timesheets, each fire season, additional training will be implemented for those staff entering and certifying DNR Forestry timesheets. This will include training to review the timesheets for premium codes and financial coding as well as departmental letters of agreement that are specific to DNR. DNR will also have timekeepers review timesheets prior to submission for accuracy.

Completion Date (List anticipated completion date):

The certification procedures were created and implemented by April 1, 2018.

Agency Contact (Name of person responsible for corrective action):

Rachel Atkinson, DOA

Tim Dabney, DNR

Finding No. 2017-058: Multiple FY 17 system control deficiencies were identified during review of the emergency fire fighter time system.
Questioned Costs: None
CFDA #: 10.U08, 10.U09
CFDA Name: USFS Fire Suppression Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DOA agrees with the findings regarding strengthening systems controls over the emergency fire fighter (EFF) time system.

Corrective Action (Corrective action planned):

DOA Payroll will create a log to track the EFF user accounts supplied by DNR according to each user. DOA Payroll will also document the formal request system for users to authorize access to the EFF system already implemented with State Mainframe access. DNR will review the invalid accounts and those with valid accounts not currently assigned to a user will be inactivated. DOA Payroll will implement a reconciliation process for the timesheets entered into the EFF system and interfaced to the state payroll system (IRIS HRM). Timesheets will be certified in IRIS HRM once the interface is complete.

Completion Date (List anticipated completion date):

Since payroll processing is ongoing, the process for certification was implemented April 1, 2018, which is typically the start of the fire season. DNR will deleted any invalid user accounts by April 1, 2018. EFF user account logs were created and implemented by April 1, 2018.

Agency Contact (Name of person responsible for corrective action):

Rachel Atkinson, DOA Jeff Jasper, DNR

Finding No. 2017-059: DNR billed $175,000 of administrative overhead costs that were not identified as program expenditures in the State's accounting system. Additionally, $11,556 in direct expenditures included in DNR's bill for collection in FY 17 were not supported by the State's accounting records.
Questioned Costs: $186,556
CFDA #: 10.U08, 10.U09
CFDA Name: USFS Fire Suppression Program
Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The state accounting system (IRIS) auto selects the active fiscal year and DNR didn't actively monitor this. As a result, the revenue from the overhead costs billed was incorrectly posted during the re-appropriation period to the next fiscal year. To avoid this from reoccurring in the future, DNR will expense the administrative overhead for both Bureau of Land Management and US Forest Service.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Luke Canady, Finance Officer
Luke.canady@alaska.gov
907-465-3503

Finding No. 2017-060: DNR management's procurement of aircraft rentals did not comply with State procurement laws.
Questioned Costs: None
CFDA #: 10.U08, 10.U09
CFDA Name: USFS Fire Suppression Program
Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

1. The Division of Forestry will follow the DNR procurement regulations and policies.
2. The Deputy Director will work with Forestry Procurement Officer and with DNR Procurement Officers to solicit bids for aviation equipment and equipment such as rental cars, dozers and excavators.
3. Emergency Procurement will only occur if there is an emergency condition: a threat, documentation of the emergency, and if there is delegation established such as a Fire Incident Report and a record of the procurement. 2AAC 12.440 and 2 AAC12.460 and 2 AAC 12.460
4. The Division of Forestry will update Chapter 6 and 14 Forestry Business Management Handbook, Update Division of Forestry websites – Aviation, OLAS (Online Application System) and Forestry's Policy and Procedures Manual (PPM).

Completion Date (List anticipated completion date):

April 2018: Memo sent to Forestry personnel who deal with or hire emergency equipment and aircraft during fire season to inform them of the upcoming changes and to emphasis that Emergency Procurement is only for and during emergency.

Work on standard operating procedures with DNR Procurement and Forestry Staff to draft updates to the Chapter 6, 14, PPMs, websites, etc. The solicitation for aircraft services during this summer's fire season has already occurred. Forestry is receiving proposals.

Winter 2019, Forestry Online Application System for emergency hires of equipment such as dozers, excavators, ATVs will be updated to include information regarding requirements of the State procurement laws.

Agency Contact (Name of person responsible for corrective action):

Kathryn Pyne Support Forester 907-451-2608 kathryn.pyne@alaska.gov;

Finding No. 2017-061: One DNR appropriation is in shortfall for $26,324.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Disagree

Corrective Action (Corrective action planned):

The appropriation in question is an active capital appropriation. This appropriation reflected an outstanding receivable matching the amounts in question with another department, in addition, the other department had an outstanding liability for the same amount. As of April 2018, the $26,324 has been collected from the other state agency and the appropriation is no longer in shortfall status.

Completion Date (List anticipated completion date):

April 30, 2018

Agency Contact (Name of person responsible for corrective action):

Brian Thomason, Accountant III
Brian.thomason@alaska.gov
907-465-2402

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THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Fish and Game
OFFICE OF THE COMMISSIONER
Headquarters Office
1255 West 8th Street
P.O. Box 115526
Juneau, Alaska 99811-5526
Main: 907.465.4100
Fax: 907.465.2332

June 26, 2018

RECEIVED
JUN 25 2018
LEGISLATIVE AUDIT

Ms. Kris Curtis
Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Single Audit Corrective Action Plan

Recommendation No. 2017-062: DFG's Division of Administrative Services (DAS) Director should improve written procedures over the preparation and review of the schedule of expenditures of federal awards (SEFA).

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Alaska Department of Fish and Game (ADF&G) agrees that there was a misinterpretation of the instructions provided by Alaska Department of Administration, Division of Finance (ADOA-DOF) to prepare the Schedule of Expenditure of Federal Awards (SEFA) in regard to the sub recipient information. A training issue was recognized for internal preparation of the SEFA.

Corrective Action (Corrective action planned):

Alaska Department of Fish and Game (ADF&G) Division of Administrative Services, Finance met with Alaska Department of Administration, Division of Finance (ADOA-DOF) on January 19, 2018, to clarify the written instructions and improve internal procedures relating to the schedule of federal awards (SEFA). During the meeting ADOA-DOF provided clarifications of the reporting requirements and additional training for the SEFA. Following this meeting the internal procedures were updated, reviewed, and tested by preparing draft SEFA for the upcoming year. The test SEFA was discussed with ADOA-DOF for the sub recipient columns and found to be correct.

ADF&G updated internal procedures for appropriate presentation of sub recipient, interagency pass through, and external pass through reporting and review. The updates include visual representations and descriptions as clarified by ADOA-DOF. ADF&G has updated the reviewer procedures to review sub recipient, interagency pass through, and external pass through information as they pertain to the updated instructions; also, to include a record and explanations of the calculations to improve the tie out process between the accounting reports and the SEFA.

ADF&G does not anticipate any challenges presenting a clean presentation that is properly reconciled to the accounting reports based on the clarifications we received from ADOA-DOF and the improved internal instructions. As an additional measure to assure accurate reporting we have created an internal mid-year review prepared by an Accountant IV and reviewed by the Finance Officer. ADF&G will actively work with ADOA-DOF to resolve any areas that may seem unclear. ADOA-DOF is very accommodating in assisting with questions, providing updated instructions, and asking for department feedback for clearer instructions.

Completion Date (List anticipated completion date):

January 19th, 2018

Agency Contact (Name of person responsible for corrective action):

Jennifer Chapman, Finance Officer, 907-465-6068, jennifer.chapman@alaska.gov

Agency Approval:

Sam Cotten, Commissioner

THE STATE
of ALASKA

GOVERNOR BILL WALKER

Department of Public Safety

OFFICE OF THE COMMISSIONER
Walt Monegan

5700 East Tudor Road
Anchorage, Alaska 99507-1225
Main: 907.269.5086
Fax: 907.269.4543

150 3rd Street
PO Box 111200
Juneau, Alaska 99811-1200
Main: 907.465.4322
Fax: 907.465.4362

June 25, 2018

RECEIVED
JUN 25 2018
LEGISLATIVE AUDIT

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RE: Confidential Preliminary Audit Report, State of Alaska Single Audit for the Fiscal Year Ended June 30, 2017

Dear Ms. Curtis:

This is the Department of Public Safety's (DPS) written response to the above referenced report and includes our corrective action plan to address Recommendation No. 2017-0063 which follows on page 2.

Please let me know if you have any questions. Thank you.

Sincerely,

Walt Monegan
Commissioner

Cc: Kelly Howell, Administrative Services Director
Department of Public Safety

Bel Liberty, Accountant V
Department of Public Safety

Torrey Jacobson, Program Budget Analyst IV
Governor's Office of Management and Budget

Single Audit Corrective Action Plan

Finding No. 2017-063: Two FY 17 Department of Public Safety appropriations are in shortfall for a total of $5,221,578.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DPS agrees with the findings related to the shortfalls in AR 47863-13 and AR P600.

Corrective Action (Corrective action planned):

The revenue shortfall in appropriation 47863-13 was addressed through a ratification request of $4,304,930 included in the Governor's FY 18 supplemental budget bill, HB 321, which was signed into law 03/28/2018 (sec 11, ch 2, SLA 18, pg 9, lines 26-28). The revenue shortfall in appropriation P600 was addressed through a fund transfer of $916,648 from the alcohol tax collection revenue account. Budget transactions have been completed in IRIS to clear both revenue shortfalls.

Completion Date (List anticipated completion date):

Corrective actions have been completed.

Agency Contact (Name of person responsible for corrective action):

DPS' Administrative Services Director, Ms. Kelly Howell, was responsible for the corrective action.

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Environmental Conservation

DIVISON OF ADMINISTRATIVE SERVICES

Post Office Box 111800
410 Willoughby Avenue, Suite 303
Juneau, Alaska 99811-1800
Main: 907.465.5066
Fax: 907.465.5070
www.dec.alaska.gov

Single Audit Corrective Action Plan

Finding: The Department of Environmental Conservation's Division of Administrative Services lacked effective controls to ensure the FY 17 SEFA was accurate, complete, and supported by the accounting records.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

DEC partially agrees with the finding.

Corrective Action (Corrective action planned):

DEC has developed written procedures for the preparation of the Schedule of Expenditures of Federal Awards (SEFA) and has developed a verification checklist for the Finance Officer to assist during the review of the completed SEFA.

Completion Date (List anticipated completion date):

During 2018

Agency Contact (Name of person responsible for corrective action):

Lucy Y. Alinson, Acting Finance Officer

Larry Hartig

Larry Hartig, Commissioner
Department of Environmental Conservation

June 28, 2018
Date

(Intentionally left blank)

THE STATE of ALASKA

GOVERNOR BILL WALKER

Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER
Marc Luiken, Commissioner

3132 Channel Drive
P.O. Box 112500
Juneau, Alaska 99811-2500
Main: 907.465.3900
dot.state.ak.us

June 21, 2018

Kris Curtis, Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis,

This is in response to the recommendations contained in the confidential preliminary audit report on *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2017*. The following are the responses for the audit recommendations.

Recommendation No. 2017-065

Department of Transportation and Public Facilities (DOTPF) expenditures recorded during the reappropriation period were not consistently recorded to the correct fiscal year.

Department response: *The DOT&PF Finance Accountants have met and discussed a plan to mitigate expenditure activity posting to incorrect fiscal year. In the spring of 2018 DOT&PF Finance Accountants will begin preparing finance staff for year-end financial processing. DOT&PF Finance Accountants will provide consistent training to ensure employees are effectively trained in preparing and processing financial transactions to record expenditures in the correct Fiscal Year and accounting period. Staff training will include:*

- *accurately using the "Service From" and the "Service To" date fields in the Accounting section of IRIS documents*
- *development of a matrix to assist employees in cross walking and recording financial transactions to the correct fiscal year*
- *the purpose of the State's year-end closing process and the importance of recording financial transactions to the correct fiscal year*

- *ALDER reports will be developed to "flag" transactions where the services dates and fiscal years are inaccurate or don't match*

Recommendation No. 2017-066

Certain FY 17 fiscal year-end revenue accruals were inaccurate or not made.

- **Department response:** *DOT&PF will use the internally developed Project Pending Transactions ALDER report to identify unprocessed expenditures at fiscal year-end. This amount will be added to the unavailable revenue transaction at fiscal year-end.*
- *The DOT&PF Finance Accountants have contacted DOA regarding the accuracy of their ALDER report showing cash expenses in the current year but accrued expenses in the prior year.*
    - *DOT&PF staff approve RE documents in the fiscal year in which they are established.*
    - *The DOA ALDER report will be used to identify receivable amounts where revenue belongs in the prior vs current year.*
    - *DOT&PF staff will use this report to process JVAs during July and August to adjust revenue from the current year to prior year.*

DOT&PF Accountant(s) will prepare year end procedures to record and book revenue accruals.

Recommendation No. 2017-067

Temporarily coded expenditure transactions have not been moved to the correct appropriation by the end of FY 17.

Department Response: *Identification and reconciliation of temporary coding is ongoing. Reconciliation will be completed by June 30, 2018. Internal controls have been added to stop inadvertent posting of financial transactions to temporary coding appropriations. Transactions requiring temporary coding will require:*

- *memo identifying the reason temporary coding is needed*
- *expected date of resolution*
- *regional director signature and approval*

Expenditures posted to temporary coding will be resolved within the current fiscal year. Approved temporary coding expenses will be recorded, processed, monitored and reconciled through a central point of contact who reports to the Finance Officer within ASD Finance Headquarters. A single appropriation unit has been provided for monitoring expenses posted to temporary coding from this point forward.

Recommendation No. 2017-068

DOTPF's FY 17 capital assets reported to Division of Finance contained significant errors.

Department Response: *Planned corrective action consists of a reorganization of the Finance Section which includes recruiting for a number of accounting vacancies. The accounting staff will work as a team and include the Division of Finance to rewrite and implement procedures related to the new fixed assets process in the IRIS accounting system.*

Recommendation No. 2017-069

DOTPF's significant deficiencies in financial accounting and reporting, when considered together, represent a material weakness.

Department Response: *DOT&PF will be implementing corrective action for Recommendations #3-6 with the following:*

- *Develop and implement procedures for year-end processes*
- *Provide guidance and training to department staff to accurately record expenses in the correct fiscal year*
- *Develop ALDER report(s) to "Flag" discrepancies between service dates and fiscal year for internal control purposes*

DOT&PF historically functioned with a revenue and payables section. The department has re-organized the ASD Finance Unit into a single finance group to provide the department with an improved level of accounting services including:

- *consistent and faster processing of IRIS documents*
- *central points of contact for unexpected issues*
- *using ALDER reports to monitor structure and financial data for internal control purposes*

Recommendation No. 2017-070

The Alaska International Airport System's FY 17 financial statement audit was not completed timely.

Department response: *This audit finding was partially corrected. AIAS worked with the Division of Finance to build better ALDER reports to assist in more timely audits and continues to work with DOT&PF Administrative Services regarding project accounting processes performed by Administrative Services on behalf of AIAS in order to help ensure meeting future financial closing deadlines. AIAS Controller, as the position responsible for timely completion of AIAS audits, is the secondary contact person regarding this finding. In addition to continuing the processes undertaken to address the initial finding, which reduced FY17 financial statement issuance timing significantly, AIAS is drafting a memorandum of understanding (MOU) specifying and documenting certain budget and accounting processes related to AIAS capital project grant accounting. AIAS intends to submit the MOU to DOT&PF Administrative Services and the Department of*

Administration, Division of Finance, to request signed concurrence to the MOU prior to June 30, 2018. We believe this additional action, along with continuation of the efforts undertaken to address the initial finding will help ensure timely issuance of FY18 and subsequent financial statements.

Recommendation No. 2017-071

DOTPF staff inaccurately reported federal awards expended on DOTPF's FY 17 preliminary schedule of expenditures and federal awards for one program. Additionally, the department's accounting records did not support the sub recipient amounts for eight programs.

Department response: *The department concurs with this recommendation. Each unit supervisor will document the process and procedures for preparing and filing annual reports. The documented process will include enacting a cross-check of ALDER data with current and prior reporting periods. Process and procedures will include signatory assurances and certification from a supervisory accountant that reporting data is accurate and reconciles with accounting records.*

Recommendation No. 2017-072

DOTPF's record of Airport Improvement Program (AIP) funded equipment was incomplete and inaccurate.

Department Response: *The department concurs, with the exception of Asset ID #33033 ARFF Vehicle. The department will complete a review of the AIP equipment listing and confirm inventory funding source and location; assets will be updated accordingly. The SEF Equipment Management System (EMS) will be the record source for the International airports' AIP equipment. Policies and procedures currently exist for notifying SEF of all movement of equipment. The department will remind those responsible of this requirement.*

Recommendation No. 2017-073

Multiple AIP financial reports contained significant reporting errors.
Questioned Costs: None

Department Response: *The department concurs with this recommendation. Each unit supervisor will document the process and procedures for preparing and filing federal reports. The written process will include enacting a cross-check of state and federal data from prior reporting periods. Process and procedures will include signatory assurances and certification from a supervisory accountant that reporting data is accurate and reconciles with accounting records.*

Recommendation No. 2017-074

DOTPF staff issued over $2 million in payroll advances to Marine Highway employees over the course of several years. Of this amount, $291,799 has not been recouped.

Department Response: *Recording and recovering payroll advance payments is a dual department effort. The DOT&PF, ASD Finance will continue to work closely with DOA/Division of Personnel to reconcile and recover uncollected payroll advances.*

The Alaska Marine Highway System has established a Policy and Procedure (05.02.030) to enforce compliance in the process of emergency draw (payroll advance). Employees are now required to submit an Emergency Draw Request form (05.02.030A) that is sent to DOA Payroll Services for approval or denial. Approved payroll advance requests are then forwarded to the Juneau Finance Office for issue of a field warrant.

The ASD Finance Office will review and reconcile field warrants on a quarterly basis.

Recommendation No. 2017-075

Two FY 17 DOTPF appropriations are in potential shortfall for a total of $383,262.

Department Response: *Staff will be trained to complete budget restrictions correctly which will result in a correct fiscal year end closeout process.*

Sincerely,

Marc Luiken
Commissioner

Single Audit Corrective Action Plan

Finding No. 2017-065: FY 17 Department of Transportation and Public Facilities (DOTPF) expenditures recorded during the reappropriation period were not consistently recorded to the correct fiscal year.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The DOT&PF Finance Accountants have met and discussed a plan to mitigate expenditure activity posting to the incorrect fiscal year. In the spring of 2018 DOT&PF Finance Accountants began preparing finance staff for year-end financial processing. DOT&PF Finance Accountants will provide consistent training to ensure employees are effectively trained in preparing and processing financial transactions to record expenditures in the correct Fiscal Year and accounting period. Staff training will include:

- Accurately using the "Service From" and the "Service To" date fields in the Accounting section of IRIS documents;
- Development of a matrix to assist employees in cross walking and recording financial transactions to the correct fiscal year;
- Providing guidance on the purpose of the State's year-end closing process and the importance of recording financial transactions to the correct fiscal year; and
- ALDER reports will be developed to "flag" transactions where the services dates and fiscal years are inaccurate or do not match.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Roger Baines

Finding No. 2017-066: Certain FY 17 fiscal year-end revenue accruals were inaccurate or not made.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

- DOT&PF will use the internally developed Project Pending Transactions ALDER report to identify unprocessed expenditures at fiscal year-end. This amount will be added to the unavailable revenue transaction at fiscal year-end.
- The DOT&PF Finance Accountants have contacted DOA regarding the accuracy of their ALDER report showing cash expenses in the current year but accrued expenses in the prior year.
  - DOT&PF staff approve RE documents in the fiscal year in which they are established.
  - The DOA ALDER report will be used to identify receivable amounts where revenue belongs in the prior vs. current year.
  - DOT&PF staff will use this report to process JVAs during July and August to adjust revenue from the current year to prior year.

DOT&PF Accountants will prepare year end procedures to record and book revenue accruals.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Geri Henricksen

Finding No. 2017-067: Temporarily coded expenditure transactions have not been moved to the correct appropriation by the end of FY 17.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

Identification and reconciliation of temporary coding is ongoing. Reconciliation will be completed by June 30, 2018. Internal controls have been added to stop inadvertent posting of financial transactions to temporary coding appropriations. Transactions requiring temporary coding will require:

- A memo identifying the reason temporary coding is needed;
- Expected date of resolution; and
- Regional director signature and approval.

Expenditures posted to temporary coding will be resolved within the current fiscal year. Approved temporary coding expenses will be recorded, processed, monitored and reconciled through a central point of contact who reports to the Finance Officer within ASD Finance Headquarters. A single appropriation unit has been provided for monitoring expenses posted to temporary coding from this point forward.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Roger Baines

Finding No. 2017-068: DOTPF's FY 17 capital assets reported to Division of Finance contained significant errors.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

Planned corrective action consists of a reorganization of the Finance Section which includes recruiting for a number of accounting vacancies. The accounting staff will work as a team and include the Division of Finance to rewrite and implement procedures related to the new fixed assets process in the IRIS accounting system.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Roger Baines

Finding No. 2017-069: DOTPF's significant deficiencies in financial accounting and reporting, when considered together, represent a material weakness.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

DOT&PF will be implementing corrective action for Recommendations #3-6 with the following:

- Develop and implement procedures for year-end processes;
- Provide guidance and training to department staff to accurately record expenses in the correct fiscal year; and
- Develop ALDER report(s) to "Flag" discrepancies between service dates and fiscal year for internal control purposes.

DOT&PF historically functioned with a revenue and payables section. The department has re-organized the ASD Finance Unit into a single finance group to provide the department with an improved level of accounting services that include:

- Consistent and faster processing of IRIS documents;
- Central points of contact for unexpected issues; and
- Using ALDER reports to monitor structure and financial data for internal control purposes.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Roger Baines

Finding No. 2017-070: The Alaska International Airport System's FY 17 financial statement audit was not completed timely.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

This audit finding was partially corrected. AIAS worked with the Division of Finance to build better ALDER reports to assist in more timely audits and continues to work with DOT&PF Administrative Services regarding project accounting processes performed by Administrative Services on behalf of AIAS in order to help ensure meeting future financial closing deadlines. AIAS Controller, as the position responsible for timely completion of AIAS audits, is the secondary contact person regarding this finding. In addition to continuing the processes undertaken to address the initial finding, which reduced FY17 financial statement issuance timing significantly, AIAS is drafting a memorandum of understanding (MOU) specifying and documenting certain budget and accounting processes related to AIAS capital project grant accounting. AIAS intends to submit the MOU to DOT&PF Administrative Services and the Department of Administration, Division of Finance, to request signed concurrence to the MOU prior to June 30, 2018. We believe this additional action, along with continuation of the efforts undertaken to address the initial finding will help ensure timely issuance of FY18 and subsequent financial statements.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Keith Day

Roger Baines

Finding No. 2017-071: DOTPF staff inaccurately reported federal awards expended on DOTPF's FY 17 preliminary schedule of expenditures and federal awards for one program. Additionally, the department's accounting records did not support the sub-recipient amounts for eight programs.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The department concurs with this recommendation. Each unit supervisor will document the process and procedures for preparing and filing annual reports. The documented process will include enacting a cross-check of ALDER data with current and prior reporting periods. Process and procedures will include signatory assurances and certification from a supervisory accountant that reporting data is accurate and reconciles with accounting records.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Geri Henrickson Roger Baines

Finding No. 2017-072: DOTPF's record of Airport Improvement Program (AIP) funded equipment was incomplete and inaccurate.

Questioned Costs: None

CFDA #: 20.106

CFDA Name: Airport Improvement Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The department concurs, with the exception of Asset ID #33033 ARFF Vehicle. The department will complete a review of the AIP equipment listing and confirm inventory funding source and location; assets will be updated accordingly. The SEF Equipment Management System (EMS) will be the record source for the International Airports AIP equipment. Policies and procedures currently exist for notifying SEF of all movement of equipment. The department will remind those responsible of this requirement.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Deputy Commissioner John Binder

Finding No. 2017-073: Multiple AIP financial reports contained significant reporting errors.

Questioned Costs: None

CFDA #: 20.106

CFDA Name: Airport Improvement Program

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

The department concurs with this recommendation. Each unit supervisor will document the process and procedures for preparing and filing federal reports. The written process will include enacting a cross-check of state and federal data from prior reporting periods. Process and procedures will include signatory assurances and certification from a supervisory accountant that reporting data is accurate and reconciles with accounting records.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Geri Henrickson

Roger Baines

Finding No. 2017-074: DOTPF staff issued over $2 million in payroll advances to Marine Highway employees over the course of several years. Of this amount, $291,799 has not been recouped.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

Recording and recovering payroll advance payments is a dual department effort. DOT&PF Finance Section will continue to work closely with DOA/Division of Personnel to reconcile and recover uncollected payroll advances.

The Alaska Marine Highway System has established a Policy and Procedure (05.02.030) to enforce compliance in the process of emergency draw (payroll advance). Employees are now required to submit an Emergency Draw Request form (05.02.030A) that is sent to DOA Payroll Services for approval or denial. Approved payroll advance requests are then forwarded to the Juneau Finance Section for issue of a field warrant.

The ASD Finance Section will review and reconcile field warrants on a quarterly basis.

Completion Date (List anticipated completion date):

April 1, 2018

Agency Contact (Name of person responsible for corrective action):

Roger Baines

Finding No. 2017-075: Two FY 17 DOTPF appropriations are in potential shortfall for a total of $383,262.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (Corrective action planned):

Staff will be trained to complete budget restrictions correctly which will result in a correct fiscal year end closeout process.

Completion Date (List anticipated completion date):

June 30, 2018

Agency Contact (Name of person responsible for corrective action):

Roger Baines

Trust
Alaska Mental Health
Trust Authority

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JUN 0 7 2018
LEGISLATIVE AUDIT

3745 Community Park Loop, Suite 200
Anchorage, AK 99508
Tel 907.269.7960
www.mhtrust.org

Single Audit Corrective Action Plan

Finding No. 2017-077: The Alaska Mental Health Trust Authority's FY 17 financial statement audit was not completed timely.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agrees with finding

Corrective Action (Corrective action planned):

The Trust CFO will conduct a soft close prior to starting the audit work to ensure that the prior year closing entries have been made.

Completion Date (List anticipated completion date):

October 1, 2018

Agency Contact (Name of person responsible for corrective action):

Andrew Stemp

Mary Jane Michael
June 7th, 2018

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Alaska Housing FINANCE CORPORATION

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JUN 1 2 2018

LEGISLATIVE AUDIT

June 12, 2018

Kris Curtis
Legislative Auditor
PO Box 113300
Juneau, AK 99811-3300

RE: Alaska Housing Finance Corporation (AHFC), FY17 Statewide Single Audit Response

Ms. Curtis:

I have reviewed the finding and recommendation pertaining to the delayed issuance of the FY17 financial statements for NTSC and AHCC. AHFC staff has taken the necessary corrective actions to ensure that the FY18 NTSC and AHCC financial statements will be issued within the requirement timeline.

As requested, an updated corrective plan form for the finding has been incorporated into AHFC's letterhead.

Should you need any additional information regarding this matter please feel free to contact me at your earliest convenience.

Sincerely,

Bryan Butcher
AHFC CEO/Executive Director

RECEIVED

JUN 1 2 2018

LEGISLATIVE AUDIT

Alaska Housing FINANCE CORPORATION

Single Audit Corrective Action Plan

Finding No. 2017-077: The Alaska Housing Finance Corporation' FY 17 financial statement audits for the Northern Tobacco Securitization Corporation and the Alaska Housing Capital Corporation were not completed timely.

Agency Agreement (State whether your agency agrees of disagrees with the finding):

Yes, we agree with the finding as written.

Corrective Action (Corrective action planned):

During the external audit entrance meeting held May 22, 2018, AHFC and our Outside Auditors (OA) agreed upon a timeline that allows for completion of all external audit activities by the date established by DOF. Elements of this timeline include: 1) the external audit onsite work started one week earlier than prior years, 2) weekly status meetings with AHFC management to ensure adherence to the timeline, 3) establishment of a direct line communication to the Internal Audit Director to assist in the process should issues arise that could jeopardize the timeline.

Completion Date (List anticipated completion date):

The Corrective Action Plan (CAP) is currently in effect. After two weeks onsite, the external audit is on schedule.

Agency Contact (Name of person responsible for corrective action):

Bryan Butcher, CEO/Executive Director

Name and Title

6/12/18
Date

4300 Boniface Parkway • Anchorage, Alaska 99504 • P.O. Box 101020 • Anchorage, Alaska 99510
907-338-6100 (Anchorage) or (Toll-Free) 1-800-478-AHFC (2432) • www.ahfc.us

Kris Curtis, CPA, CISA
Legislative Auditor
PO Box 11330
Juneau, AK 99811

RE: Confidential Management Letter No. 1, Alaska Aerospace Corporation (AAC), FY 17 Statewide Single Audit

Dear Ms. Curtis:

Per your request this letter is our written response to the audit findings for the FY 17 Statewide Single Audit.

Recommendation No. 2017-078

AAC's chief financial officer (CFO) should ensure financial statements are audited timely and provided to the Department of Administration (DOA) Division of Finance (DOF).

The AAC FY 17 financial statement audit, performed by outside auditors, was not completed by October 3, 2017, the deadline established by DOA DOF. As a result, final FY 17 financial activity for AAC was not included in the draft Comprehensive Annual Financial Report (CAFR).

AAC financial activity is reported in the CAFR as a discretely presented component unit. State law (AS 37.05.210(a)(1)) requires DOF issue the audited CAFR for the preceding fiscal year by December 15th. AAC's final audit was provided to DOF on November 20, 2017, more than a month after DOF's October 3rd deadline.

AAC management stated that AAC's financial audit was delayed because pension schedules were provided to AAC by DOF staff late, which delayed the preparation of financial statements. Additionally, the outside auditor had limited resources available to complete the audit timely.

Incomplete and untimely draft CAFR information delayed the issuance of the CAFR opinion, which negatively impacted decision-making by report users. Furthermore, the delay decreased audit efficiency.

We recommend AAC's CFO ensure financial statements are audited timely and provided to DOF within the deadline to allow for the timely preparation of the draft CAFR.

Response to Recommendation No. 2017-078

AAC concurs with the audit finding and recommendation. The FY 17 financial statement audit, conducted by outside auditors, were not completed timely.

AAC was unable to obtain required audit support documentation timely from DOA and Division of Retirement and Benefits. AAC received its final audit documentation from DOA on October 6, 2017.

AAC will contract an auditor with a specific deadline noted in the contract in order to facilitate meeting the required deadline. Additionally, Alaska Aerospace Corporation will consistently follow-up with the Division of Administration and Division of Retirement and Benefits to ensure that Alaska Aerospace

4300 B Street ● Suite 101 ● Anchorage, Alaska 99503 ● (907) 561-3338 ● FAX (907) 561-3339

Corporation and our auditors receive all required documentation in order to facilitate meeting the required deadline.

AAC's CFO will ensure financial statements are audited timely and provided to DOF within the deadline to allow for the timely preparation of the draft CAFR.

Sincerely,

Robert P McCoy

Dr. Robert McCoy
Chair
Alaska Aerospace Corporation

4300 B Street • Suite 101 • Anchorage, Alaska 99503 • (907) 561-3338 • FAX (907) 561-3339

Single Audit Corrective Action Plan

Finding No. 2017-078: The Alaska Aerospace Corporation's FY 17 financial statement audit was not completed timely.

Agency Agreement (State whether your agency agrees or disagrees with the finding):

Agree

Alaska Aerospace Corporation will contract an auditor with a specific deadline noted in the contract in order to facilitate meeting the required deadline. Additionally, Alaska Aerospace Corporation will consistently follow-up with the Division of Administration and Division of Retirement and Benefits to ensure that Alaska Aerospace Corporation and our auditors receive all required documentation in order to facilitate meeting the required deadline.

Corrective Action (Corrective action planned):

Completion Date (List anticipated completion date):

10/01/2018

Amy Hillenbrand, CPA, CFE

Executive Finance Manager

Agency Contact (Name of person responsible for corrective action):

(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@akleg.gov

June 28, 2018

Members of the Legislative Budget
and Audit Committee:

Agency responses to audit recommendations are included in the corrective action plan in Section IV of this report.

Generally, the agencies concur with the recommendations. There are, however, responses to six of the recommendations which we believe warrant further comments as shown below.

Recommendation No. 2017-018

We have reviewed the Department of Administration's (DOA) response and confirmed that House Bill 212 addressed the finding by clarifying that the $70 million threshold should be the unobligated fund balance. The finding is considered resolved.

Recommendation No. 2017-026

We have reviewed the Department of Education and Early Development's (DEED) response, and nothing in the response persuaded us to revise the recommendation. In DEED's response, management disagrees that monitoring was insufficient and notes that federal regulation does not specify what monitoring is required.

The audit found that of 53 local education agencies (LEA), 10 were subjected to monitoring in FY 17. Of the 10, seven were not reviewed for compliance with Eligibility and Special Tests and Provisions requirements. The requirements include important LEA level activities such as student eligibility for targeted assistance programs, ensuring the equitable participation of private school children and comparable services are provided to all schools in the LEA, and that paraprofessionals supported by Title IA funds meet specific qualification requirements. The monitoring function is the primary mechanism used by DEED management to verify LEA level compliance with program requirements. We reiterate DEED's Student Learning division director should improve subrecipient monitoring procedures to ensure compliance with federal subrecipient monitoring requirements.

Recommendation No. 2017-033

We have reviewed the Department of Health and Social Services' (DHSS) response, and nothing in the response persuaded us to revise the recommendation. The agency's response provides additional perspective on the errors, but does not change how the activity should be reported for financial statement purposes. Generally accepted accounting principles state that financial statements for governmental funds should be presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues should be recognized in the accounting period in which they become available and measurable. Expenditures should be recognized in the accounting period in which the fund liability is incurred, if measurable. We reiterate that DHSS's MAAS manager should work with DOA Division of Finance (DOF) accountants to develop year-end procedures to ensure that all Medicaid expenditure and revenues are reported accurately and in accordance with generally accepted accounting principles.

Recommendation No. 2017-061

We have reviewed the Department of Natural Resources' response, and nothing in the response persuaded us to revise the recommendation. Management states that the appropriation in question is an active capital appropriation. The identification of potential revenue shortfalls are based on a DOA DOF enterprise ALDER shortfall report. The ALDER report identifies, among other fields, the group appropriation's "budget term fiscal year." The budget term fiscal year should represent the year the appropriation terminates or the last year for activity to be charged to the appropriation. The potential shortfall in question is based on activity recorded to the above group appropriation with a budget term fiscal year of 2017. The agency also states that the appropriation in question had outstanding receivables covering the amount of the potential shortfall. The ALDER shortfall report did not identify outstanding receivables or billed revenues for the appropriation in question, because the noted receivable transactions were in pending status in the accounting system and therefore appropriately not considered in the potential shortfall calculation.

Recommendation No. 2017-064

We have reviewed the Department of Environmental Conservation's (DEC) response, and nothing in the response persuaded us to revise the recommendation. We reiterate that DEC's Division of Administrative Services director should develop and implement written procedures over the preparation and review of the schedule of expenditures of federal awards to ensure it is accurate, complete, and supported by the accounting records.

Recommendation No. 2017-072

We have reviewed the Department of Transportation and Public Facilities' (DOTPF) response, and nothing in the response persuaded us to revise the recommendation. DOTPF management disagrees that asset ID 33033 should be removed from the Airport Improvement Program equipment listing. The audit identified that asset ID 33033 was not located at a state run airport and not tagged as a State asset. We reiterate DOTPF's deputy commissioner over aviation improve equipment inventory procedures to adequately track AIP equipment.

Additionally, DHSS did not fully concur with four recommendations (2017-040, 2017-041, 2017-043, and 2017-044) made by an auditor whose report was furnished to us. The other auditor reviewed DHSS management's comments, and nothing in DHSS' response persuaded the other auditor to revise the recommendations. A complete copy of the other auditor report may be obtained directly from DHSS.

In summary, we reaffirm the findings and recommendations presented in this report.

Sincerely,

Kris Curtis, CPA, CISA
Legislative Auditor

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SECTION V – APPENDICES

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Alaska Commission on Postsecondary Education						
College Access Challenge Grant Program	USDOE	84.378A			21,829	
Total for Alaska Commission on Postsecondary Education					**21,829**	**-**
Alaska Energy Authority						
Wood Utilization Assistance	USDA	10.674	DG 11100106		162,794	
Biomass System Performance Grant	USDA	10.U01	JV 11261975 061		3,475	
ARRA-State Clean Diesel Grant Program	EPA	66.040	DS-01J18401-0		-	
ARRA-State Clean Diesel Grant Program	EPA	66.040	DS-01J18401-1		30,027	
State Energy Program	ERGY	81.041	DE-EE0006977		261,350	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	ERGY	81.117	DE-EE0007352		313,813	
State Energy Program Special Projects	ERGY	81.119	DE-EE0007227		11,971	
Denali Commission Program	DC	90.100	369		5,200,322	4,439,179
Total for Alaska Energy Authority					**5,983,752**	**4,439,179**
Alaska Housing Finance Corporation						
Very Low to Moderate Income Housing Loans	USDA	10.410			124,367,761	
Mortgage Insurance_Homes	HUD	14.117			255,241,838	
Section 8 Housing Assistance Payments Program	HUD	14.195		S8PBC	2,173,081	
Emergency Solutions Grant Program	HUD	14.231			212,077	212,077
Home Investment Partnerships Program	HUD	14.239			4,291,292	3,914,585
Housing Opportunities for Persons with AIDS	HUD	14.241			507,526	507,526
Section 8 Moderate Rehabilitation Single Room Occupancy	HUD	14.249		S8PBC	528,393	460,110
Continuum of Care Program	HUD	14.267			723,563	723,563
Project Rental Assistance Demonstration Program of Section 811 Supportive Housing for Persons with Disabilities	HUD	14.326			11,858	
Public and Indian Housing_Indian Loan Guarantee Program	HUD	14.865			127,501,527	
Section 8 Housing Choice Vouchers	HUD	14.871		HVC	2,134,740	
Moving to Work Demonstration Program	HUD	14.881			48,737,398	
Family Self-Sufficiency Program	HUD	14.896			299,079	
Veterans Housing_Guaranteed and Insured Loans	USDVA	64.114			53,777,139	
State Energy Program	ERGY	81.041			186,960	
Weatherization Assistance for Low-Income Persons	ERGY	81.042			1,721,293	1,576,487
State Energy Program Special Projects	ERGY	81.119			11,223	
Low-Income Home Energy Assistance	USDHHS	93.568	06HSSINT		300,000	300,000
Total for Alaska Housing Finance Corporation					**622,726,748**	**7,694,348**
Alaska Railroad Corporation						
Federal Transit Capital Investment Grants	USDOT	20.500	AK-55-0003	FTC	16,889	
Federal Transit Formula Grants	USDOT	20.507	AK-90-X072-00	FTC	83,976	
Federal Transit Formula Grants	USDOT	20.507	AK-90-X075-00	FTC	70,319	
Federal Transit Formula Grants	USDOT	20.507	AK-90-X080-00	FTC	1,375,408	
Federal Transit Formula Grants	USDOT	20.507	AK-95-X018-00	FTC	949,966	
State of Good Repair Grants Program	USDOT	20.525	AK-2016-006	FTC	21,165,102	
State of Good Repair Grants Program	USDOT	20.525	AK-54-0006	FTC	177,012	
National Infrastructure Investments	USDOT	20.933	DTMA91G150007		1,213,384	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS	97.036	4094-DR-AK		324,699	
Pre-Disaster Mitigation	USDHS	97.047	200PDM-GY14		1,090,642	
Total for Alaska Railroad Corporation					**26,467,397**	**-**
Alaska Student Loan Corporation						
Federal Family Education Loans (Lenders)	USDOE	84.032L			84,979,585	
Total for Alaska Student Loan Corporation					**84,979,585**	**-**
Alaska Seafood Marketing Institute						
Market Access Program	USDA	10.601			4,250,522	
Total for Alaska Seafood Marketing Institute					**4,250,522**	**-**

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Alaska Court System / Alaska Judicial Council						
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554	2014-RU-BX-K038		-	
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554	2015-RU-BX-K036		-	
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554	2016-RU-BX-K011		-	
Drug Court Discretionary Grant Program	USDOJ	16.585	2016-DC-BX-0066		38,179	
Violence Against Women Formula Grants	USDOJ	16.588			-	
Edward Byrne Memorial Competitive Grant Program	USDOJ	16.751	2012-DP-BX-K006		50,000	
National Priority Safety Programs	USDOT	20.616	405cM3DA-17-08-00(B)	HSC	-	
State Court Improvement Program	USDHHS	93.586	1501AKSCID		1,135	
State Court Improvement Program	USDHHS	93.586	1501AKSCIP		56,673	
State Court Improvement Program	USDHHS	93.586	1501AKSCIT		6,753	
State Court Improvement Program	USDHHS	93.586	1601AKSCID		97,131	
State Court Improvement Program	USDHHS	93.586	1601AKSCIP		84,721	
State Court Improvement Program	USDHHS	93.586	1601AKSCIT		63,098	
Grants to States for Access and Visitation Programs	USDHHS	93.597	1502AKSAVP		42,897	
Grants to States for Access and Visitation Programs	USDHHS	93.597	1602AKSAVP		59,193	
Medical Assistance Program	USDHHS	93.778		MC	-	
Total for Alaska Court System / Alaska Judicial Council					**499,780**	**-**
Department of Commerce, Community and Economic Development						
Schools and Roads - Grants to States	USDA	10.665	National Forest Receipts	FSRC	533,453	533,453
Community Facilities Loans and Grants	USDA	10.766	Rural Broadband Internet Access Grant	CFLGC	-	
Economic Development Technical Assistance	USDOC	11.303	ED16SEA3030001 Economic Development Strategy		56,431	
Economic Adjustment Assistance	USDOC	11.307	SBED	EDC	7,409,508	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	HUD	14.228	B13DC020001, B12DC020001, B11DC020001, B10DC020001		2,966,412	2,825,373
Payments in Lieu of Taxes	USDOI	15.226	Payments in Lieu of Taxes		10,638,649	10,638,649
Distribution of Receipts to State and Local Governments	USDOI	15.227	National Petroleum Reserve Alaska Impact Mitigation		5,565,418	5,565,418
Coastal Impact Assistance	USDOI	15.668	Various		1,787,347	1,614,476
State Trade Expansion	SBA	59.061	SBAHQ-16-IT-0048		6,682	
Congressionally Mandated Projects	EPA	66.202	XP00J76501		1,311,461	72,894
Denali Commission Program	DC	90.100	01487-00, 01466-00		61,145	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	RSA0670412		-	
Community Services Block Grant	USDHHS	93.569	G13B1AKCOSR, G14B1AKCOSR, G15B1AKCOSR		2,597,736	2,509,806
The Health Insurance Enforcement and Consumer Protections Grant Program	USDHHS	93.881	1PRPPR170099		33,479	
State Commissions	CNCS	94.003	13CAHAK001		232,064	19,269
AmeriCorps	CNCS	94.006	10ACHAK001, 12FXHAK002, 12ESHAK001, 13ACHAK001		520,664	520,664
Training and Technical Assistance	CNCS	94.009	16TAHAK		51,486	
Community Assistance Program State Support Services Element (CAP-SSSE)	USDHS	97.023	EMS-2014-CA-0001		107,693	
Cooperating Technical Partners	USDHS	97.045	EMS-2013-CA-0009, EMW-2014-CA-00182		145,228	
Total for Department of Commerce, Community and Economic Development					**34,024,856**	**24,300,002**
Department of Environmental Conservation						
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025			134,579	
Cooperative Forestry Assistance	USDA	10.664			-	
Water and Waste Disposal Systems for Rural Communities	USDA	10.760			10,310,323	829,793
Solid Waste Management Grants	USDA	10.762			108,067	
Japanese Tsunami Marine Debris	USDOC	11.U01	MOA-2013-005-8626		461,000	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	USDOD	12.113			2,211,626	
Environmental Quality and Protection	USDOI	15.236			22,238	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Coastal Impact Assistance	USDOI	15.668			-	
Bureau of Land Management Oversight	USDOI	15.U15	L11PA00032		-	
Clean-up Contaminated Sites in Alaska	USDOT	20.U01	DTFAWN-15-A-80000		149,873	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	EPA	66.034			103,459	
State Clean Diesel Grant Program	EPA	66.040			26,032	
Congressionally Mandated Projects	EPA	66.202			6,263,386	599,627
Multipurpose Grants to States and Tribes	EPA	66.204			4,566	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419			231,464	
State Public Water System Supervision	EPA	66.432			2,602,352	
Water Quality Management Planning	EPA	66.454			118,269	
Capitalization Grants for Clean Water State Revolving Funds	EPA	66.458	CS-02000112	CWFC	210,520	210,520
Capitalization Grants for Clean Water State Revolving Funds	EPA	66.458	CS-02000114	CWFC	573,079	573,079
Capitalization Grants for Clean Water State Revolving Funds	EPA	66.458	CS-02000115	CWFC	256,506	73,217
Capitalization Grants for Clean Water State Revolving Funds	EPA	66.458	CS-02000116	CWFC	7,657,920	7,657,920
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005812	DWFC	691,200	691,200
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005814	DWFC	740,226	740,226
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005815	DWFC	2,154,517	1,388,053
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005816	DWFC	5,731,142	3,805,528
Beach Monitoring and Notification Program Implementation Grants	EPA	66.472			63,607	28,921
Performance Partnership Grants	EPA	66.605			5,439,552	245,030
Environmental Information Exchange Network Grant Program and Related Assistance	EPA	66.608			93,126	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	EPA	66.802			82,743	
Underground Storage Tank Prevention, Detection and Compliance Program	EPA	66.804			256,286	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA	66.805			472,694	
Superfund State and Indian Tribe Core Program Cooperative Agreements	EPA	66.809			115,200	
State and Tribal Response Program Grants	EPA	66.817			729,629	
LUST Trust Cost Recovery	EPA	66.U01	LUST Trust Cost Recovery		221,545	
Long-Term Surveillance and Maintenance	ERGY	81.136			78,525	
Food and Drug Administration_Research	USDHHS	93.103			905,500	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47000		199,393	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47001		-	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47002		418,046	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47003		169,720	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47004		518,338	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47005		734,356	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47006		-	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47007		161,555	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47008		313,618	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47009		361	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47010		-	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47011		2,657	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47012		3,811	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47013		128,107	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47014		1,934	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47015		61,274	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47016		864,404	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47018		-	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47019		(116)	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47020		-	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47029		37,929	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47033		163,153	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47034		374,186	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47036		-	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47039		59,018	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47040		14,157	
FDA Food Inspections	USDHHS	93.U01	HHSF223201310149C		709,636	
IHS Water Innovations for Healthy Arctic Homes	USDHHS	93.U02	MOA dated 03/21/2016		65,000	
U.S. Coast Guard Oversight - Juneau/Kodiak	USDHS	97.U01	HSCG8716PPXA7V5		64,777	
Total for Department of Environmental Conservation					**54,286,065**	**16,843,114**
Department of Education and Early Development						
Professional Standards for School Nutrition Employees	USDA	10.547	PROFSG		15,402	1,456
School Breakfast Program	USDA	10.553	17131/CHILDN	CNC	12,935,208	12,618,227
National School Lunch Program	USDA	10.555	17132/CHILDN	CNC	37,565,834	36,959,077
National School Lunch Program (Food Commodities)	USDA	10.555	17132/CHILDN	CNC	3,403,733	3,403,733
Child and Adult Care Food Program (Food Commodities)	USDA	10.558	17134		17,987	17,987
Child and Adult Care Food Program	USDA	10.558	17134/CAACFP & CHILDN		9,896,022	9,676,409
Summer Food Service Program for Children	USDA	10.559	17137/CHILDN	CNC	1,606,211	1,493,785
State Administrative Expenses for Child Nutrition	USDA	10.560	17135/CNMEAL & SAESAE		1,326,172	249,957
Emergency Food Assistance Program (Administrative Costs)	USDA	10.568	17138/TEAFAP	FDC	162,770	153,362
Emergency Food Assistance Program (Food Commodities)	USDA	10.569		FDC	1,748,493	1,748,493
Team Nutrition Grants	USDA	10.574	17400/TEAMGR		110,715	(649)
Child Nutrition Discretionary Grants Limited Availability	USDA	10.579	17169/ART2AR & CERTGR & CNPEQU		129,356	82,434
Fresh Fruit and Vegetable Program	USDA	10.582	17166/FRESHF		1,869,946	1,815,983
Promotion of the Arts_Partnership Agreements	NEA	45.025	17335/NEAART		583,307	286,200
Promotion of the Humanities_Division of Preservation and Access	NEH	45.149	NEHGRT		44,470	
Grants to States	IMLS	45.310	17336/LSTAGR		1,001,171	844,562
Title I Grants to Local Educational Agencies	USDOE	84.010	17126/TITLE1		43,941,325	43,539,385
Migrant Education_State Grant Program	USDOE	84.011	17127/MIGRNT		6,642,480	6,158,876

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Title I State Agency Program for Neglected and Delinquent Children and Youth	USDOE	84.013	17129/TITL1D		322,267	319,414
Special Education_Grants to States	USDOE	84.027	17232/SPEVIB	SEC	36,445,823	34,290,638
Impact Aid	USDOE	84.041	17238		43,104,523	
Career and Technical Education - Basic Grants to States	USDOE	84.048	17244/VOCAED		4,233,552	3,380,257
Indian Education_Grants to Local Educational Agencies	USDOE	84.060	17372/INDEDU		129,776	129,776
Migrant Education_Coordination Program	USDOE	84.144	MIGSIX		70,609	70,453
Rehabilitation Services_Client Assistance Program	USDOE	84.161	17152/CLASSP		131,917	
Special Education_Preschool Grants	USDOE	84.173	17242/SPEDPR	SEC	1,302,145	1,192,821
School Safety National Activities	USDOE	84.184	17220/EMERGE		158,392	96,846
Education for Homeless Children and Youth	USDOE	84.196	17257/HMLESS		169,120	127,745
Twenty-First Century Community Learning Centers	USDOE	84.287	17271/21STCE		5,556,065	5,472,335
Special Education - State Personnel Development	USDOE	84.323	17159/GAINSP		184,363	115,797
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	USDOE	84.330	17122/ADVPLC		13,108	
Rural Education	USDOE	84.358	17373/RURLOW & RURSMA		140,031	117,216
English Language Acquisition State Grants	USDOE	84.365	17175/TITLE3		1,140,014	1,045,121
Mathematics and Science Partnerships	USDOE	84.366	17252/MATHSC		643,003	457,374
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	USDOE	84.367	17172/TITL2A		11,284,565	10,936,643
Grants for State Assessments and Related Activities	USDOE	84.369	17171/STATEA		3,500,776	
Statewide Longitudinal Data Systems	USDOE	84.372	17274/LONGDS		(1,302)	(1,302)
School Improvement Grants	USDOE	84.377	SCHOOL		251,809	247,309
National Historical Publications and Records Grants	NARA	89.003	17141/NHPRCG		21,296	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	17370/AKAWAR		1,643,187	1,201,877
Head Start	USDHHS	93.600	17330/HEADCO		156,239	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	USDHHS	93.758	HPREVS		-	
Volunteers in Service to America	CNCS	94.013	VISTAS		7,930	7,139
Total for Department of Education and Early Development					**233,609,810**	**178,256,736**
Department of Fish and Game						
Wildlife Services	USDA	10.028	16-7440-1188-CA COOP-16-056		13,815	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	RSA0670309	SNAP	-	
Regional Conservation Partnership Program	USDA	10.932	MOU 2015-003		19,890	
Miscellaneous US Forest Service-Fisheries Research	USDA	10.U02	14-CS-11100400-021		1,950	
Miscellaneous US Forest Service-Fisheries Research	USDA	10.U03	AG-0109-C-14-0002		116,194	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.U04	AG-0109-C-14-0013		6,920	
Miscellaneous US Forest Service-Wildlife Research	USDA	10.U05	AG-0116-P-149-0012		3,589	
Interjurisdictional Fisheries Act of 1986	USDOC	11.407	NA13NMF4070190		169,626	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	Multiple Awards		671,160	
Pacific Fisheries Data Program	USDOC	11.437	Multiple Awards		3,111,287	
Pacific Fisheries Data Program	USDOC	11.437	Multiple Awards		2,687,190	
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	USDOC	11.438	Multiple Awards		7,751,649	1,299,099
Marine Mammal Data Program	USDOC	11.439	Multiple Awards		1,688,762	
Regional Fishery Management Councils	USDOC	11.441	IHP-15-089		15,732	
Regional Fishery Management Councils	USDOC	11.441	IHP-16-073		16,490	
Unallied Science Program	USDOC	11.472	COOP-15-045		49,621	
Unallied Science Program	USDOC	11.472	Multiple Awards		601,754	
Unallied Science Program	USDOC	11.472	Multiple Awards		388,456	
Miscellaneous NOAA-Fisheries Research	USDOC	11.U02	RA-133F-15-SE-1438		54,240	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.U03	WE-133F-14-SE-3963		651	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.U04	WE-133F-14-SE-4018		12,758	
Miscellaneous NOAA-Fisheries Research	USDOC	11.U05	WE-133F-15-SE-1959		25,314	
Miscellaneous NOAA-Fisheries Research	USDOC	11.U06	WE-133F-15-SE-1978		9,624	

STATE OF ALASKA
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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.U07	WE-133F-16-SE-0512		21,991	
Miscellaneous NOAA-Marine Mammal Research	USDOC	11.U08	WE-133R-15-SE-1025		724	
Basic and Applied Scientific Research	USDOD	12.300	N00014-16-1-3019		480,365	
Miscellaneous Army-Wildlife Research	USDOD	12.U05	W912DO-11-D-003		-	
Miscellaneous Army-Wildlife Research	USDOD	12.U01	W9DO-11-D-003		46,669	
Recreation Resource Management	USDOI	15.225	L12AC20056 IHP-13-020		499	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	0801.16.049830 0801.16.050074		119,612	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	Multiple Awards		241,143	
Challenge Cost Share	USDOI	15.238	L15AC00223 L14AC00329		56,764	
Sport Fish Restoration	USDOI	15.605	Multiple Awards	F&WC	19,246,267	2,504,820
Fish and Wildlife Management Assistance	USDOI	15.608	Multiple Awards		706,546	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	Multiple Awards	F&WC	24,137,383	
Cooperative Endangered Species Conservation Fund	USDOI	15.615	Multiple Awards		95,027	
Clean Vessel Act	USDOI	15.616	F15AP01007		48,638	
Enhanced Hunter Education and Safety	USDOI	15.626	AKW-8 F15AF00571		-	
Multistate Conservation Grant	USDOI	15.628	MSCG Statewide Coord NFHP		1,950	
State Wildlife Grants	USDOI	15.634	Multiple Awards		2,589,508	
Alaska Subsistence Management	USDOI	15.636	Multiple Awards		2,225,715	
Alaska Migratory Bird Co-Management Council	USDOI	15.643	Multiple Awards		96,456	
Service Training and Technical Assistance (Generic Training)	USDOI	15.649	F14AC01314		1,832	
National Fish and Wildlife Foundation	USDOI	15.663	0801.13.041134		61,635	
Coastal Impact Assistance	USDOI	15.668	Multiple Awards		1,047,848	
Cooperative Landscape Conservation	USDOI	15.669	Multiple Awards		72,697	
Adaptive Science	USDOI	15.670	COOP-15-110		11,481	
Yukon River Salmon Research and Management Assistance	USDOI	15.671	F16AP00809 COOP-17-045		82,121	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G15AC00197		11,310	
Rivers, Trails and Conservation Assistance	USDOI	15.921	P15AC01761		36,367	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	Multiple Awards		256,174	
Fish and Wildlife Management Assistance	USDOI	15.U01	F16PX00352		1,929	
Miscellaneous United States Geological Survey	USDOI	15.U02	G15AC00012 COOP-15-090		51,778	
Miscellaneous Bureau of Safety and Environmental Enforcement-Marine Mammal Research - Walrus	USDOI	15.U03	M09PC00027		1,984	
Miscellaneous Bureau of Safety and Environmental Enforcement-Marine Mammal Research - Whale	USDOI	15.U04	M12PC00005 IHP-13-040		454,344	
Miscellaneous Bureau of Safety and Environmental Enforcement-Marine Mammal Research - Seal	USDOI	15.U05	M13PC00015 IHP-14-053		227,023	
Education	NASA	43.008	NNX15AT2A/RSA4560758		-	
Geosciences	NSF	47.050	RSA4570718	R&DC	-	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	USDHS	97.U02	FPNJ05003		1,827	
Total for Department of Fish and Game					**69,852,279**	**3,803,919**
Department of Health and Social Services						
Supplemental Nutrition Assistance Program	USDA	10.551		SNAP	183,539,665	
School Breakfast Program	USDA	10.553		CNC	-	
National School Lunch Program	USDA	10.555		CNC	-	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557			21,413,460	6,260,474
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561		SNAP	10,516,234	17,312
Commodity Supplemental Food Program	USDA	10.565		FDC	252,986	242,689
Commodity Supplemental Food Program (Food Commodities)	USDA	10.565		FDC	528,625	528,625
WIC Farmers' Market Nutrition Program (FMNP)	USDA	10.572			131,014	
Senior Farmers Market Nutrition Program	USDA	10.576			50,969	47,203
ARRA-WIC Grants To States (WGS)	USDA	10.578	WISA-09-AK-01		43,703	
Juvenile Justice and Delinquency Prevention	USDOJ	16.540			444,011	228,071
Special Education_Grants to States	USDOE	84.027		SEC	-	

STATE OF ALASKA
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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Special Education-Grants for Infants and Families	USDOE	84.181			2,247,200	1,674,021
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	USDHHS	93.041			23,660	
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	USDHHS	93.042			79,188	
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	USDHHS	93.043			104,564	104,563
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	USDHHS	93.044		AC	2,409,344	1,586,291
Special Programs for the Aging_Title III, Part C_Nutrition Services	USDHHS	93.045		AC	2,833,381	2,717,702
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	USDHHS	93.048			206,493	60,106
National Family Caregiver Support, Title III, Part E	USDHHS	93.052			727,255	727,255
Nutrition Services Incentive Program	USDHHS	93.053		AC	498,676	1,767
Public Health Emergency Preparedness	USDHHS	93.069			3,587,199	875,147
Medicare Enrollment Assistance Program	USDHHS	93.071			43,599	10,000
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	USDHHS	93.074			703,217	
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	USDHHS	93.079			60,775	
Guardianship Assistance	USDHHS	93.090			607,762	
Affordable Care Act (ACA) Personal Responsibility Education Program	USDHHS	93.092			252,595	
Maternal and Child Health Federal Consolidated Programs	USDHHS	93.110			692,627	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	USDHHS	93.116			465,871	
Emergency Medical Services for Children	USDHHS	93.127			264,904	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	USDHHS	93.130			154,438	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136			727,700	47,500
Projects for Assistance in Transition from Homelessness (PATH)	USDHHS	93.150			540,000	540,000
Grants to States for Loan Repayment Program	USDHHS	93.165			476,821	
Disabilities Prevention	USDHHS	93.184			6,349	
Family Planning_Services	USDHHS	93.217			543,170	107,030
Traumatic Brain Injury State Demonstration Grant Program	USDHHS	93.234			318,510	143,336
State Capacity Building	USDHHS	93.240			361,484	
State Rural Hospital Flexibility Program	USDHHS	93.241			719,096	71,102
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243			3,447,142	1,966,327
Universal Newborn Hearing Screening	USDHHS	93.251			251,242	35,000
Immunization Cooperative Agreements (Admin Costs)	USDHHS	93.268			1,410,465	
Immunization Cooperative Agreements (Immunizations)	USDHHS	93.268			9,078,664	
Viral Hepatitis Prevention and Control	USDHHS	93.270			77,367	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	USDHHS	93.283			3,406,879	
Small Rural Hospital Improvement Grant Program	USDHHS	93.301			111,987	
National State Based Tobacco Control Programs	USDHHS	93.305			1,076,630	179,846
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	USDHHS	93.323			1,214,337	
State Health Insurance Assistance Program	USDHHS	93.324			197,916	70,025
Behavioral Risk Factor Surveillance System	USDHHS	93.336			286,679	

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
ACL Independent Living State Grants	USDHHS	93.369			175,522	162,024
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	USDHHS	93.505		MIEC	2,146,182	
ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	USDHHS	93.506			1,028	
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreement: PPHF	USDHHS	93.521			808,801	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	USDHHS	93.539			942,852	
Promoting Safe and Stable Families	USDHHS	93.556			662,444	404,383
Temporary Assistance for Needy Families	USDHHS	93.558		TANFC	38,293,306	
Low-Income Home Energy Assistance	USDHHS	93.568			7,869,716	
Child Care and Development Block Grant	USDHHS	93.575		CCC	21,073,370	4,225,721
Community-Based Child Abuse Prevention Grants	USDHHS	93.590			438,992	434,281
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	USDHHS	93.596		CCC	6,026,223	2,932,440
Chafee Education and Training Vouchers Program (ETV)	USDHHS	93.599			305,692	
Adoption and Legal Guardianship Incentive Payments	USDHHS	93.603			473,213	85,000
Developmental Disabilities Basic Support and Advocacy Grants	USDHHS	93.630			410,053	
Developmental Disabilities Projects of National Significance	USDHHS	93.631			254,416	
Children's Justice Grants to States	USDHHS	93.643			101,979	
Stephanie Tubbs Jones Child Welfare Services Program	USDHHS	93.645			96,200	96,199
Foster Care_Title IV-E	USDHHS	93.658			21,012,320	
Adoption Assistance	USDHHS	93.659			21,500,566	
Social Services Block Grant	USDHHS	93.667			6,245,851	346,210
Child Abuse and Neglect State Grants	USDHHS	93.669			74,699	
Chafee Foster Care Independence Program	USDHHS	93.674			803,885	104,000
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	USDHHS	93.733			966,947	
State Public Health Approaches for Ensuring Quitline Capacity Funded in part by Prevention and Public Health Funds (PPHF)	USDHHS	93.735			50,237	
Elder Abuse Prevention Interventions Program	USDHHS	93.747			25,899	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	USDHHS	93.757			953,434	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	USDHHS	93.758			584,267	
Children's Health Insurance Program	USDHHS	93.767			28,375,710	
Medicare_Hospital Insurance	USDHHS	93.773			854,349	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	USDHHS	93.777		MC	477,297	
Medical Assistance Program	USDHHS	93.778		MC	1,411,771,998	5,925
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	USDHHS	93.815			223,220	
Hospital Preparedness Program (HPP) and Ebola Preparedness and Response Activities	USDHHS	93.817			155,899	
Section 223 Demonstration Programs to Improve Community Mental Health Services	USDHHS	93.829			62,699	
Assistance for Oral Disease Prevention and Control	USDHHS	93.875			181,889	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
National Bioterrorism Hospital Preparedness Program	USDHHS	93.889			1,378,821	
Grants to States for Operation of Offices of Rural Health	USDHHS	93.913			101,542	
HIV Care Formula Grants	USDHHS	93.917			1,124,039	819,809
Healthy Start Initiative	USDHHS	93.926			98,496	91,559
HIV Prevention Activities_Health Department Based	USDHHS	93.940			692,879	261,765
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	USDHHS	93.944			129,872	
Assistance Programs for Chronic Disease Prevention and Control	USDHHS	93.945			15,038	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	USDHHS	93.946			206,599	
Block Grants for Community Mental Health Services	USDHHS	93.958			1,176,109	1,045,737
Block Grants for Prevention and Treatment of Substance Abuse	USDHHS	93.959			5,880,030	5,833,040
Sexually Transmitted Diseases (STD) Prevention and Control Grants	USDHHS	93.977			338,934	
Maternal and Child Health Services Block Grant to the States	USDHHS	93.994			935,811	36,086
Association of State and Territorial Health Officials (ASTHO)	USDHHS	93.U03	8612323		(12,403)	
Mammography Inspection	USDHHS	93.U04	223-03-4401		42,922	
Total for Department of Health and Social Services					**1,843,645,697**	**35,125,571**
Department of Labor and Workforce Development						
Labor Force Statistics	USDOL	17.002	LFSTAT		620,005	
Compensation and Working Conditions	USDOL	17.005	BLSOSH, WRKCON		86,823	
Employment Service/Wagner-Peyser Funded Activities	USDOL	17.207	ONESTP, WAGPEY, DEI0ES	ESC	9,887,613	
Unemployment Insurance	USDOL	17.225	UI0000, EUC000, REEMPL, UISBR0, UISBRD, RS775700		163,313,384	
Senior Community Service Employment Program	USDOL	17.235	SCSEP0, RS775503		1,721,161	840,499
Trade Adjustment Assistance	USDOL	17.245	TAA000		48,489	
WIOA Adult Program	USDOL	17.258	WIOAAD	WIAC	1,828,668	
WIOA Youth Activities	USDOL	17.259	WIOAYO, RS775510, RS775518	WIAC	2,417,009	1,422,837
WIOA Pilots, Demonstrations, and Research Projects	USDOL	17.261	WIAPDR		303,040	
H-1B Job Training Grants	USDOL	17.268	WIAAME		655,796	150,796
Reentry Employment Opportunities	USDOL	17.270	REO000		120,377	
Work Opportunity Tax Credit Program (WOTC)	USDOL	17.271	WOTC00		37,866	
Temporary Labor Certification for Foreign Workers	USDOL	17.273	LABCER		70,853	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	USDOL	17.277	WIANEG, RS775509		1,708,891	653,185
WIOA Dislocated Worker Formula Grants	USDOL	17.278	WIOADW	WIAC	2,417,266	56,355
WIOA Dislocated Worker National Reserve Technical Assistance and Training	USDOL	17.281	WIATAT		1,234	
Apprenticeship USA Grants	USDOL	17.285	APPUSA		114,289	100,669
Occupational Safety and Health_State Program	USDOL	17.503	23G000, 23G001		1,325,622	
Consultation Agreements	USDOL	17.504	21D000, 21D001		670,565	
Disabled Veterans' Outreach Program (DVOP)	USDOL	17.801	DVOP00	ESC	424,767	
Local Veterans' Employment Representative Program	USDOL	17.804	LVER00	ESC	214,344	
Adult Education - Basic Grants to States	USDOE	84.002	ABE000, RS775505, RS775506, RS775507, RS775508, RS775516		1,065,009	870,147
Special Education_Grants to States	USDOE	84.027	RS570020 Braille from DEED	SEC	-	
Career and Technical Education - Basic Grants to States	USDOE	84.048A	RS570016, RS570025, RS570051, RS570052		-	
Federal Pell Grant Program	USDOE	84.063	PELLGR	SFAC	314,992	
Rehabilitation Services_Vocational Rehabilitation Grants to States	USDOE	84.126	BASSUP, RS772101		10,857,354	
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	USDOE	84.177	ILOBLN		214,400	212,700

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Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Supported Employment Services for Individuals with the Most Significant Disabilities	USDOE	84.187	SUPEMP		142,669	
Federal Direct Student Loans	USDOE	84.268	DIRLON	SFAC	269,326	
Denali Commission Program	DC	90.100	DENALI		32,330	
ACL Independent Living State Grants	USDHHS	93.369	ILPRTB, RS772500		73,579	
ACL Assistive Technology	USDHHS	93.464	ASTECH		422,072	418,800
Social Security_Disability Insurance	SSA	96.001	SSDINS	DISSIC	4,609,764	
Supplemental Security Income	SSA	96.006	SSIREI	DISSIC	1,086,540	
Social Security - Work Incentives Planning and Assistance Program	SSA	96.008	TICKET2WORK function		160,929	
Total for Department of Labor and Workforce Development					**207,237,026**	**4,725,988**
Department of Military and Veterans' Affairs						
School Breakfast Program	USDA	10.553	RSA0570012 ACTV 5CBR	CNC	-	
National School Lunch Program	USDA	10.555	RSA0570012 ACTV 5CL2 / 5CLN	CNC	-	
Meteorologic and Hydrologic Modernization Development	USDOC	11.467	20NOAA		432,724	34,619
National Guard Military Operations and Maintenance (O&M) Projects	USDOD	12.401	SRM		11,002,180	
National Guard ChalleNGe Program	USDOD	12.404	50AMYA		3,897,496	
WIOA Youth Activities	USDOL	17.259	RSA0775518	WIAC	-	
Interagency Hazardous Materials Public Sector Training and Planning Grants	USDOT	20.703	20HMEP		136,722	
Veterans Transportation Project	USDVA	64.035	6TRANS		214,632	190,959
Contract	USDVA	64.U01	V101 (223C) P-5701		22,789	
Denali Commission Program	DC	90.100	2DCCR2016		24,561	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS	97.036	DRF - PA		17,430,124	14,912,498
Hazard Mitigation Grant	USDHS	97.039	DRF - HM		662,749	266,337
Emergency Management Performance Grants	USDHS	97.042	20EMPG		2,908,141	807,398
Cooperating Technical Partners	USDHS	97.045	20NCTP		4,174	
Pre-Disaster Mitigation	USDHS	97.047	200PDM		1,107,471	940,827
Homeland Security Grant Program	USDHS	97.067	20SHSP		2,472,186	1,627,339
Coast Guard	USDHS	97.U03	HSCG89-16-9-0053		101,484	
Total for Department of Military and Veterans' Affairs					**40,417,433**	**18,779,977**
Department of Natural Resources						
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025			135,155	
Inspection Grading and Standardization	USDA	10.162			824	
Market Protection and Promotion	USDA	10.163			3,818	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170			214,871	(7,831)
Organic Certification Cost Share Programs	USDA	10.171	15NOCCSAK0002		10,263	
State Administrative Expenses for Child Nutrition	USDA	10.560			-	
Cooperative Forestry Assistance	USDA	10.664			2,914,938	386,787
Forest Legacy Program	USDA	10.676			5,726	
Forest Health Protection	USDA	10.680			119,871	
Good Neighbor Authority	USDA	10.691			37,512	
Plant Materials for Conservation	USDA	10.905			31,590	
16 Pioneer Hotshot Crew	USDA	10.U06	12PA11100100009 M		122,580	
Young Growth SE	USDA	10.U07	15CS11100106809		1,717,149	
15 USFS Fire Suppression (AKDF070002)	USDA	10.U20	15-FI-11100100-016		-	
16 USFS Fire Suppression (AKDF070002)	USDA	10.U08	15-FI-11100100-016		9,564,687	
17 USFS Fire Suppression (AKDF070002)	USDA	10.U09	15-FI-11100100-016		131,754	
Tanana Valley FIA Inventory	USDA	10.U10	15JV11261939053		24,370	
16 Fire Academy	USDA	10.U21	16 Fire Academy		-	
17 Hotshot Crew	USDA	10.U11	17FI11100100005		53,579	
16 FIA Inventory	USDA	10.U12	2016JV11261919028		1,235,398	
Federal Travel	USDA	10.U13	Federal Travel		2,139	
Forestry Travel	USDA	10.U14	Forestry Travel		10,613	
Chena 67 Flood	USDOC	11.U09	RA133W16SE1611		11,997	
OHA Wake Island	USDOD	12.U02	F1W6CC3262M001		1,466	
Cultural and Paleontological Resources Management	USDOI	15.224			19,390	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231			12,068	

STATE OF ALASKA
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By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Environmental Quality and Protection	USDOI	15.236			(6,061)	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	USDOI	15.250			292,482	
Abandoned Mine Land Reclamation (AMLR) Program	USDOI	15.252			2,334,310	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423			691	
Federal Oil and Gas Royalty Management State and Tribal Coordination	USDOI	15.427			100,376	
Coastal	USDOI	15.630			45,777	
Coastal Impact Assistance	USDOI	15.668			3,515,129	
National Fire Plan-Wildland Urban Interface Community Fire Assistance	USDOI	15.674			71,730	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808			1,172,331	
National Cooperative Geologic Mapping	USDOI	15.810			134,985	
National Geological and Geophysical Data Preservation	USDOI	15.814			55,237	
Volcano Hazards Program Research and Monitoring	USDOI	15.818			623,481	
Energy Cooperatives to Support the National Energy Resources Data System	USDOI	15.819			20,401	
Historic Preservation Fund Grants-In-Aid	USDOI	15.904			996,499	97,608
Outdoor Recreation_Acquisition, Development and Planning	USDOI	15.916			358,678	129,516
National Maritime Heritage Grants	USDOI	15.925			425	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945			-	
Cultural Resources Management	USDOI	15.946			1,946	
National Ground-Water Monitoring Network	USDOI	15.980			7,079	
Water Use and Data Research	USDOI	15.981			7,447	
AOF Fixed Cost	USDOI	15.U06	AOF Fixed Cost		24,625	
16 BLM Fire Suppression	USDOI	15.U07	BLM MOU AK-2015-002		5,898,638	
17 BLM Fire Suppression	USDOI	15.U08	BLM MOU AK-2015-002		3,801,033	
15 BLM Fire Suppression	USDOI	15.U16	BLM MOU AK-2015-002		-	
DGGS Travel	USDOI	15.U09	DGGS Travel		1,749	
Herning Trail Project	USDOI	15.U10	Herning Trail Project		1,976	
Irwin Project	USDOI	15.U11	Irwin Project		974	
BLM Employee	USDOI	15.U12	M#4500104134		136,809	
CY11 NPS Fire	USDOI	15.U17	Natl Park Service Fire		-	
Recreation Trails Program	USDOT	20.219		HPCC	1,354,604	739,734
Glen Highway Cultural Resource Survey	USDOT	20.U02	DTHF70-13-E-00026		1,506	
Science	NASA	43.001			33,326	
Environmental Information Exchange Network Grant Program and Related Assistance	EPA	66.608			70,909	
Boating Safety Financial Assistance	USDHS	97.012			743,237	
State Access to the Oil Spill Liability Trust Fund	USDHS	97.013			552	
National Dam Safety Program	USDHS	97.041			51,786	
Cooperating Technical Partners	USDHS	97.045			17,063	
Total for Department of Natural Resources					**38,253,488**	**1,345,814**
Department of Administration						
Crime Victim Compensation	USDOJ	16.576	2015VCGX0007, 2016VCGX0005		910,042	
Juvenile Mentoring Program	USDOJ	16.726	AK10900-13-0916-F3		15,000	
Commercial Driver's License Program Implementation Grant	USDOT	20.232	FM-CDL-0237-16-01-00		31,097	
Donation of Federal Surplus Personal Property	GSA	39.003			1,055,998	
State Underground Water Source Protection	EPA	66.433	G00J693030		118,000	
Total for Department of Administration					**2,130,137**	**-**
Department of Corrections						
Residential Substance Abuse Treatment for State Prisoners	USDOJ	16.593	2014-R-BX-0021		58,016	
State Criminal Alien Assistance Program	USDOJ	16.606	2015-H1169-AK-AP		103,100	
Swift, Certain, and Fair (SCF) Sanctions Program: Replicating the Concepts behind Project HOPE	USDOJ	16.828	2014-MU-BX-K007		90,128	
Adult Education - Basic Grants to States	USDOE	84.002	FY2012-18		-	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Career and Technical Education - Basic Grants to States	USDOE	84.048A	NT1517501		-	
Career and Technical Education - Basic Grants to States	USDOE	84.048A	V048A100002		-	
Incentive Payment Agreement (IPMOU) between SSA and DOC	SSA	96.U01	IPMOU		51,200	
Total for Department of Corrections					**302,444**	**-**
Department of Revenue						
Child Support Enforcement	USDHHS	93.563			17,249,182	
Total for Department of Revenue					**17,249,182**	**-**
Department of Transportation and Public Facilities						
USFS Contract - Fish passageways on Mitkof, Hydaburg, and Yakutat Highways	USDA	10.U15	USFS 07-RO-11100100-076		3	
National Guard Military Operations and Maintenance (O&M) Projects	USDOD	12.401			6,204,109	
Airport Improvement Program	USDOT	20.106			244,794,892	
Highway Research and Development Program	USDOT	20.200			1,103,154	
Highway Planning and Construction	USDOT	20.205		HPCC	599,866,781	3,067,406
Highway Training and Education	USDOT	20.215			469,353	
Motor Carrier Safety Assistance	USDOT	20.218			1,088,327	10,024
Federal Lands Access Program	USDOT	20.224		HPCC	2,496	
Performance and Registration Information Systems Management	USDOT	20.231			59,622	
Border Enforcement Grants	USDOT	20.233			191,740	
Safety Data Improvement Program	USDOT	20.234			119,084	
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	USDOT	20.237			114,188	
Fuel Tax Evasion-Intergovernmental Enforcement Effort	USDOT	20.240			104,572	
Federal Transit Capital Investment Grants	USDOT	20.500		FTC	2,476,443	491,312
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	USDOT	20.505			358,744	280,247
Formula Grants for Rural Areas	USDOT	20.509			9,975,591	9,352,003
Enhanced Mobility of Seniors and Individuals with Disabilities	USDOT	20.513		TSPC	191,063	153,763
New Freedom Program	USDOT	20.521		TSPC	(857)	
State and Community Highway Safety	USDOT	20.600		HSC	1,075,087	991,106
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	USDOT	20.608			4,211,999	
State Traffic Safety Information System Improvement Grants	USDOT	20.610		HSC	46,875	12,542
Incentive Grant Program to Increase Motorcyclist Safety	USDOT	20.612		HSC	14,974	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	USDOT	20.614			49,056	
National Priority Safety Programs	USDOT	20.616		HSC	1,431,599	1,176,153
Snug Harbor Road	USDOT	20.U03	DTFH70-13-E-00018		681,989	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS	97.036			317,359	
Total for Department of Transportation and Public Facilities					**874,948,243**	**15,534,556**
Department of Public Safety						
State and Local Implementation Grant Program	USDOC	11.549			16,030	
National Marine Fisheries Joint Enforcement Agreement	USDOC	11.U10	11.04 and NMFS-JEA		1,036,918	
Sexual Assault Services Formula Program	USDOJ	16.017			192,489	175,670
Justice Systems Response to Families	USDOJ	16.021			104,909	95,737
Missing Children's Assistance	USDOJ	16.543	2010-MC-CX-K031 & 2013-MC-FX-K011		22,030	
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554			727,617	
Crime Victim Assistance	USDOJ	16.575			2,119,393	2,043,472
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582			5,141	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Violence Against Women Formula Grants	USDOJ	16.588			715,550	210,185
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	USDOJ	16.590			178,349	169,571
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ	16.738			583,317	91,009
DNA Backlog Reduction Program	USDOJ	16.741			195,007	
Paul Coverdell Forensic Sciences Improvement Grant Program	USDOJ	16.742			79,885	
Support for Adam Walsh Act Implementation Grant Program	USDOJ	16.750			52,465	
Edward Byrne Memorial Competitive Grant Program	USDOJ	16.751			31,811	
National Sexual Assault Kit Initiative	USDOJ	16.833			25,969	
Equitable Sharing Program	USDOJ	16.922			587,890	
Highway Planning and Construction	USDOT	20.205		HPCC	-	
State and Community Highway Safety	USDOT	20.600		HSC	-	
State Traffic Safety Information System Improvement Grants	USDOT	20.610		HSC	-	
National Priority Safety Programs	USDOT	20.616		HSC	-	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	USDHHS	93.671			963,399	956,368
State Fire Training Systems Grants	USDHS	97.043			3,682	
Assistance to Firefighters Grant	USDHS	97.044			459,662	
Homeland Security Grant Program	USDHS	97.067			-	
Total for Department of Public Safety					**8,101,513**	**3,742,012**
Department of Law						
Violence Against Women Formula Grants	USDOJ	16.588			195,858	
State Medicaid Fraud Control Units	USDHHS	93.775		MC	1,118,095	
Total for Department of Law					**1,313,953**	**-**
Office of the Governor						
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	EEOC	30.002			202,300	
Help America Vote Act Requirements Payments	EAC	90.401			648,916	
Total for Office of the Governor					**851,216**	**-**
University of Alaska						
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00010253	R&DC	23,751	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00010821	R&DC	43,504	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00011308	R&DC	16,378	
Federal-State Marketing Improvement Program	USDA	10.156	G00010524	R&DC	17,636	
Federal-State Marketing Improvement Program	USDA	10.156	G00011111	R&DC	7,647	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170	G00011336	R&DC	3,630	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170	G00011427	R&DC	13,144	
Grants for Agricultural Research, Special Research Grants	USDA	10.200	G-14026-3	R&DC	7,809	
Cooperative Forestry Research	USDA	10.202	G00010438	R&DC	194,665	
Cooperative Forestry Research	USDA	10.202	G00010810	R&DC	397,793	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00009826	R&DC	2,010	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00009948	R&DC	(3,755)	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00010437	R&DC	152,466	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00010813	R&DC	47,782	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00010814	R&DC	106,714	
Sustainable Agriculture Research and Education	USDA	10.215	140867035-247	R&DC	7,429	
Sustainable Agriculture Research and Education	USDA	10.215	140867045-121	R&DC	14,457	
Sustainable Agriculture Research and Education	USDA	10.215	150893-00001-181	R&DC	4,197	
Sustainable Agriculture Research and Education	USDA	10.215	G00011214	R&DC	5,422	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Sustainable Agriculture Research and Education	USDA	10.215	WSARE GW15-005 120833030	R&DC	918	
1890 Institution Capacity Building Grants	USDA	10.216	G00007358	R&DC	612	
Higher Education - Institution Challenge Grants Program	USDA	10.217	8000064676-AG		20,801	
Higher Education - Institution Challenge Grants Program	USDA	10.217	C00041710-3		50,249	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA	10.228	G00009631	R&DC	1,603,613	100,446
Homeland Security_Agricultural	USDA	10.304	201303063-05 (201223902-05)		(18)	
Homeland Security_Agricultural	USDA	10.304	201603794-05		4,702	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	2016-67003-24944	R&DC	4,611	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	MA110010 / Z986079-01	R&DC	51,346	
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	USDA	10.328	BLK246-SB-002		22,780	
Crop Protection and Pest Management Competitive Grants Program	USDA	10.329	2014-70006-22629		15,000	
Crop Protection and Pest Management Competitive Grants Program	USDA	10.329	G00009765		119,670	
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers	USDA	10.443	G00010390		36,258	
Cooperative Extension Service	USDA	10.500	5356 - UAF - USDA - 4341		27,204	
Cooperative Extension Service	USDA	10.500	C00051968-5		14,928	
Cooperative Extension Service	USDA	10.500	G00008355		9,215	
Cooperative Extension Service	USDA	10.500	G00008817		48,540	
Cooperative Extension Service	USDA	10.500	G00008818		72,279	
Cooperative Extension Service	USDA	10.500	G00009137		122	
Cooperative Extension Service	USDA	10.500	G00009635		119,390	
Cooperative Extension Service	USDA	10.500	G00009668		24,984	
Cooperative Extension Service	USDA	10.500	G00009832		3,477	
Cooperative Extension Service	USDA	10.500	G00009835		75	
Cooperative Extension Service	USDA	10.500	G00009993		132,899	
Cooperative Extension Service	USDA	10.500	G00010000		3,560	
Cooperative Extension Service	USDA	10.500	G00010389		6,633	
Cooperative Extension Service	USDA	10.500	G00010434		7,446	
Cooperative Extension Service	USDA	10.500	G00010435		776,640	
Cooperative Extension Service	USDA	10.500	G00010436		77,051	
Cooperative Extension Service	USDA	10.500	G00010671		48,948	
Cooperative Extension Service	USDA	10.500	G00010811		965,249	
Cooperative Extension Service	USDA	10.500	G00011202		25,550	
Cooperative Extension Service	USDA	10.500	S16078		34,610	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	604-271-1702	SNAP	319,266	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	ADN# 06-7-0088	SNAP	34,703	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	ADN# 0670093	SNAP	11,639	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	ADN# 06-7-0311	SNAP	9,999	
SNAP Partnership Grant	USDA	10.577	PO # 3409018697 REVISION 4		15,775	
Forestry Research	USDA	10.652	G00009629	R&DC	7,872	
Forestry Research	USDA	10.652	G00010799	R&DC	1,350	
Forestry Research	USDA	10.652	PG 16-65035-01	R&DC	(12,004)	
Rural Development, Forestry, and Communities	USDA	10.672	G00009623	R&DC	7,142	
Wood Utilization Assistance	USDA	10.674	G00010240	R&DC	58,980	
Forest Health Protection	USDA	10.680	G00008225	R&DC	187	
Forest Health Protection	USDA	10.680	G00008295	R&DC	42,179	
Forest Health Protection	USDA	10.680	G00009144	R&DC	282	
Forest Health Protection	USDA	10.680	G00010155	R&DC	3,662	
Forest Health Protection	USDA	10.680	G00010956	R&DC	91,631	
Forest Health Protection	USDA	10.680	G00011011	R&DC	5,936	
Watershed Restoration and Enhancement Agreement Authority	USDA	10.693	G00010375	R&DC	25,063	
Partnership Agreements	USDA	10.699	G00009626	R&DC	2,523	
Partnership Agreements	USDA	10.699	G00009966	R&DC	149,421	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Partnership Agreements	USDA	10.699	G00011012	R&DC	63,712	
Partnership Agreements	USDA	10.699	G00011027	R&DC	8,866	
Partnership Agreements	USDA	10.699	G00011227	R&DC	15,118	
Rural Cooperative Development Grants	USDA	10.771	G00010519		105,941	
Rural Cooperative Development Grants	USDA	10.771	G00011107		110,452	
Soil and Water Conservation	USDA	10.902	G00010481	R&DC	11,802	
Soil Survey	USDA	10.903	G00010442	R&DC	48,213	
Soil Survey	USDA	10.903	G00010625	R&DC	14,899	
Where Culture & Ecology Meet: Merging Key Cultural Functions, Plants & Animals, Habitat Ecology in SEAK	USDA	10.RD	G00008170	R&DC	30,726	
Monitoring with Forest Inventory and Analysis in Tanana Valley State Forest	USDA	10.RD	G00009133	R&DC	55,349	
UAF support for "Wood energy in Alaska: quantifying environmental and socioeconomic benefits"	USDA	10.RD	G00009170	R&DC	8,435	
Cofiring wood pellets with coal at electrical generating facilities in Alaska	USDA	10.RD	G00009612	R&DC	8,466	
Critical zone measurements in the perhumid coastal temperate rainforest of Southeast Alaska	USDA	10.RD	G00009615	R&DC	18,300	
Tongass Rare Plant Species Assessment	USDA	10.RD	G00009709	R&DC	2,765	
Bridge Inspection	USDA	10.RD	G00010109	R&DC	30,100	
Coastal margin carbon cycling in the Alaskan perhumid coastal temperate rainforest	USDA	10.RD	G00010250	R&DC	35,653	
Waterbirds on the Copper River Delta (FS CESU)	USDA	10.RD	G00010530	R&DC	1,851	
Modeling stream ecosystem dynamics to support river restoration and management	USDA	10.RD	G00010715	R&DC	69,019	
Wicking Fabric	USDA	10.RD	G00010854	R&DC	8,932	
USDA AHAP - GINA	USDA	10.RD	G00011076	R&DC	19,806	
The University of Alaska Southeast GIS Library & the Southeast Alaska Hydrography Database	USDA	10.U16	G00007725		69,211	
Alaska Coastal Rainforest Center Director Support	USDA	10.U17	G00008142		65,068	
Interior Reindeer Herding	USDA	10.U18	G00010394		4,566	
Stonework Base UAS/PNW	USDA	10.U19	G00011092		23,286	
Ocean Exploration	USDOC	11.011	G00009725	R&DC	73,656	
Ocean Exploration	USDOC	11.011	G00010360	R&DC	1,145,550	51,452
Ocean Exploration	USDOC	11.011	G00010432	R&DC	555,920	72,613
Ocean Exploration	USDOC	11.011	G00010463	R&DC	51,240	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	G00009727	R&DC	21,425	6,402
Integrated Ocean Observing System (IOOS)	USDOC	11.012	G00009871	R&DC	446,316	176,664
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2300-50 / NA11NOS0120020	R&DC	10,246	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2300-51	R&DC	93,193	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2300-52	R&DC	10,000	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2300-59	R&DC	134,580	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2300-64	R&DC	11,197	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2300-66	R&DC	14,383	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2300-69	R&DC	54,008	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2300-80	R&DC	38,962	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-50	R&DC	5,999	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-51	R&DC	7,642	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-52	R&DC	86,507	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-64	R&DC	99,287	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2404-00	R&DC	5,138	
Economic Development Technical Assistance	USDOC	11.303	G00008357		126,393	
Sea Grant Support	USDOC	11.417	6102193 | PO NO. Z10075682	R&DC	1,002	
Sea Grant Support	USDOC	11.417	G00009027	R&DC	39,910	
Sea Grant Support	USDOC	11.417	G00009215	R&DC	1,912,773	154,930
Sea Grant Support	USDOC	11.417	G00010629	R&DC	30,837	
Sea Grant Support	USDOC	11.417	G00011039	R&DC	25,684	
Sea Grant Support	USDOC	11.417	G00011040	R&DC	25,812	
Coastal Zone Management Estuarine Research Reserves	USDOC	11.420	G00010166	R&DC	165,544	
Coastal Zone Management Estuarine Research Reserves	USDOC	11.420	G00010849	R&DC	440,982	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00009525	R&DC	43,519	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00010941	R&DC	54,509	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	NA15NMF4270271	R&DC	58,648	
Climate and Atmospheric Research	USDOC	11.431	G00007710	R&DC	686,295	
Climate and Atmospheric Research	USDOC	11.431	G00008917	R&DC	43,168	
Climate and Atmospheric Research	USDOC	11.431	G00010264	R&DC	143,096	
Climate and Atmospheric Research	USDOC	11.431	G00010366	R&DC	58,875	
Climate and Atmospheric Research	USDOC	11.431	G00010992	R&DC	112,259	
Climate and Atmospheric Research	USDOC	11.431	G00011055	R&DC	22,290	
Climate and Atmospheric Research	USDOC	11.431	G00011239	R&DC	21,640	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	USDOC	11.432	G00008751	R&DC	1,363,876	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	USDOC	11.432	G00011007	R&DC	51,781	
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	USDOC	11.438	1145953 | SOA Subaward44902	R&DC	46,198	
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	USDOC	11.438	1145956 | SOA Subaward44907-A	R&DC	3,829	
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	USDOC	11.438	AC-1511D REVISION 2	R&DC	38,322	
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	USDOC	11.438	RS 1165952 / GAE 160008798	R&DC	58,145	
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	USDOC	11.438	RS# 1145955	R&DC	13,333	
Marine Mammal Data Program	USDOC	11.439	G00007615	R&DC	24,457	
Marine Mammal Data Program	USDOC	11.439	G00010383	R&DC	46,157	
Marine Mammal Data Program	USDOC	11.439	G00010628	R&DC	236,564	
Marine Mammal Data Program	USDOC	11.439	G00010776	R&DC	149,676	9,226
Marine Mammal Data Program	USDOC	11.439	G00010872	R&DC	221,999	
Marine Mammal Data Program	USDOC	11.439	G00011050	R&DC	25,469	
Marine Mammal Data Program	USDOC	11.439	R0110-02	R&DC	47,591	
Marine Mammal Data Program	USDOC	11.439	Sub-award 8/1/15; MOD 1 8/26/16	R&DC	20,055	
Unallied Industry Projects	USDOC	11.452	16-102G	R&DC	13,518	
Unallied Industry Projects	USDOC	11.452	16-103G	R&DC	80,933	
Habitat Conservation	USDOC	11.463	G00010365	R&DC	183,658	
Meteorologic and Hydrologic Modernization Development	USDOC	11.467	973007 / 973008	R&DC	181,453	
Meteorologic and Hydrologic Modernization Development	USDOC	11.467	G00011120	R&DC	170,540	
Meteorologic and Hydrologic Modernization Development	USDOC	11.467	Subaward Z16-23490	R&DC	4,683	
Applied Meteorological Research	USDOC	11.468	G00010728	R&DC	92,649	
Unallied Science Program	USDOC	11.472	1501	R&DC	3,437	
Unallied Science Program	USDOC	11.472	1520	R&DC	252	
Unallied Science Program	USDOC	11.472	1607	R&DC	57,316	
Unallied Science Program	USDOC	11.472	1608	R&DC	29,561	
Unallied Science Program	USDOC	11.472	1612	R&DC	124,848	
Unallied Science Program	USDOC	11.472	1613	R&DC	41,116	
Unallied Science Program	USDOC	11.472	1616	R&DC	18,123	
Unallied Science Program	USDOC	11.472	12-81-03	R&DC	155,065	
Unallied Science Program	USDOC	11.472	12-81-06	R&DC	29,272	
Unallied Science Program	USDOC	11.472	12-81-07	R&DC	71,534	
Unallied Science Program	USDOC	11.472	1426B / F6426-00	R&DC	71,722	
Unallied Science Program	USDOC	11.472	1427C	R&DC	160,592	
Unallied Science Program	USDOC	11.472	1503 / F6503-00	R&DC	60,598	
Unallied Science Program	USDOC	11.472	1504 / F6504-00	R&DC	46,157	
Unallied Science Program	USDOC	11.472	1506 / F6506-01	R&DC	5,545	
Unallied Science Program	USDOC	11.472	1508 F6508-00	R&DC	149,339	
Unallied Science Program	USDOC	11.472	1515B	R&DC	80,129	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Unallied Science Program	USDOC	11.472	1521 F6521-00	R&DC	35,398	
Unallied Science Program	USDOC	11.472	1533 / F6533-02	R&DC	74,401	
Unallied Science Program	USDOC	11.472	17-71-06	R&DC	4,906	
Unallied Science Program	USDOC	11.472	A91-00A	R&DC	303,525	
Unallied Science Program	USDOC	11.472	A97-00	R&DC	3,473	
Unallied Science Program	USDOC	11.472	A98-00A	R&DC	2,195	
Unallied Science Program	USDOC	11.472	Contract 17-71-01	R&DC	13,916	
Unallied Science Program	USDOC	11.472	G00008026	R&DC	68,121	
Unallied Science Program	USDOC	11.472	G00009607	R&DC	29,547	
Unallied Science Program	USDOC	11.472	G00011156	R&DC	41,388	
Unallied Science Program	USDOC	11.472	G81/F5381-01 YR 4&5	R&DC	61,631	28,375
Unallied Science Program	USDOC	11.472	G84/F5384-02	R&DC	8,255	
Unallied Science Program	USDOC	11.472	MP# S9001183	R&DC	3,148	
Unallied Science Program	USDOC	11.472	NPRB Project 1409	R&DC	7,738	
Unallied Science Program	USDOC	11.472	Project #1302	R&DC	3,316	
Unallied Science Program	USDOC	11.472	Project #1303	R&DC	13,238	
Unallied Science Program	USDOC	11.472	Project #1323	R&DC	50,953	
Unallied Science Program	USDOC	11.472	Project #1410	R&DC	32,366	
Unallied Science Program	USDOC	11.472	Project #1415	R&DC	89,667	
Unallied Science Program	USDOC	11.472	Project #1420	R&DC	8,036	
Unallied Science Program	USDOC	11.472	Project #1427	R&DC	(45,290)	
Office for Coastal Management	USDOC	11.473	3003647574	R&DC	14,605	
Alaska Center for Microgrid Technologies commercialization	USDOC	11.RD	G00010263	R&DC	65,851	
Regional Climate Services Support in the Western Region	USDOC	11.RD	G00010964	R&DC	48,602	
Ocean Exploration	USDOC	11.RD	G00011090	R&DC	74,052	
Southeast humpback whale database management services	USDOC	11.U11	G00011072		9,654	
Procurement Technical Assistance For Business Firms	USDOD	12.002	G00010899		493,291	
Basic and Applied Scientific Research	USDOD	12.300	13258400	R&DC	45,718	
Basic and Applied Scientific Research	USDOD	12.300	13262700	R&DC	154,651	
Basic and Applied Scientific Research	USDOD	12.300	G00008268	R&DC	65,766	
Basic and Applied Scientific Research	USDOD	12.300	G00009371	R&DC	55,179	5,926
Basic and Applied Scientific Research	USDOD	12.300	G00010419	R&DC	263,731	
Basic and Applied Scientific Research	USDOD	12.300	G00010732	R&DC	199,241	
Basic and Applied Scientific Research	USDOD	12.300	G00010779	R&DC	89,202	
Basic and Applied Scientific Research	USDOD	12.300	G00010977	R&DC	1,144,109	
Basic and Applied Scientific Research	USDOD	12.300	G00011017	R&DC	14,552	
Basic and Applied Scientific Research	USDOD	12.300	G00011023	R&DC	43,043	
Basic and Applied Scientific Research	USDOD	12.300	G00011091	R&DC	8,709	
Basic and Applied Scientific Research	USDOD	12.300	G00011467	R&DC	40,257	
Basic, Applied, and Advanced Research in Science and Engineering	USDOD	12.630	G00009713	R&DC	1,932	
Legacy Resource Management Program	USDOD	12.632	G00011139	R&DC	39,670	
Legacy Resource Management Program	USDOD	12.632	G00011397	R&DC	1,965	
Language Grant Program	USDOD	12.900	G00010880		82,307	
Information Security Grants	USDOD	12.902	G00009698		17,104	
Information Security Grants	USDOD	12.902	G00009700		30,823	
Lead and Antimony Speciation in Shooting Range Soils: Molecular Scale Analysis, Temporal Trends and Mobility	USDOD	12.RD	G00006854	R&DC	43,973	
Materials Management Support - TO0003	USDOD	12.RD	G00009699	R&DC	126,235	
OANRP Tree Snail Conservation and Genetics Project	USDOD	12.RD	G00009781	R&DC	3,004	157
High-frequency Analysis of Stream Chemistry to Establish Elemental Cycling Regimes of High-latitude Catchments	USDOD	12.RD	G00009950	R&DC	(1,513)	
NACT Proposal for HDTRA1-14-R-0028	USDOD	12.RD	G00010031	R&DC	2,708,124	
Estimation of Uncertainties of Full Moment Tensors	USDOD	12.RD	G00010213	R&DC	117,986	
Architectural Recordation of the Annette Island Army Air Base Boiler House Task Order 0009	USDOD	12.RD	G00010426	R&DC	41,625	
PRSC Cultural Resources TO #11	USDOD	12.RD	G00010478	R&DC	244,300	
Arctic Gravity Data Acquisition and Processing	USDOD	12.RD	G00010982	R&DC	98,521	

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Cultural Resource Support, Wake Island, HI, and AK TO0013	USDOD	12.RD	G00011147	R&DC	93,064	
Bird and Bat Management TO0012	USDOD	12.RD	G00011150	R&DC	53,254	
NACT Proposal for HDTRA1-17-R-003: Waveform Operations & Maintenance	USDOD	12.RD	G00011364	R&DC	400,871	
Eagle / Bird Risk	USDOD	12.RD	G00011486	R&DC	10,999	
Data compilation for observing stations across Alaska	USDOD	12.RD	Sub-award No. Z16-20856	R&DC	2,785	
Interpretive Display at Tripler Army Medical Center TO 0008	USDOD	12.U03	G00010425		32,704	
Interpretive Display at Bldg. 3010, Schofield Barracks, Hawaii	USDOD	12.U04	G00010427		49,360	
Aid To Tribal Governments	USDOI	15.020	G00011241	R&DC	23,074	
Tribal Climate Resilience	USDOI	15.156	Sub-award A14AV00209-01	R&DC	61,291	
Cultural and Paleontological Resources Management	USDOI	15.224	G00007896		16,315	
Cultural and Paleontological Resources Management	USDOI	15.224	G00008942		957,875	
Cultural and Paleontological Resources Management	USDOI	15.224	G00009549		(160)	
Cultural and Paleontological Resources Management	USDOI	15.224	G00010342		9,798	
Recreation Resource Management	USDOI	15.225	G00008074	R&DC	97,552	23,072
Recreation Resource Management	USDOI	15.225	G00008324	R&DC	1,859	
Recreation Resource Management	USDOI	15.225	G00010388	R&DC	183,020	
Recreation Resource Management	USDOI	15.225	G00010465	R&DC	23,264	
Invasive and Noxious Plant Management	USDOI	15.230	G00008169	R&DC	3,754	
Invasive and Noxious Plant Management	USDOI	15.230	G00009666	R&DC	10,663	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	2100.15.047583 / 47583	R&DC	28,370	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	ADN# 1177031	R&DC	6,000	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00007203	R&DC	45,579	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00007285	R&DC	54,477	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00007668	R&DC	13,449	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00007972	R&DC	161,416	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00008634	R&DC	195,931	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00009071	R&DC	131,713	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00009189	R&DC	97,607	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00009714	R&DC	30,482	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00010254	R&DC	78,606	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00010869	R&DC	96,977	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00010898	R&DC	34,470	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00011038	R&DC	506	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00011064	R&DC	2,535	
Wildland Fire Research and Studies	USDOI	15.232	G00006805	R&DC	69,340	
Wildland Fire Research and Studies	USDOI	15.232	G00009127	R&DC	5,131	
Wildland Fire Research and Studies	USDOI	15.232	G00009722	R&DC	43,213	
Wildland Fire Research and Studies	USDOI	15.232	G00010418	R&DC	4,294	
Wildland Fire Research and Studies	USDOI	15.232	G00010940	R&DC	145,570	
Wildland Fire Research and Studies	USDOI	15.232	G00011008	R&DC	35,682	
Wildland Fire Research and Studies	USDOI	15.232	G093481	R&DC	38,295	
Environmental Quality and Protection	USDOI	15.236	G00009721	R&DC	76,419	
Rangeland Resource Management	USDOI	15.237	G00010420	R&DC	12,898	
Challenge Cost Share	USDOI	15.238	G00009440		45,369	
Alaska Coastal Marine Institute	USDOI	15.421	G00007920	R&DC	678,360	102,477

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Alaska Coastal Marine Institute	USDOI	15.421	G00008011	R&DC	158,353	
Alaska Coastal Marine Institute	USDOI	15.421	G00008631	R&DC	98,735	10,000
Alaska Coastal Marine Institute	USDOI	15.421	G00008679	R&DC	50,732	7,987
Alaska Coastal Marine Institute	USDOI	15.421	G00008687	R&DC	46,437	
Alaska Coastal Marine Institute	USDOI	15.421	G00008688	R&DC	26,420	26,420
Alaska Coastal Marine Institute	USDOI	15.421	G00008896	R&DC	120,950	22,968
Alaska Coastal Marine Institute	USDOI	15.421	G00009335	R&DC	33,800	
Alaska Coastal Marine Institute	USDOI	15.421	G00009384	R&DC	13,097	
Alaska Coastal Marine Institute	USDOI	15.421	G00009406	R&DC	39,446	
Alaska Coastal Marine Institute	USDOI	15.421	G00010044	R&DC	64,171	
Alaska Coastal Marine Institute	USDOI	15.421	G00010108	R&DC	81,020	8,446
Alaska Coastal Marine Institute	USDOI	15.421	G00010153	R&DC	142,419	
Alaska Coastal Marine Institute	USDOI	15.421	G00010688	R&DC	17,828	9,478
Alaska Coastal Marine Institute	USDOI	15.421	G00010748	R&DC	64,607	
Alaska Coastal Marine Institute	USDOI	15.421	G00010804	R&DC	46,387	
Alaska Coastal Marine Institute	USDOI	15.421	G00010850	R&DC	11,182	
Alaska Coastal Marine Institute	USDOI	15.421	G00010863	R&DC	25,000	
Alaska Coastal Marine Institute	USDOI	15.421	G00010873	R&DC	11,049	
Alaska Coastal Marine Institute	USDOI	15.421	G00011009	R&DC	36,831	
Alaska Coastal Marine Institute	USDOI	15.421	G00011399	R&DC	24	
Alaska Coastal Marine Institute	USDOI	15.421	G00011424	R&DC	3,993	
Alaska Coastal Marine Institute	USDOI	15.421	G00011425	R&DC	10,566	
Alaska Coastal Marine Institute	USDOI	15.421	G00011468	R&DC	1,673	
Alaska Coastal Marine Institute	USDOI	15.421	UTA 12-000603	R&DC	1,593	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	5747	R&DC	147,805	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00006593	R&DC	301	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00007944	R&DC	375,610	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00009186	R&DC	53,251	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00011255	R&DC	358	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	UTA11-000873	R&DC	792	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	UTA11-000973	R&DC	376,908	
Alaska Native Science and Engineering	USDOI	15.442	G00010939		32,500	
Fish and Wildlife Management Assistance	USDOI	15.608	2100.12.030840 / #30840	R&DC	55,386	
Fish and Wildlife Management Assistance	USDOI	15.608	G00010171	R&DC	63,119	
Fish and Wildlife Management Assistance	USDOI	15.608	G00010403	R&DC	16,915	
Fish and Wildlife Management Assistance	USDOI	15.608	G00010517	R&DC	12,456	
Fish and Wildlife Management Assistance	USDOI	15.608	G00011087	R&DC	22,713	
Fish and Wildlife Management Assistance	USDOI	15.608	G00011112	R&DC	18,620	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	ADN# 1177165	F&WC	23,128	
Coastal	USDOI	15.630	G00010130	R&DC	(1,446)	
Coastal	USDOI	15.630	G00010673	R&DC	74,163	
State Wildlife Grants	USDOI	15.634	1177200	R&DC	7,487	
State Wildlife Grants	USDOI	15.634	ADN# 1177054/ 1177188	R&DC	136,355	16,065
State Wildlife Grants	USDOI	15.634	ADN# 1177055	R&DC	50,574	
State Wildlife Grants	USDOI	15.634	ADN# 1177056/ 1177186	R&DC	99,329	
State Wildlife Grants	USDOI	15.634	ADN# 1177060	R&DC	341,177	
State Wildlife Grants	USDOI	15.634	ADN#1177059	R&DC	29,502	
State Wildlife Grants	USDOI	15.634	G00011130	R&DC	38,643	
Alaska Subsistence Management	USDOI	15.636	G00009301	R&DC	83,626	
Research Grants (Generic)	USDOI	15.650	G00007202	R&DC	18,222	
Migratory Bird Monitoring, Assessment and Conservation	USDOI	15.655	G00010827	R&DC	27,210	
National Fish and Wildlife Foundation	USDOI	15.663	G00007654	R&DC	1,339	
Fish and Wildlife Coordination and Assistance	USDOI	15.664	2100.16.052159		40,567	
Fish and Wildlife Coordination and Assistance	USDOI	15.664	50059 0801.16.050059		20,073	
Coastal Impact Assistance	USDOI	15.668	1135209	R&DC	245,365	204,696
Coastal Impact Assistance	USDOI	15.668	EN 831535 | 10-CIAP-029	R&DC	8,006	
Coastal Impact Assistance	USDOI	15.668	GAE 160005172	R&DC	267,958	

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Coastal Impact Assistance	USDOI	15.668	MOA Signed 2/17/14 2014-182	R&DC	43,596	
Cooperative Landscape Conservation	USDOI	15.669	G00008889	R&DC	26,195	
Cooperative Landscape Conservation	USDOI	15.669	G00009345	R&DC	8,189	
Cooperative Landscape Conservation	USDOI	15.669	G00009376	R&DC	34,770	
Cooperative Landscape Conservation	USDOI	15.669	G00009403	R&DC	25,023	
Cooperative Landscape Conservation	USDOI	15.669	G00009453	R&DC	50,502	
Cooperative Landscape Conservation	USDOI	15.669	G00010051	R&DC	161,376	
Cooperative Landscape Conservation	USDOI	15.669	G00010938	R&DC	17,573	
Adaptive Science	USDOI	15.670	G00009073	R&DC	42,786	
Youth Engagement, Education, and Employment	USDOI	15.676	G00011066	R&DC	50,000	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00011035	R&DC	43,971	
Assistance to State Water Resources Research Institutes	USDOI	15.805	G00010680	R&DC	115,593	19,920
Earthquake Hazards Program Assistance	USDOI	15.807	G00010023	R&DC	35,582	
Earthquake Hazards Program Assistance	USDOI	15.807	G00010025	R&DC	7,881	
Earthquake Hazards Program Assistance	USDOI	15.807	G00011296	R&DC	5,590	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00001068	R&DC	81,252	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00006801	R&DC	1,785,626	11,954
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00007495	R&DC	15,546	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00007617	R&DC	4,453	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00008779	R&DC	5,597	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00009460	R&DC	6,260	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00009924	R&DC	610,691	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00010136	R&DC	18,000	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00010387	R&DC	1,231	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00010431	R&DC	83,785	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00010820	R&DC	7,137	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00011070	R&DC	50,794	
U.S. Geological Survey_ Research and Data Collection	USDOI	15.808	G00011181	R&DC	27,618	
Cooperative Research Units	USDOI	15.812	G00007558	R&DC	40,621	
Cooperative Research Units	USDOI	15.812	G00007602	R&DC	68,003	
Cooperative Research Units	USDOI	15.812	G00007649	R&DC	75,866	
Cooperative Research Units	USDOI	15.812	G00008294	R&DC	40,207	
Cooperative Research Units	USDOI	15.812	G00008595	R&DC	169,286	
Cooperative Research Units	USDOI	15.812	G00008686	R&DC	5,261	
Cooperative Research Units	USDOI	15.812	G00009035	R&DC	9,406	
Cooperative Research Units	USDOI	15.812	G00009377	R&DC	10,352	
Cooperative Research Units	USDOI	15.812	G00009434	R&DC	7,401	
Cooperative Research Units	USDOI	15.812	G00009520	R&DC	2,426	
Cooperative Research Units	USDOI	15.812	G00009627	R&DC	12,708	
Cooperative Research Units	USDOI	15.812	G00009901	R&DC	39,135	
Cooperative Research Units	USDOI	15.812	G00009974	R&DC	58,803	
Cooperative Research Units	USDOI	15.812	G00009981	R&DC	25,648	
Cooperative Research Units	USDOI	15.812	G00010146	R&DC	34,251	
Cooperative Research Units	USDOI	15.812	G00010220	R&DC	13,374	
Cooperative Research Units	USDOI	15.812	G00010409	R&DC	3,239	
Cooperative Research Units	USDOI	15.812	G00010836	R&DC	2,247	
Cooperative Research Units	USDOI	15.812	G00010998	R&DC	7,932	
Cooperative Research Units	USDOI	15.812	G00011043	R&DC	422,613	
Cooperative Research Units	USDOI	15.812	G00011201	R&DC	9,836	
Cooperative Research Units	USDOI	15.812	G00011234	R&DC	13,185	
Cooperative Research Units	USDOI	15.812	G00011390	R&DC	8,796	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
National Land Remote Sensing_Education Outreach and Research	USDOI	15.815	20022934	R&DC	18,812	
National Geospatial Program: Building The National Map	USDOI	15.817	G00009398	R&DC	36,738	
Volcano Hazards Program Research and Monitoring	USDOI	15.818	G00010807	R&DC	952,794	
National Climate Change and Wildlife Science Center	USDOI	15.820	G00009772	R&DC	38,440	
National Climate Change and Wildlife Science Center	USDOI	15.820	G00009784	R&DC	49,217	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00007541	R&DC	(1,114)	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00007681	R&DC	2,289	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00007778	R&DC	3,268	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00008090	R&DC	43,104	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00008929	R&DC	51,322	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009032	R&DC	2,658	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009500	R&DC	53,396	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009573	R&DC	26,485	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009574	R&DC	(371)	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009619	R&DC	18,140	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009840	R&DC	39,637	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010122	R&DC	1,155	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010162	R&DC	12,921	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010279	R&DC	9,639	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010377	R&DC	35,623	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010412	R&DC	7,913	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010430	R&DC	5,222	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010444	R&DC	139,827	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010445	R&DC	30,921	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010464	R&DC	8,826	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010679	R&DC	3,872	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010766	R&DC	11,173	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010774	R&DC	4,056	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010822	R&DC	5,911	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010892	R&DC	47,299	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010965	R&DC	51,482	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011036	R&DC	2,604	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011075	R&DC	24,471	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011078	R&DC	19,630	

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Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011079	R&DC	25,666	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011081	R&DC	997	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011114	R&DC	20,719	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011115	R&DC	35,960	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011117	R&DC	22,188	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011444	R&DC	1,609	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011516	R&DC	2,578	
Ebeys Landing National Historical Reserve and Ebeys Landing National Historical Reserve Trust Board	USDOI	15.956	G00011253	R&DC	11,230	
Consequences of a Changing Climate for Alaska's Boreal Forests (A Continuation of the Bonanza Creek Long-Term Ecological Research Program)	USDOI	15.RD	G00007288	R&DC	66,465	
Determining the Magnitude and Social Context of Shorebird Hunting in French Guiana Using Potential Biological Removal Models and Hunter Surveys	USDOI	15.RD	G00008908	R&DC	40,102	21,048
USGS AVO Near-real time satellite support for volcano monitoring - Follow on order	USDOI	15.RD	G00009562	R&DC	28,359	
Evaluation of nearshore communities and habitats Ecological Process in Lower Cook Inlet	USDOI	15.RD	G00010161	R&DC	24,291	
Stream discharge and water balance of coastal Alaska watersheds	USDOI	15.RD	G00010255	R&DC	47	
Fatty Acid Analysis in Mussel Foot Tissue	USDOI	15.RD	G00010860	R&DC	22,817	
University of Alaska Museum of the North Curation Agreement - Paleontology	USDOI	15.RD	G00011080	R&DC	9,011	
Comparison of Putative Carex Subspathacea between the Arctic Coastal Plan and the Yukon Kuskokwim Delta and Interpretations of Climate Effects on Grazing Systems	USDOI	15.RD	G00011118	R&DC	4,779	
Analysis of Ion and DOC in Glacial Water	USDOI	15.RD	G00011294	R&DC	7,879	
Operational Satellite Monitoring of Fires in Alaska	USDOI	15.RD	G00011508	R&DC	453	
Schools on Trails Partnership with the National Park Service RTCA Program	USDOI	15.RD	IPA Signed 10/6/2016	R&DC	15,836	
Identification & Verification of Interior Alaska vascular plants and herbarium deposition of selected species	USDOI	15.U13	G00010962		16,391	
TAPS Report	USDOI	15.U14	G00011119		21,837	
State Justice Statistics Program for Statistical Analysis Centers	USDOJ	16.550	G00009723	R&DC	28,934	
State Justice Statistics Program for Statistical Analysis Centers	USDOJ	16.550	G00010486	R&DC	88,878	
State Justice Statistics Program for Statistical Analysis Centers	USDOJ	16.550	G00011144	R&DC	30,052	
National Institute of Justice Research, Evaluation, and Development Project Grants	USDOJ	16.560	G00008988	R&DC	31,700	
Criminal Justice Research and Development_Graduate Research Fellowships	USDOJ	16.562	G00011327	R&DC	26,417	
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	Agreement DTD 2/10/13	R&DC	7,484	
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	D2016006028	R&DC	14,021	
Juvenile Mentoring Program	USDOJ	16.726	4H NMP 6-LTRS 2/8/16 & 2/28/17		118,162	
Juvenile Mentoring Program	USDOJ	16.726	4H NMP7 Letter Date 1/19/17		96,978	
The Alaska Arctic Observatory & Knowledge Hub (AAOKH): A framework for integration of long-term environmental observations and knowledge sharing	USDOJ	16.RD	G00009912	R&DC	168,225	
Federal Equitable Sharing UAFPD	USDOJ	16.U01	G00006407		710	
FED-UAF Police Drug Task Force	USDOJ	16.U02	G00009400		74	
Senior Community Service Employment Program	USDOL	17.235	ADN# 775503		13,006	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	USDOL	17.277	ADN# 775509		31,129	

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Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	USDOL	17.282	G00008471		103,732	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	USDOL	17.282	G00009085		799,525	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	USDOL	17.282	G00009100		13,337	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	USDOL	17.282	G00009833		2,492,308	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	USDOL	17.282	MOU DTD 4/17/13 AMD#1 10/27/13		33,659	
Mine Health and Safety Grants	USDOL	17.600	G00010493		226	
Mine Health and Safety Grants	USDOL	17.600	G00010503		24,018	
Mine Health and Safety Grants	USDOL	17.600	G00010783		68,842	
Statement of Work: Business Meetings Support: Artic Remote Energy Networks Academy (ARENA) – Alaska On-site Program	USDOS	19.RD	G00011492	R&DC	12,830	
Highway Research and Development Program	USDOT	20.200	ADN# 2568037	R&DC	57,239	
Highway Research and Development Program	USDOT	20.200	EN 2558042	R&DC	38,360	
Highway Research and Development Program	USDOT	20.200	EN 2558048	R&DC	75,552	
Highway Research and Development Program	USDOT	20.200	G00008347	R&DC	349,494	
Highway Research and Development Program	USDOT	20.200	RS 2568033	R&DC	22,403	
Highway Planning and Construction	USDOT	20.205	2572616	HPCC	180,276	
Highway Planning and Construction	USDOT	20.205	ADN # 2563602	HPCC	46,227	
Highway Planning and Construction	USDOT	20.205	EN 2558041	HPCC	63,839	
Highway Planning and Construction	USDOT	20.205	EN 2558049	HPCC	70,275	
Highway Planning and Construction	USDOT	20.205	G00011233	HPCC	20,309	
Highway Planning and Construction	USDOT	20.205	G00011305	HPCC	5,612	
Highway Planning and Construction	USDOT	20.205	G00011365	HPCC	27,391	
Highway Planning and Construction	USDOT	20.205	G00011368	HPCC	11,493	
Highway Planning and Construction	USDOT	20.205	G00011369	HPCC	1,873	
Highway Planning and Construction	USDOT	20.205	G00011392	HPCC	18,485	
Highway Planning and Construction	USDOT	20.205	G00011463	HPCC	1,006	
University Transportation Centers Program	USDOT	20.701	BPO#3882	R&DC	421,555	
University Transportation Centers Program	USDOT	20.701	G00009212	R&DC	1,357,993	817,144
University Transportation Centers Program	USDOT	20.701	G00011341	R&DC	28,480	
Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	USDOT	20.724	G00010526	R&DC	98,609	
Transportation Planning, Research and Education	USDOT	20.931	G00009367	R&DC	79,259	
Transportation Planning, Research and Education	USDOT	20.931	G00009752	R&DC	164,525	22,159
ACUASI FAA A10 SME	USDOT	20.RD	G00011434	R&DC	387	
Science	NASA	43.001	1555192	R&DC	411	
Science	NASA	43.001	2612013261	R&DC	33,557	
Science	NASA	43.001	0037582 (410463-01) NNX14AQ96G	R&DC	51,852	
Science	NASA	43.001	1460R123	R&DC	24,410	
Science	NASA	43.001	1820-204-2010726 NNX15AL71G	R&DC	1,245	
Science	NASA	43.001	2015000929 02250-01 NNX15AL12A	R&DC	111,339	
Science	NASA	43.001	A101135	R&DC	56,696	
Science	NASA	43.001	G00007728	R&DC	2,641,753	
Science	NASA	43.001	G00008252	R&DC	17,709	
Science	NASA	43.001	G00008527	R&DC	23,318	
Science	NASA	43.001	G00008529	R&DC	35,002	
Science	NASA	43.001	G00008639	R&DC	109,233	
Science	NASA	43.001	G00008736	R&DC	55,169	
Science	NASA	43.001	G00008805	R&DC	32,338	
Science	NASA	43.001	G00008906	R&DC	9,007,415	
Science	NASA	43.001	G00008935	R&DC	2,803	
Science	NASA	43.001	G00008949	R&DC	45,591	
Science	NASA	43.001	G00008981	R&DC	81,508	48,621
Science	NASA	43.001	G00009176	R&DC	76,587	
Science	NASA	43.001	G00009315	R&DC	129,231	
Science	NASA	43.001	G00009317	R&DC	74,166	
Science	NASA	43.001	G00009402	R&DC	250,851	
Science	NASA	43.001	G00009414	R&DC	240,286	16,330

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Science	NASA	43.001	G00009610	R&DC	109,598	
Science	NASA	43.001	G00009638	R&DC	48,705	
Science	NASA	43.001	G00009788	R&DC	121,669	
Science	NASA	43.001	G00009849	R&DC	217,114	
Science	NASA	43.001	G00009879	R&DC	130,052	23,485
Science	NASA	43.001	G00009975	R&DC	24,799	
Science	NASA	43.001	G00010049	R&DC	110,906	
Science	NASA	43.001	G00010057	R&DC	125,468	
Science	NASA	43.001	G00010082	R&DC	19,034	
Science	NASA	43.001	G00010378	R&DC	187,076	13,464
Science	NASA	43.001	G00010400	R&DC	148,631	
Science	NASA	43.001	G00010424	R&DC	261,930	
Science	NASA	43.001	G00010462	R&DC	57,932	
Science	NASA	43.001	G00010570	R&DC	549,161	72,340
Science	NASA	43.001	G00010587	R&DC	389,497	76,176
Science	NASA	43.001	G00010592	R&DC	12,208	
Science	NASA	43.001	G00010777	R&DC	1,139	
Science	NASA	43.001	G00010794	R&DC	38,847	
Science	NASA	43.001	G00010867	R&DC	83,789	
Science	NASA	43.001	G00010876	R&DC	10,965	
Science	NASA	43.001	G00010946	R&DC	28,263	
Science	NASA	43.001	G00010957	R&DC	36,039	
Science	NASA	43.001	G00010976	R&DC	160,124	
Science	NASA	43.001	G00011054	R&DC	48,736	
Science	NASA	43.001	G00011095	R&DC	75,254	
Science	NASA	43.001	G00011177	R&DC	50,642	
Science	NASA	43.001	G00011218	R&DC	109,867	
Science	NASA	43.001	G00011367	R&DC	4,210	
Science	NASA	43.001	G00011437	R&DC	8,204	
Science	NASA	43.001	G001392-7500 - NNX14AQ95G	R&DC	54,294	
Science	NASA	43.001	Sub 1554201 PO# 1000686852	R&DC	58,384	
Space Operations	NASA	43.007	G00008389	R&DC	1,502	
Space Operations	NASA	43.007	G00011430	R&DC	16,009	
Education	NASA	43.008	G00008384	R&DC	1,410	
Education	NASA	43.008	G00008884	R&DC	176,240	
Education	NASA	43.008	G00009022	R&DC	45,145	
Education	NASA	43.008	G00010074	R&DC	611,161	34,128
Education	NASA	43.008	G00010306	R&DC	169,991	
Education	NASA	43.008	G00010332	R&DC	189,102	
Education	NASA	43.008	G00010919	R&DC	122,913	
Education	NASA	43.008	G00011044	R&DC	133,498	
Science	NASA	43.RD	G00005454	R&DC	18,658	
A Cephid-Based Distance to the Benchmark AGN NGC 4151	NASA	43.RD	G00010608	R&DC	7,082	
Science	NASA	43.RD	G00011251	R&DC	12,062	
Science	NASA	43.RD	INEWERC17-017 *Pending*	R&DC	19,990	
Science	NASA	43.RD	ITT-2712-11-11	R&DC	25,925	
Promotion of the Arts_Grants to Organizations and Individuals	NEA	45.024	G00010828		(2)	
Promotion of the Arts_Partnership Agreements	NEA	45.025	FY17-SP0008		2,034	
Promotion of the Humanities_Federal/State Partnership	NEH	45.129	G15-0008		1,119	
Promotion of the Humanities_Division of Preservation and Access	NEH	45.149	G00010744		46,897	
Promotion of the Humanities_Division of Preservation and Access	NEH	45.149	G00011302		3,018	
Grants to States	IMLS	45.310	Agreement Dtd 06/14/16		102,741	
Engineering Grants	NSF	47.041	G00007866	R&DC	116,672	
Engineering Grants	NSF	47.041	G00010878	R&DC	24,801	
Mathematical and Physical Sciences	NSF	47.049	G00008669	R&DC	1,809	
Mathematical and Physical Sciences	NSF	47.049	G00009621	R&DC	74,304	
Mathematical and Physical Sciences	NSF	47.049	G00009622	R&DC	57,418	
Mathematical and Physical Sciences	NSF	47.049	G00010311	R&DC	9,101	
Mathematical and Physical Sciences	NSF	47.049	G00010904	R&DC	36,526	
Mathematical and Physical Sciences	NSF	47.049	G00010960	R&DC	27,227	

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Geosciences	NSF	47.050	740876	R&DC	9,023	
Geosciences	NSF	47.050	12-120A-RMNH30	R&DC	19,227	
Geosciences	NSF	47.050	149701; PO 10012361	R&DC	39,921	41,165
Geosciences	NSF	47.050	150124-0001-43	R&DC	23,182	
Geosciences	NSF	47.050	43(GG009393) / G11492	R&DC	29,724	
Geosciences	NSF	47.050	43B(GG009393) / G11492	R&DC	4,446	
Geosciences	NSF	47.050	70413-10264 Amend 3	R&DC	31,477	
Geosciences	NSF	47.050	FY2017-072	R&DC	670	
Geosciences	NSF	47.050	G00006709	R&DC	4,645	
Geosciences	NSF	47.050	G00007154	R&DC	552,705	
Geosciences	NSF	47.050	G00007284	R&DC	38,311	
Geosciences	NSF	47.050	G00007383	R&DC	1,955	
Geosciences	NSF	47.050	G00007408	R&DC	36,439	
Geosciences	NSF	47.050	G00007435	R&DC	17,133	
Geosciences	NSF	47.050	G00007475	R&DC	30,024	
Geosciences	NSF	47.050	G00007502	R&DC	254,450	
Geosciences	NSF	47.050	G00007534	R&DC	12,821	
Geosciences	NSF	47.050	G00007754	R&DC	105,763	
Geosciences	NSF	47.050	G00007757	R&DC	84,419	
Geosciences	NSF	47.050	G00007882	R&DC	9,894	
Geosciences	NSF	47.050	G00007986	R&DC	15,682	
Geosciences	NSF	47.050	G00008082	R&DC	44,547	
Geosciences	NSF	47.050	G00008107	R&DC	52,941	
Geosciences	NSF	47.050	G00008113	R&DC	11,442	
Geosciences	NSF	47.050	G00008237	R&DC	71,575	
Geosciences	NSF	47.050	G00008287	R&DC	747,097	
Geosciences	NSF	47.050	G00008288	R&DC	4,350	
Geosciences	NSF	47.050	G00008298	R&DC	87,234	
Geosciences	NSF	47.050	G00008476	R&DC	33,742	
Geosciences	NSF	47.050	G00008541	R&DC	13,484	
Geosciences	NSF	47.050	G00008649	R&DC	109,996	
Geosciences	NSF	47.050	G00008665	R&DC	89,897	
Geosciences	NSF	47.050	G00008698	R&DC	37,131	
Geosciences	NSF	47.050	G00008701	R&DC	174,161	
Geosciences	NSF	47.050	G00008711	R&DC	167,600	
Geosciences	NSF	47.050	G00008752	R&DC	9,015	
Geosciences	NSF	47.050	G00008797	R&DC	80,005	178
Geosciences	NSF	47.050	G00008831	R&DC	10,976	
Geosciences	NSF	47.050	G00008872	R&DC	82,039	
Geosciences	NSF	47.050	G00008877	R&DC	72,782	
Geosciences	NSF	47.050	G00008888	R&DC	74,764	
Geosciences	NSF	47.050	G00008915	R&DC	79,756	
Geosciences	NSF	47.050	G00008918	R&DC	186,198	
Geosciences	NSF	47.050	G00008959	R&DC	102,980	
Geosciences	NSF	47.050	G00008965	R&DC	94,480	
Geosciences	NSF	47.050	G00008977	R&DC	112,916	
Geosciences	NSF	47.050	G00009015	R&DC	60,135	
Geosciences	NSF	47.050	G00009051	R&DC	67,636	
Geosciences	NSF	47.050	G00009052	R&DC	327,760	88,367
Geosciences	NSF	47.050	G00009054	R&DC	211,284	12,782
Geosciences	NSF	47.050	G00009070	R&DC	4,614	
Geosciences	NSF	47.050	G00009161	R&DC	199,037	
Geosciences	NSF	47.050	G00009173	R&DC	50,810	
Geosciences	NSF	47.050	G00009230	R&DC	66,196	
Geosciences	NSF	47.050	G00009344	R&DC	4,552	
Geosciences	NSF	47.050	G00009374	R&DC	405,136	
Geosciences	NSF	47.050	G00009387	R&DC	114,665	
Geosciences	NSF	47.050	G00009452	R&DC	285,598	
Geosciences	NSF	47.050	G00009513	R&DC	61,125	
Geosciences	NSF	47.050	G00009572	R&DC	61,268	
Geosciences	NSF	47.050	G00009578	R&DC	20,165	
Geosciences	NSF	47.050	G00009582	R&DC	34,119	
Geosciences	NSF	47.050	G00009585	R&DC	595,540	354,465
Geosciences	NSF	47.050	G00009591	R&DC	32,805	
Geosciences	NSF	47.050	G00009620	R&DC	95,694	

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Geosciences	NSF	47.050	G00009624	R&DC	149,007	
Geosciences	NSF	47.050	G00009625	R&DC	87,710	
Geosciences	NSF	47.050	G00009640	R&DC	220,654	
Geosciences	NSF	47.050	G00009641	R&DC	115,462	
Geosciences	NSF	47.050	G00009645	R&DC	7,977	
Geosciences	NSF	47.050	G00009670	R&DC	(3,053)	
Geosciences	NSF	47.050	G00009750	R&DC	10,585,572	
Geosciences	NSF	47.050	G00009823	R&DC	64,479	
Geosciences	NSF	47.050	G00009902	R&DC	63,133	
Geosciences	NSF	47.050	G00009926	R&DC	293,564	
Geosciences	NSF	47.050	G00009953	R&DC	260,804	
Geosciences	NSF	47.050	G00009969	R&DC	63,282	
Geosciences	NSF	47.050	G00009977	R&DC	48,009	
Geosciences	NSF	47.050	G00009989	R&DC	87,999	
Geosciences	NSF	47.050	G00009990	R&DC	98,696	
Geosciences	NSF	47.050	G00010018	R&DC	109,766	
Geosciences	NSF	47.050	G00010027	R&DC	4,378	
Geosciences	NSF	47.050	G00010034	R&DC	66,790	
Geosciences	NSF	47.050	G00010045	R&DC	266	
Geosciences	NSF	47.050	G00010054	R&DC	40,960	
Geosciences	NSF	47.050	G00010060	R&DC	95,767	
Geosciences	NSF	47.050	G00010065	R&DC	186,300	
Geosciences	NSF	47.050	G00010085	R&DC	154,053	
Geosciences	NSF	47.050	G00010124	R&DC	690	
Geosciences	NSF	47.050	G00010127	R&DC	12,866	
Geosciences	NSF	47.050	G00010199	R&DC	216,632	
Geosciences	NSF	47.050	G00010232	R&DC	2,857	
Geosciences	NSF	47.050	G00010236	R&DC	8,338	
Geosciences	NSF	47.050	G00010246	R&DC	53,907	
Geosciences	NSF	47.050	G00010283	R&DC	589,537	197,288
Geosciences	NSF	47.050	G00010310	R&DC	128,716	
Geosciences	NSF	47.050	G00010316	R&DC	173,208	
Geosciences	NSF	47.050	G00010317	R&DC	80,023	
Geosciences	NSF	47.050	G00010318	R&DC	665,327	
Geosciences	NSF	47.050	G00010340	R&DC	83,317	
Geosciences	NSF	47.050	G00010363	R&DC	249,727	3,267
Geosciences	NSF	47.050	G00010364	R&DC	87,856	
Geosciences	NSF	47.050	G00010368	R&DC	62,294	
Geosciences	NSF	47.050	G00010371	R&DC	162,941	
Geosciences	NSF	47.050	G00010386	R&DC	89,670	
Geosciences	NSF	47.050	G00010391	R&DC	369,859	
Geosciences	NSF	47.050	G00010413	R&DC	7,853	
Geosciences	NSF	47.050	G00010449	R&DC	127,993	28,803
Geosciences	NSF	47.050	G00010471	R&DC	(1,094)	
Geosciences	NSF	47.050	G00010472	R&DC	1,267,809	
Geosciences	NSF	47.050	G00010510	R&DC	110,606	54,703
Geosciences	NSF	47.050	G00010551	R&DC	155,294	
Geosciences	NSF	47.050	G00010613	R&DC	13,990	
Geosciences	NSF	47.050	G00010630	R&DC	1,307	
Geosciences	NSF	47.050	G00010653	R&DC	23,222	
Geosciences	NSF	47.050	G00010654	R&DC	96,752	
Geosciences	NSF	47.050	G00010666	R&DC	356	226
Geosciences	NSF	47.050	G00010687	R&DC	83,746	
Geosciences	NSF	47.050	G00010690	R&DC	4,981	
Geosciences	NSF	47.050	G00010726	R&DC	45,478	
Geosciences	NSF	47.050	G00010730	R&DC	84,651	
Geosciences	NSF	47.050	G00010750	R&DC	177,278	
Geosciences	NSF	47.050	G00010809	R&DC	4,853	
Geosciences	NSF	47.050	G00010824	R&DC	18,745	
Geosciences	NSF	47.050	G00010841	R&DC	5,336	
Geosciences	NSF	47.050	G00010856	R&DC	58,461	
Geosciences	NSF	47.050	G00010893	R&DC	20,291	
Geosciences	NSF	47.050	G00010915	R&DC	2,590,835	
Geosciences	NSF	47.050	G00010949	R&DC	1,737	
Geosciences	NSF	47.050	G00010953	R&DC	91,239	

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Geosciences	NSF	47.050	G00010954	R&DC	25,098	
Geosciences	NSF	47.050	G00010955	R&DC	118,407	
Geosciences	NSF	47.050	G00010966	R&DC	46,486	
Geosciences	NSF	47.050	G00010978	R&DC	48,906	
Geosciences	NSF	47.050	G00011024	R&DC	41,726	
Geosciences	NSF	47.050	G00011025	R&DC	88,160	
Geosciences	NSF	47.050	G00011033	R&DC	72,092	
Geosciences	NSF	47.050	G00011045	R&DC	76,501	
Geosciences	NSF	47.050	G00011071	R&DC	84,474	
Geosciences	NSF	47.050	G00011184	R&DC	15,611	
Geosciences	NSF	47.050	G00011190	R&DC	3,998	
Geosciences	NSF	47.050	G00011203	R&DC	49,339	
Geosciences	NSF	47.050	G00011217	R&DC	9,836	
Geosciences	NSF	47.050	G00011228	R&DC	10,790	
Geosciences	NSF	47.050	G00011245	R&DC	108,711	
Geosciences	NSF	47.050	G00011254	R&DC	16,837	
Geosciences	NSF	47.050	G00011277	R&DC	4,824	
Geosciences	NSF	47.050	G00011339	R&DC	8,738	
Geosciences	NSF	47.050	G00011351	R&DC	38,701	
Geosciences	NSF	47.050	G00011387	R&DC	1,169	
Geosciences	NSF	47.050	G00011410	R&DC	49,985	
Geosciences	NSF	47.050	G00011471	R&DC	120,450	
Geosciences	NSF	47.050	NUMBER 101765	R&DC	4,387	
Geosciences	NSF	47.050	R890450 | 111524 / 66933	R&DC	4,699	
Geosciences	NSF	47.050	Sub-award 06-UAF-SAGE	R&DC	82,265	
Geosciences	NSF	47.050	Sub-award No. Z17-25760	R&DC	5,573	
Geosciences	NSF	47.050	Subcontract 119-000221 PEND	R&DC	527,196	
Computer and Information Science and Engineering	NSF	47.070	G00007744	R&DC	66,210	
Computer and Information Science and Engineering	NSF	47.070	G00011028	R&DC	36,593	
Computer and Information Science and Engineering	NSF	47.070	Sub-award R875772 / R1041161	R&DC	19,805	
Biological Sciences	NSF	47.074	G00006941	R&DC	1,088,967	20,920
Biological Sciences	NSF	47.074	G00007464	R&DC	13,546	
Biological Sciences	NSF	47.074	G00007608	R&DC	52,100	
Biological Sciences	NSF	47.074	G00008083	R&DC	16,090	12,996
Biological Sciences	NSF	47.074	G00009162	R&DC	240,056	
Biological Sciences	NSF	47.074	G00009175	R&DC	189,225	36,641
Biological Sciences	NSF	47.074	G00009439	R&DC	113,832	17,842
Biological Sciences	NSF	47.074	G00009503	R&DC	46,771	
Biological Sciences	NSF	47.074	G00009537	R&DC	76,839	
Biological Sciences	NSF	47.074	G00009569	R&DC	42,840	
Biological Sciences	NSF	47.074	G00009579	R&DC	4,318	
Biological Sciences	NSF	47.074	G00010102	R&DC	1,710	
Biological Sciences	NSF	47.074	G00010215	R&DC	67,046	
Biological Sciences	NSF	47.074	G00010296	R&DC	7,980	
Biological Sciences	NSF	47.074	G00010309	R&DC	94,152	
Biological Sciences	NSF	47.074	G00010627	R&DC	93,853	
Biological Sciences	NSF	47.074	G00010660	R&DC	46,657	
Biological Sciences	NSF	47.074	G00010724	R&DC	35,665	
Biological Sciences	NSF	47.074	G00010881	R&DC	22,180	
Biological Sciences	NSF	47.074	G00010882	R&DC	50,875	
Biological Sciences	NSF	47.074	G00010947	R&DC	126,244	
Biological Sciences	NSF	47.074	G00011029	R&DC	85,430	
Biological Sciences	NSF	47.074	G00011031	R&DC	11,281	
Biological Sciences	NSF	47.074	G00011058	R&DC	267,029	
Biological Sciences	NSF	47.074	G00011192	R&DC	51,336	
Biological Sciences	NSF	47.074	G00011285	R&DC	100,751	
Biological Sciences	NSF	47.074	G00011334	R&DC	28,456	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00005810	R&DC	14,509	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00007186	R&DC	5,755	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00008951	R&DC	6,770	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00010323	R&DC	3,764	8,460
Social, Behavioral, and Economic Sciences	NSF	47.075	G00010334	R&DC	102,154	
Education and Human Resources	NSF	47.076	4(GG009026) / G06271 / G11364	R&DC	70,290	16,007
Education and Human Resources	NSF	47.076	G00006316	R&DC	9,546	
Education and Human Resources	NSF	47.076	G00007820	R&DC	543,401	

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Education and Human Resources	NSF	47.076	G00008222	R&DC	297,967	
Education and Human Resources	NSF	47.076	G00008331	R&DC	292,597	
Education and Human Resources	NSF	47.076	G00008356	R&DC	304,127	79,517
Education and Human Resources	NSF	47.076	G00008958	R&DC	91,887	22,615
Education and Human Resources	NSF	47.076	G00009028	R&DC	19,605	
Education and Human Resources	NSF	47.076	G00009373	R&DC	13,124	
Education and Human Resources	NSF	47.076	G00009639	R&DC	212,163	
Education and Human Resources	NSF	47.076	G00009659	R&DC	318,179	
Education and Human Resources	NSF	47.076	G00010485	R&DC	157,294	
Education and Human Resources	NSF	47.076	G00010833	R&DC	19,403	
Polar Programs	NSF	47.078	G00005803	R&DC	30,325	
Polar Programs	NSF	47.078	G00006863	R&DC	151,331	
Polar Programs	NSF	47.078	G00007328	R&DC	12,581	
Polar Programs	NSF	47.078	G00007460	R&DC	127,765	21,478
Polar Programs	NSF	47.078	G00007496	R&DC	3,459	
Polar Programs	NSF	47.078	G00007508	R&DC	21,430	
Polar Programs	NSF	47.078	G00007514	R&DC	106,141	
Polar Programs	NSF	47.078	G00007957	R&DC	188,228	
Polar Programs	NSF	47.078	G00008062	R&DC	5,725	
Polar Programs	NSF	47.078	G00008095	R&DC	79,056	
Polar Programs	NSF	47.078	G00008135	R&DC	19,584	
Polar Programs	NSF	47.078	G00008143	R&DC	63,179	
Polar Programs	NSF	47.078	G00008162	R&DC	12,408	
Polar Programs	NSF	47.078	G00008211	R&DC	11,603	
Polar Programs	NSF	47.078	G00008304	R&DC	6,511	
Polar Programs	NSF	47.078	G00008392	R&DC	50,436	
Polar Programs	NSF	47.078	G00008606	R&DC	93,533	
Polar Programs	NSF	47.078	G00008643	R&DC	245,009	
Polar Programs	NSF	47.078	G00008676	R&DC	27,812	
Polar Programs	NSF	47.078	G00008683	R&DC	122,046	
Polar Programs	NSF	47.078	G00008715	R&DC	68,009	
Polar Programs	NSF	47.078	G00008757	R&DC	167,472	26,359
Polar Programs	NSF	47.078	G00011021	R&DC	28,034	
Office of International Science and Engineering	NSF	47.079	67449315 / PO#10372986	R&DC	127,335	
Office of International Science and Engineering	NSF	47.079	G00009202	R&DC	150,605	
Office of Cyberinfrastructure	NSF	47.080	G00008075	R&DC	4,468,771	33,133
Office of Integrative Activities	NSF	47.083	16-S10 Amend 1	R&DC	4,357	
Small Business Development Centers	SBA	59.037	G00010393		217,809	
Small Business Development Centers	SBA	59.037	G00010477		50,285	
Small Business Development Centers	SBA	59.037	G00011143		369,645	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419	ADN#18170028	R&DC	10,000	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419	ADN#18170029	R&DC	15,000	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419	ADN#18170050	R&DC	61,055	
Regional Wetland Program Development Grants	EPA	66.461	G00010516	R&DC	56,897	
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	ADN# 18170089	DWFC	17,089	
Science To Achieve Results (STAR) Research Program	EPA	66.509	PO# 1000397392 / REF# 1552028	R&DC	74,327	
Science To Achieve Results (STAR) Fellowship Program	EPA	66.514	G00009759	R&DC	148	
Office of Science Financial Assistance Program	ERGY	81.049	4000116073	R&DC	(462)	
Office of Science Financial Assistance Program	ERGY	81.049	083570-15976	R&DC	24,826	
Office of Science Financial Assistance Program	ERGY	81.049	G00006529	R&DC	14,322	
Office of Science Financial Assistance Program	ERGY	81.049	G00007587	R&DC	42,763	
Office of Science Financial Assistance Program	ERGY	81.049	G00009565	R&DC	94,926	
Renewable Energy Research and Development	ERGY	81.087	G0152A-A	R&DC	167,576	
Fossil Energy Research and Development	ERGY	81.089	G00001492	R&DC	126,299	
UAF Supersite Support - Sandia	ERGY	81.RD	G00009865	R&DC	7,436	
Mentor: Solid Precipitation Measurement on the North Slope Alaska	ERGY	81.RD	G00010768	R&DC	4,348	
HiLAT: Investigating the role of Arctic sea ice decline on high-latitude ocean and sea ice ecosystems	ERGY	81.RD	G00011418	R&DC	15,122	

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Week of the Arctic/Arctic Interchange - Funding Support	ERGY	81.RD	G00011439	R&DC	16,768	
Arctic 2030: Projecting Challenges Facing Arctic Maritime Operators	ERGY	81.RD	G00011458	R&DC	32,500	
Adult Education - Basic Grants to States	USDOE	84.002	ADN# 775505		53,101	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	E00001020	SFAC	729,752	
Higher Education_Institutional Aid	USDOE	84.031	G00006837		264,917	
Higher Education_Institutional Aid	USDOE	84.031	G00006855		131,783	
Higher Education_Institutional Aid	USDOE	84.031	G00006860		62,226	
Higher Education_Institutional Aid	USDOE	84.031	G00006873		233,018	
Higher Education_Institutional Aid	USDOE	84.031	G00008351		24,413	
Higher Education_Institutional Aid	USDOE	84.031	G00009754		1,335,946	
Higher Education_Institutional Aid	USDOE	84.031	G00009882		399,187	
Higher Education_Institutional Aid	USDOE	84.031	G00009921		1,587,916	
Higher Education_Institutional Aid	USDOE	84.031	G00010459		577,375	
Higher Education_Institutional Aid	USDOE	84.031	G00010483		469,690	
Higher Education_Institutional Aid	USDOE	84.031	G00010511		446,655	
Higher Education_Institutional Aid	USDOE	84.031	G00010531		545,636	
Higher Education_Institutional Aid	USDOE	84.031	G00011059		207,885	
Federal Work-Study Program	USDOE	84.033	G00010974	SFAC	34,759	
TRIO_Student Support Services	USDOE	84.042	G00010281	TRIOC	253,272	
TRIO_Student Support Services	USDOE	84.042	G00010384	TRIOC	212,507	
TRIO_Talent Search	USDOE	84.044	G00007393	TRIOC	45,898	
TRIO_Upward Bound	USDOE	84.047	G00007982	TRIOC	578,620	160,564
Career and Technical Education - Basic Grants to States	USDOE	84.048	0570032 EL 17.157.04		43,631	
Career and Technical Education - Basic Grants to States	USDOE	84.048	0570101 EL 17.157.05		41,506	
Career and Technical Education - Basic Grants to States	USDOE	84.048	ADN# 0570031 Amend 2		20,000	
Federal Pell Grant Program	USDOE	84.063	G00010972	SFAC	20,321,452	
TRIO_Educational Opportunity Centers	USDOE	84.066	G00007570	TRIOC	169,843	
Rehabilitation Services_Vocational Rehabilitation Grants to States	USDOE	84.126	ADN# 772104 / EN GAE 170012261		14,740	
Federal Direct Student Loans	USDOE	84.268	P268K170010	SFAC	16,821,921	
Federal Direct Student Loans	USDOE	84.268	P268K171061	SFAC	5,589,985	
Federal Direct Student Loans	USDOE	84.268	P268K173439	SFAC	32,655,852	
Alaska Native Educational Programs	USDOE	84.356	AKHF# 16-025		191,681	
Alaska Native Educational Programs	USDOE	84.356	G00008348		167,172	
Alaska Native Educational Programs	USDOE	84.356	G00008352		94,930	
Alaska Native Educational Programs	USDOE	84.356	G00008369		47,876	
Alaska Native Educational Programs	USDOE	84.356	G00008475		60,801	
Alaska Native Educational Programs	USDOE	84.356	G00009617		443,336	
Alaska Native Educational Programs	USDOE	84.356	G00009677		910,934	126,000
Alaska Native Educational Programs	USDOE	84.356	G00010470		730,656	
Alaska Native Educational Programs	USDOE	84.356	G00010476		557,909	106,468
Alaska Native Educational Programs	USDOE	84.356	G00010501		452,515	
Alaska Native Educational Programs	USDOE	84.356	ICC-AK		10,717	
English Language Acquisition State Grants	USDOE	84.365	G00008005		354,726	
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	USDOE	84.367	ADN# 0570215		50,826	
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	USDOE	84.367	Agreement 14-AK01-SEED2014		2,059	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00010910	SFAC	311,259	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00011056	SFAC	35,845	
Strengthening Minority-Serving Institutions	USDOE	84.382	G00007571		250,114	
Strengthening Minority-Serving Institutions	USDOE	84.382	G00011088		31,737	
Transition Programs for Students with Intellectual Disabilities into Higher Education	USDOE	84.407	G00006807		48,967	
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	USDOE	84.411	G00007733		2,486,852	1,221,655
Denali Commission Program	DC	90.100	G00010604	R&DC	94,514	

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Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	USDHHS	93.048	G00010269	R&DC	191,325	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	USDHHS	93.073	G00009671		349,665	28,413
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	USDHHS	93.074	ADN# 06-7-0568		411	
Affordable Care Act (ACA) Personal Responsibility Education Program	USDHHS	93.092	Contract DTD 3/8/17	R&DC	51,925	
Food and Drug Administration_Research	USDHHS	93.103	G00011301	R&DC	15,000	
Area Health Education Centers	USDHHS	93.107	G00007653		595,370	464,764
Maternal and Child Health Federal Consolidated Programs	USDHHS	93.110	ADN# 0670229		2,250	
Maternal and Child Health Federal Consolidated Programs	USDHHS	93.110	G00006655		489,618	26,766
Environmental Health	USDHHS	93.113	PG15-64491-01	R&DC	195,035	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136	ADN #0670228	R&DC	57,945	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136	ADN# 06-7-0399	R&DC	83,426	
Traumatic Brain Injury State Demonstration Grant Program	USDHHS	93.234	ADN# 06-7-0536		21,335	
Traumatic Brain Injury State Demonstration Grant Program	USDHHS	93.234	ADN# 06-7-0559		113,650	
Traumatic Brain Injury State Demonstration Grant Program	USDHHS	93.234	ADN# 06-7-0563		28,538	
Mental Health Research Grants	USDHHS	93.242	15-008328 C00-1 /PO A000353830	R&DC	12,530	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	ADN# 06-7-0243/06-7-0447		204,984	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	ADN# 0670274, 0670448		95,103	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	ADN# 0670440		70,667	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	ADN#670512		19,267	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	Contract DTD 2/15/17		7,859	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	G00008925		192,356	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	G00009783		78,483	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	G00011053		123,271	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	G00011057		99,242	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS	93.243	G00011084		125,824	
Occupational Safety and Health Program	USDHHS	93.262	G00005814	R&DC	71,199	
Alcohol Research Programs	USDHHS	93.273	G00010333	R&DC	889,332	74,049
Drug Abuse and Addiction Research Programs	USDHHS	93.279	Sub-award No. 24222	R&DC	15,985	
Minority Health and Health Disparities Research	USDHHS	93.307	G00008798	R&DC	22,009	18,141
Trans-NIH Research Support	USDHHS	93.310	205CRE496 Amend 6	R&DC	118,240	
Trans-NIH Research Support	USDHHS	93.310	206CRE544 Amend 2	R&DC	78,670	
Trans-NIH Research Support	USDHHS	93.310	G00009789	R&DC	1,813,446	8,610
Trans-NIH Research Support	USDHHS	93.310	G00009790	R&DC	2,608,804	

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Trans-NIH Research Support	USDHHS	93.310	G00009791	R&DC	585,273	
Advanced Education Nursing Traineeships	USDHHS	93.358	G00011020		349,928	
Cancer Cause and Prevention Research	USDHHS	93.393	G00009293	R&DC	84,395	
Cancer Cause and Prevention Research	USDHHS	93.393	Sub-award No. 17-009	R&DC	10,006	
Cancer Research Manpower	USDHHS	93.398	ANTHC 15-U-61682 MOD 4	R&DC	17,251	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	USDHHS	93.433	487842 E2379 Amend 4	R&DC	989	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	USDHHS	93.433	G00011453	R&DC	21,191	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	USDHHS	93.505	ADN# 0670227	MIEC	57,994	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	USDHHS	93.505	ADN# 06-7-0233	MIEC	59,905	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	USDHHS	93.505	G00011106 or ADN# 0670096/0670543	MIEC	107,422	
Public Health Training Centers Program	USDHHS	93.516	UWSC8209		47,834	
Temporary Assistance for Needy Families	USDHHS	93.558	AVCP TANF & UAF 4-H Sub-award	TANFC	37,860	
Temporary Assistance for Needy Families	USDHHS	93.558	Contract DTD 3/25/16	TANFC	1,014,298	
Improving the Capability of Indian Tribal Governments to Regulate Environmental Quality	USDHHS	93.581	G00009563		(3,758)	
Developmental Disabilities Projects of National Significance	USDHHS	93.631	ADN# 06-7-0293		97,099	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS	93.632	G00008782	R&DC	439,634	
Child Welfare Research Training or Demonstration	USDHHS	93.648	1128024-17-72851	R&DC	40,734	
Child Welfare Research Training or Demonstration	USDHHS	93.648	RF# 1135853-17-76397	R&DC	82,907	
Adoption Assistance	USDHHS	93.659	16-746Q-UAA-BS15-01		21,397	
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN# 06-7-0247		26,074	
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN# 06-7-0251		19,892	
Chafee Foster Care Independence Program	USDHHS	93.674	ADN# 06-7-0278		334,666	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	USDHHS	93.733	Amend #1 DTD 12/13/16		36,000	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	USDHHS	93.733	Contract DTD 1/19/17		15,806	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	USDHHS	93.757	ADN# 06-7-0462		18,237	
Cardiovascular Diseases Research	USDHHS	93.837	Sub-award No. 2010902	R&DC	16,535	
Lung Diseases Research	USDHHS	93.838	G00010293	R&DC	34,358	
Arthritis, Musculoskeletal and Skin Diseases Research	USDHHS	93.846	G00009347	R&DC	51,172	
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011116	R&DC	29,357	
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011134	R&DC	258,410	
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011138	R&DC	533,790	235,396
Extramural Research Programs in the Neurosciences and Neurological Disorders	USDHHS	93.853	G00008758	R&DC	17,520	
Extramural Research Programs in the Neurosciences and Neurological Disorders	USDHHS	93.853	G00008806	R&DC	19,411	
Allergy and Infectious Diseases Research	USDHHS	93.855	G00010652	R&DC	345,237	
Biomedical Research and Research Training	USDHHS	93.859	16-746Q-UAF-BS14-00/01	R&DC	37,774	
Biomedical Research and Research Training	USDHHS	93.859	17-746Q-UAA-PG61-00	R&DC	71,699	
Biomedical Research and Research Training	USDHHS	93.859	ALF	R&DC	11,211	
Biomedical Research and Research Training	USDHHS	93.859	G00008221	R&DC	620,612	6,200
Biomedical Research and Research Training	USDHHS	93.859	G00009658	R&DC	3,919,710	9,833
Biomedical Research and Research Training	USDHHS	93.859	G00010033	R&DC	19,319	
Biomedical Research and Research Training	USDHHS	93.859	G00010301	R&DC	441,295	197,349
Biomedical Research and Research Training	USDHHS	93.859	G00011264	R&DC	56,082	
Biomedical Research and Research Training	USDHHS	93.859	G133-17-W6221	R&DC	108,064	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Biomedical Research and Research Training	USDHHS	93.859	G134-17-W6223	R&DC	29,331	
Biomedical Research and Research Training	USDHHS	93.859	G139-17-W6218	R&DC	160,385	
Biomedical Research and Research Training	USDHHS	93.859	G140-17-W6219	R&DC	83,988	
Biomedical Research and Research Training	USDHHS	93.859	G141-17-W6220	R&DC	24,039	
Biomedical Research and Research Training	USDHHS	93.859	G213-17-W6223	R&DC	26,937	
Biomedical Research and Research Training	USDHHS	93.859	G228-17-W6223	R&DC	19,733	
Biomedical Research and Research Training	USDHHS	93.859	G234-17-W6223	R&DC	33,163	
Biomedical Research and Research Training	USDHHS	93.859	UWSC9310 / BPO#17644	R&DC	163,455	
Child Health and Human Development Extramural Research	USDHHS	93.865	G00008863	R&DC	3,933	
Aging Research	USDHHS	93.866	FY17.001.023	R&DC	57,330	
Aging Research	USDHHS	93.866	Sub-award No. G-25008-1	R&DC	11,604	
Medical Library Assistance	USDHHS	93.879	Sub No. UWSC9122 MOD 1		62,341	
PPHF Geriatric Education Centers	USDHHS	93.969	560140-20-430-000-1138-4730		336,009	
NIAID Centers of Excellence for Influenza Research and Surveillance	USDHHS	93.RD	HHSN27220140008C/COA#3	R&DC	43,646	
Reducing the Incidence of Suicide in Indigenous Groups (RISING-SUN) Project	USDHHS	93.U05	G00011103		13,175	
State Commissions	CNCS	94.003	ADN# 0620170057		1,015	
Volunteers in Service to America	CNCS	94.013	G00009802		3,832	
Volunteers in Service to America	CNCS	94.013	G00011312		145	
AmeriCorps VISTA Umbrella 2016	CNCS	94.U01	G00010749		6,138	
Social Security - Work Incentives Planning and Assistance Program	SSA	96.008	G00010324		91,617	
Assistance to Firefighters Grant	USDHS	97.044	G00010556		65,892	
Centers for Homeland Security	USDHS	97.061	G00009634	R&DC	1,938,423	800,738
Total for University of Alaska					**221,380,098**	**6,776,727**
Total Federal Financial Assistance					**4,392,533,053**	**321,367,943**

ABBREVIATIONS

A

AAC	Alaska Administrative Code *or* Alaska Aerospace Corporation
AAL	Actuarial Accrued Liabilities
AAM	Alaska Administrative Manual
AC	Aging Cluster
ACA	Affordable Care Act
ACM	Alaska Construction Manual
ACS	Alaska Court System or Affiliated Computer Systems, Inc.
ACWF	Alaska Clean Water Fund
ADWF	Alaska Drinking Water Fund
AEA	Alaska Energy Authority
AFRI	Agriculture and Food Research Initiative
AGDC	Alaska Gasline Development Corporation
AHCC	Alaska Housing Capital Corporation
AHE	Alaska Health Enterprise
AHFC	Alaska Housing Finance Corporation
AHSO	Alaska Highway Safety Office
AIAS	Alaska International Airport System
AIDEA	Alaska Industrial Development and Export Authority
AIDS	Acquired Immunodeficiency Virus Syndrome
AIGA	Alaska Insurance Guaranty Association
AK	Alaska
AKEPIC	Alaska Exotic Plants Information Clearinghouse
AKPAY	Alaska State Payroll System
AKSAS	Alaska State Accounting System
ALAE	Allocated Loss Adjustment Expenses
ALDER	Alaska Data Enterprise Reporting
AMBBA	Alaska Municipal Bond Bank Authority
AMHTA	Alaska Mental Health Trust Authority
AMT	Alternative Minimum Tax
AOC	Annual OPEB Cost
APC	Actual Pension Cost
APF	Alaska Permanent Fund
APFC	Alaska Permanent Fund Corporation
ARHCT	Alaska Retiree Health Care Trust
ARIES	Alaska's Resource for Integrated Eligibility Services
ARMB	Alaska Retirement Management Board
ARNG FMD	Army Guard Facilities Maintenance Division
ARRA	American Recovery and Investment Act
ARRC	Alaska Railroad Corporation
ARW	Alaska Railroad Workers
AS	Alaska Statute

ASD	Administrative Services Division
ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Institute
ASPIB	Alaska State Pension Investment Board
ASTHO	Association of State and Territorial Health Officials
ATBC	U.S. Architectural and Transportation Barriers Compliance Board
ATDA	American Train Dispatchers Association

B

BOEM	Bureau of Ocean Energy Management

C

CAAP	Competitive Academic Agreement Program
CAACFP	Child and Adult Care Food Program
CAFR	Comprehensive Annual Financial Report
CAP	Corrective Action Plan
CAP-SSSE	Community Assistance Program State Support Services Element
CBR	Constitutional Budget Reserve Fund (Alaska)
CBRF	Constitutional Budget Reserve Fund (Alaska)
CCC	Child Care and Development Cluster
CCDF	Child Care and Development Fund
CFDA	Catalog of Federal Domestic Assistance
CFLGC	Child-Friendly Local Governance Cluster
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
ch.	Chapter
CHIP	Children’s Health Insurance Program
CIO	Chief Information Officer
CIP	Construction in Progress
CISA	Certified Information Systems Auditor
CM	Configuration Management
CMS	Centers for Medicare and Medicaid Services
CNC	Child Nutrition Cluster
CNCS	U.S. Corporation for National and Community Services
COBIT	Control Objectives for Information and Related
CONT.	Continued
COPs	Certificates of Participation
CPA	Certified Public Accountant
CSRS	Civil Service Retirement System
CY	Calendar Year

D

DAS	Division of Administrative Services
DC	Denali Commission

DCCED	Department of Commerce, Community, and Economic Development (Alaska)
DCP	Deferred Compensation Plan
DCRA	Division of Community and Regional Development
DEC	Department of Environmental Conservation (Alaska)
DEED	Department of Education and Early Development (Alaska)
DFG	Department of Fish and Game (Alaska)
DHSS	Department of Health and Social Services (Alaska)
DISSIC	Disability Insurance/SSI Cluster
DLA	Division of Legislative Audit
DLWD	Department of Labor and Workforce Development (Alaska)
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 or Division of Forestry
DOL	Department of Law (Alaska)
DOR	Department of Revenue (Alaska)
DOTPF	Department of Transportation and Public Facilities (Alaska)
DPA	Division of Public Assistance
DPS	Department of Public Safety
DRB	Division of Retirement and Benefits
DVOP	Disabled Veterans' Outreach Program

E

EAC	Election Assistance Commission
ECIO	Former External Chief Investment Officer
EDC	Economic Development Cluster
EEOC	U.S. Equal Employment Opportunity Commission
EIP	Emerging Infections Program
EIS	Executive Information System
ELC	Epidemiology and Laboratory Capacity for Infection Disease
EPA	U.S. Environmental Protection Agency
ERGY	U.S. Department of Energy
ES	Environmental Studies
ESC	Employment Service Center
ESEA	Elementary and Secondary Education Act
ETA	Employment and Training Administration
ETS	Division of Enterprise Technology Services
ETV	Education and Training Vouchers

F

FAA	Federal Aviation Administration
FAIN	Federal Award Identification Number

FAS	Fixed Asset System
FDC	Food Distribution Cluster
FDIC	Federal Deposit Insurance Corporation
FE	Funding Excess
FFATA	Federal Funding and Accountability and Transparency Act
FFELP	Federal Family Education Loan Program
FFY	Federal Fiscal Year
FHWA	Federal Highway Administration
FIFO	First In First Out
FMNP	WIC Farmers' Market Nutrition Program
FMS	Finance and Management Services
FSRC	Frontier Science Research Cluster
FTC	Federal Transit Cluster
Fund	Alaska Permanent Fund
FX	Foreign Currency
FX Forward	Foreign currency forward exchange contracts
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAM	Group Annuity Mortality
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement
GeFONSI	General Fund and Other Non-Segregated Investments
GF	General Fund
GMS	Grants Management System
GOV	Office of the Governor
GSA	U.S. General Services Administration

H

HCS	Health Care Services or Highway Safety Cluster
HOPE	Health Opportunities for People Everywhere
HIV	Human Immunodeficiency Virus
HPCC	Highway Planning and Construction Cluster
HPP	Hospital Preparedness Program
HRA	Health Reimbursement Arrangement
HRM	Human Resource Management
HSC	Highway Safety Cluster
HUD	U.S. Department of Housing and Urban Development

I

IAF	International Airport Fund
IBT	International Brotherhood of Teamsters

IDEA	Individuals with Disabilities Act
IF	Infrastructure
IHS	Indian Health Service
IMLS	Institute of Museum and Library Services
ININ	Interfaces Inquiry
IOOS	Integrated Ocean Observing System
IPMOU	Incentive Payment Agreement
IRIS	Integrated Resource Information System
ISF	Information Services Fund
ISP	Information Security Policies
IT	Information Technology

J

JRS	Judicial Retirement System

K

KABTA	Knik Arm Bridge and Toll Authority
KPMG	Klynveld Peat Marwick Goerdeler

L

LAW	Department of Law (Alaska)
LEA	Local Education Agencies
LIBOR	London Interbank Offered Rate
LIHEAP	Low-Income Home Energy Assistance Program
LLC	Limited Liability Company
LNG	Liquid Natural Gas
LUST	Leaking Underground Storage Tanks

M

MC	Medicaid Cluster
MD&A	Management's Discussion and Analysis
MFCU	Medicaid Fraud Control Unit
MFS	Maintenance of Fiscal Support
MOA	Memorandum of Agreement
MOE	Maintenance of Effort
MOU	Memorandum of Understanding
MR LLC	Mustang Road LLC
MSA	Master Settlement Agreement and Final Judgment

N

NABCS	New Alaska Background Check System
NASA	National Aeronautics and Space Administration
NAV	Net Asset Value
NCHIP	National Criminal History Improvement Program

NCRDS	National Coal Resources Data System
NEA	National Education Association
NEH	National Endowment for the Humanities
NGNMRS	National Guard and Alaska Naval Militia Retirement System (Alaska)
NHTSA	National Highway Traffic Safety Administration
NIST	National Institute of Standards and Technology
No.	Number
NOAA	National Oceanic and Atmospheric Administration
NPR	National Petroleum Reserve
NREL	National Renewable Energy Laboratory
NRSRO	Nationally Recognized Statistical Rating Organization
NSF	National Science Foundation
NTSC	Northern Tobacco Securitization Corporation

O

O&M	Operations and Maintenance
OA	Other Auditors
OAH	Office of Administrative Hearings
OCS	Office of Children's Services
OD&D	Occupation Death & Disability
OG	Office of the Governor (Alaska)
OIT	Office of Information Technology
OMB	United States Office of Management and Budget
OPEB	Other Post-Employment Benefits
OSEP	Office of Special Education Programs

P

PATH	Projects for Assistance in Transition from Homelessness
PERS	Public Employees' Retirement System
PERS-DB	Public Employees' Retirement System – Defined Benefits
PERS-DCR	Public Employees' Retirement System – Defined Contribution Retirement
PHEP	Public Health Emergency Preparedness
PI	Program Integrity
PILT	Payment in Lieu of Taxes
PL	Public Law
P.O.	Post Office
PPHF	Prevention and Public Health Fund
Pre-FEED	Pre Front End Engineering
PRPA	Postretirement Pension Adjustment

Q

QE	Quarter Ending

R

R&D	Research and Development
R&DC	Research and Development Center
RE	Revenue Receivables
REAA	Regional Educational Attendance Area and Small Municipal School District
RHF	Retiree Health Fund
RMP	Retiree Major Medical Insurance
RSA	Reimbursable Services Agreement
RSI	Required Supplementary Information

S

S&P	Standard & Poor's
SBA	U.S. Small Business Administration
SBED	Small Business Economic Development
SBJPA	Small Business Job Protection Act of 1996
SBR	Statutory Budget Reserve Fund
SBRF	Statutory Budget Reserve Fund
SBS	Supplemental Benefits System (Alaska)
SCF	Swift, Certain, Fair
SEAK	Southeast Alaska
SEC	Special Education Cluster
SEFA	Schedule of Expenditures of Federal Awards
SFAC	Student Financial Assistance Program Cluster
SFY	State Fiscal Year
SIFMA	Securities Industry and Financial Markets Association
SIC	Synthetic Investment Contract
SIR	Self-Insured Retention
SLA	Session Laws of Alaska
SNAP	Supplemental Nutrition Assistance Program Cluster
Social Security	Social Security System
SOP	Standard Operating Procedures
SSA	Social Security Administration
SSAE	Statement on Standards for Attestation Engagements
SSgA	State Street Global Advisors
SSI	Supplementary Security Income
STAR	Science To Achieve Results
STD	Sexually Transmitted Disease
SWCAP	Statewide Cost Allocation Plan

T

T&E	Time and Equipment
TAACCCT	Trade Adjustment Assistance Community College and Career Training
TANF	Temporary Assistance for Needy Families

TANFC	TANF Cluster
TCU	Division of Transportation Communication International Union
TEACH	Teacher Assistance for College and Higher Education Grants
TEAFAP	Temporary Emergency Food Assistance Program
The Trustees	APFC's Board Members
TIPS	Treasury Inflation Protected Securities
TLS	Teaching and Learning Support
TMRS	Tax Revenue Management System
TPA	Third-Party Administrator
TRIOC	TRIO Cluster
TRS	Teachers' Retirement System
TRS-DB	Teachers' Retirement System – Defined Benefits
TRS-DCR	Teachers' Retirement System – Defined Contribution Retirement
TSPC	Transit Services Program Cluster
TSRs	Tobacco Settlement Revenues
Treasury	Treasury Division, Department of Revenue (Alaska)

U

UA	University of Alaska
UAAL	Unfunded Actuarial Accrued Liabilities
UAFPD	University of Alaska Fairbanks Police Department
UCF	Unitized Cash Fund and/or Unemployment Compensation Fund
UI	Unemployment Insurance
UofA	University of Alaska
U.S.	United States
UofA	University of Alaska
USC	United States Code
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
USDOT	U.S. Department of Transportation
USDVA	U.S. Department of Veterans Affairs
USED	U.S. Department of Education
USFS	U.S. Forest Service
UTU	United Transportation Union

V

VE	Value Engineering

W

WGS	WIC Grants to States
WIA	Workforce Investment Act
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children
WIOA	Workforce Innovation and Opportunity Act
WOTC	Work Opportunity Tax Credit Program

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