

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2020

PURPOSE OF THE REPORT

This report summarizes our review of the State of Alaska's basic financial statements and the State's compliance with federal laws and regulations in the administration of approximately \$4.7 billion of federal financial assistance programs. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. It also complies with the federal Single Audit Act Amendments of 1996 and the related United States Office of Management and Budget Uniform Guidance.

The report contains an opinion on the basic financial statements of the State of Alaska for FY 20, findings and recommendations on financial and compliance matters, auditor's reports on internal controls and compliance, the Schedule of Expenditures of Federal Awards, and the Summary Schedule of Prior Audit Findings.

REPORT CONCLUSIONS

With the exception of General Fund rents and royalties and Note 2 relating to the State's Constitutional Budget Reserve Fund, the basic financial statements for the State of Alaska are fairly presented in accordance with accounting principles generally accepted in the United States of America.

With the exception of the Bureau of Land Management Fire Suppression program, the Coronavirus Relief Fund, the Temporary Assistance for Needy Families program, the Children's Health Insurance program, and the Medicaid cluster, the State has substantially complied with the applicable laws and regulations in the administration of its major federal financial assistance programs. The report does contain findings regarding material noncompliance with the provisions of laws and regulations, and material weaknesses and significant deficiencies in the State's internal control over financial reporting and internal control over federal compliance.

FINDINGS AND RECOMMENDATIONS

This report contains 94 findings, of which 41 are unresolved issues from last year. Some of the recommendations made in this report require significant changes in procedures, additional resources, or a shifting of priorities and, therefore, may take more than one year to implement. The Summary Schedule of Prior Audit Findings in Section III identifies the current status of prior financial and federal program related audit findings not resolved as of June 30, 2020.

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April 28, 2021

Honorable Members of the
Alaska State Legislature

The Honorable Michael J. Dunleavy
Governor
State of Alaska

The Honorable Christi Grimm
Principal Deputy Inspector General
Office of the Inspector General
U.S. Department of Health and Human Services

We are pleased to transmit the Single Audit of the State of Alaska for the Fiscal Year Ended June 30, 2020. 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 20, findings and recommendations on financial and compliance matters, required auditor's reports on internal controls and compliance, and the Schedule of Expenditures of Federal Awards.

The findings and recommendations included in this report are organized by department and include prior financial and compliance findings not fully corrected by the departments. Our FY 19 single audit contained 89 findings; this report presents a total of 94 findings, 41 of which were presented, at least in part, last year. With your active support and encouragement, we hope to see improvement in the implementation of corrective action for these findings by the State agencies.

Members of the Legislature
Governor Dunleavy
Deputy Inspector General Grimm

- 2 -

April 28, 2021

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 Audi

TABLE OF CONTENTS

	<u>Page</u>
ORGANIZATIONAL CHART	v
 <u>SECTION I - AUDITOR’S REPORT AND FINANCIAL STATEMENTS</u>	
Independent Auditor’s Report	I – 1
Management’s Discussion and Analysis	I – 7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	I – 18
Statement of Activities	I – 20
Fund Financial Statements:	
<u>Governmental Funds</u>	
Balance Sheet	I – 22
Reconciliation of the Balance Sheet to the Statement of Net Position	I – 23
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	I – 24
Reconciliation of the Change in Fund Balances to the Statement of Activities	I – 25
<u>Proprietary Funds</u>	
Statement of Net Position.....	I – 26
Statement of Revenues, Expenses, and Changes in Fund Net Position	I – 29
Statement of Cash Flows	I – 30

TABLE OF CONTENTS

(continued)

Page

SECTION I - AUDITOR’S REPORT AND FINANCIAL STATEMENTS (CONT.)

Fiduciary Funds

Statement of Fiduciary Net Position I – 32

Statement of Changes in Fiduciary Net Position..... I – 33

Component Units

Statement of Net Position..... I – 34

Statement of Activities I – 36

Notes to the Basic Financial Statements I – 39

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund..... I – 152

Note to Required Supplementary Information – Budgetary Reporting I – 153

Information about the State’s Pension and Other Postemployment Benefit Plans..... I – 154

SECTION II - FINDINGS AND QUESTIONED COSTS

Introduction..... II – 1

Summary of Findings..... II – 3

Findings and Recommendations..... II – 5

Schedule of Findings and Questioned Costs II – 167

TABLE OF CONTENTS

(continued)

Page

SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS AND OTHER INFORMATION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	III – 1
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	III – 5
Schedule of Expenditures of Federal Awards by Federal Agency	III – 11
Notes to the Schedule of Expenditures of Federal Awards	III – 33
Summary Schedule of Prior Audit Findings.....	III – 37

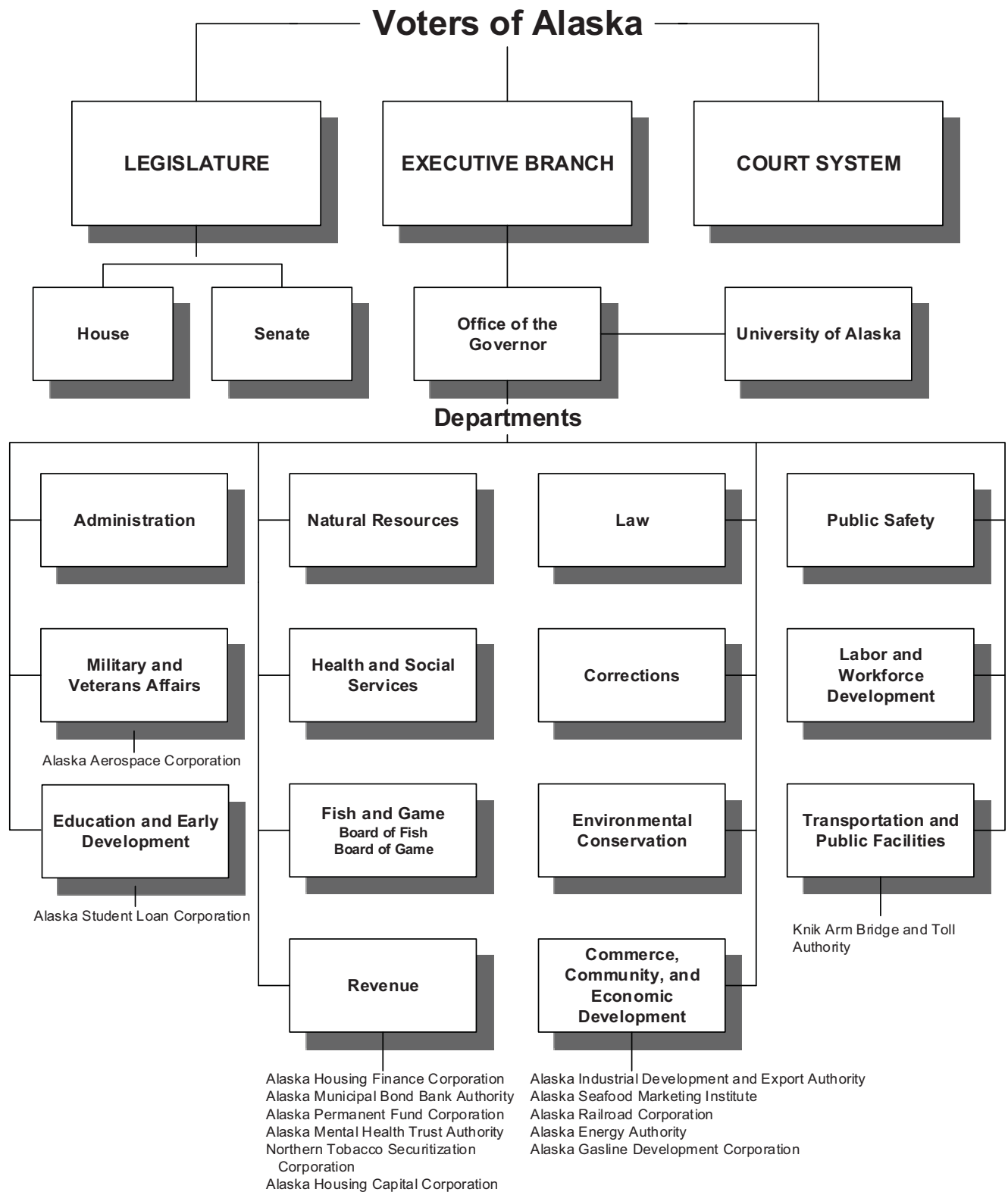
SECTION IV - CORRECTIVE ACTION PLAN

Agency Responses.....	IV – 1
Legislative Auditor’s Additional Comments.....	IV–109

SECTION V - APPENDICES

Schedule of Expenditures of Federal Awards by State Agency	V – 1
Abbreviations.....	V – 45

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SECTION I - AUDITOR'S REPORT AND FINANCIAL STATEMENTS

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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, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

<u>Opinion Unit</u>	<u>Percent of Assets</u>	<u>Percent of Revenues</u>
Governmental Activities	88%	27%
Business-Type Activities	78%	38%
Aggregate Discretely Presented Component Units	91%	93%
Major Funds:		
General Fund	65%	2%
Alaska Permanent Fund	100%	100%
Alaska International Airports	100%	100%
Aggregate Remaining Fund Information	94%	88%

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

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

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

Basis for Qualified Opinion on General Fund

State of Alaska's General Fund rents and royalties are not reported in accordance with generally accepted accounting principles and management declined to correct the misstatements. Misstatements include an unreported General Fund prior period adjustment of \$199.0 million for overstated General Fund royalty revenues of \$99.8 million in FY 18 and \$99.2 million in FY 19, and an understatement of \$199.0 million due to other funds. The misstatement was caused by the Department of Natural Resources' failure to transfer all statutorily dedicated revenues to the Alaska Permanent Fund. The statutory dedications of royalty revenues are required by law to be deposited in the Permanent Fund.

Note two relating to the State's Constitutional Budget Reserve Fund, a subfund of the General Fund also referred to as the State's rainy day fund or savings account, is materially misstated by \$1.6 billion and management declined to correct the misstatement. The overstatement is the result of not correcting for the \$199.0 million misstatement discussed above and the State's attorney general's guidance to the Department of Revenue and the Department of Natural Resources that taxes, royalties, and interest received as a result of decisions by the Federal Energy Regulatory Commission are not required to be deposited in the Constitutional Budget Reserve Fund. Historically the receipts have been deposited in the Constitutional Budget Reserve Fund. Additionally, taxes due as a result of Federal Energy Regulatory Commission decisions were permitted to be offset against tax credits owed to taxpayers, which further misstated the Constitutional Budget Reserve Fund balance. The attorney general also asserted that similar monies received in prior years that were deposited in the Constitutional Budget Reserve Fund should be reclassified as General Fund monies, thereby reducing the amount that the General Fund must repay the Constitutional Budget Reserve Fund in the future. Legal analysis does not support the attorney general's position. The failure to properly deposit monies received during the fiscal years ended June 30, 2018, June 30, 2019, and June 30, 2020, and the reclassification of prior year monies, violates State law and provides misleading information to users of the financial statements.

Qualified Opinion

In our opinion, based on our audit and the report of other auditors, except for the effects of the matter described in the "Basis for Qualified Opinion on General Fund" paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund of the State of Alaska, as of June 30, 2020, the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, Alaska Permanent Fund, Alaska International Airports, the Unemployment Compensation Fund, and the aggregate remaining fund information of the State of Alaska, as

of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021, 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 22, 2021 except for our report on the Schedule of Expenditures of Federal Awards, which is dated April 23, 2021.

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STATE OF ALASKA Management's Discussion and Analysis

As management of the State of Alaska, we offer readers of the State's financial statements this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2020. 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 2020 by \$75.6 billion (net position). Of this amount, \$8.3 billion represents net investment in capital assets, \$54.2 billion is restricted for various purposes, and unrestricted net position is \$13.1 billion. Unrestricted net position may be used to meet the State's ongoing obligations to citizens and creditors.

Fund level

- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of \$70.1 billion, with \$16.3 billion unrestricted (includes committed, assigned, and unassigned), \$53.6 billion nonspendable, and \$159.1 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes \$52.4 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 \$3.4 billion. This is a decrease of \$1,315.0 million from FY 2019. The decrease is mainly due to an unassigned fund balance decrease of \$1,242.8 million.

Long-term debt

- As a result of this year's activity, the State's total long-term debt increased by \$903 million (12.34 percent). Long-term debt increased primarily due to an increase in unearned revenue due to Coronavirus Relief Funds and an increase in the net pension liability which was offset by a decrease in the other postemployment benefits (OPEB) liability. Additional information regarding long-term debt can be found in Note 6.

Overview of the Financial Statements

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

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless

of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

- Capital assets (land, buildings, equipment, infrastructure, intangibles, and construction in progress) used in governmental activities are not reported in governmental fund statements.
- Pension and OPEB assets, and claims and judgments are not current available resources and are not reported in the governmental fund statements.
- Deferred outflows and deferred inflows are not reported in the governmental fund statements.
- Internal service funds are reported as governmental activities in the government-wide financial statements, but are reported as proprietary funds in the fund financial statements.
- Certain revenues, unavailable to pay for current period expenditures, are not reported in the governmental fund statements.
- Unless due and payable in the current period, certain long-term liabilities such as net pension liability, net OPEB liability, capital lease obligations, compensated absences, litigation, notes and bonds payable, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets in the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond and other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.
- Capital lease arrangements are considered a source of financing in the governmental funds but are reported as a liability in the Statement of Net Position.
- Certain expenditures are reported in the funds but either increase or decrease long-term liabilities or deferred outflows on the Statement of Net Position and have been eliminated from the Statement of Activities.

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

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

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

As mentioned earlier, the State has only two major governmental funds, the Alaska Permanent Fund and the General Fund. Together these two funds represent 96.5 percent of total government-wide cash and investments and 91.6 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 and Unemployment Compensation Fund are major enterprise funds of the State of Alaska. The International Airports Fund is 3.3 percent of total government-wide liabilities (excluding component units). The Unemployment Compensation Fund is 0.4 percent of total government-wide liabilities (excluding component units). The proprietary funds financial statements present detail for these two funds with summarized information on all other proprietary funds. In addition, detail for each of the nonmajor proprietary funds is provided in the combining statements elsewhere in this report.

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

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

Notes to the Basic Financial Statements

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

Additional Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report includes additional required supplementary information. Included in the RSI is a budgetary comparison schedule for the General Fund reconciling the statutory and

generally accepted accounting principles (GAAP) fund balances at fiscal year-end (statement number 2.01). Also included are schedules displaying the proportionate share of the net pension and OPEB liability/asset, employer contribution amounts, the sources of changes in the net pension and OPEB liability/asset, components of the net pension and OPEB liability/asset and related ratios, and the net pension and OPEB liability/asset as a percentage of covered-employee payroll.

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds, as well as nonmajor discretely presented component units. These nonmajor funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually on the fund financial statements. Only the major funds: the General Fund, the Alaska Permanent Fund, the International Airports Fund, and Unemployment Compensation 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 \$75.6 billion at the close of FY 2020 (see table below). By far the largest portion of the State's net position (86.4 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 (\$52.4 billion) may not be spent.

The remainder of the State's net position (13.6 percent) represents net investment in capital assets (\$8.3 billion), resources that are subject to external restrictions of how they may be used (\$1.8 billion), and the remaining is unrestricted net position.

Net Position (Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY20	FY19	FY20	FY19	FY20	FY19
Current and Other Noncurrent Assets	\$ 77,740	\$ 77,926	\$ 2,246	\$ 2,172	\$ 79,986	\$ 80,098
Capital Assets	7,934	7,860	1,185	1,210	9,119	9,070
Total Assets	85,674	85,786	3,431	3,382	89,105	89,168
Deferred Outflows of Resources	911	761	11	11	922	772
Long-term Liabilities	7,720	6,811	498	505	8,218	7,316
Other Liabilities	5,832	5,294	79	44	5,911	5,338
Total Liabilities	13,552	12,105	577	549	14,129	12,654
Deferred Inflows of Resources	283	537	5	6	288	543
Net Position:						
Net Investment in Capital Assets	7,425	7,330	863	879	8,288	8,209
Restricted	53,237	48,698	1,009	1,059	54,246	49,757
Unrestricted	12,088	17,877	988	900	13,076	18,777
Total Net Position	\$ 72,750	\$ 73,905	\$ 2,860	\$ 2,838	\$ 75,610	\$ 76,743

The net position of governmental activities decreased \$1,155 million and business-type activities increased \$22 million. Governmental activities net position decreased due to declining revenues. The increase in business type activities is a result of this year's operations.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net position changed during FY 2020.

Changes in Net Position (Stated in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY20	FY19	FY20	FY19	FY20	FY19
Revenues						
Program Revenues						
Charges for Services	\$ 1,423	\$ 1,941	\$ 348	\$ 345	\$ 1,771	\$ 2,286
Operating Grants	2,903	2,751	399	—	3,302	2,751
Capital Grants	742	753	49	103	791	856
General Revenues						
Taxes	1,025	1,544	—	—	1,025	1,544
Interest and Investment Income/(Loss)	2,040	4,199	53	52	2,093	4,251
Payments In from Component Units	67	1,101	—	—	67	1,101
Other Revenues	55	69	—	—	55	69
Total Revenues	8,255	12,358	849	500	9,104	12,858
Expenses						
General Government	405	621	—	—	405	621
Alaska Permanent Fund Dividend	1,025	1,015	—	—	1,025	1,015
Education and University	1,903	2,322	—	—	1,903	2,322
Health and Human Services	3,365	3,333	—	—	3,365	3,333
Law and Justice	230	222	—	—	230	222
Public Protection	856	722	—	—	856	722
Natural Resources	302	314	—	—	302	314
Development	128	130	—	—	128	130
Transportation	1,022	1,148	—	—	1,022	1,148
Intergovernmental	107	112	—	—	107	112
Debt Service	67	51	—	—	67	51
Loans	—	—	594	9	594	9
Insurance	—	—	73	164	73	164
Airports	—	—	160	155	160	155
Total Expenses	9,410	9,990	827	328	10,237	10,318
Excess (Deficiency) of Revenues						
Over Expenditures	(1,155)	2,368	22	172	(1,133)	2,540
Transfers	—	2	—	(2)	—	—
Change in Net Position	(1,155)	2,370	22	170	(1,133)	2,540
Net Position - Beginning of Year	73,905	71,535	2,838	2,668	76,743	74,203
Net Position - End of Year	\$ 72,750	\$ 73,905	\$ 2,860	\$ 2,838	\$ 75,610	\$ 76,743

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 \$70.1 billion, a decrease of \$2.0 billion in comparison with the prior year.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of \$1.9 billion, and \$1.5 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an unrestricted fund balance of \$12.9 billion of which \$9.8 billion is assigned and \$3.1 billion is committed to other purposes. The remaining nonmajor governmental funds had committed fund balances of \$50.1 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 (\$52.4 billion), and other items that are nonspendable, such as inventory, advances and prepaid items, and principal (\$1.20 billion), and amounts restricted for a variety of other purposes (\$159 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 \$3.4 billion, while total fund balance reached \$4.0 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 34.9 percent of total General Fund expenditures, while total fund balance represents 40.5 percent of that same amount.

The fund balance of the State's General Fund decreased by \$874.5 million during the current fiscal year. For FY 2020, the most significant source of revenue was federal revenues (59.6 percent) followed by taxes (16.7 percent). With the decline in petroleum related revenues, Rents and Royalties and Taxes continue to be a significant concern. FY 2020 showed a significant decrease from 33.8 percent of total revenues for FY 2019 compared to 28.6 percent of total revenues for FY 2020.

General Fund revenues for FY 2020 were \$6.06 billion, a decrease of \$1.90 billion compared to revenues of \$7.97 billion for FY 2019. Revenues by source for FY 2020 are compared to FY 2019 in the following schedule (in millions):

Revenue Source	FY20	Percent	FY19	Percent
Taxes	\$ 1,010.0	16.7 %	\$ 1,556.7	19.5 %
Rents and Royalties	721.7	11.9	1,136.9	14.3
Interest and Investment Income/(Loss)	274.0	4.5	300.6	3.8
Federal	3,615.9	59.6	3,445.8	43.3
Miscellaneous	442.2	7.3	1,526.4	19.1
Total Revenue	<u>\$ 6,063.9</u>	<u>100.0 %</u>	<u>\$ 7,966.4</u>	<u>100.0 %</u>

The primary components of the \$1,902.6 million decrease in General Fund revenue are \$415.2 million in rents and royalties, \$546.6 million in taxes, and \$1,084.2 million in miscellaneous revenue including payments in from component units. The decreases were partially offset by a \$170.0 million increase in federal revenue during FY 2020.

Alaska Permanent Fund

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

In 1976 the Alaska Constitution was amended to provide that: *At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by*

law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law.

The fund is made up of three parts.

- **Nonspendable Fund Balances:** The nonspendable fund balances, or principal, include all historical contributions and appropriations, which are the main body of the fund. On June 30, 2020, this amounted to \$46.6 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: \$17.6 billion in dedicated mineral revenues; \$18 billion of fund realized earnings transferred to principal for inflation proofing; \$10.9 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 \$5.8 billion.

- **Committed Fund Balances:** The committed fund balances are realized earnings of the Fund which have been designated by appropriation for a specific purpose and meet other criteria as defined by Generally Accepted Accounting Principles. During FY 2019, legislation was passed which provides for a transfer from the Earning Reserve Account to the General Fund for the payment of unrestricted General Fund expenditures, including the dividend. The amount of the transfer is based upon a percentage of the average market value of the Fund at the end of the first five of the preceding six fiscal years. The legislation took effect on July 1, 2019. The FY 2020 balance sheet reflects a commitment of fund balance of \$3.1 billion for transfer during FY 2021.
- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation per AS 37.13.145, consist of \$8.4 billion in realized earnings of the fund and \$1.4 billion in accumulated unrealized appreciation.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was a net increase of \$790 million in appropriations (or 4.1 percent). The net effect of increases and decrease in appropriations can be briefly summarized as follows:

- \$468 million increase allocated to general government
- \$474 million decrease allocated to transportation
- \$363 million increase allocated to public protection
- \$262 million increase allocated to development
- The balance is allocated across several expenditure functions

The overall increase in appropriated expenditures was funded out of additional federal receipts in the amount of \$791 million. Interagency receipts (purchases between departments) of \$370.7 million make up the majority of other additional revenues.

The difference between the final amended budget and actual expenditures was \$8.3 billion (or 41.7 percent). The difference was primarily due to multiyear appropriations exceeding expenditures within FY 2020 by \$5.5 billion in transportation and a \$0.8 billion in health and human services.

The difference between the final amended budget and actual revenues was 13.0 billion (or 66.2% percent). The difference was primarily due to multiyear appropriations exceeding revenues within FY 2020 by 11.6 billion in Federal Grants in Aid. The biggest variances are due to capital projects that span several fiscal years and the receipt of \$1.25 billion in Cares Act Funding that was not fully expended before the end of the fiscal year.

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, 2020, amounts to \$8.3 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 2020 totaled \$554 million for governmental activities and \$75 million for business-type activities.

Capital Assets

(Stated in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY20	FY19	FY20	FY19	FY20	FY19
Land	\$ 1,068	\$ 1,053	\$ 31	\$ 31	\$ 1,099	\$ 1,084
Buildings	1,535	1,598	600	624	2,135	2,222
Equipment	510	540	32	35	542	575
Infrastructure	3,242	3,288	507	454	3,749	3,742
Construction in Progress	1,580	1,381	14	66	1,594	1,447
Total Capital Assets	\$ 7,935	\$ 7,860	\$ 1,184	\$ 1,210	\$ 9,119	\$ 9,070

In FY 2020, increases were in infrastructure and construction in progress with an increase of \$7 million and \$147 million, respectively. These increases were offset with decreases in buildings and equipment in the amount of \$87 million and \$33 million, respectively. 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 \$1,340 million. Of this amount, \$672 million was general obligation bonds, and \$668 million of revenue bonds payable comprised of \$311 million issued by the Northern Tobacco Securitization Corporation (NTSC), \$2 million of sport fishing revenue bonds, and \$355 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 \$355 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	
	FY20	FY19	FY20	FY19	FY20	FY19
Revenue Bonds Payable	\$ 313	\$ 326	\$ 355	\$ 370	\$ 668	\$ 696
General Obligation Debt	672	728	—	—	672	728
Notes Payable	7	9	—	—	7	9
Capital Leases Payable	230	238	—	—	230	238
Unearned Revenue	1,220	51	36	33	1,256	84
Certificates of Participation	24	26	—	—	24	26
Compensated Absences	181	169	5	4	186	173
Claims and Judgments	225	161	—	—	225	161
Pollution Remediation	125	127	6	6	131	133
Other Noncurrent Liabilities	3	3	34	23	37	26
Net OPEB Liability	105	806	2	12	107	818
Net Pension Liability	4,616	4,167	60	56	4,676	4,223
Total	<u>\$ 7,721</u>	<u>\$ 6,811</u>	<u>\$ 498</u>	<u>\$ 504</u>	<u>\$ 8,218</u>	<u>\$ 7,315</u>

The State's total long-term debt increased by \$903 million (12.34 percent) during FY 2020. The increase in debt is primarily due to an increase in unearned revenue due to Coronavirus Relief Funds and an increase in the net pension liability which was partially offset by an decrease in the OPEB liability.

With the implementation of GASB Statement 68 and 75, the State of Alaska reported net pension liabilities and net OPEB liabilities/assets in relation to a special funding situation in the amount of \$1,890.4 million net pension liability, and \$90.8 million net OPEB liability, and \$21.2 million net OPEB asset. 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 2020 the State of Alaska's underlying rating on the State's outstanding general obligation debt was downgraded in FY 2020. On September 5, 2019, Fitch downgraded the underlying rating on the State's outstanding general obligation debt to 'AA-' from 'AA'. On April 17, 2020, S&P downgraded the underlying rating on the State's outstanding general obligation debt to 'AA-' from 'AA'. and on May 6, 2020, Fitch downgraded the underlying rating on the State's outstanding general obligation debt a second time to 'A+' from 'AA-'. Moody's rating of Aa3 was reduced from stable to negative outlook. The outlook from S&P and Fitch is negative as well.

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

Significant Facts

The Public Employee's Retirement System's (PERS) net investment income decreased \$318.6 million to \$777.4 million during FY 2020. The Teacher's Retirement System's (TRS) net investment income decreased \$157.2 million to \$368.2 million during FY 2020.

The Permanent Fund ended the fiscal year at 2.01 percent total return. Public markets experienced extreme volatility during the year as the impacts of COVID-19 were felt across the globe. While representing a strong recovery from the lows experienced in the third quarter, these results were not as strong as the 6.32 percent of FY 2019 and were well below the average over the Fund's history. Total fund return for FY 2020 just slightly underperformed the performance benchmark of 2.05 percent by 4 basis points. FY 2020's results are substantially below 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.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has significant effects on global markets, supply chains, governments, businesses, and communities. Specific to the State of Alaska, COVID-19 impacted several of its FY 2020 operations and financial results, such as declines in tax revenues and costs for increased use of technology. Management has taken and continues to take actions to mitigate the negative impact caused by COVID-19. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 2020 was 7.7 percent, significantly higher than the seasonally adjusted average unemployment rate for FY 2019. Alaska's five year average (2016 to 2020) was 6.9 percent. The United States unemployment rate for FY 2020 was 6.0 percent.
- Total General Fund revenue for FY 2020 was \$6.1 billion. Three sources of revenue accounted for 88.2 percent of total state revenue; federal, taxes, and rents and royalties. Federal accounted for 59.6 percent, taxes accounted for 16.7 percent, and rents and royalties accounted for 11.9 percent of general fund revenue. The State's budget is primarily structured around petroleum and federal revenue. Federal funds are generally restricted for use for federal programs and therefore cannot be used to balance the State budget. Petroleum revenues continue to be of concern with fluctuating oil prices and lawmakers continuing to use State reserves to close budget gaps.
- FY 2020 crude oil and natural gas liquids production in the State of Alaska for the North Slope averaged 470 thousand barrels per day. This is 27 thousand barrels per day less than in the prior year. In Cook Inlet, production averaged approximately 14 thousand barrels per day; a decrease of about one thousand barrels per day compared to the prior year.
- The State of Alaska FY 2020 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 (\$1,606/resident) was paid to each qualifying Alaskan for a total of \$1.025 billion.
- Management is actively monitoring the global pandemic (COVID-19) and assessing its effect on the State of Alaska's financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, management is not able to estimate the effects of the outbreak for FY21 or future periods.

Requests for Information

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

Basic Financial Statements



STATE OF ALASKA
Statement of Net Position
Government-wide
June 30, 2020
(Stated in Thousands)

STATEMENT 1.01

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Investments	\$ 71,394,431	\$ 1,531,888	\$ 72,926,319	\$ 2,231,476
Accounts Receivable - Net	2,202,667	20,761	2,223,428	47,138
Interest and Dividends Receivable	170,406	13,826	184,232	62,333
Internal Balances	(9,101)	9,101	—	—
Due from Primary Government	—	—	—	35,745
Due from Component Units	1,065,602	—	1,065,602	4,396
Due from Other Governments	695,120	74,645	769,765	61,385
Loans, Notes, and Bonds Receivable	18,596	513,798	532,394	5,106,563
Inventories	27,886	—	27,886	17,719
Reposessed Property	—	951	951	—
Net Investment in Direct Financing Leases	—	—	—	116,074
Restricted Assets	4	78,398	78,402	2,477,960
Securities Lending Collateral	1,540,240	—	1,540,240	12,616
Net Pension Asset	18,712	—	18,712	—
Net OPEB Asset	118,519	367	118,886	35,365
Other Assets	496,487	2,336	498,823	29,409
Capital Assets:				
Equipment, Net of Depreciation	508,842	32,155	540,997	320,557
Buildings, Net of Depreciation	1,535,006	599,682	2,134,688	1,181,877
Library Books, Net of Depreciation	—	—	—	7,261
Infrastructure, Net of Depreciation	3,242,495	507,432	3,749,927	880,224
Museum Collections	—	—	—	7,376
Land / Right-of-Way	1,068,409	31,202	1,099,611	122,134
Construction in Progress	1,579,843	14,216	1,594,059	687,505
Total Assets	85,674,164	3,430,758	89,104,922	13,445,113
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	911,014	11,313	922,327	326,792
LIABILITIES				
Accounts Payable and Accrued Liabilities	4,253,924	67,906	4,321,830	149,265
Obligations Under Securities Lending	1,540,240	—	1,540,240	12,616
Due to Primary Government	—	—	—	1,212,901
Due to Component Units	23,650	—	23,650	14,485
Due to Other Governments	—	6,982	6,982	1,007
Interest Payable	14,379	3,857	18,236	27,839
Derivative Instruments	—	—	—	234,281
Other Current Liabilities	—	285	285	144,307

This statement continues on the next page.

STATE OF ALASKA
Statement of Net Position
Government-wide
June 30, 2020
(Stated in Thousands)

STATEMENT 1.01

LIABILITIES (Continued)	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Long-Term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	210,067	5,423	215,490	15,246
Unearned Revenue	1,195,565	36,093	1,231,658	46,083
Notes, Bonds, and Leases Payable	73,894	13,930	87,824	219,130
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	320,676	5,508	326,184	6,016
Unearned Revenue	24,284	—	24,284	—
Notes, Bonds, and Leases Payable	1,171,805	341,152	1,512,957	3,935,246
Net Pension Liabilities	4,615,517	60,221	4,675,738	328,924
Net OPEB Liabilities	104,548	1,989	106,537	5,006
Other Noncurrent Liabilities	3,435	33,684	37,119	19,868
Total Liabilities	<u>13,551,984</u>	<u>577,030</u>	<u>14,129,014</u>	<u>6,372,220</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows or Resources	<u>283,325</u>	<u>4,633</u>	<u>287,958</u>	<u>595,537</u>
NET POSITION				
Net Investment in Capital Assets	7,425,480	863,218	8,288,698	2,172,569
Restricted for:				
Permanent Funds				
Nonexpendable	53,096,498	—	53,096,498	512,365
Expendable	—	—	—	181,639
Education	8,463	—	8,463	488,940
Development	60,920	—	60,920	142,968
Unemployment Compensation	—	403,789	403,789	—
Health and Human Services	18,882	560,010	578,892	—
Debt Service	42,014	16,044	58,058	744,207
Other Purposes	9,966	28,979	38,945	335,453
Unrestricted	<u>12,087,646</u>	<u>988,368</u>	<u>13,076,014</u>	<u>2,226,007</u>
Total Net Position	<u>\$ 72,749,869</u>	<u>\$ 2,860,408</u>	<u>\$ 75,610,277</u>	<u>\$ 6,804,148</u>

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

STATE OF ALASKA
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2020
(Stated in Thousands)

STATEMENT 1.02

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 405,388	\$ 21,011	\$ 72,789	\$ 667
Alaska Permanent Fund Dividend	1,024,587	—	—	—
Education	1,578,209	3,391	249,394	(2)
University	324,895	—	—	—
Health and Human Services	3,365,428	56,544	2,197,273	22,690
Law and Justice	230,361	4,018	20,861	1,459
Public Protection	855,946	172,855	87,960	3,424
Natural Resources	301,648	1,127,226	94,226	6,326
Development	128,179	(1,244)	83,584	823
Transportation	1,022,282	39,198	75,570	706,477
Intergovernmental Revenue Sharing	107,105	—	20,359	—
Debt Service	66,497	—	1,168	—
Total Governmental Activities	9,410,525	1,422,999	2,903,184	741,864
Business-type Activities:				
Loans	5,609	10,260	380	12,501
Insurance	662,073	200,817	388,647	—
Airports	159,593	136,704	9,999	36,770
Total Business-type activities	827,275	347,781	399,026	49,271
Total Primary Government	\$ 10,237,800	\$ 1,770,780	\$ 3,302,210	\$ 791,135
Component Units:				
University of Alaska	\$ 697,221	\$ 170,029	\$ 217,057	\$ 12,794
Alaska Housing Finance Corporation	217,257	158,802	74,858	2,638
Alaska Industrial Development and Export Authority	49,139	41,541	8,036	4,270
Alaska Energy Authority	92,246	21,889	14,082	—
Nonmajor Component Units	322,779	252,743	79,490	—
Total Component Units	\$ 1,378,642	\$ 645,004	\$ 393,523	\$ 19,702

This statement continues on the next page.

STATE OF ALASKA
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2020
(Stated in Thousands)

STATEMENT 1.02

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ (310,921)		\$ (310,921)	
Alaska Permanent Fund Dividend	(1,024,587)		(1,024,587)	
Education	(1,325,426)		(1,325,426)	
University	(324,895)		(324,895)	
Health and Human Services	(1,088,921)		(1,088,921)	
Law and Justice	(204,023)		(204,023)	
Public Protection	(591,707)		(591,707)	
Natural Resources	926,130		926,130	
Development	(45,016)		(45,016)	
Transportation	(201,037)		(201,037)	
Intergovernmental Revenue Sharing	(86,746)		(86,746)	
Debt Service	(65,329)		(65,329)	
Total Governmental Activities	(4,342,478)		(4,342,478)	
Business-type Activities:				
Loans		\$ 17,532	17,532	
Insurance		(72,609)	(72,609)	
Airports		23,880	23,880	
Total Business-type activities		(31,197)	(31,197)	
Total Primary Government	(4,342,478)	(31,197)	(4,373,675)	
Component Units:				
University of Alaska				\$ (297,341)
Alaska Housing Finance Corporation				19,041
Alaska Industrial Development and Export Authority				4,708
Alaska Energy Authority				(56,275)
Nonmajor Component Unit				9,454
Total Component Units				(320,413)
General Revenues				
Taxes:				
Severance Taxes	462,874	—	462,874	—
Selective Sales/Use	281,082	—	281,082	—
Income Taxes	153,093	—	153,093	—
Property Taxes	125,223	—	125,223	—
Other Taxes	2,545	—	2,545	—
Interest and Investment Income (Loss)	2,040,436	53,336	2,093,772	132,609
Tobacco Settlement	20,037	—	20,037	—
Payments in from Component Units	66,709	—	66,709	—
Payments in from Primary Government	—	—	—	316,935
Other Revenues	34,675	384	35,059	3,714
Transfers - Internal Activity	143	(143)	—	—
Gain (Loss) on Sale of Asset	—	—	—	—
Total General Revenues	3,186,817	53,577	3,240,394	453,258
and Extraordinary items				
Change in Net Position	(1,155,661)	22,380	(1,133,281)	132,845
Net Position - Beginning of Year	73,905,530	2,838,028	76,743,558	6,671,303
Net Position - End of Year	\$ 72,749,869	\$ 2,860,408	\$ 75,610,277	\$ 6,804,148

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, 2020

(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 4,656,430	\$ 65,709,863	\$ 877,804	\$ 71,244,097
Accounts Receivable - Net	176,597	2,019,185	1,450	2,197,232
Interest and Dividends Receivable	2,551	167,825	30	170,406
Due from Other Funds	35,182	7,713	5,669	48,564
Due from Component Units	1,065,602	—	—	1,065,602
Due from Other Governments	692,009	—	519	692,528
Loans, Notes, and Bonds Receivable	18,516	—	80	18,596
Inventories	23,232	—	—	23,232
Securities Lending Collateral	—	1,540,240	—	1,540,240
Other Assets	487,048	—	5,919	492,967
Total Assets	7,157,167	69,444,826	891,471	77,493,464
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 1,568,355	\$ 2,581,892	\$ 24,195	\$ 4,174,442
Obligations Under Securities Lending	—	1,540,240	—	1,540,240
Due to Other Funds	102,022	20,492	6,139	128,653
Due to Component Units	23,650	—	—	23,650
Unearned Revenue	1,219,126	—	723	1,219,849
Other Liabilities	2,660	—	775	3,435
Total Liabilities	2,915,813	4,142,624	31,832	7,090,269
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	258,500	—	239	258,739
FUND BALANCES				
Nonspendable:				
Inventory	23,232	—	—	23,232
Principal	—	52,408,063	688,435	53,096,498
Advances and Prepaid Items	486,854	—	5,888	492,742
Restricted for:				
Debt Service	4,678	—	37,521	42,199
Education	16,192	—	1,369	17,561
Health and Human Services	725	—	18,157	18,882
Development	12,399	—	58,077	70,476
Other Purposes	9,768	—	198	9,966
Committed to:				
Education	240,429	—	2,927	243,356
Health and Human Services	287,373	—	—	287,373
Public Protection	157,828	—	916	158,744
Permanent Fund	1,520	—	—	1,520
Development	733,114	—	46,211	779,325
Other Purposes	97,961	3,091,493	—	3,189,454
Assigned to:				
Permanent Fund	—	9,802,646	—	9,802,646
Unassigned:	1,910,781	—	(299)	1,910,482
Total Fund Balances	3,982,854	65,302,202	859,400	70,144,456
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 7,157,167	\$ 69,444,826	\$ 891,471	\$ 77,493,464

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, 2020

(Stated in Thousands)

Total Fund Balances - Governmental Funds		\$ 70,144,456
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	337,821	
Buildings, net of depreciation	1,406,061	
Infrastructure, net of depreciation	3,242,495	
Land / right-of-way	1,068,409	
Construction in progress	<u>1,562,875</u>	
		7,617,661
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	2,592	
Net pension asset (Note 7)	18,712	
Other post employment benefits asset (Note 7)	<u>118,196</u>	
		139,500
Deferred outflows of resources that are not reported in the funds.		
Losses on bond refunding	5,549	
Related to pensions	689,672	
Related to OPEB	<u>205,883</u>	
		901,104
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).		
		412,379
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		
		258,739
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	(224,745)	
Compensated absences	(175,649)	
Pollution remediation	(125,227)	
Capital lease obligations	(229,730)	
Net pension liability	(4,562,762)	
Net OPEB liability	<u>(102,805)</u>	
		(5,420,918)
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	(1,009,406)	
Accrued interest payable	<u>(14,379)</u>	
		(1,023,785)
Deferred inflows of resources related to pensions that are not reported in the funds.		
		(279,267)
Net Position of Governmental Activities		<u><u>\$ 72,749,869</u></u>

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, 2020

(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 1,010,045	\$ —	\$ 14,772	\$ 1,024,817
Licenses and Permits	128,506	—	42,426	170,932
Charges for Services	152,784	—	586	153,370
Fines and Forfeitures	20,698	—	139	20,837
Rents and Royalties	721,720	319,049	21,592	1,062,361
Premiums and Contributions	29,751	—	8,699	38,450
Interest and Investment Income (Loss)	273,988	1,764,636	33,444	2,072,068
Federal Grants in Aid	3,615,881	—	447	3,616,328
Payments In from Component Units	66,687	—	—	66,687
Other Revenues	43,791	—	16,251	60,042
Total Revenues	6,063,851	2,083,685	138,356	8,285,892
EXPENDITURES				
Current:				
General Government	360,016	120,479	3,225	483,720
Alaska Permanent Fund Dividend	1,024,587	—	—	1,024,587
Education	1,833,960	—	43,705	1,877,665
University	345,327	—	452	345,779
Health and Human Services	3,406,972	—	3,497	3,410,469
Law and Justice	248,758	1,562	—	250,320
Public Protection	890,219	—	951	891,170
Natural Resources	275,493	6,133	47,046	328,672
Development	133,813	—	9,538	143,351
Transportation	1,155,931	—	71,672	1,227,603
Intergovernmental Revenue Sharing	106,977	—	—	106,977
Debt Service:				
Principal	37,633	—	59,600	97,233
Interest and Other Charges	12,994	—	47,819	60,813
Total Expenditures	9,832,680	128,174	287,505	10,248,359
Excess (Deficiency) of Revenues Over Expenditures	(3,768,829)	1,955,511	(149,149)	(1,962,467)
OTHER FINANCING SOURCES (USES)				
Capital Leases	13,811	—	—	13,811
Transfers In from Other Funds	2,953,719	—	83,320	3,037,039
Transfers (Out to) Other Funds	(73,172)	(2,953,576)	(18,761)	(3,045,509)
Total Other Financing Sources and Uses	2,894,358	(2,953,576)	64,559	5,341
Net Change in Fund Balances	(874,471)	(998,065)	(84,590)	(1,957,126)
Fund Balances - Beginning of Year	4,857,325	66,300,267	943,990	72,101,582
Fund Balances - End of Year	\$ 3,982,854	\$ 65,302,202	\$ 859,400	\$ 70,144,456

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, 2020

(Stated in Thousands)

Net Change in Fund Balances - Total Governmental Funds	\$ (1,957,126)
---	-----------------------

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	609,751	
Depreciation expense	(524,520)	
		85,231

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		(1,204)
--------------------------	--	---------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		(35,596)
---	--	----------

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	(620)	
Repayment of bond principal	70,424	
		69,804

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.		(13,812)
--	--	----------

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	(62,731)	
Compensated absences	(11,483)	
Pollution remediation	1,419	
Capital lease payments	22,010	
Pension	(149,981)	
Other post employment benefits	897,808	
		697,042

Change in Net Position of Governmental Activities	\$ (1,155,661)
--	-----------------------

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

STATE OF ALASKA
Statement of Net Position
Proprietary Funds
June 30, 2020
(Stated in Thousands)

STATEMENT 1.21

	Business-type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 123,840	\$ 416,034	\$ 992,014	\$ 1,531,888	\$ 150,338
Accounts Receivable - Net	9,898	9,957	906	20,761	377
Interest and Dividends Receivable	—	—	5,879	5,879	—
Due from Other Funds	9,005	380	3,165	12,550	21,914
Due from Other Governments	45,479	28,212	954	74,645	—
Loans, Notes, and Bonds Receivable	—	—	36,004	36,004	—
Inventories	—	—	—	—	4,654
Restricted Assets	5,259	—	—	5,259	—
Other Current Assets	—	—	1	1	3,520
Total Current Assets	193,481	454,583	1,038,923	1,686,987	180,803
Noncurrent Assets:					
Interest and Dividends Receivable	—	—	7,947	7,947	—
Loans, Notes, and Bonds Receivable	—	—	477,794	477,794	—
Reposessed Property	—	—	951	951	—
Restricted Assets	73,139	—	—	73,139	—
Net OPEB Asset	349	—	18	367	323
Other Noncurrent Assets	—	—	2,335	2,335	—
Capital Assets:					
Equipment, Net of Depreciation	32,155	—	—	32,155	171,021
Buildings, Net of Depreciation	599,682	—	—	599,682	128,945
Infrastructure, Net of Depreciation	507,432	—	—	507,432	—
Land / Right-of-Way	31,202	—	—	31,202	—
Construction in Progress	14,216	—	—	14,216	16,968
Total Noncurrent Assets	1,258,175	—	489,045	1,747,220	317,257
Total Assets	1,451,656	454,583	1,527,968	3,434,207	498,060
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	10,729	—	584	11,313	9,910

This statement continues on the next page.

STATE OF ALASKA
Statement of Net Position
Proprietary Funds
June 30, 2020
(Stated in Thousands)

STATEMENT 1.21

	Business-type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	8,122	37,665	22,119	67,906	25,306
Due to Other Funds	630	2,655	164	3,449	44
Due to Other Governments	—	6,982	—	6,982	—
Interest Payable	3,857	—	—	3,857	—
Claims, Judgments, Compensated Absences, and Pollution Remediation	5,194	—	229	5,423	3,020
Unearned Revenue	32,861	3,232	—	36,093	—
Notes, Bonds, and Leases Payable	13,930	—	—	13,930	2,693
Other Current Liabilities	—	260	25	285	—
Total Current Liabilities	64,594	50,794	22,537	137,925	31,063
Noncurrent Liabilities:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	5,470	—	38	5,508	2,102
Notes, Bonds, and Leases Payable	341,152	—	—	341,152	3,870
Net Pension Liabilities	57,115	—	3,106	60,221	52,755
Net OPEB Liabilities	1,887	—	102	1,989	1,743
Other Noncurrent Liabilities	—	—	33,684	33,684	—
Total Noncurrent Liabilities	405,624	—	36,930	442,554	60,470
Total Liabilities	470,218	50,794	59,467	580,479	91,533
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	4,394	—	239	4,633	4,058
NET POSITION					
Net Investment in Capital Assets	863,218	—	—	863,218	310,371
Restricted for:					
Unemployment Compensation	—	403,789	—	403,789	—
Health and Human Services	—	—	560,010	560,010	—
Debt Service	16,044	—	—	16,044	—
Other Purposes	28,740	—	239	28,979	—
Unrestricted	79,771	—	908,597	988,368	102,008
Total Net Position	\$ 987,773	\$ 403,789	\$ 1,468,846	\$ 2,860,408	\$ 412,379

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

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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, 2020

(Stated in Thousands)

	Business-type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
OPERATING REVENUES					
Premiums and Contributions	\$ —	\$ 115,663	\$ 85,110	\$ 200,773	\$ 129,034
Charges for Goods and Services	136,793	—	1,369	138,162	118,402
Allowances for Uncollectible Revenues	(477)	—	—	(477)	—
Interest and Investment Income	—	—	9,103	9,103	—
Allowance for Uncollectible Interest	—	—	116	116	—
Fines and Forfeitures	—	174	53	227	—
Allowance for Uncollectible Fines	—	(130)	—	(130)	—
Federal Reimbursements	—	388,647	—	388,647	—
Other Operating Revenues	388	—	268	656	3,960
Total Operating Revenues	136,704	504,354	96,019	737,077	251,396
OPERATING EXPENSES					
Benefits	—	586,077	72,295	658,372	128,071
Operating	85,015	—	9,293	94,308	106,917
Depreciation	74,578	—	—	74,578	30,254
Provision for Loan Losses and Forgiveness	—	—	(622)	(622)	—
Total Operating Expenses	159,593	586,077	80,966	826,636	265,242
Operating Income (Loss)	(22,889)	(81,723)	15,053	(89,559)	(13,846)
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	5,631	11,779	48,991	66,401	703
Interest and Investment Expense	(12,923)	—	(142)	(13,065)	(21)
Gain (Loss) on Disposal of Capital Assets	119	—	—	119	(401)
Other Nonoperating Revenues (Expenses)	57	—	(643)	(586)	41
Total Nonoperating Revenues (Expenses)	(7,116)	11,779	48,206	52,869	322
Income Before Capital Contributions and Transfers	(30,005)	(69,944)	63,259	(36,690)	(13,524)
Capital Contributions	46,712	—	12,501	59,213	3,707
Transfers In from Other Funds	—	—	—	—	8,613
Transfers (Out to) Other Funds	—	—	(143)	(143)	—
Change in Net Position	16,707	(69,944)	75,617	22,380	(1,204)
Total Net Position - Beginning of Year	971,066	473,733	1,393,229	2,838,028	413,583
Total Net Position - End of Year	\$ 987,773	\$ 403,789	\$ 1,468,846	\$ 2,860,408	\$ 412,379

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

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Business-type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Other Governments	\$ —	\$ 361,282	\$ 32	\$ 361,314	\$ —
Receipts from Customers	130,727	—	45	130,772	197
Receipts for Interfund Services Provided	—	—	—	—	116,879
Receipt of Principal from Loan Recipients	—	—	51,845	51,845	—
Receipt of Interest and Fees from Loan Recipients	—	—	10,852	10,852	—
Receipts from Insured	—	111,688	85,356	197,044	129,034
Payments to Employees	(51,624)	—	(4,282)	(55,906)	(48,545)
Payments to Suppliers	(50,819)	—	(4,505)	(55,324)	(46,063)
Payments to Other Governments	—	—	(1,239)	(1,239)	—
Payments to Loan Recipients	—	—	(66,935)	(66,935)	—
Claims Paid	—	(546,216)	(56,731)	(602,947)	(126,267)
Payments for Interfund Services Used	—	—	(874)	(874)	(17,314)
Other Receipts	—	233	275	508	3,960
Other Payments	—	—	(87)	(87)	—
Net Cash Provided (Used) by Operating Activities	28,284	(73,013)	13,752	(30,977)	11,881
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating Subsidies and Transfers (Out to) Other Funds	—	—	(783)	(783)	—
Operating Subsidies and Transfers In from Other Funds	—	—	—	—	8,613
Federal Grants	57	—	—	57	—
Proceeds from Issuance of Short-term Debt	—	—	4,102	4,102	—
Payments on Short-term Debt	—	—	(4,102)	(4,102)	—
Interest and Fees Paid on Borrowing	—	—	(7)	(7)	—
Net Cash Provided (Used) by Noncapital Financing Activities	57	—	(790)	(733)	8,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Sale of Capital Assets	—	—	—	—	349
Acquisition and Construction of Capital Assets	(47,112)	—	—	(47,112)	(15,728)
Principal Paid on Capital Debt	(13,175)	—	—	(13,175)	(2,704)
Interest and Fees Paid on Capital Debt	(15,538)	—	—	(15,538)	(218)
Passenger Facility Charges	5,827	—	—	5,827	—
Federal Grants	48,365	—	11,550	59,915	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(21,633)	—	11,550	(10,083)	(18,301)

This statement continues on the next page.

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Business-type Activities Enterprise Funds				Governmental Activities
	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from Sales/Maturities of Investments	196,960	—	297,190	494,150	—
Income from Securities Lending Activities	—	—	—	—	—
Expenses from Securities Lending Activities	—	—	—	—	—
Purchase of Investments	(190,333)	—	(328,891)	(519,224)	—
Interest and Dividends on Investments	—	11,779	16,712	28,491	703
Change in Restricted Cash and Investments	3,811	—	—	3,811	—
Net Cash Provided (Used) by Investing Activities	10,438	11,779	(14,989)	7,228	703
Net Increase (Decrease) in Cash	17,146	(61,234)	9,523	(34,565)	2,896
Cash and Cash Equivalents - Beginning of Year	71,040	477,268	356,311	904,619	147,442
Cash and Cash Equivalents - End of Year	<u>\$ 88,186</u>	<u>\$ 416,034</u>	<u>\$ 365,834</u>	<u>\$ 870,054</u>	<u>\$ 150,338</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (22,889)	\$ (81,723)	\$ 15,053	\$ (89,559)	\$ (13,846)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	74,578	—	—	74,578	30,253
Bad Debt Expense	477	—	—	477	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
Accounts Receivable - Net	(6,546)	(1,933)	81	(8,398)	983
Due from Other Funds	—	(353)	(1,106)	(1,459)	(1,973)
Due from Other Governments	—	(27,365)	—	(27,365)	—
Loans, Notes, and Bonds Receivable - Net	—	—	(15,733)	(15,733)	—
Repossessed Property	—	—	(42)	(42)	—
Interest and Dividends Receivable - Net	—	—	335	335	—
Inventories	—	—	—	—	(231)
Net OPEB Asset	(87)	—	(5)	(92)	(19)
Other Assets	—	—	63	63	450
Deferred Outflows of Resources	(817)	—	(91)	(908)	(925)
Due to Other Funds	—	1,996	(18)	1,978	1
Due to Other Governments	—	3,074	—	3,074	—
Accounts Payable and Accrued Liabilities	(9,837)	37,131	15,258	42,552	1,881
Net Pension Liability	3,736	—	457	4,193	4,376
Net OPEB Liability	(9,308)	—	(445)	(9,753)	(8,470)
Other Liabilities	286	32	(8)	310	512
Deferred Inflows of Resources	(1,309)	(3,872)	(47)	(5,228)	(1,111)
Net Cash Provided (Used) by Operating Activities	<u>\$ 28,284</u>	<u>\$ (73,013)</u>	<u>\$ 13,752</u>	<u>\$ (30,977)</u>	<u>\$ 11,881</u>
Reconciliation of Cash to the Statement of Net Position					
Total Cash and Investments per the Statement of Net Position	\$ 123,840	\$ 416,034	\$ 992,014	\$ 1,531,888	\$ 150,338
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(35,654)	—	(626,180)	(661,834)	—
Cash, End of Year	<u>\$ 88,186</u>	<u>\$ 416,034</u>	<u>\$ 365,834</u>	<u>\$ 870,054</u>	<u>\$ 150,338</u>
Noncash Investing, Capital, and Financing Activities					
Contributed Capital Assets	—	—	—	—	3,707

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, 2020

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 257,102	\$ 457,538
Investments:		186,075
Fixed Income	5,822,186	—
Broad Domestic Equity	7,323,475	—
Global Equity ex-US	5,053,593	—
Opportunistic	1,458,484	—
Private Equity Pool	3,308,362	—
Real Assets	3,619,766	—
Pooled Investment Funds	3,879,215	—
Collective Investment Funds	2,553,682	—
Synthetic Investment Contracts	770,817	—
Investment Loss Trust Fund Assets	2,085	—
Accounts Receivable - Net	171	3
Contributions Receivable	21,566	—
Securities Lending Collateral	34,436	—
Due from Other Funds	34,953	8,723
Other Assets	1,303	—
Total Assets	<u>34,141,196</u>	<u>652,339</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	5,634	5,522
Obligations Under Securities Lending	34,436	—
Forfeiture Payable to Employer	812	—
Claims Payable	48,414	—
Trust Deposits Payable	—	644,314
Due to Other Funds	2,555	2,503
Total Liabilities	<u>91,851</u>	<u>652,339</u>
NET POSITION		
Restricted for:		
Pension Benefits	15,145,900	—
Other Postemployment Benefits	11,667,535	—
Individuals, Organizations, and Other Governments	7,235,910	—
Total Net Position	<u>\$ 34,049,345</u>	<u>\$ —</u>

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

STATE OF ALASKA

STATEMENT 1.32

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Premiums and Contributions:	
Employer	\$ 774,217
Member	386,110
Other	224,716
Total Premiums and Contributions	1,385,043
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	1,065,792
Interest	124,227
Dividends	284,339
Total Investment Income	1,474,358
Less Investment Expense	82,835
Net Investment Income	1,391,523
Securities Lending Income	1,076
Less Securities Lending Expense	215
Net Securities Lending Income	861
Other Additions	
Other	110,291
Total Additions	2,887,718
DEDUCTIONS	
Benefits Paid	2,290,217
Refunds of Premiums and Contributions	77,188
Administrative Expenses	50,372
Total Deductions	2,417,777
Net Increase (Decrease) in Net Position Restricted for:	
Pension Benefits	(81,025)
Other Postemployment Benefits	188,566
Individuals, Organizations, and Other Governments	362,400
Net Position - Beginning of the Year	33,579,404
Net Position - End of the Year	\$ 34,049,345

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

STATE OF ALASKA
Statement of Net Position
Component Units
June 30, 2020
(Stated in Thousands)

STATEMENT 1.41

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total
ASSETS						
Cash and Investments	\$ 203,185	\$ 500,213	\$ 533,507	\$ —	\$ 994,571	\$ 2,231,476
Accounts Receivable - Net	27,262	—	619	281	18,976	47,138
Interest and Dividends Receivable	651	16,183	8,281	1,161	36,057	62,333
Due from Primary Government	9,244	2,418	—	345	23,738	35,745
Due from Component Units	—	992	3,392	12	—	4,396
Due from Other Governments	40,358	1,782	—	1,866	17,379	61,385
Loans, Notes, and Bonds Receivable	730	3,256,290	676,327	27,032	1,146,184	5,106,563
Inventories	5,599	—	—	—	12,120	17,719
Net Investment in Direct Financing Leases	—	22,468	93,606	—	—	116,074
Restricted Assets	539,376	444,946	237,645	1,180,885	75,108	2,477,960
Securities Lending Collateral	—	—	—	—	12,616	12,616
Net OPEB Asset	—	—	69	—	35,296	35,365
Other Assets	8,633	16,263	623	251	3,639	29,409
Capital Assets:						
Equipment, Net of Depreciation	187,583	1,058	—	1,092	130,824	320,557
Buildings, Net of Depreciation	1,018,503	65,144	42,564	—	55,666	1,181,877
Library Books, Net of Depreciation	7,261	—	—	—	—	7,261
Infrastructure, Net of Depreciation	105,641	—	20,729	140,576	613,278	880,224
Museum Collections	7,376	—	—	—	—	7,376
Land / Right-of-Way	38,922	20,859	3,165	11,212	47,976	122,134
Construction in Progress	293,147	—	21,929	235,166	137,263	687,505
Total Assets	2,493,471	4,348,616	1,642,456	1,599,879	3,360,691	13,445,113
DEFERRED OUTFLOWS OF RESOURCES						
Total Deferred Outflows of Resources	41,335	261,327	3,667	3	20,460	326,792
LIABILITIES						
Accounts Payable and Accrued Liabilities	42,504	9,370	2,592	29,111	65,688	149,265
Obligations Under Securities Lending	—	—	—	—	12,616	12,616
Due to Primary Government	—	189	144,103	1,065,707	2,902	1,212,901
Due to Component Units	14,377	—	—	108	—	14,485
Due to Other Governments	—	457	—	217	333	1,007
Interest Payable	3,212	7,257	1,331	1,474	14,565	27,839
Derivative Instruments	—	234,281	—	—	—	234,281
Other Current Liabilities	17,340	115,366	685	—	10,916	144,307

This statement continued on next page.

STATE OF ALASKA
Statement of Net Position
Component Units
June 30, 2020
(Stated in Thousands)

STATEMENT 1.41

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total
Long-term Liabilities:						
Portion Due or Payable Within One Year:						
Claims, Judgments, Compensated Absences, and Pollution Remediation	12,533	966	—	—	1,747	15,246
Unearned Revenue	22,802	18,395	—	—	4,886	46,083
Notes, Bonds, and Leases Payable	15,835	96,180	2,800	12,515	91,800	219,130
Portion Due or Payable After One Year:						
Claims, Judgments, Compensated Absences, and Pollution Remediation	—	3,766	—	—	2,250	6,016
Notes, Bonds, and Leases Payable	291,280	2,476,633	51,750	52,221	1,063,362	3,935,246
Net Pension Liabilities	235,622	35,960	11,244	—	46,098	328,924
Net OPEB Liabilities	3,094	1,008	371	—	533	5,006
Other Noncurrent Liabilities	8,306	290	10,909	363	—	19,868
Total Liabilities	666,905	3,000,118	225,785	1,161,716	1,317,696	6,372,220
DEFERRED INFLOWS OF RESOURCES						
Total Deferred Inflows of Resources	15,522	2,861	865	—	576,289	595,537
NET POSITION						
Net Investment in Capital Assets	1,335,188	87,061	88,387	323,645	338,288	2,172,569
Restricted for:						
Permanent Funds:						
Nonexpendable	—	—	—	—	512,365	512,365
Expendable	—	—	—	—	181,639	181,639
Education	488,940	—	—	—	—	488,940
Development	—	—	—	—	142,968	142,968
Debt Service	12,553	660,845	—	26,796	44,013	744,207
Other Purposes	—	220,106	15,000	87,725	12,622	335,453
Unrestricted	15,698	638,952	1,316,086	—	255,271	2,226,007
Total Net Position	\$ 1,852,379	\$ 1,606,964	\$ 1,419,473	\$ 438,166	\$ 1,487,166	\$ 6,804,148

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

STATE OF ALASKA

STATEMENT 1.42

Statement of Activities

Component Units

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
University of Alaska	\$ 697,221	\$ 170,029	\$ 217,057	\$ 12,794
Alaska Housing Finance Corporation	217,257	158,802	74,858	2,638
Alaska Industrial Development and Export Authority	49,139	41,541	8,036	4,270
Alaska Energy Authority	92,246	21,889	14,082	—
Nonmajor Component Units	322,779	252,743	79,490	—
Total Component Units	<u>\$ 1,378,642</u>	<u>\$ 645,004</u>	<u>\$ 393,523</u>	<u>\$ 19,702</u>

This statement continued on the next page.

STATE OF ALASKA

STATEMENT 1.42

Statement of Activities

Component Units

For the Fiscal Year Ended June 30, 2020

(Stated in Thousands)

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Position					
	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Alaska Energy Authority	Nonmajor Component Units	Total Component Units
Component Units						
University of Alaska	\$ (297,341)	\$ —	\$ —	\$ —	\$ —	\$ (297,341)
Alaska Housing Finance Corporation	—	19,041	—	—	—	19,041
Alaska Industrial Development and Export Authority	—	—	4,708	—	—	4,708
Alaska Energy Authority	—	—	—	(56,275)	—	(56,275)
Nonmajor Component Units	—	—	—	—	9,454	9,454
Total Component Units	(297,341)	19,041	4,708	(56,275)	9,454	(320,413)
General Revenues:						
Interest and Investment Income (Loss)	19,091	14,776	39,862	51,411	7,469	132,609
Payments In from Primary Government	310,439	—	—	—	6,496	316,935
Other Revenues	—	1,724	—	—	1,990	3,714
Total General Revenues and Contributions	329,530	16,500	39,862	51,411	15,955	453,258
Change in Net Position	32,189	35,541	44,570	(4,864)	25,409	132,845
Net Position - Beginning of Year	1,820,190	1,571,423	1,374,903	443,030	1,461,757	6,671,303
Net Position - End of Year	\$ 1,852,379	\$ 1,606,964	\$ 1,419,473	\$ 438,166	\$ 1,487,166	\$ 6,804,148

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

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Notes to the Basic Financial Statements



STATE OF ALASKA
INDEX
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020

	Page
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	41
A. THE FINANCIAL REPORTING ENTITY	41
B. BASIC FINANCIAL STATEMENTS	45
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING	45
D. FINANCIAL STATEMENT PRESENTATION	46
E. FISCAL YEAR ENDS	47
F. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION / FUND BALANCE	47
NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE	52
NOTE 3 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	55
NOTE 4 – DEPOSIT AND INVESTMENT RISK	57
A. DEPOSITS AND INVESTMENTS UNDER THE FIDUCIARY RESPONSIBILITY OF THE COMMISSIONER OF REVENUE	57
B. DEPOSITS AND INVESTMENTS UNDER CONTROL OF THE ALASKA RETIREMENT MANAGEMENT BOARD	64
C. DEPOSITS AND INVESTMENTS MAINTAINED BY COMPONENT UNITS WHOSE ACCOUNTS ARE OUTSIDE OF THE STATE TREASURY	75
NOTE 5 – CAPITAL ASSETS	87
NOTE 6 – SHORT-TERM DEBT, BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS	91
A. SUMMARY OF CHANGES	91
B. NET PENSION LIABILITY	92
C. NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY/ASSET	102
D. GENERAL OBLIGATION BONDS AND REVENUE BONDS AND OTHER LONG-TERM DEBT	115
E. CAPITAL AND OPERATING LEASES	117
F. CERTIFICATES OF PARTICIPATION	118
G. DISCRETELY PRESENTED COMPONENT UNITS	119
H. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES	120
NOTE 7 – DEFINED BENEFIT PENSION PLANS	124
NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS	134
A. PUBLIC EMPLOYEES RETIREMENT SYSTEM	134
B. TEACHERS RETIREMENT SYSTEM	136
C. SUPPLEMENTAL BENEFITS SYSTEM	139
D. UNIVERSITY OF ALASKA	139
NOTE 9 – DEFERRED COMPENSATION PLAN	140
NOTE 10 – INTERFUND TRANSACTIONS	141
NOTE 11 – RELATED PARTY ACTIVITY	142
NOTE 12 – COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS	142
A. SICK LEAVE	142
B. SCHOOL DEBT	142
C. RISK MANAGEMENT AND SELF-INSURANCE	142
D. LITIGATION AND ADMINISTRATIVE APPEALS	144
E. FEDERAL GRANTS	145
F. DISASTER RELIEF FUND	145
G. FUTURE LOAN COMMITMENTS	145
H. POTENTIAL DEVELOPMENT PROJECTS	146
I. INVESTMENT COMMITMENTS	146
J. POLLUTION REMEDIATION	146
K. ENCUMBRANCES	147
L. MEDICAID	148
M. OIL AND GAS TAX CREDITS	148
N. CONCENTRATIONS	148
O. COVID-19	148
NOTE 13 – SUBSEQUENT EVENTS	148
A. ALASKA MUNICIPAL BOND BANK AUTHORITY	148
B. ALASKA CLEAN WATER FUND	148
C. ALASKA DRINKING WATER FUND	149
D. ALASKA HOUSING FINANCE CORPORATION	149
E. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY	149
F. ALASKA MENTAL HEALTH TRUST AUTHORITY	150
G. ALASKA ENERGY AUTHORITY	150
H. STATE OF ALASKA	150

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

The State of Alaska (State) was admitted to the Union in 1959 and is governed by an elected governor and a 60 member elected legislature. As required by GAAP, these financial statements present all the fund types of the State which includes all agencies, boards, commissions, authorities, courts, and colleges and universities that are legally part of the State (primary government) and its component units discussed below. Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the State's financial statements to be misleading or incomplete.

The following component units are included in the accompanying financial statements. Blended component units, although legally separate entities, are, in substance, part of the State's operations and provide services entirely or almost entirely to the State. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the State. The determination that a discretely presented component unit is "major" is based on the nature and significance of its relationship to the primary government. Fiduciary component units are reported in the fiduciary section of the fund financial statements and are not included in the government-wide financial statements. Individual component unit financial reports may also be obtained from these organizations as indicated.

BLENDED COMPONENT UNITS

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

The **Alaska Permanent Fund Corporation (APFC)** is a public corporation and government instrumentality in the Department of Revenue, Alaska Statute (AS) 37.13.040. A governor-appointed six-member board manages APFC. The Legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the State Constitution. The beneficiaries of the Fund are all present and future generations of Alaskans. The Fund represents 90 percent of the total cash and investments and 86 percent of total government-wide net position excluding discretely presented component units. The Fund is reported as a permanent fund (a governmental fund type), and APFC operations are included in the fund statements. Separately issued financial statements may be obtained from the Alaska Permanent Fund Corporation, P.O. Box 115500, Juneau, AK 99811-5500, or from their web site at www.apfc.org.

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

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

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

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

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

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

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

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

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

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

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

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

The **University of Alaska** is established as a corporation and is an instrumentality of the State (AS 14.40.040), and is a major component unit. A board of regents appointed by the Governor and confirmed by the Legislature governs the university. The Legislature approves the university's budget. The university is created and acts for the benefit of the State and the public in

providing education in accordance with an express mandate of the constitution. The financial statements of the university include the assets, liabilities, and related activity of the University of Alaska Foundation, a legally separate nonprofit component unit. The university is not accountable for, nor has ownership of, the foundation's resources. The university's financial statements may be obtained from the University of Alaska, Statewide Fund Accounting, 2025 Yukon Drive, suite 209B P.O. Box 756540, Fairbanks, AK 99775-6540.

The **Alaska Seafood Marketing Institute** (ASMI) is a public corporation of the State (AS 16.51.010). It is an instrumentality of the State with a legal existence independent of and separate from the State. ASMI is governed by a board of directors appointed by the Governor, and its budget is approved by the Legislature. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and to develop market-oriented quality specifications. Exercise of the powers conferred by statute to ASMI is an essential governmental function. ASMI financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Component Units. The Alaska Seafood Marketing Institute financial statements may be obtained from Alaska Seafood Marketing Institute, 311 N. Franklin Street, Suite 200, Juneau, AK 99801.

FIDUCIARY COMPONENT UNITS

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

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

The **Judicial Retirement System** (JRS) was established by AS 22.25.048. The Commissioner of the Department of Administration is responsible for the administration of JRS. JRS costs, based upon actuarial valuations, are funded by the State and participants. JRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ARMB is the fiduciary of JRS.

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

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

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

Copies of the audited financial statements for the retirement systems 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 four: the General Fund and the Alaska Permanent Fund, both of which are governmental funds; and the International Airports Fund and the Unemployment Compensation Fund, both of which are enterprise funds. 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 four major funds: the General Fund, and the Alaska Permanent Fund, both of which are governmental funds, and the International Airports Fund and the Unemployment Compensation Fund, both of which are proprietary enterprise funds. 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. The Unemployment Compensation Fund is administered by the Department of Labor and Workforce Development and is used to account for unemployment contributions from employers and unemployment benefits paid to claimants. 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.

Other alternative investments within the fixed income and opportunistic asset classes 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.

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. This includes all participants in the Short-Term Fixed Income Pool and the Short-term Treasury Fixed Income Pool.

RECEIVABLES

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

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

INTER/INTRAFUND TRANSACTIONS

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

INVENTORIES AND PREPAID ITEMS

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

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

CAPITAL ASSETS

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

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

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

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

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

COMPENSATED ABSENCES

Regulations governing annual/personal leave (vacation pay) provide that State employees will receive time off, or pay, for hours accumulated. Consequently, a liability exists with respect to accumulated annual/personal leave at any given time. This liability is recognized and reported in the government-wide and proprietary fund financial statements. As of June 30, 2020, the State's estimated liability for compensated absences, as reported in the government-wide Statement of Net Position, is \$180.8 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave. Accumulated sick leave may be used only for actual illness. When an employee separates from service, any sick leave balance to their credit

is reduced to zero without additional compensation to the employee. See Note 12 for disclosure of the amount of the sick leave contingency.

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

DEFERRED OUTFLOW/INFLOW OF RESOURCES

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

NET POSITION / FUND BALANCE

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

FUND BALANCE COMPONENTS

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

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- Restricted fund balance has constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Alaska Legislature, the State's highest level of decision-making authority. This formal action is the passage of law by the legislature, creating, modifying, or rescinding an appropriation.
- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. The Alaska Legislature is the body authorized by the Alaska State Constitution to assign amounts to a specific purpose. Alaska Statute 37.13.020 authorizes the Legislature to assign the funds in the Earnings Reserve Account, a component of the Alaska Permanent Fund.
- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

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

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

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

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

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

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

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2020 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Inventory	\$ 23,232	\$ —	\$ —	\$ —	\$ —
Principal	—	53,096,498	—	—	—
Advances and Prepaid Items	486,854	—	5,888	—	—
Total Nonspendable	510,086	53,096,498	5,888	—	—
Restricted:					
Debt Service	4,678	—	—	37,521	—
Education	16,192	—	1,126	—	243
Health & Human Services	725	—	18,157	—	—
Public Protection	—	—	—	—	—
Permanent Fund	—	—	—	—	—
Development	12,399	—	41,183	—	16,894
Other Purposes	9,768	—	198	—	—
Total Restricted	43,762	—	60,664	37,521	17,137
Committed:					
Debt Service	—	—	—	—	—
Education					
School Foundation Support	1,862	—	—	—	—
Pupil Transportation	124	—	—	—	—
Education Services	5,580	—	2,927	—	—
Construction & Maintenance	232,863	—	—	—	—
Public School Program Support	—	—	—	—	—
Health & Human Services	287,373	—	—	—	—
Public Protection	157,828	—	916	—	—
Permanent Fund					
Dividend Payments	1,520	—	—	—	—
Development					
Natural Resources	83,039	—	—	—	—
Transportation	486,459	—	—	—	—
Other	163,616	—	46,211	—	—
Other Purposes	97,961	—	—	—	—
Earnings Reserve Transferable to the General Fund	—	3,091,493	—	—	—
Total Committed	1,518,225	3,091,493	50,054	—	—
Assigned:					
Assigned for Future Appropriations					
Realized Earnings	—	8,378,305	—	—	—
Unrealized Appreciation on Invested Assets	—	1,424,341	—	—	—
Total Assigned	—	9,802,646	—	—	—
Unassigned	1,910,781	(109)	(190)	—	—
Total Fund Balance	\$ 3,982,854	\$ 65,990,528	\$ 116,416	\$ 37,521	\$ 17,137

NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports \$54.2 billion of restricted net position for the primary government, of which \$19.7 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 20, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 20 operating budget was \$1.7 billion, of which \$420.7 million was from the General Fund, \$8.7 million was from other funds, and \$1.3 billion was from federal funds. In addition, total supplemental appropriations for the FY 20 capital budget was \$130.7 million, of which \$45.9 million was appropriated from the General Fund, \$7.9 million was from other funds, and \$76.9 million was from federal funds.

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

SPENDING LIMITS

In 1982, the voters of Alaska approved an amendment to the Alaska Constitution to control state spending. Article IX, section 16, establishes an annual appropriation limit of \$2.5 billion plus adjustments for changes in population and inflation since July 1, 1981. Appropriations for permanent fund dividends, revenue bond proceeds, general obligation bond debt, and money received from non-state entities held in trust for a specific purpose are excluded from the limit. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 20, the Office of Management and Budget estimated the appropriation limit to be approximately \$10.4 billion. The FY 20 budget, not counting the excluded appropriations, was \$5.7 billion, or \$4.7 billion less than the constitutional limit.

CONSTITUTIONAL BUDGET RESERVE FUND

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

sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund.”

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

The constitution further provides that all money appropriated from the fund must be repaid to the fund. Section 17(d) states “If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law.” All borrowing from the CBRF was completely repaid in FY 10 and no borrowing activity from the CBRF occurred during FY 11 through FY 14.

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

Chapter 18, SLA 2014, Section 48	\$ 3,000,000
Subtotal FY 15	<u>3,000,000</u>
Chapter 1, SSLA 2015, Section 12(b)	3,617,867
Article IX, Section 17(d) Alaska Constitution (FY 16)	<u>(522,510)</u>
Subtotal FY 16	<u>3,095,357</u>
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)	<u>(479,729)</u>
Subtotal FY 17	<u>3,076,716</u>
Chapter 1, SSSLA 2017, Section 45(a)	479,729
Chapter 1, SSSLA 2017, Section 45(b) and (c)	1,866,095
Correction of Prior Year Error	(1,170,209)
Article IX, Section 17(d) Alaska Constitution (FY 18)	<u>(431,688)</u>
Subtotal FY 18	<u>743,927</u>
Chapter 17, SLA 2018, sec. 29(a)	431,688
Chapter 17, SLA 2018, sec. 29(b) and (c)	504,530
Article IX, Section 17(d) Alaska Constitution (FY 19)	<u>(1,728,029)</u>
Subtotal FY 19	<u>(791,811)</u>
Chapter 1, SSSLA 2019, sec. 17(a)	1,728,029
Chapter 1, SSSLA 2019, Section 1	37,499
Chapter 1, SSSLA 2019, Section 4	12
Chapter 1, SSSLA 2019, Section 7	256
Chapter 8, SLA 2020, Section 38(y)	5,000
Chapter 1, SSSLA 2019, sec. 17(b) and (c)	1,178,728
Article IX, Section 17(d) Alaska Constitution (FY 20)	<u>(1,509,566)</u>
Subtotal FY 20	<u>1,439,958</u>
Total appropriated from the CBRF	<u><u>\$ 10,564,147</u></u>

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

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

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

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

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

SLA 2018, Chapter 17, Section 29(b) and (c) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 19.

SSSLA 2019, Chapter 1, Section 17 (b) and (c) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for FY 20.

SSSLA 2019, Chapter 1, Section 1, Section 4 and Section 7 appropriated amounts from CBRF to fund miscellaneous capital projects and grants.

SLA 2020, Chapter 8, Section 28(b), appropriated amounts from CBRF for responding to the COVID-19 public health disaster emergency. Chapter 8, SLA 2020, Section 38(y), appropriated funds to the disaster relief fund. Also, SLA 2020, Chapter 8, Section 18(a&b) changed CBRF as a funding source for some appropriations made in SSSLA 2019, Chapter 1, Section 1.

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

The CBRF fund balance as of June 30, 2020, was \$13,671 million.

STATUTORY BUDGET RESERVE FUND

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

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

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

SLA 2014, Chapter 16, Section 34, states that if the unrestricted state revenue available for appropriation in the fiscal year ending June 30, 2015, is insufficient to cover General Fund appropriations made for the fiscal year ending June 30, 2015, the amount necessary to balance revenue and general fund appropriations or to prevent a cash deficiency in the General Fund is

appropriated from the budget reserve fund (AS 37.05.540(a)) to the General Fund. For FY 15, this resulted in a year-end transfer from the SBRF to the General Fund for \$2,503 million.

Article IX, Section 17(d), of the Alaska Constitution, which provides that the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund until the amount appropriated is repaid.

For FY 20, this resulted in a year-end sweep of zero.

NOTE 3 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In the fund financial statements, governmental funds reported deferred inflows of resources of \$258,739 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, 2020 consisted of the following (in thousands):

Deferred Outflows and Inflows of Resources

	Primary Government		Discrete Component Units
	Governmental Activities	Business-Type Activities	
Deferred Outflows:			
Change in Fair Value-Interest Rate Swaps	\$ —	\$ —	\$ 232,547
Deferred Charge on Bond Refundings	5,549	—	22,599
Deferred Lease Obligation	—	—	2,324
Deferred Outflows Related to Postretirement Benefits	209,816	4,490	25,067
Deferred Outflows Related to Pensions	695,649	6,823	44,255
Total Deferred Outflows	<u>\$ 911,014</u>	<u>\$ 11,313</u>	<u>\$ 326,792</u>
Deferred Inflows:			
Unearned Grant Revenue	\$ —	\$ —	\$ 559,649
Deferred Inflows Related to Postretirement Benefits	185,789	2,212	17,705
Deferred Inflows Related to Pensions	97,536	2,421	18,183
Total Deferred Inflows	<u>\$ 283,325</u>	<u>\$ 4,633</u>	<u>\$ 595,537</u>

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

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

	Related to Postretirement Benefits	Related to Pensions
Highways Equipment Working Capital Fund	1,256	1,909
Information Services Fund	2,642	4,015
Alaska Public Building Fund	35	53

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

	<u>Related to Postretirement</u>	<u>Related to Pensions</u>
Highways Equipment Working Capital Fund	619	677
Information Services Fund	1,302	1,424
Alaska Public Building Fund	17	19

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

	<u>Related to Postretirement</u>	<u>Related to Pensions</u>
International Airports Fund	4,259	6,470
Agricultural Revolving Loan Fund	1	1
Commercial Fishing Revolving Loan Fund	193	293
Fisheries Enhancement Revolving Loan Fund	27	42
Alaska Capstone Avionics Revolving Loan Fund	6	9
Commercial Charter Fisheries Revolving Loan Fund	1	2
Mariculture Revolving Loan Fund	1	1
Alaska Microloan Revolving Loan Fund	—	1
Bulk Fuel Loan Fund	2	4

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

	<u>Related to Postretirement</u>	<u>Related to Pensions</u>
International Airports Fund	2,098	2,296
Commercial Fishing Revolving Loan Fund	95	104
Fisheries Enhancement Revolving Loan Fund	13	15
Alaska Capstone Avionics Revolving Loan Fund	3	3
Commercial Charter Fisheries Revolving Loan Fund	1	—
Mariculture Revolving Loan Fund	—	1
Alaska Microloan Revolving Loan Fund	1	—
Bulk Fuel Loan Fund	1	2

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

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

	Change in Fair Value-Interest Rate Swaps	Deferred Charge on Bond Refundings	Deferred Lease Obligation	Deferred Outflows Related to Postretirement Benefits	Deferred Outflows Related to Pensions
Alaska Railroad Corporation	—	—	—	3,032	14,303
Alaska Housing Finance Corporation	232,547	21,471	—	3,131	4,178
Alaska Energy Authority	—	3	—	—	—
Alaska Aerospace Corporation	—	—	—	100	152
Alaska Gasline Development Corporation	—	—	—	353	842
Alaska Industrial Development Export Authority	—	—	2,324	838	505
Alaska Seafood and Marketing Institute	—	—	—	123	188
University of Alaska	—	1,125	—	16,947	23,263
Alaska Mental Health Trust Authority	—	—	—	543	824

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

	Unearned Grant Revenue	Deferred Inflows Related to Postretirement Benefits	Deferred Inflows Related to Pensions
Alaska Railroad Corporation	559,649	7,053	8,516
Alaska Housing Finance Corporation	—	1,324	1,537
Alaska Aerospace Corporation	—	49	54
Alaska Gasline Development Corporation	—	198	83
Alaska Industrial Development Export Authority	—	413	452
Alaska Seafood and Marketing Institute	—	60	67
University of Alaska	—	8,340	7,182
Alaska Mental Health Trust Authority	—	268	292

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

NOTE 4 – DEPOSIT AND INVESTMENT RISK

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

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

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

Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Railroad Corporation, Alaska Retirement Management Board, Alaska Student Loan Corporation, University of Alaska, Alaska Mental Health Trust Authority, and the Exxon Valdez Oil Spill Trustee Council.

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

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

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

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

Combined schedule of invested assets as of June 30, 2020 is as follows:

Investment Type	Fair Value (in thousands)								
	Short-term Fixed Income Pool	Non-interest Bearing Deposits	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	Domestic Equity Pool	International Equity Pool	Real Estate Investment Trust Pool	Tobacco Revenue Fixed Income	Income Receivable (Payable)
General Fund and GeFONSI	\$2,432,341	\$ 34,070	\$ 538,418	\$ 195,381	\$ 180,946	\$ 125,255	\$ —	\$ 10,820	\$ 1,349
Constitutional Budget Reserve Fund	1,572,923	—	—	409,477	—	—	—	—	826
Public School Trust Fund	14	—	—	216,400	281,927	189,769	—	—	—
Investment Loss Trust Fund	4,215	—	—	—	—	—	—	—	2
General Obligation Bond Fund	32,541	—	—	—	—	—	—	—	18
International Airports Construction Fund	33,595	—	—	—	—	—	—	—	18
International Airports Fund	111,610	—	—	29,795	2,922	2,937	—	—	57
Power Cost Equalization Endowment Fund	4	—	—	386,618	443,291	248,244	—	—	—
Retiree Health Insurance Fund									
Major Medical	18,883	—	—	—	—	—	—	—	10
Long-Term Care	2,495	—	—	428,590	120,136	77,454	—	—	—
Mine Reclamation Fund	—	—	—	373	487	327	—	—	—
Total Invested Assets	\$4,208,621	\$ 34,070	\$ 538,418	\$1,666,634	\$1,029,709	\$ 643,986	\$ —	\$ 10,820	\$ 2,280

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2020 all fixed income securities met the Treasury's compliance metrics related to effective duration.

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.

Short-term Treasury Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to the trade date, except for securities bought at new issues, for which settlement date applies. At June 30, 2020, 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 pool portfolios to the following:

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

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

At June 30, 2020, the effective duration by investment type was as follows:

	<u>Effective Duration (in years)</u>
Certificate of Deposit	0.15
Corporate Bonds	6.20
Mortgage-backed	2.17
Municipal Bonds	14.25
Other Asset-backed	0.30
U.S. Government Agency	1.70
U.S. Treasury Issuances	1.55
Yankee Corporate	1.84
Yankee Government	1.53
Portfolio Effective Duration	1.73

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations.

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

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

Intermediate-term and Broad Market Fixed Income Pool investments are limited to securities with a long-term credit rating of at least Baa3 or equivalent and securities with a short-term credit rating of at least P-1 or equivalent. The Broad Market Fixed Income Pool can hold within its portfolio up to 5% high-yield bonds. 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, 2020 the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale, in thousands):

	Short-term Fixed Income Pool	Intermediate -term Fixed Income Pool	Broad Market Fixed Income Pool
AAA	\$ 1,896,301	\$ 5,113	\$ 54,259
AA	164,067	11,198	64,155
A	155,085	64,533	346,050
BBB	19,188	22,978	223,831
BB	—	—	2,988
U.S. Government Agency	88,021	—	17,563
U.S. Treasury Bills, Notes, and Bonds	2,514,103	46,156	581,980
Not Rated	199,697	31,382	486,250
No Credit Risk	(522,145)	357,058	2,075
Other Fiduciary	(305,696)	—	(112,517)
	<u>\$ 4,208,621</u>	<u>\$ 538,418</u>	<u>\$ 1,666,634</u>

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, 2020 the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	<u>\$ 46</u>

Concentration of Credit Risk

Treasury's policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool's holdings in corporate bonds backed by any one company or affiliated group. At June 30, 2020, no pool had exposure to any one issuer greater than 5 percent of total invested assets.

Foreign Currency Risk

The Commissioner of Revenue formally adopts asset allocation policies for each fund at the beginning of each fiscal year which places policy limitations on the amount of international securities each fund is allowed to hold. The following policies were in

place during FY 20 and invested assets included the following holdings at June 30, 2020 for the funds invested in the International Equity Pool:

	Policy	Actual
AIA Revenue Fund	2% - 2% /+ 5%	2.00 %
Constitutional Budget Reserve Fund	2% - 2%/ + 5%	— %
Education Endowment Fund	27% +/- 5%	27.60 %
GeFONSI II	3% - 3% /+ 5%	3.26 %
Higher Education Fund	27% +/- 5%	27.59 %
Illinois Creek Mine Reclamation Fund	27% +/- 5%	27.58 %
Power Cost Equalization Endowment Fund	27% +/- 5%	23.02 %
Public School Trust Fund, Principal	27% +/- 5%	27.58 %
Retiree Health Insurance Fund, Long Term Care	12% +/- 5%	12.32 %

At June 30, 2020, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows (in thousands):

Currency	Deposits
Euro Currency	\$ 15
Swiss Franc	35
Subtotal	50
Other Fiduciary Responsibility	(4)
Total Commissioner Responsibility	\$ 46

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, 2020 (in thousands):

Investment by Fair Value Level	Total	Level 1	Level 2	Level 3
Cash Equivalents				
Certificates of Deposits	\$ 21,512	\$ —	\$ 21,512	\$ —
Deposits	123,367	123,367	—	—
Money Market	10,816	—	10,816	—
Repurchase Agreement	929,300	929,300	—	—
Total Cash Equivalents	1,084,995	1,052,667	32,328	—
Debt Securities				
Corporate Bonds	762,465	—	762,465	—
Mortgage Backed	461,848	—	461,848	—
Municipal Bonds	18,536	—	18,536	—
Other Asset Backed	1,037,717	—	1,037,717	—
U.S. Government Agency	105,584	—	105,584	—
U.S. Treasury Bills, Notes, Bonds and TIPS	3,142,240	—	3,142,240	—
Yankee Corporate	391,781	—	391,781	—
Yankee Government	123,917	—	123,917	—
Total Debt Securities	6,044,088	—	6,044,088	—
Equity Securities				
Commingled Equity Funds	1,799,964	1,799,964	—	—
Total Equities Securities	1,799,964	1,799,964	—	—
Total Investments by Fair Value Level		\$ 2,852,631	\$ 6,076,416	\$ —
Total Investments Measured at Fair Value	\$ 8,929,047			
Other Fiduciary Responsibility	(544,716)			
Net Receivables/(Payables) from Investment Activity	(252,073)			
Total Commissioner Invested Assets	\$ 8,132,258			

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

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

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy or contingencies. The International Equity Pool's investments include the following income from derivative investments at June 30, 2020 (in thousands):

Changes in Fair Value		Fair Value		
Classification	Amount	Classification	Amount	Notional
FX Forwards	Investment Income	\$ (101,598)	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, 2020, 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 are valued based on a unit value determined by the managers or trustees multiplied by the total units held by the Plan. The unit value is determined by the respective managers or trustees based on the fair value of the underlying assets.

Fair Value Measurements

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

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

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

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

The ARMB categorizes fair value measurements with the fair value hierarchy established by GAAP. The ARMB has the following fair value measurements at June 30, 2020 (in thousands):

	Totals	Level 1	Level 2	Level 3
Investment by Fair Value Level				
Cash Equivalents				
Certificates of Deposit	\$ 1,429	\$ —	\$ 1,429	\$ —
Commingled Institutional Cash Funds	640	—	640	—
Deposits	33,203	33,203	—	—
Money Market	216,493	—	216,493	—
Repurchase Agreement	61,736	61,736	—	—
Total Cash Equivalents	313,501	94,939	218,562	—
Debt Securities				
Commingled Debt Funds	1,517,126	—	1,517,126	—
Corporate Bonds	1,395,347	—	1,395,347	—
Mortgage Backed	1,006,836	—	1,006,836	—
Other Asset Backed	246,573	—	234,406	12,167
U.S. Government Agency	34,579	—	34,579	—
U.S. Treasury Bills, Notes, and Bonds	1,147,672	—	1,147,672	—
Yankee Corporate Bonds	380,880	—	380,880	—
Yankee Government Bonds	63,559	—	63,559	—
Total Debt Securities	5,792,572	—	5,780,405	12,167
Equity				
Commingled Equity Funds	4,709,963	4,709,963	—	—
Common and Preferred Equity	9,964,230	9,963,918	5	307
Depository Receipts	203,208	203,208	—	—
Futures	589	589	—	—
Real Estate Investment Trust	660,328	660,328	—	—
Rights	304	304	—	—
Warrants	21,930	21,930	—	—
Total Equities	15,560,552	15,560,240	5	307
Other				
Balanced Funds	1,888,349	—	1,888,349	—
Target Date Funds	1,990,770	—	1,990,770	—
Securities Lending Collateral Invested	34,435	—	34,435	—
Total Other	3,913,554	—	3,913,554	—
Total Investments by Fair Value Level	\$ 25,580,179	\$ 15,655,179	\$ 9,912,526	\$ 12,474
Investments Measured at the NAV				
Alternative Beta	\$ 302,767			
Alternative Fixed Income	824,855			
Energy	66,568			
Farmland	882,292			
Infrastructure	663,209			
Private Equity	3,302,119			
Real Estate	1,354,502			
Timber	357,477			
Total Investments Measured at NAV	7,753,789			
Total Investments Measured at Fair Value	\$ 33,333,968			
Synthetic Investment Contract at Cost	\$ 770,807			
Net Payable	(72,811)			
Total Invested Assets	\$ 34,031,964			

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

Investments in alternative beta, alternative fixed income, 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
Alternative Beta	\$ 302,767	N/A	N/A
Alternative Fixed Income	824,855	Quarterly	2-90 days
Energy	66,568	No redemptions	No redemptions
Farmland	882,292	N/A	N/A
Infrastructure	663,209	Quarterly	30-90 days
Private Equity	3,302,119	No redemptions	No redemptions
Real Estate	1,354,502	Varied	Varied
Timber	357,477	N/A	N/A
Total Investments Measured at NAV	<u>\$ 7,753,789</u>		

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

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

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

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

Private Equity: This type includes investments in 29 private equity funds including two gatekeeper managers who invest on behalf of the ARMB. These funds are diversified in various sectors including but not limited to venture capital, acquisitions, debt, and special situations. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Private equity funds undergo annual independent financial statement audits. These investments can never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded through the fiscal year 2027.

Real Estate: This type includes investments in 19 real estate funds that invest primarily in U.S. commercial real estate including value-added, opportunistic and core investments. The fair values of the investments have been determined using the NAV per share of the investments (or its equivalent) of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Real estate investments undergo annual independent financial statement audits. Three of these funds are funds of one, therefore can be liquidated at any time. For the remaining 16 funds, investments can

never be redeemed. The nature of these investments is such that distributions are received through the liquidation of underlying assets of the funds. These investments are expected to be funded through fiscal year 2031.

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

Synthetic Investment Contracts (SICs): The ARMB's investment manager entered into investment contracts, on behalf of the ARMB, with four financial institutions. These institutions provide wrap contracts that cover separately managed SIC portfolios. The accounts are credited with earnings and investment deposits, less administrative expenses charged by the financial institutions and investment withdrawals. The contracts are included in the ARMB's statements at contract value. They are fully benefit responsive. There are no reserves against contract value for the credit risk of the contract issuer or otherwise. The crediting interest rate is based on the approximate rate of interest that will amortize differences between contract and market value over the portfolio's average duration. Accounts and terms of SICs in effect at June 30, 2020 are as follows (in thousands):

	Contract Provider	Alaska Retirement Management Board
Contract Value of Investment Contract	Prudential Insurance Company of America	\$ 144,798
Market Value of Portfolio	Prudential Insurance Company of America	153,051
Average Crediting Rate	Prudential Insurance Company of America	2.59 %
Contract Value of Investment Contract	New York Life Insurance Co.	144,671
Market Value of Portfolio	New York Life Insurance Co.	152,510
Average Crediting Rate	New York Life Insurance Co.	2.48 %
Contract Value of Investment Contract	Pacific Life Insurance Co.	144,863
Market Value of Portfolio	Pacific Life Insurance Co.	153,362
Average Crediting Rate	Pacific Life Insurance Co.	2.64 %
Contract Value of Investment Contract	State Street Bank & Trust Co.	144,852
Market Value of Portfolio	State Street Bank & Trust Co.	153,260
Average Crediting Rate	State Street Bank & Trust Co.	2.63 %
Contract Value of Investment Contract	Massachusetts Mutual Life Insurance Co.	144,745
Market Value of Portfolio	Massachusetts Mutual Life Insurance Co.	152,391
Average Crediting Rate	Massachusetts Mutual Life Insurance Co.	2.52 %

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, 2020, all securities within the Short-term Fixed Income Pool met these compliance metrics.

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, 2020, the effective duration of the ARMB's fixed income by investment type, was as follows:

	Effective Duration (in years)
Corporate Bonds	8.53
Mortgage-backed	1.31
Other Asset Backed	0.93
U.S. Government Agency	9.09
U.S. Treasury Bills, Notes, and Bonds	8.11
Yankee Corporate Bonds	5.70
Yankee Government Bonds	6.68
Total Portfolio	6.01

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:

Buy-and-hold SICs must have an expected final maturity within seven years of settlement date or additional deposit date, whichever is applicable. Structured payout SICS may have a maximum duration of seven years in the aggregate on settlement date of the Contract. For constant duration SICS, duration cannot exceed the longer of six years or the duration of the Bloomberg Barclays Capital Aggregate Bond Index plus one-half year. The aggregate duration of the constant duration SICs was 3.39 years at June 30, 2020. The duration of the Bloomberg Barclays Capital Aggregate Bond Index was 3.35 years at June 30, 2020. The maturity of any marketable fixed income security or money market instrument held in the Reserve may not exceed one year at time of purchase. The Account's weighted average effective duration will generally not exceed the effective duration of the Bloomberg Barclays U.S. Intermediate Aggregate Bond Index plus 10%. The duration of the Barclays U.S. Intermediate Aggregate Bond Index was 3.44 years at June 30, 2020. The balance of the reserve is invested in the custodian's Institutional Treasury Money Market Fund.

Credit Risk

At June 30, 2020, ARMB's invested assets consisted of fixed income securities with credit quality ratings issued by nationally recognized statistical rating organizations. Securities lending collateral was invested in a registered 2(a)-7 money market fund that was not rated. Using Standard & Poor's Corporation rating scale, the values for each rating are as follows (in thousands):

Rating	U.S. Dollar
A	\$ 892,959
AA	203,290
AAA	227,101
B	6,527
BB	12,202
BBB	632,825
CCC	317
Not Rated	2,635,100
U.S. Government Agency	34,579
U.S. Treasury Bills, Notes, and Bonds	1,147,672
	<u>\$ 5,792,572</u>

Synthetic Investment Contracts

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

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

Custodial Credit Risk - Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2020, the ARMB's invested assets had uncollateralized and uninsured foreign currency deposits of \$14,472 thousand.

Foreign Currency Risk

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

Pension System	Opportunistic	Global Equity Ex- U.S.	Private Equity Pool	Real Assets Pool
Public Employees' Retirement System	12 %	22 %	17 %	20 %
Teachers' Retirement System	12	22	17	20
Judicial Retirement System	12	22	17	20
Alaska National Guard and Naval Militia Retirement System	13	25	—	—

At June 30, 2020, the ARMB had exposure to foreign currency risk with the following deposits and investments (in thousands):

Currency	Deposits	Equity	Futures	Private Equity	Rights & Warrants
Australian Dollar	\$ 300	\$ 68,708	\$ —	\$ 1,242	\$ —
Brazilian Real	143	53,967	—	—	—
Canadian Dollar	841	93,526	6	—	—
Chilean Peso	13	5,385	—	—	—
Colombian Peso	1,262	1,491	—	—	—
Czech Koruna	11	715	—	—	—
Danish Krone	72	50,395	—	—	—
Egyptian Pound	—	541	—	—	—
Euro Currency	413	602,176	—	206,213	300
Hong Kong Dollar	551	208,960	—	—	—
Hungarian Forint	6	891	—	—	—
Iceland Krona	576	2,034	—	—	—
Indian Rupee	—	44,395	—	—	—
Indonesian Rupiah	1	10,183	—	—	36
Japanese Yen	2,783	421,075	—	—	—
Malaysian Ringgit	2	10,535	—	—	—
Mexican Peso	9	14,404	—	—	—
New Israeli Sheqel	180	9,884	—	—	—
New Taiwan Dollar	371	64,468	—	—	—
New Zealand Dollar	197	10,474	—	—	—
Norwegian Krone	191	14,943	—	—	—
Philippine Peso	—	1,912	—	—	—
Polish Zloty	81	2,191	—	—	—
Pound Sterling	2,172	259,273	—	51,793	—
Qatari Rial	47	5,336	—	—	—
Russian Ruble	—	38,423	—	—	—
Saudi Riyal	1,234	7,319	—	—	—
Singapore Dollar	267	20,517	—	—	—
South African Rand	308	20,936	—	—	—
South Korean Won	62	89,751	—	—	2
Swedish Krona	169	68,784	—	7,732	—
Swiss Franc	966	123,635	—	—	—
Thailand Baht	29	9,715	—	—	2
Turkish Lira	146	11,032	—	—	—
Uae Dirham	70	2,281	—	—	—
Yuan Renminbi	999	59,738	—	—	—
	<u>\$ 14,472</u>	<u>\$ 2,409,993</u>	<u>\$ 6</u>	<u>\$ 266,980</u>	<u>\$ 340</u>

Concentration of Credit Risk

At June 30, 2020, the ARMB's Invested Assets did not have exposure to any one issuer greater than 5% of total invested assets.

Synthetic Investment Contracts

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

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed thirty-five percent of the synthetic investments contracts' total value.

No investment will be made if, at the time of the purchase, the investment could cause any single issuer or all issuers of the securities held as supporting investments under synthetic investment contracts to exceed thresholds in the table

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

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

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

Derivatives, Foreign Exchange, and Counterparty Credit Risk

The ARMB is exposed to credit risk on investment derivative instruments that are in asset positions. The ARMB has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the ARMB has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the ARMB have a policy for contingencies. On June 30, 2020, the ARMB had the following derivative instruments outstanding (in thousands):

	Change in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
Commodity Futures Long	Investment Revenue	\$ 1,413	Futures	\$ —	\$ 21
Commodity Futures Short	Investment Revenue	529	Futures	—	—
Fixed Income Futures Long	Investment Revenue	10	Futures	—	400
Fixed Income Futures Short	Investment Revenue	(1,808)	Futures	—	(35,500)
FX Forwards	Investment Revenue	(3,265)	Long Term Instruments	(1,533)	195,480
Index Futures Long	Investment Revenue	3,618	Futures	—	27
Index Futures Short	Investment Revenue	22,338	Futures	—	(1)
Index Options Written	Investment Revenue	(1,040)	Options	—	—
Rights	Investment Revenue	(2)	Common Stock	304	665
Warrants	Investment Revenue	13,310	Common Stock	21,930	2,884

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, 2020, the ARMB had the following foreign currency risk related to derivatives (in thousands):

Currency Name	Right & Warrant Options	Net Receivable	Net Payables	Total Exposure
Australian Dollar	\$ —	\$ (15)	\$ —	\$ (15)
Canadian Dollar	—	(45)	—	(45)
Swiss Franc	—	(20)	15	(5)
Euro Currency	300	(848)	176	(372)
Pound Sterling	—	(215)	—	(215)
Indonesian Rupiah	36	—	—	36
Japanese Yen	—	(606)	—	(606)
South Korean Won	2	4	8	14
Swedish Krona	—	—	13	13
Singapore Dollar	—	—	—	—
Thailand Baht	2	—	—	2
	<u>\$ 340</u>	<u>\$ (1,745)</u>	<u>\$ 212</u>	<u>\$ (1,193)</u>

At June 30, 2020 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, 2020, the ARMB has no credit risk exposure to the borrowers because the amounts the ARMB owes to the borrowers exceeded the amounts the borrowers owe the ARMB.

The fair value of securities on loan at June 30, 2020, was approximately \$33.3 million. At June 30, 2020, cash collateral received totaling \$34.4 million is reported as a securities lending payable and the fair value of the re-invested cash collateral totaling \$34.4 million is reported as security lending collateral invested in the Schedule of Invested Assets.

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

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

For the year ended June 30, 2020 there were no losses incurred as a result of securities lending transactions and there were no significant violations of legal or contractual provisions nor failures by any borrowers to return loaned securities.

DEFERRED COMPENSATION PLAN

The State's Internal Revenue Code Section 457 Deferred Compensation Plan (DCP) holds investments in several collective investment funds, Pooled Investments Funds, and Stable Value Fund. At June 30, 2020, Deferred Compensation Plan investments totaled \$1.001 billion.

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

The carrying values of participant-directed investments at June 30, 2020 are as follows (in thousands):

	FY 2020
S&P 500 Stock Index Fund	\$ 213,750
Stable Value Fund	205,421
T. Rowe U.S. Small-Cap Trust	110,706
Passive U.S. Bond Index Fund	86,026
Alaska Long-Term Balanced Trust	78,739
Environmental, Social, and Governance Fund	39,401
Russell 3000 Index Fund	37,554
International Equity Fund	35,725
Alaska Balanced Trust	28,564
State Street Institutional Treasury Money Market Fund	23,139
Alaska Target Date Retirement 2025 Trust	22,926
Alaska Target Date Retirement 2020 Trust	22,475
World Equity Ex-U.S. Index Fund	18,351
Blackrock Strategic Completion Fund	14,845
Alaska Target Date Retirement 2030 Trust	13,177
Alaska Target Date Retirement 2040 Trust	9,370
Alaska Target Date Retirement 2015 Trust	9,240
Alaska Target Date Retirement 2035 Trust	8,786
Alaska Target Date Retirement 2045 Trust	7,137
Alaska Target Date Retirement 2050 Trust	4,825
Alaska Target Date Retirement 2055 Trust	4,617
Alaska Target Date Retirement 2010 Trust	3,166
Mass Mutual Equity Fund	2,108
Alaska Target Date Retirement 2060 Trust	851
Alaska Target Date Retirement 2065 Trust	176
Mass Mutual Bond Fund	16
	<u>\$ 1,001,091</u>

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

Risk and Uncertainty

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

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

SUPPLEMENTAL BENEFITS SYSTEM

The State's Supplemental Benefits System (SBS) holds investments in several collective investment funds, a Stable Value Fund and the Pooled Investment Funds. At June 30, 2020, SBS investments totaled \$4.226 billion.

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

The carrying values of participant-directed investments at June 30, 2020 are as follows (in thousands):

	FY 2020
Alaska Balanced Trust	\$ 1,099,551
Alaska Long-term Balanced Trust	663,504
Stable Value Fund	459,553
S&P 500 Stock Index Fund	416,744
U.S. Small Cap Trust	198,117
Passive U.S. Bond Index Fund	192,353
Russell 3000 Index Fund	122,429
Environmental, Social, and Governance Fund	105,588
Alaska Target Date Retirement 2025 Trust	94,072
Alaska Target Date Retirement 2020 Trust	87,633
Alaska Target Date Retirement 2050 Trust	86,960
Alaska Target Date Retirement 2055 Trust	84,655
International Equity Fund	77,929
Alaska Target Date Retirement 2045 Trust	77,616
Alaska Target Date Retirement 2015 Trust	77,454
State Street Institutional Treasury Money Market Fund	69,897
Alaska Target Date Retirement 2030 Trust	69,241
Alaska Target Date Retirement 2040 Trust	68,743
Alaska Target Date Retirement 2035 Trust	66,798
World Equity Ex-U.S. Index Fund	59,551
Blackrock Strategic Completion Fund	33,733
Alaska Target Date Retirement 2010 Trust	10,591
Alaska Target Date Retirement 2060 Trust	3,086
Alaska Target Date Retirement 2065 Trust	677
	<u>\$ 4,226,475</u>

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

Risk and Uncertainty

SBS invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities it is at least reasonably possible that

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

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

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

ALASKA PERMANENT FUND CORPORATION

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

Investments and Related Policies

Carrying value of investments

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

State investment regulations

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

Investment policy - Asset allocation

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

At June 30, 2020, the APFC's strategic asset allocation targets were as follows:

Asset Class	Asset Class Target
Public Equities	37%
Fixed Income Plus	20
Private Equity and Special Opportunities	13
Real Estate	12
Infrastructure and Private Income	8
Absolute Return	5
Asset Allocation	5

To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC's chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's executive director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target dollar allocation for the public equities class is 37 percent, with the green zone range set at plus or minus five percent, the yellow zone range set at zero to ten percent beyond the green zone, and red zone range set at greater than ten percent beyond the green zone. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

Interest Rate Risk

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

At June 30, 2020, the Fund held fixed income investments with floating, variable, and step interest rates, valued at \$533,539 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero to 13 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, U.S. Treasury bills, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes approximately two percent in cash. APFC's investment policy specifies that funds dedicated to this portion of the asset allocation will be invested in money market funds or fixed income securities with weighted-average maturities of no greater than 24 months.

Cash and temporary investments, which include the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30, 2020 (in thousands):

Cash	\$ 1,062,878
Pooled Funds	3,665,096
Commercial Paper	37,812
U.S. Treasury Bills	50,086
Total Cash and Temporary Investments	<u>\$ 4,815,872</u>

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, 2020, are summarized as follows (in thousands), categorized by debt instrument type and by country of registration:

	Cost	Fair Value	Unrealized Gains/(Losses)
Treasury and Government Notes/Bonds	\$ 1,450,630	\$ 1,481,186	\$ 30,556
Mortgage-backed Securities	2,087,591	2,111,917	24,326
Corporate Bonds	5,803,147	6,216,160	413,013
Commercial Mortgage/Asset-backed Securities	244,299	256,740	12,441
Non-U.S. Treasury and Government Bonds	2,049,619	2,009,412	(40,207)
Non-U.S. Corporate Bonds	1,082,211	1,133,916	51,705
Bond-backed Exchange Traded Funds	412,428	386,121	(26,307)
Total Marketable Debt Securities	<u>\$ 13,129,925</u>	<u>\$ 13,595,452</u>	<u>\$ 465,527</u>

Marketable Debt Credit Ratings

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate, issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating BBB or better, or Moody's Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organizations (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Managers with high yield mandates are allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2020, 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	\$ 298,514	\$ 189,478	\$ 487,992	3.59 %
AA	435,294	312,185	747,479	5.50
A	1,635,608	782,266	2,417,874	17.78
BBB	2,621,198	977,179	3,598,377	26.47
BB	809,382	302,323	1,111,705	8.18
B	472,499	207,401	679,900	5.00
CCC	137,970	52,650	190,620	1.40
CC	3,484	12,246	15,730	0.12
C	483	—	483	0.00
D	6,622	22,178	28,800	0.21
Total Fair Value of Rated Debt Securities	6,421,054	2,857,906	9,278,960	68.25
Commingled Bond Funds	434,521	1	434,522	3.20
Not Rated	13,155	285,421	298,576	2.20
U.S. Government Explicitly Backed by the U.S. Government (AA)	2,034,888	—	2,034,888	14.97
U.S. Government Implicitly Backed by the U.S. Government (AA)	1,548,506	—	1,548,506	11.39
Total Fair Value Debt Securities	<u>\$ 10,452,124</u>	<u>\$ 3,143,328</u>	<u>\$ 13,595,452</u>	<u>100.00 %</u>

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, 2020, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration (Years)
Domestic Bonds		
Treasury and Government Notes/Bonds	14.17 %	8.25
Mortgage-backed Securities	20.21	1.91
Corporate Bonds	59.47	7.72
Commercial Mortgage and Asset-backed Securities	2.46	3.82
Bond-Backed Exchange Traded Funds	3.69	—
Total Domestic Bonds	<u>100.00 %</u>	<u>6.24</u>
Non-domestic Bonds		
Non-U.S. Treasury and Government Bonds	63.93 %	8.02
Non-U.S. Corporate Bonds	36.07	7.37
Bond-Backed Exchange Traded Funds	—	—
Total Non-domestic Bonds	<u>100.00 %</u>	<u>7.79</u>

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, 2020 are summarized as follows (in thousands) which include the net fair value of equity index futures of \$2.6 million:

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Direct Investments			
Domestic Stock	\$ 11,122,771	\$ 12,969,390	\$ 1,846,619
Non-domestic Stock	10,941,930	11,298,111	356,181
Commingled Funds	866,224	842,258	(23,966)
Total Preferred and Common Stock	<u>\$ 22,930,925</u>	<u>\$ 25,109,759</u>	<u>\$ 2,178,834</u>

Foreign Currency Exposure

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

At June 30, 2020, the Fund's cash holdings, foreign currency forward contracts, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded) (in thousands):

Foreign Currency	Cash and Equivalents	Foreign Exchange Forward Contracts	Public/Private Equity, Real Estate, Infrastructure	Debt	Total Foreign Currency Exposure
Australian Dollar	\$ 96,406	\$ (32,908)	\$ 331,562	\$ 29,178	\$ 424,238
Brazil Real	1,763	10,923	131,543	34,889	179,118
Canadian Dollar	59,546	(154,125)	441,215	23,180	369,816
Chilean Peso	236	(6,175)	7,684	14,100	15,845
Chinese Yuan Renminbi	3,769	(69,737)	281,573	86,264	301,869
Columbian Peso	1,951	(4,802)	1,157	30,363	28,669
Czech Koruna	237	8,676	1,654	8,700	19,267
Danish Krone	4,347	(2,148)	131,098	—	133,297
Dominican Republic Peso	—	—	—	301	301
Egyptian Pound	73	(1,911)	154	1,794	110
Euro Currency	169,340	(619,612)	2,577,500	401,438	2,528,666
Hong Kong Dollar	46,586	(40,150)	1,119,826	—	1,126,262
Hungarian Forint	370	1,592	8,860	7,026	17,848
Indian Rupee	1,163	(10,557)	234,187	—	224,793
Indonesian Rupiah	2,833	(19,421)	50,469	63,026	96,907
Israeli Shekel	1,101	(8,368)	22,208	11,634	26,575
Japanese Yen	144,181	(295,081)	1,247,616	354,969	1,451,685
Malaysian Ringgit	2,024	(6,372)	24,029	30,620	50,301
Mexican Peso	5,971	(20,063)	45,121	70,966	101,995
New Taiwan Dollar	832	(8,260)	302,763	—	295,335
New Zealand Dollar	9,314	37,587	13,604	5,070	65,575
Nigerian Naira	—	(835)	—	—	(835)
Norwegian Krone	645	(68,873)	39,312	16,346	(12,570)
Pakistan Rupee	—	—	13	—	13
Peruvian Sol	178	(6,885)	—	12,208	5,501
Phillipines Peso	84	(5,452)	6,829	—	1,461
Polish Zloty	600	13,491	23,785	14,939	52,815
Pound Sterling	74,751	(258,045)	870,912	83,556	771,174
Qatari Riyal	552	(346)	10,853	—	11,059
Romanian Leu	130	3,242	—	4,202	7,574
Russian Ruble	1,838	(14,050)	7,980	60,232	56,000
Saudi Arabian Riyal	112	—	11,539	—	11,651
Serbian Dinar	182	—	—	5,423	5,605
Singapore Dollar	43,160	(37,894)	45,914	11,828	63,008
South African Rand	6,241	(11,788)	64,114	38,470	97,037
South Korean Won	2,100	(28,045)	319,326	38,170	331,551
Swedish Krona	9,529	(18,936)	166,830	11,085	168,508
Swiss Franc	12,267	586	390,249	—	403,102
Thailand Baht	1,908	12,152	43,273	19,525	76,858
Turkish Lira	639	(1,425)	36,934	3,642	39,790
UAE Dirham	393	—	10,040	—	10,433
Ukraine Hryvana	6	—	—	2,107	2,113
Uruguayan Peso	—	—	—	576	576
Total foreign currency exposure	<u>\$ 707,358</u>	<u>\$ (1,664,015)</u>	<u>\$ 9,021,726</u>	<u>\$ 1,495,827</u>	<u>\$ 9,560,896</u>

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

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

Real Estate

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

The APFC periodically reviews real estate investments for other than temporary impairment. There was an impairment recognized in FY 20. It was determined that one direct real estate holdings were impaired because it was more likely than not the Fund would not recover their carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income and fund balance classifications, \$7.9 million of unrealized losses were realized through a write-down of cost to fair value.

Real estate investments at June 30, 2020 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains (Losses)
Real Estate Investment Trusts	\$ 180,293	\$ 214,924	\$ 34,631
Real Estate Funds and Notes	343,755	363,572	19,817
American Homes 4 Rent II	128,620	147,555	18,935
Directly Owned Real Estate			
Retail	785,771	1,540,130	754,359
Office	1,014,231	1,241,455	227,224
Hotel	59,448	66,205	6,757
Industrial	255,714	409,290	153,576
Multifamily	220,439	320,473	100,034
Total Real Estate	<u>\$ 2,988,271</u>	<u>\$ 4,303,604</u>	<u>\$ 1,315,333</u>

Alternative Investments

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

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

The Fund holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to assist in the selection of private equity holdings

diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the APFC staff, the external advisors and the underlying fund managers. The underlying private equity funds provide the Fund with fair value estimates of the investments utilizing the most current information available. In addition, the external advisors review the fair value estimates and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily determinable fair value, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets. During FY 20, it was determined that twenty private equity funds were impaired and would not recover their carrying cost over the remaining estimated holding period of the assets. In order to reflect the impairment in statutory net income and fund balance classifications, \$195.2 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 20 it was determined that one infrastructure fund was impaired because it was more likely than not that the Fund would not recover the carrying cost over the remaining estimated holding period of the asset. In order to reflect the impairment in statutory net income and fund balance classifications, \$24.5 million of unrealized losses were realized through a write-down of cost to fair value. At the end of FY 20, the Fund sold five infrastructure investments on the secondary market with total proceeds of \$637 million.

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

During FY 20, it was determined that three private credit funds were impaired because it was more likely than not the Fund would not recover its carrying cost over the remaining estimated holding period of the asset. In order to reflect the impairment in statutory net income and fund balance classifications, \$41.8 million of unrealized losses were realized through a write-down of cost to fair value.

Alternative investments at June 30, 2020 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains
Absolute Return	\$ 3,989,336	\$ 4,288,542	\$ 299,206
Private Equity	7,162,435	9,803,985	2,641,550
Infrastructure	1,728,714	1,902,257	173,543
Private Credit	1,760,455	1,890,392	129,937
Total Alternative Investments	<u>\$ 14,640,940</u>	<u>\$ 17,885,176</u>	<u>\$ 3,244,236</u>

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, 2020, 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, 2020 the value of securities on loan is as follows (in thousands):

Fair Value of Securities on Loan, Secured by Cash Collateral	\$ 1,512,625
Cash Collateral	1,540,240
Fair Value of Securities on Loan, Secured by Non-cash Collateral	6,126,859
Non-cash Collateral	6,699,184

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the year ended June 30, 2020, the Fund incurred no losses from securities lending transactions. The Fund received income of \$31.4 million from securities lending for the year ended June 30, 2020, 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, 2020 are summarized as follows (in thousands):

	Measured Using Input Levels			Measured Using	
	Level 1	Level 2	Level 3	NAV	Total
Marketable Debt Securities	\$ 1,868,303	\$ 11,650,169	\$ 76,980	\$ —	\$ 13,595,452
Preferred and Common Stock	24,923,991	3	—	185,765	25,109,759
Real Estate	214,971	—	—	4,088,633	4,303,604
Absolute Return	—	—	—	4,288,542	4,288,542
Private credit	—	—	—	1,890,392	1,890,392
Private equity	93,761	—	—	9,710,224	9,803,985
Infrastructure	195,710	—	—	1,706,547	1,902,257
Total Investments	<u>\$ 27,296,736</u>	<u>\$ 11,650,172</u>	<u>\$ 76,980</u>	<u>\$ 21,870,103</u>	<u>\$ 60,893,991</u>

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

Publicly traded real estate investment trusts are valued using prices quoted in active markets and are reported as level 1. Directly owned real estate through ownership of interests in corporations, limited liability companies and partnerships that hold title to real estate are reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. The underlying directly owned real estate investments are subject to annual

appraisals and audits. American Homes 4 Rent II is reported at the NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions, and does not allow redemptions until the company is wound-up and dissolved.

Absolute return investments are reported at NAV of the capital account balance nearest to the balance sheet date, adjusted for subsequent contributions and distributions. 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.

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

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

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

Investment Income by Source

Investment income during the year ended June 30, 2020, is summarized as follows (in thousands):

Interest	
Marketable Debt Securities	\$ 457,889
Short-term Domestic and Other	35,010
Total Interest	<u>\$ 492,899</u>
 Dividends	
	<u>\$ 515,335</u>
 Real Estate and Other Income	
Directly Owned Real Estate Net Rental Income	\$ 106,130
Real Estate Investment Trust Dividends	56,422
Real Estate Fund and Notes, Net of Fees	661
Absolute Return Dividend and Interest Income	11
Private Credit Interest Income, Net of Fees	63,577
Infrastructure Interest and Dividend Income, Net of Fees	84,576
Private Equity Dividend Income, Net of Fees	46,471
Class Action Litigation Income	4,861
Loaned Securities, Commission Recapture, and Other Income	31,955
Total Real Estate and Other Income	<u>\$ 394,664</u>

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, 2020 ranged between one and 274 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, 2020 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 20 are summarized as follows (in thousands):

Balances at June 30, 2020:

Face Value of FX Forward Contracts	\$ 3,154,765
Net Unrealized Holding Gains (losses) on FX Forward Contracts	5,660
Fair Value of FX Forward Contracts	<u>\$ 3,160,425</u>
Activity for Fiscal Year Ending June 30, 2020	
Change in Unrealized Holding Gains	\$ 27,160
Realized Gains	24,322
Net Increase (decrease) in Fair Value of FX Forward Contracts	<u>\$ 51,482</u>

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

Activity and balances related to futures in equity accounts for FY 20 are summarized as follows (in thousands):

Balances at June 30, 2020:

Face Value of Equity Index Futures	\$ 38,952
Net Unrealized Holding Gains on Futures	2,587
Fair Value of Equity Index Futures	<u>\$ 41,539</u>
Activity for Fiscal Year Ending June 30, 2020	
Change in Unrealized Holding Gains	\$ 1,316
Realized Losses	(1,865)
Net Decrease in Fair Value of Equity Index Futures	<u>\$ (549)</u>

Activity and balances related to futures in fixed income accounts for FY 20 is summarized as follows (in thousands):

Balances at June 30, 2020:

Face Value of U.S. Treasury Index Futures	\$ 100,596
Net Unrealized Holding Losses on Futures	(707)
Fair Value of U.S. Treasury Index Futures	<u>\$ 99,889</u>
Activity for Fiscal Year Ending June 30, 2020	
Change in Unrealized Holding Gains	\$ 3,322
Realized Losses	(60,613)
Net Decrease in Fair Value of U.S. Treasury Index Futures	<u>\$ (57,291)</u>

The face value of FX forward contracts and futures shown in these schedules is not required to be included in the Fund's balance sheets. All other activity amounts shown above are included in the Fund's financial statements in the Foreign currency forward exchange contracts and futures line on the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 5 – CAPITAL ASSETS**PRIMARY GOVERNMENT**

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

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

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

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

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

Capital asset activities for the fiscal year ended June 30, 2020, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	\$ 673	\$ 15	\$ —	\$ 688
Land	380	—	—	380
Construction in progress	1,381	585	(386)	1,580
Total capital assets not being depreciated	2,434	600	(386)	2,648
Capital assets being depreciated:				
Buildings	2,496	66	(1)	2,561
Intangible - Software	318	—	—	318
Equipment	1,034	31	(7)	1,058
Infrastructure	9,623	317	(1)	9,939
Total capital assets being depreciated	13,471	414	(9)	13,876
Less accumulated depreciation for:				
Buildings	(898)	(131)	3	(1,026)
Intangible - Software	(203)	(23)	—	(226)
Equipment	(609)	(38)	7	(640)
Infrastructure	(6,335)	(362)	—	(6,697)
Total accumulated depreciation	(8,045)	(554)	10	(8,589)
Total capital assets being depreciated, net	5,426	(140)	1	5,287
Capital assets, net	\$ 7,860	\$ 460	\$ (385)	\$ 7,935

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	66	46	(98)	14
Total capital assets not being depreciated	97	46	(98)	45
Capital assets being depreciated:				
Buildings	1,130	6	—	1,136
Equipment	133	6	—	139
Infrastructure	1,017	88	—	1,105
Total capital assets being depreciated	2,280	100	—	2,380
Less accumulated depreciation for:				
Buildings	(505)	(31)	—	(536)
Equipment	(98)	(9)	—	(107)
Infrastructure	(563)	(35)	—	(598)
Total accumulated depreciation	(1,166)	(75)	—	(1,241)
Total capital assets being depreciated, net	1,114	25	—	1,139
Capital assets, net	<u>\$ 1,211</u>	<u>\$ 71</u>	<u>\$ (98)</u>	<u>\$ 1,184</u>

The following relates to the land owned by the State:

The total state entitlement amounts to approximately 105.8 million acres, 102.6 million of which was received through the Statehood Act. In accordance with the Alaska Statehood Act section 6(g), Alaska Native Claims Settlement Act, and the Alaska National Interest Lands Conservation Act, section 906(c), 100.6 million acres have been patented or “tentatively approved.”

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

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

Governmental Activities:	Amount
General Government	\$ 53
Education	21
Health and Human Services	38
Law and Justice	6
Natural Resources	16
Development	2
Public Protection	17
Transportation	371
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.	30
Total Depreciation Expense - Governmental Activities	<u>\$ 554</u>
Business-type Activities:	
Enterprise	\$ 75

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, 2020 (in millions):

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 118	\$ 2	\$ (1)	\$ 119
Museum collections	7	—	—	7
Construction in Progress	640	125	(78)	687
Total capital assets not being depreciated	765	127	(79)	813
Capital assets being depreciated/depleted:				
Intangible - Software	2	—	—	2
Intangible - Right of Use	21	—	—	21
Land	4	—	—	4
Library Books	56	1	(1)	56
Buildings	2,481	25	(7)	2,499
Equipment	896	21	(9)	908
Infrastructure	1,824	33	—	1,857
Total capital assets being depreciated/depleted	5,284	80	(17)	5,347
Less accumulated depreciation/depletion for:				
Intangible - Software	(2)	—	—	(2)
Intangible - Right of Use	(10)	(1)	—	(11)
Land	(1)	—	—	(1)
Library Books	(49)	(1)	1	(49)
Buildings	(1,250)	(70)	2	(1,318)
Equipment	(562)	(43)	8	(597)
Infrastructure	(919)	(58)	—	(977)
Total accumulated depreciation/depletion	(2,793)	(173)	11	(2,955)
Total capital assets being depreciated/depleted, net	2,491	(93)	(6)	2,392
Capital assets, net	\$ 3,256	\$ 34	\$ (85)	\$ 3,205

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 20 totaling \$1,901 thousand and \$2,201 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, 2020 (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	\$ 325,826	\$ 1,628	\$ 14,494	\$ 312,960	\$ 605
General obligation debt	727,611	—	55,506	672,105	46,620
Notes from direct borrowings and direct placements	9,196	72	2,705	6,563	2,693
Capital leases payable	237,928	13,811	22,009	229,730	21,732
Unearned revenue	51,016	2,574,292	1,405,459	1,219,849	1,195,565
Certificates of participation	26,384	—	2,043	24,341	2,244
Compensated absences	168,706	159,412	147,346	180,772	154,636
Claims and judgments	160,702	99,678	35,635	224,745	42,908
Pollution remediation	126,646	4,087	5,506	125,227	12,523
Other noncurrent liabilities	3,052	36,089	35,706	3,435	—
Net pension liability	4,167,303	477,610	29,396	4,615,517	—
Net OPEB liability	806,385	5,037	706,874	104,548	—
Total	\$ 6,810,755	\$ 3,371,716	\$ 2,462,679	\$ 7,719,792	\$ 1,479,526

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, 2020 (in thousands):

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	\$ 370,351	\$ —	\$ 15,269	\$ 355,082	\$ 13,930
Unearned revenue	32,512	10,685	7,104	36,093	36,093
Compensated absences	4,155	4,616	3,695	5,076	3,946
Pollution remediation	6,490	3,066	3,700	5,856	1,477
Other Noncurrent Liabilities	23,161	22,104	11,581	33,684	—
Net pension liability	56,021	4,279	79	60,221	—
Net OPEB liability	11,750	—	9,761	1,989	—
Total	<u>\$ 504,440</u>	<u>\$ 44,750</u>	<u>\$ 51,189</u>	<u>\$ 498,001</u>	<u>\$ 55,446</u>

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, 2019 measurement date was determined by actuarial valuations as of June 30, 2018, which were rolled forward to June 30, 2019. The JRS and NGNMRS total pension liability for the June 30, 2019 measurement date was determined by roll forward actuarial valuations as of June 30, 2018. The actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

System	Investment Rate of Return	Inflation Rate	Salary Scale Increases
PERS	7.38%, net of pension plan investment expenses. This is based on an average inflation of 2.50% and a real return of 4.88%	2.5%	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter Graded by service from 6.75% to 2.75% for all others
TRS	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%	2.5%	Graded by service, from 6.75% to 2.75%
JRS	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return 4.88%	2.5%	3.62% per year, compounded annually
NGNMRS	7%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%	2.5%	None

PERS post-termination mortality rates were based on 100 percent of the RP-2014 table. Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-mortality rates were based on 91 percent of male and 96 percent of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75 percent of the time for Peace Officer/Firefighters, 40 percent of the time for others. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

TRS pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 white-collar employee table with MP-2017 generational

improvement. Post-termination mortality rates were based on 93 percent of the male rates and 90 percent of the female rates of the RP-2014 white color healthy annuitant table with MP-2017 generational improvement. Deaths are assumed to result from occupational cause 15% of the time. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumption for the June 30, 2018 actuarial valuation to better reflect expected future experience.

JRS post-termination mortality rates were based on 93 percent of the male rates and 90 percent of the female rates of the RP-2014 white-collar healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-termination mortality were based upon 100 percent the RP-2014 white collar employee table projected with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

NGNMRS post-termination mortality rates were based on 91 percent of male and 96 percent of female rates of the RP-2014 employee table with MP-2017 generational improvement. The rates for pre-termination mortality was 100 percent (male and female) of the RP-2014 healthy annuitant table with MP-2017 generational improvement. The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017, resulting in changes in actuarial assumptions effective for the June 30, 2018 actuarial valuation adopted by the Alaska Retirement Management Board to better reflect future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 actuarial valuation.

For PERS, TRS, JRS, and NGNMRS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the next table (note that the rates shown exclude the inflation component):

System	Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
PERS/TRS	Domestic Equity	8.16%	24.00%	+/- 6%
	Global Equity (non-U.S.)	7.51	22.00	+/- 4
	Intermediate treasuries	1.58	—	
	Fixed Income	—	10.00	+/- 5
	Opportunistic	3.96	10.00	+/- 5
	Real assets	4.76	17.00	+/- 8
	Absolute return	—	7.00	+/- 4
	Private equity	11.39	9.00	+/- 5
	Cash Equivalents	0.83	1.00	+ 3/-1
JRS	Domestic Equity	8.16	24.00	+/- 6
	Global ex-U.S. equity	7.51	22.00	+/- 4
	Aggregate bonds	—	—	
	Fixed Income	—	10.00	+/- 5
	Opportunistic	3.96	10.00	+/- 5
	Real assets	4.76	17.00	+/- 8
	Absolute return	—	7.00	+/- 4
	Private equity	11.39	9.00	+/- 5
	Cash Equivalents	0.83	1.00	-1/+3
NGNMRS	Broad Domestic Equity	8.17	27.00	+/- 6
	Global Equity (non-U.S.)	7.51	18.00	+/- 4
	Fixed Income	1.58	45.00	+/- 10
	Opportunistic	3.96	10.00	+/- 5
	Cash Equivalents	0.83	—	+ 3

The discount rate used to measure the total pension liability was 7.38 percent for PERS, TRS and JRS which is a decrease of 0.62 percent from the June 30, 2018 measurement. The discount rate used to measure the total pension liability was 7 percent for NGNMRS. The projection of cash flows used to determine the discount rate assumed that the employer and the nonemployer State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the System Pension Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the System Pension Plans' fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79 percent as of June 30, 2019.

The following presents the net pension liability/(asset) for each plan as of June 30, 2019, calculated using the discount rate, as well as what the respective plans' net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (in thousands):

	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
Primary Government's proportionate share of the PERS net pension (asset) liability	\$ 3,592,066	\$ 2,721,623	\$ 1,992,657
Discrete Component Units' proportionate share of the PERS net pension (asset) liability	354,746	268,783	196,791
Primary Government's proportionate share of the TRS net pension (asset) liability	17,917	12,438	7,837
Discrete Component Units' proportionate share of the TRS net pension (asset) liability	43,146	29,951	18,873
Primary Government's JRS net pension (asset) liability	77,504	51,309	29,173
	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
Primary Government's NGNMRS net pension (asset) liability	\$ (16,800)	\$ (18,712)	\$ (20,366)

The State's proportion of the net pension liability for the defined benefits multiple employer plans were based on projections of the present value of the State's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers from July 1, 2019 to a projected fully funded year of 2039. At June 30, 2019 the proportionate share of the net pension liability attributed to the State was 54.63 percent (49.72 percent for the primary government and 4.91 percent for the discrete component units) for the Public Employee's Retirement System (PERS) and 2.27 percent (0.67 for the primary government and 1.6 for the discrete component units) for the Teacher's Retirement System (TRS). This was a decrease of 0.05 percent (0.19 percent increase for the primary government and 0.24 percent decrease for the discrete component units) for PERS and a decrease of 0.08 percent (0.00 percent increase for the primary government and 0.08 percent decrease for the discrete component units) for TRS from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the State recognized pension expense of \$401,418 thousand (\$360,180 thousand for the primary government and \$41,238 thousand for the discrete component units) broken out by plan as follows (in thousands):

<u>Systems</u>	<u>Pension Expense</u>
Public Employees' Retirement System - Primary Government	\$ 352,670
Public Employees' Retirement System - Discrete Component Units	40,010
Teachers' Retirement System - Primary Government	896
Teachers' Retirement System - Discrete Component Units	1,228
Judicial Retirement System - Primary Government	11,280
Alaska National Guard and Alaska Naval Militia Retirement System - Primary Government	(4,666)

At June 30, 2020, 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	\$ —	\$ 40,291
	Difference Between Projected and Actual Investment Earnings	39,022	—
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	3,112	—
	Changes in Assumptions	83,324	—
	Contributions Subsequent to the Measurement Date	212,693	—
Discrete Component	Difference Between Expected and Actual Experience	—	3,979
Units	Difference Between Projected and Actual Investment Earnings	3,854	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	328	3,849
	Changes in Assumptions	8,229	—
	Contributions Subsequent to the Measurement Date	19,763	—
TRS			
Primary Government	Difference Between Expected and Actual Experience	—	337
	Difference Between Projected and Actual Investment Earnings	319	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	23
	Changes in Assumption	—	88
	Contributions Subsequent to the Measurement Date	1,184	—
Discrete Component	Difference Between Expected and Actual Experience	—	812
Units	Difference Between Projected and Actual Investment Earnings	769	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	816
	Changes in Assumptions	—	212
	Contributions Subsequent to the Measurement Date	1,465	—
JRS			
Primary Government	Difference Between Projected and Actual Investment Earnings	1,411	—
	Difference Between Expected and Actual Experience	—	2,787
	Changes in Assumptions	2,387	—
	Contributions Subsequent to the Measurement Date	11,127	—
NGNMRS			
Primary Government	Difference Between Projected and Actual Investment Earnings	934	—
	Difference Between Expected and Actual Experiences	—	6,874
	Changes in Assumptions	—	77
	Contributions Subsequent to the Measurement Date	861	—

\$247,093 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 2021 (\$225,865 thousand for the primary government and \$21,228 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
2021	\$ 89,443	\$ 5,005	\$ (93)	\$ (984)	\$ 1,027	\$ (4,332)
2022	(28,811)	(2,845)	(232)	(558)	(1,003)	(1,985)
2023	11,072	1,093	87	210	458	219
2024	13,464	1,330	108	262	529	81
2025	—	—	—	—	—	—
Thereafter	—	—	—	—	—	—

SPECIAL FUNDING SITUATION

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

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

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

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

The assumptions for the portion of the net pension liability attributed to the special funding situation for both the PERS and TRS plans are the same as those previously listed. The proportionate share of the net pension liability attributed to the special funding situation was based on a projection of the present value of the State’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers from July 1, 2020 to a projected fully funded year of 2039.

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

	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
PERS net pension liability	\$ 1,031,803	\$ 781,773	\$ 572,381
TRS net pension liability	1,596,960	1,108,594	698,550

At June 30, 2019 the proportionate share of the net pension liability attributed to the State for the special funding situation was 14.28 percent for the Public Employee's Retirement System (PERS) and 59.33 percent for the Teacher's Retirement System (TRS), which was an increase of 2.95 percent and -0.06 percent from its proportion measured as of June 30, 2018 for PERS and TRS respectively.

For the year ended June 30, 2020, the State recognized expenses of \$245,556 thousand in relation to the special funding situation broken out by plan as follows (in thousands):

<u>Systems</u>	<u>Pension Expense</u>
Public Employees' Retirement System	\$ 164,111
Teachers' Retirement System	81,445

At June 30, 2020, 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	\$ —	\$ 11,573
	Difference Between Projected and Actual Investment Earnings	11,209	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	51,937	—
	Changes in Assumptions	23,934	—
	Changes in Benefits		—
	Contributions Subsequent to the Measurement Date	79,486	—
TRS	Difference Between Expected and Actual Experience	—	30,062
	Difference Between Projected and Actual Investment Earnings	28,474	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	10,837	—
	Changes in Assumptions	—	7,845
	Contributions Subsequent to the Measurement Date	140,219	—

\$219,705 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 2021. 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
2021	\$ 76,735	\$ 4,596
2022	(8,276)	(20,642)
2023	3,180	7,783
2024	3,867	9,666
2025	—	—
Thereafter	—	—

STATE ADMINISTERED SINGLE EMPLOYER PLANS

The schedules of changes in plan net pension liability/(asset) for the JRS and NGNMRS defined benefit pension plan as of the measurement date, June 30, 2019 are below (in thousands):

JRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2018	\$ 226,560	\$ 176,795	\$ 49,765
Changes for the year:			
Service Cost	6,351	—	6,351
Interest	16,653	—	16,653
Contributions - employer	—	10,257	(10,257)
Contributions - employee	—	813	(813)
Net investment income	—	10,448	(10,448)
Benefit payments, including refunds of employee contributions	(13,628)	(13,628)	—
Administrative expense	—	(59)	59
Net Changes	<u>9,376</u>	<u>7,831</u>	<u>1,545</u>
Balances at June 30, 2019	<u>\$ 235,936</u>	<u>\$ 184,626</u>	<u>\$ 51,310</u>

NGNMRS	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balances at June 30, 2018	\$ 21,604	\$ 39,418	\$ (17,814)
Changes for the year:			
Service Cost	496	—	496
Interest	1,497	—	1,497
Contributions - employer	—	852	(852)
Net investment income	—	2,321	(2,321)
Benefit payments, including refunds of employee contributions	(1,344)	(1,344)	—
Administrative expense	—	(282)	282
Net Changes	<u>649</u>	<u>1,547</u>	<u>(898)</u>
Balances at June 30, 2019	<u>\$ 22,253</u>	<u>\$ 40,965</u>	<u>\$ (18,712)</u>

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The actuarial valuation used the following actuarial assumptions:

Actuarial Assumption	December 31, 2019
Inflation	2.8%
Salary increases	2.8% CPI plus merit based rates
Cost of living allowance	1.4%
Retirement, disablement, and termination	Based on 2010-2014 experience study
Administrative expenses	0.55% of payroll, based on current year actual expense

Mortality rates were based on the Society of Actuaries RP-2014 healthy annuitant mortality table adjusted 91 percent for males and 96 percent for females and the Scale MP-2018 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 7.25 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 intermediate-term and long-term expected rates 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 real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Intermediate-term expected real rate of return	Long-term expected real rate of return
Cash	—%	—%	—%
U.S. Treasury Inflation-Protected Securities (TIPS)	5.00	2.80	1.94
Total Return Bond	13.00	2.70	2.43
Global Bond	5.00	3.05	2.43
High Yield Bond	7.00	4.72	3.88
Domestic Large Cap	20.00	4.87	6.80
Domestic Mid Cap	12.00	5.60	7.77
Domestic Small Cap	8.00	5.85	8.74
International Equity	13.00	5.36	7.04
Commodities	2.00	4.62	1.46
Real Estate	15.00	5.11	4.61
Total	<u>100.00%</u>		

The discount rate used to measure the total pension liability was 7.25 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 7.25 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 (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
Net pension liability	\$ 66,566	\$ 30,190	\$ 481

For the year ended December 31, 2019, the ARRC recognized pension expense of \$9,150 thousand and the following deferred outflows and deferred inflows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,284	\$ 1,937
Changes in assumptions	13,019	—
Net difference between actual and projected earnings on investments	—	6,579

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

	Amount
Year ending December 31,	
2020	\$ 2,455
2021	1,355
2022	3,464
2023	(1,487)
2024	—
Thereafter	—

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)- (b)
Balances at January 1, 2019	\$ 212,322	\$ 177,870	\$ 34,452
Changes for the year:			
Service Cost	5,835	—	5,835
Interest	16,059	—	16,059
Change of benefit terms	—	—	—
Difference between expected and actual experience	(496)	—	(496)
Changes of assumptions	16,396	—	16,396
Contributions - employer	—	5,220	(5,220)
Contributions - employee	—	4,477	(4,477)
Net investment loss	—	32,628	(32,628)
Benefit payments, including refunds of employee contributions	(8,086)	(8,086)	—
Administrative expense	—	(269)	269
Net Changes	29,708	33,970	(4,262)
Balances at December 31, 2019	\$ 242,030	\$ 211,840	\$ 30,190

C. NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY/ASSET

Net other post-employment benefits (OPEB) liability is recorded in the schedule of long-term liabilities above. The total OPEB liability for the June 30, 2019 measurement date for all plans was determined by actuarial valuations as of June 30, 2018, which were rolled forward to June 30, 2019. Projections are based on an established pattern of practice. The actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

System	Investment Rate of Return	Inflation Rate	Salary Scale Increases	Healthcare Cost Trend Rates
PERS*	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation of 2.50% and a real rate of return of 4.88%	2.5%	Graded by service, from 7.75% to 2.75% for Peace Officer/Firefighter. Graded by service and age from 6.75% to 2.75% for all others	Pre-65 medical; 7.5% grading down to 4.5% Post-65 medical; 5.5% grading down to 4.5% Prescription drugs/EGWP; 8.5% grading down to 4.5% RDS; 4.7% grading down to 4.5%
TRS*	7.38%, net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%	2.5%	Graded by service, from 6.75% to 2.75%	Pre-65 medical; 7.5% grading down to 4.5% Post-65 medical; 5.5% grading down to 4.5% Prescription drugs/EGWP; 8.5% grading down to 4.5% RDS/EGWP; 4.7% grading down to 4.5%
JRS	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%	2.5%	3.62% per year, compounded annually	Pre-65 Medical; 7.50% grading down to 4.5% Post-65 medical; 5.5% grading down to 4.5% Prescription drugs/EGWP; 8.5% grading down to 4.5% RDS; 4.7% grading down to 4.5%

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

PERS Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91 percent of the male rates and 96 percent of the female rate of the RP-2014 healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-termination mortality were 100 percent of the RP-2014 employee table with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2018 actuarial valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior evaluation. Based on recent experience, the healthcare cost trend assumption were updated. Per capita claims cost were updated to reflect recent experience. Healthcare cost trends were updated to reflect a Cadillac Tax load.

TRS post-termination mortality rates were based on 93 percent of the male rates and 90 percent of the female rates of the RP-2014 white collar healthy annuitant table with MP-2017 generational improvement. Pre-termination and post-termination rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100 percent of the PR-2014 white-collar employee table with MP-2017 generational improvement. Deaths are assumed to be occupational 15 percent of the time. Disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement. The actuarial assumption used in the June 30, 2018 actuarial valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior evaluation. Based on recent experience, the healthcare cost trend assumption were updated. Per capita claims cost were updated to reflect recent experience. Healthcare cost trends were updated to reflect a Cadillac Tax load.

JRS post-termination mortality rates were based on 93 percent of the male rates and 90 percent of the female rates of the RP-2014 white-collar healthy annuitant table projected with MP-2017 generational improvement. The rates for pre-termination mortality were based on 100 percent of the RP-2014 white-collar employee table projected with MP-2017 generational improvement. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior evaluation. Based on recent experience, the healthcare cost trend assumption were updated. Per capita claims cost were updated to reflect recent experience. Healthcare cost trends were updated to reflect a Cadillac Tax load.

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

Best estimates of arithmetic rates of return for each major asset class included in the postretirement healthcare plans' target asset allocation are summarized in the following table as of June 30, 2019 (note that the rates shown below exclude the inflation component):

System	Asset Class	Long-term Expected Real Rate of Return	Allocation	Range
PERS/TRS	Domestic Equity	8.16%	24.00%	+/- 6%
	Global equity ex-U.S.	7.51	22.00	+/- 4
	Fixed Income	—	10.00	+/- 5
	Intermediate treasuries	1.58		
	Opportunistic	3.96	10.00	+/- 5
	Real assets	4.76	17.00	+/- 8
	Absolute return	—	7.00	+/- 4
	Private equity	11.39	9.00	+/- 5
	Cash Equivalents	0.83	1.00	+3/-1
JRS	Domestic Equity	8.16	24.00	+/- 6%
	Global ex-U.S. equity	7.51	22.00	+/- 4
	Intermediate Treasures	1.58		
	Aggregate bonds	—		+/- 5
	Fixed Income	—	10.00	+/-5
	Opportunistic	3.96	10.00	+/- 5
	Real assets	4.76	17.00	+/- 8
	Absolute return	—	7.00	+/- 4
	Private equity	11.39	9.00	+/- 5
	Cash Equivalents	0.83	1.00	-1/+3

The discount rate used to measure the total OPEB liability/asset for each plan was 7.38 percent which is a decrease of 0.62 percent from the June 30, 2018 measurement. The projection of cash flows used to determine the discount rate assumed that employer and state contributions will continue to follow the current funding policy, which meets state statutes. Based on those assumptions, the fiduciary net position for each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/asset. In the event benefit payments are not covered by the plan's fiduciary net position, a municipal bond rate would be used to discount the benefit payments not covered by the

System Pension Plan's fiduciary net position. The S&P Municipal Bond 20-Year High Grade Index rate was 2.79 percent as of June 30, 2020. The following presents the net OPEB liability/(asset) for each plan as of June 30, 2019, calculated using the discount rate, as well as what the respective plans' net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate (in thousands):

	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
Primary Government's proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	\$ 593,579	\$ 73,794	\$ (353,786)
Discrete Component Units' proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	58,600	7,285	(34,927)
Primary Government's proportionate share of the PERS Occupational Death and Disability net OPEB liability (asset)	(11,305)	(11,917)	(12,413)
Discrete Component Units' proportionate share of the PERS Occupational Death and Disability net OPEB liability (asset)	(989)	(1,042)	(1,086)
Primary Government's proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	29,024	11,556	(1,595)
Discrete Component Units' proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	3,104	1,236	(171)
Primary Government's proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	1,527	(1,017)	(3,100)
Discrete Component Units' proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	3,668	(2,444)	(7,448)
Primary Government's proportionate share of the TRS Occupational Death and Disability net OPEB liability (asset)	(18)	(18)	(18)
Discrete Component Units' proportionate share of the TRS Occupational Death and Disability net OPEB liability (asset)	(99)	(99)	(99)
Primary Government's proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	30	(17)	(53)
Discrete Component Units' proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	166	(94)	(288)
Primary Government's JRS net OPEB (asset) liability	(13,001)	(15,130)	(16,910)

The following presents the net OPEB liability/(asset) for each applicable plan as of June 30, 2019, calculated using the healthcare cost trend rates as summarized in the 2019 actuarial valuation reports, as well as what the respective plans' net OPEB liability would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
Primary Government's proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	\$ (403,795)	\$ 73,794	\$ 656,632
Discrete Component Units' proportionate share of the PERS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(39,864)	7,285	64,825
Primary Government's proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	(3,554)	11,556	32,239
Discrete Component Units' proportionate share of the PERS Retiree Medical Plan net OPEB liability (asset)	(380)	1,236	3,448
Primary Government's proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(3,330)	(1,017)	1,819
Discrete Component Units' proportionate share of the TRS Alaska Retiree Healthcare Trust Plan net OPEB liability (asset)	(8,000)	(2,444)	4,370
Primary Government's proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	(58)	(17)	39
Discrete Component Units' proportionate share of the TRS Retiree Medical Plan net OPEB liability (asset)	(315)	(94)	211
Primary Government's JRS net OPEB (asset) liability	(17,214)	(15,130)	(12,619)

The State's proportion of the net OPEB liability for the defined benefit plans were based on projections of the present value of the State's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers from July 1, 2020 to a projected fully funded year of 2039. The State's proportion of net OPEB liability/asset for the defined contribution plans were based on employer retiree medical contributions made during the year. The following represents the proportionate share of the multiple employer net OPEB liability/asset attributed to the state at June 30, 2019 and the associated change from its proportion measured as of June 30, 2018:

	2019	2020	Increase/ (Decrease)
PERS Alaska Retiree Healthcare Trust Plan	54.69 %	54.64 %	(0.05)%
Primary Government	49.54	49.73	0.19
Discrete Component Units	5.15	4.91	(0.24)
PERS Occupational Death and Disability Plan	52.95	53.45	0.50
Primary Government	48.37	49.15	0.78
Discrete Component Units	4.58	4.30	(0.28)
PERS Retiree Medical Plan	52.95	53.47	0.52
Primary Government	48.37	48.30	(0.07)
Discrete Component Units	4.58	5.17	0.59
TRS Alaska Retiree Healthcare Trust Plan	2.34	2.27	(0.07)
Primary Government	0.67	0.67	—
Discrete Component Units	1.67	1.60	(0.07)
TRS Occupational Death and Disability Plan	2.68	2.92	0.24
Primary Government	0.40	0.45	0.05
Discrete Component Units	2.28	2.47	0.19
TRS Retiree Medical Plan	2.68	2.91	0.23
Primary Government	0.40	0.45	0.05
Discrete Component Units	2.28	2.46	0.18

For the year ended June 30, 2020 the State recognized OPEB expense of (\$530,273) thousand (\$483,180) thousand for the primary government and (\$47,093) thousand for the discrete component units broken out by plan as follows (in thousands):

<u>Systems</u>	<u>OPEB Expense</u>
PERS Alaska Retiree Healthcare Trust Plan - Primary Government	\$ (485,646)
PERS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(45,521)
PERS Occupational Death and Disability Plan - Primary Government	715
PERS Occupational Death and Disability Plan - Discrete Component Units	43
PERS Retiree Medical Plan - Primary Government	8,065
PERS Retiree Medical Plan - Discrete Component Units	884
TRS Alaska Retiree Healthcare Trust Plan - Primary Government	(5,564)
TRS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(2,587)
TRS Occupational Death and Disability Plan - Primary Government	—
TRS Occupational Death and Disability Plan - Discrete Component Units	(2)
TRS Retiree Medical Plan - Primary Government	16
TRS Retiree Medical Plan - Discrete Component Units	90
Judicial Retirement System - Primary Government	(766)

At June 30, 2020 the State reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Expected and Actual Experience	\$ —	\$ 49,588
	Difference Between Projected and Actual Investment Earnings	—	32,314
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	—	1,340
	Changes in Assumptions	97,923	—
	Contributions Subsequent to the Measurement Date	53,167	—
Discrete Component	Difference Between Expected and Actual Experience	—	4,895
Units	Difference Between Projected and Actual Investment Earnings	—	3,190
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	2,083	262
	Changes in Assumptions	9,638	—
	Contributions Subsequent to the Measurement Date	8,142	—
PERS Occupational Death and Disability Plan			
Primary Government	Difference Between Expected and Actual Experience	—	3,716
	Difference Between Projected and Actual Investment Earnings	—	79
	Changes in Proportions and Difference Between Employer Contributions and Proportionate Share of Contributions	297	95
	Contributions Subsequent to the Measurement Date	2,137	—
Discrete Component	Difference Between Expected and Actual Experience	—	325
Units	Difference Between Projected and Actual Investment Earnings	—	7
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	40	142
	Contributions Subsequent to the Measurement Date	188	—
PERS Retiree Medical Plan			
Primary Government	Difference Between Expected and Actual Experience	\$ —	\$ 856
	Difference Between Projected and Actual Investment Earnings	—	128
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	187
	Changes in Assumptions	5,593	—
	Contributions Subsequent to the Measurement Date	8,555	—
Discrete Component	Difference Between Expected and Actual Experience	—	92
Units	Difference Between Projected and Actual Investment Earnings	14	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	130	7
	Changes in Assumptions	598	—
	Contributions Subsequent to the Measurement Date	914	—

		Deferred Outflows of Resources	Deferred Inflows of Resources
TRS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Expected and Actual Experience	—	186
	Difference Between Projected and Actual Investment Earnings	—	157
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	11	—
	Changes in Assumption	99	307
	Contributions Subsequent to the Measurement Date	154	—
Discrete Component Units	Difference Between Expected and Actual Experience	—	447
	Difference Between Projected and Actual Investment Earnings	—	378
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	365	—
	Changes in Assumptions	238	739
	Contributions Subsequent to the Measurement Date	860	—
TRS Occupational Death and Disability Plan			
Primary Government	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1	2
	Contributions Subsequent to the Measurement Date	1	—
	Difference Between Expected and Actual Experience	—	2
Discrete Component Units	Difference Between Projected and Actual Investment Earnings	—	1
	Difference Between Expected and Actual Experience	—	11
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	6
	Contributions Subsequent to the Measurement Date	8	—
TRS Retiree Medical Plan			
Primary Government	Difference Between Expected and Actual Experience	11	1
	Difference Between Projected and Actual Investment Earnings	—	—
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	1	3
	Changes in Assumption	8	18
	Contributions Subsequent to the Measurement Date	20	—
Discrete Component Units	Difference Between Expected and Actual Experience	59	8
	Difference Between Projected and Actual Investment Earnings	—	2
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	7
	Changes in Assumption	42	100
	Contributions Subsequent to the Measurement Date	103	—
JRS Alaska Retiree Healthcare Trust Plan			
Primary Government	Difference Between Projected and Actual Investment Earnings	—	259
	Difference Between Expected and Actual Experience	8	820
	Changes in Assumptions	292	—
	Contributions Subsequent to the Measurement Date	730	—

\$74,979 thousand reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in fiscal year 2021 (\$64,764 thousand for the primary government and \$10,215 thousand for discrete component units). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense for each plan as follows (in thousands):

	Year Ending June 30					
	2020	2021	2022	2023	2024	Thereafter
PERS Alaska Retiree Healthcare Trust Plan - Primary Government	\$ 21,781	\$ (25,117)	\$ 7,774	\$ 10,146	\$ —	\$ —
PERS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	4,113	(2,480)	768	1,002	—	—
PERS Occupational Death and Disability Plan - Primary Government	(597)	(597)	(488)	(486)	(522)	(1,129)
PERS Occupational Death and Disability Plan - Discrete Component Units	(71)	(71)	(62)	(62)	(65)	(124)
PERS Retiree Medical Plan - Primary Government	449	449	755	749	632	1,388
PERS Retiree Medical Plan - Discrete Component Units	70	70	102	102	89	185
TRS Alaska Retiree Healthcare Trust Plan - Primary Government	(508)	(124)	40	51	—	—
TRS Alaska Retiree Healthcare Trust Plan - Discrete Component Units	(882)	(299)	96	124	—	—
TRS Occupational Death and Disability Plan - Primary Government	—	—	—	—	—	(1)
TRS Occupational Death and Disability Plan - Discrete Component Units	(3)	(3)	(2)	(2)	(2)	(6)
TRS Retiree Medical Plan - Primary Government	(1)	(1)	—	—	—	(1)
TRS Retiree Medical Plan - Discrete Component Units	(5)	(5)	1	1	(2)	(4)
JRS - Primary Government	(557)	(360)	55	82	—	—

SPECIAL FUNDING SITUATION

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

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

The assumptions for the portion of the net OPEB liability attributed to the special funding situation for both the PERS and TRS plans are the same as those previously listed. The proportionate share of the net OPEB liability attributed to the special funding situation was based on a present value of the State's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers from July 1, 2020 to a projected fully funded year of 2039.

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

	1% Decrease	Discount Rate	1% Increase
	6.38%	7.38%	8.38%
PERS Alaska Retiree Healthcare Trust Plan	\$ 170,676	\$ 21,218	\$ (101,727)
TRS Alaska Retiree Healthcare Trust Plan	136,232	(90,788)	(276,617)

The following presents the net OPEB liability/asset associated with the special funding situation for each applicable plan as of June 30, 2019, calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation reports, as well as what the respective plans' net OPEB liability/asset would be if it were calculated using trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rate (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
PERS Alaska Retiree Healthcare Trust Plan	\$ (116,106)	\$ 21,218	\$ 188,806
TRS Alaska Retiree Healthcare Trust Plan	(297,114)	(90,788)	162,307

At June 30, 2019 the proportionate share of the net OPEB liability attributed to the State for the special funding situation was 14.30 percent for the Public Employee's Retirement System (PERS) and 59.41 percent for the Teacher's Retirement System (TRS), which was an increase of 2.95% percent and a decrease of 0.06% percent from its proportion measured as of June 30, 2018 for PERS and TRS respectively.

For the year ended June 30, 2020, the State recognized expenses of \$(366,009) thousand in relation to the special funding situation broken out by plan as follows (in thousands):

<u>Systems</u>	<u>OPEB Expense</u>
Public Employees' Retirement System	\$ (119,925)
Teachers' Retirement System	(246,084)

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pension plans for the special funding situation amounts from the following sources by plan (in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
PERS	Difference Between Expected and Actual Experience	\$ —	\$ 14,258
	Difference Between Projected and Actual Investment Earnings	—	9,291
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	8,386	6,841
	Changes in Assumptions	28,156	—
TRS	Difference Between Expected and Actual Experience	—	16,614
	Difference Between Projected and Actual Investment Earnings	—	14,049
	Changes in Proportion and Difference Between Employer Contributions and Proportionate Share of Contributions	—	9,250
	Changes in Assumptions	8,852	27,434

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

Year Ending June 30	PERS	TRS
2020	\$ 8,222	\$ (55,553)
2021	(7,222)	(11,107)
2022	2,235	3,574
2023	2,917	4,590
2024	—	—
Thereafter	—	—

STATE ADMINISTERED SINGLE EMPLOYER PLANS

The schedules of changes in plan net OPEB asset for the JRS defined benefit OPEB plan as of the measurement date, June 30, 2019 are below (in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB asset (a)-(b)
Balances at June 30, 2018	\$ 16,847	\$ 31,497	\$ (14,650)
Changes for the year:			
Service Cost	801	—	801
Interest	1,270	—	1,270
Difference between expected and actual experience	(73)	—	(73)
Changes of assumptions	—	—	—
Retiree Drug Subsidy	74	74	—
EGWP rebates	22	22	—
Other	—	3	(3)
Contributions - employer	—	591	(591)
Net investment income	—	1,901	(1,901)
Benefit payments, including refunds of employee contributions	(979)	(978)	(1)
Administrative expense	—	(18)	18
Net Changes	1,115	1,595	(480)
Balances at June 30, 2019	\$ 17,962	\$ 33,092	\$ (15,130)

NON-STATE ADMINISTERED SINGLE EMPLOYER PLANS

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

The net OPEB liability/asset was measured as of December 31, 2019, and the total OPEB asset used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019. The actuarial valuation used the following actuarial assumptions:

Actuarial Assumption	December 31, 2019
Discount Rate	6.75% Based on crossover test
Inflation	2.8%
Salary increases	2.8% CPI plus merit based rates
Retirement, disablement, and termination	Based on 2010-2014 experience study
Administrative expenses	0.15% of payroll, based on current year actual expenses
Participation Rates	Varies from 35% to 85%
Medical Trend	Non Medicare 7.5%, decreasing to an ultimate rate of 4.0% in 2076. Medicare 6.5%, decreasing to an ultimate rate of 4.0% in 2076.

Mortality rates were based on the Society of Actuaries RP-2014 healthy annuitant mortality table adjusted 91 percent for males and 96 percent for females and the Scale MP-2018 generational mortality improvement in longevity that management expects to occur in the future.

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

Asset Class	Target allocation	Long-term expected real rate of return
Cash	—%	—%
U.S. Treasury Inflation-Protected Securities (TIPS)	5.00	1.94
Total Return Bond	30.00	2.43
Global Bond	5.00	2.43
High Yield Bond	10.00	3.88
Domestic Large Cap	15.00	6.80
Domestic Mid Cap	5.00	7.77
Domestic Small Cap	4.00	8.74
U.S. Healthcare (Equity)	5.00	7.28
International Equity	6.00	7.04
Real Estate	15.00	4.61
Total	100.00%	

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

The following presents the net OPEB liability/asset calculated as of December 31, 2019 using the discount rate of 6.75 percent, as well as what the net OPEB liability/asset would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current rate (in thousands):

	1% decrease 5.75%	Current discount rate 6.75%	1% Increase 7.75%
Net OPEB liability (asset)	\$ (32,694)	\$ (35,233)	\$ (37,265)

The following presents the net OPEB liability/asset calculated as of December 31, 2019 using the medical cost trend rate of 7.5 percent beginning in 2020 decreasing to an ultimate rate of 4.0 percent in 2076+, as well as what the net OPEB liability/asset would be if it were calculated using a trend rate that is 1-percentage-point lower or higher than the current rate (in thousands):

	1% Decrease 6.5%	Medical Cost Trend Rate 7.5%	1% Increase 8.5%
Net OPEB liability (asset)	\$ (37,723)	\$ (35,233)	\$ (32,031)

For the year ended December 31, 2019, the ARRC recognized net OPEB income of \$623 thousand and the following deferred outflows and deferred inflows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ (6,503)
Changes in assumptions	3,032	—
Net difference between actual and projected earnings on investments	—	(550)

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

	<u>Amount</u>
Year ending December 31,	
2020	\$ (532)
2021	(543)
2022	(258)
2023	(1,076)
2024	(466)
Thereafter	(1,146)

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a)-(b)
Balances at January 1, 2019	\$ 15,332	\$ 45,248	\$ (29,916)
Changes for the year:			
Service Cost	529	—	529
Interest	1,003	—	1,003
Change of benefit terms	—	—	—
Difference between expected and actual experience	(1,998)	—	(1,998)
Changes in assumptions	1,186	—	1,186
Net investment loss	—	6,096	(6,096)
Benefit payments, net of retiree premiums	(371)	(371)	—
Administrative expense	—	(59)	59
Net Changes	349	5,666	(5,317)
Balances at December 31, 2019	\$ 15,681	\$ 50,914	\$ (35,233)

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

GENERAL OBLIGATION BONDS

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

The full faith, credit, and resources of the State are pledged to secure payment of General Obligation Bonds. As of June 30, 2020, the following were the General Obligation Bond debt outstanding (in millions):

Year Ending June 30,	Principal	Interest	Total
2021	\$ 46.5	\$ 30.5	\$ 77.0
2022	38.0	28.5	66.5
2023	39.7	26.6	66.3
2024	41.5	24.7	66.2
2025	38.5	22.8	61.3
2026-2030	215.9	82.4	298.3
2031-2035	172.9	28.7	201.6
2036-2040	31.9	1.6	33.5
2041-2045	—	—	—
Total debt service requirements	624.9	\$ 245.8	\$ 870.7
Unamortized bond premium	47.2		
Total principal outstanding	\$ 672.1		

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 \$4.9 million.

At June 30, 2020, 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, 2020 was \$201.1 million.

REVENUE BONDS AND OTHER LONG-TERM DEBT

As of June 30, 2020, the following were the revenue bonds and other long-term debt outstanding (in millions):

Year Ending June 30	Governmental Activities				Business-Type Activities	
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 0.6	\$ 14.5	\$ 2.7	\$ —	\$ 13.9	14.8
2022	0.6	14.5	2.8	—	14.6	13.8
2023	6.0	14.4	1.0	—	17.4	12.9
2024	5.9	14.1	—	—	16.2	12.0
2025	6.5	13.8	—	—	16.9	11.3
2026-2030	38.5	63.9	—	—	101.2	43.5
2031-2035	51.5	52.9	—	—	124.2	24.1
2036-2040	67.0	38.7	—	—	28.9	0.8
2041-2045	91.4	19.6	—	—	—	—
2046-2050	33.6	126.3	—	—	—	—
Total debt service requirements	301.6	\$ 372.7	\$ 6.5	\$ —	333.3	\$ 133.2
Unamortized bond (discounts)/ premiums	(4.8)				21.8	
Plus accreted value	16.1				—	
Total principal outstanding	\$ 312.9				\$ 355.1	

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, 2020 includes \$299.8 million in principal, \$372.5 million in interest, \$(4.8) million in unamortized discount, and \$16.1 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 \$1.8 million in principal and \$0.2 million in interest.

Internal Service Fund Direct Borrowing

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

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund. Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports Revenue Bonds. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Position. There are \$23.2 million of bonds authorized by the Alaska Legislature that have not been issued. During FY 20 International Airports paid \$13.2 million of bonds that had matured. At June 30, 2020 there was no bond interest arbitrage rebate liability. Federal subsidies related to the interest payments made during the year on Build American Bonds were \$398.8 thousand. International Airports Revenue Bond total at year end includes \$333.3 million in principal, \$133.2 million in interest and \$21.8 million in unamortized premiums/discounts and deferred gains/losses.

E. CAPITAL AND OPERATING LEASES

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

Governmental Activities	Operating	Capital Leases		
Year Ending June 30	Leases	Principal	Interest	Total
2021	\$ 31.8	\$ 21.7	\$ 10.8	\$ 32.5
2022	23.3	20.0	9.8	29.8
2023	17.8	17.8	8.9	26.7
2024	15.5	16.7	8.0	24.7
2025	9.6	15.8	7.3	23.1
2026-2030	26.8	87.5	23.1	110.6
2031-2035	2.2	50.2	3.8	54.0
2036-2040	0.3	—	—	—
2041-2045	0.3	—	—	—
2046-2050	0.3	—	—	—
2051-2055	0.3	—	—	—
2056-2060	0.3	—	—	—
2061-2065	0.3	—	—	—
2066-2070	1.6	—	—	—
Total	\$ 130.4	\$ 229.7	\$ 71.7	\$ 301.4

Leases at June 30, 2020 are reported by the State of Alaska within Governmental Activities and Business-Type Activities, as applicable.

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

Buildings and equipment under capital leases as of June 30, 2020 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	\$ 469,113	\$ —
Equipment	15,478	—
Less: Accumulated Depreciation	(151,060)	—
	<u>\$ 333,531</u>	<u>\$ —</u>

F. CERTIFICATES OF PARTICIPATION

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

The following schedule presents future minimum payments as of June 30, 2020 (in millions):

<u>Governmental Activities</u>	<u>Certificates of Participation</u>		
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2.2	\$ 1	\$ 3.2
2022	2.2	1	3.2
2023	2.5	0.8	3.3
2024	2.6	0.7	3.3
2025	2.7	0.6	3.3
2026-2030	12.1	1.3	13.4
2031-2035	—	—	—
Total	<u>\$ 24.3</u>	<u>\$ 5.4</u>	<u>\$ 29.7</u>

G. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 213.6	\$ 149.1	\$ 3.4	\$ 0.7
2022	219.4	140.0	3.1	0.6
2023	206.0	130.7	3.2	0.6
2024	204.0	121.8	2.2	0.5
2025	181.0	113.3	2.0	0.4
2026-2030	1,037.5	445.9	10.7	1.3
2031-2035	827.3	238.3	2.4	0.1
2036-2040	484.6	117.8	—	—
2041-2045	408.9	44.2	—	—
2046-2050	227.1	7.2	—	—
2051-2055	1.4	—	—	—
Total debt service requirements	4,010.8	\$ 1,508.3	\$ 27.0	\$ 4.2
Unamortized (discounts)/premiums	111.5			
Unamortized swap termination penalty	(4.9)			
Deferred amount on refunding	(1.1)			
Total principal outstanding	\$ 4,116.3			

The preceding table does not include \$1,007 thousand of Alaska Energy Authority bond arbitrage interest payable.

The preceding schedule excluded conduit debt of the Alaska Municipal Bond Bank Authority. Under the Coastal Energy Loan Program, the Authority issued \$5 million 1986 Series A Coastal Energy Bonds payable to the National Oceanic and Atmospheric Administration (NOAA). The proceeds of the bonds were used to purchase port revenue bonds from the City of Nome. The City of Nome entered into a tripartite agreement with NOAA and the Authority effective August 2, 1994 to defer payment of the principal and accrual of interest for ten years. Effective January 29, 2009 a second amendment to the tripartite agreement was executed. The amendment authorized the issuance of 2009A Bonds for the purpose of refunding by exchange the outstanding City of Nome, Alaska Port Revenue Bond 1986 Series A. As of June 30, 2020 the aggregate amount outstanding for conduit debt obligations was \$3.7 million.

The Alaska Municipal Bond Bank Authority issued \$6.6 million 1987 Series A Coastal Energy Bonds payable to NOAA. The proceeds of these bonds were used to purchase port revenue bonds from the City of St. Paul. The City of St. Paul entered into a tripartite agreement with NOAA and the Authority effective December 14, 2000 to modify and defer payment. As of June 30, 2020 the aggregate amount outstanding for the City of St. Paul conduit debt obligations was \$6.0 million.

The preceding schedule excluded conduit debt of the Alaska Industrial Development and Export Authority. AIDEA has a standalone revenue bond program wherein AIDEA acts as a conduit to facilitate a market financing transaction for facilities owned by and paid for by third parties. At June 30, 2020 AIDEA had issued conduit revenue bonds for 320 projects (not including bonds issued to refund other bonds). At June 30, 2020, the outstanding aggregate amount of conduit revenue bonds issued after July 1, 1995 was \$644.6 million. AIDEA is unable to determine the aggregate amount outstanding for the remaining conduit revenue bonds, issued prior to July 1, 1995, but their original issue amounts totaled \$616 million for a total of \$1.66 billion issued through June 30, 2020 (not including bonds issued to refund other bonds).

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

A summary of the all AHFC conduit debt as of June 30, 2020 follows in thousands.

	Balance as of June 30, 2020
Revenue bonds, 2018 (Marina Karina Project)	\$ 742
Revenue bonds, 2020 (West 32nd Project)	50

The separately issued financial statements of the discretely presented component units have identified assets pledged as collateral, terms of default, events of termination, and any related acceleration clauses within their separately audited financial statements. The issuers have no obligation for the debt beyond the resources provided by related leases or loans.

H. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

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

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

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

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by AHFC, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. These measurements are Level 2 inputs. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risks, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap asset or liabilities in the marketplace if a swap were to be terminated.

AHFC's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, AHFC would have to post collateral of up to 100 percent of the swaps' fair value. As of June 30, 2020, 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, 2020, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating ⁷
GP01A ¹	12/1/2008	2.4530%	67% of 1M LIBOR ⁴	12/1/2030	BBB+/A3
GP01B	8/2/2001	4.1427%	67% of 1M LIBOR	12/1/2030	AA/Aa3
E021A1 ²	10/9/2008	2.9800%	70% of 3M LIBOR ⁵	6/1/2032	AA-/Aa2
SC02C ³	12/5/2002	4.3030%	SIFMA ⁶ +0.115%	7/1/2022	A+/Aa1
E071AB	5/31/2007	3.7345%	70% of 3M LIBOR	12/1/2041	AA-/Aa2
E071BD	5/31/2007	3.7200%	70% of 3M LIBOR	12/1/2041	A+/Aa1
E091A	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	A+/Aa1
E091B	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AA-/Aa2
E091ABD	5/28/2009	3.7400%	70% of 3M LIBOR	12/1/2040	A+/Aa1
SC14C	6/1/2019	3.2220%	100% of 1M LIBOR	12/1/2029	AA-/Aa2

¹ Governmental Purpose Bonds

² Home Mortgage Revenue Bonds

³ State Capital Project Bonds (I/II)

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, 2020, 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, 2020	Fair Values June 30, 2019	Change in Fair Values
GP01A	\$ 37,905	\$ 42,650	\$ (4,745)	\$ (3,063)	\$ (1,682)
GP01B	46,320	56,675	(10,355)	(8,776)	(1,579)
E021A1	32,515	38,145	(5,630)	(3,844)	(1,786)
SC02C	16,890	17,585	(695)	(1,059)	364
E071AB	132,504	184,132	(51,628)	(35,750)	(15,878)
E071AD	88,336	122,534	(34,198)	(23,645)	(10,553)
E091A	71,791	99,154	(27,363)	(19,138)	(8,225)
E091B	71,792	98,712	(26,920)	(18,854)	(8,066)
E091ABD	95,722	131,313	(35,591)	(24,873)	(10,718)
SC14C	140,000	175,421	(35,421)	(17,789)	(17,632)
Total	<u>\$ 733,775</u>	<u>\$ 966,321</u>	<u>\$ (232,546)</u>	<u>\$ (156,791)</u>	<u>\$ (75,755)</u>

As of June 30, 2020, 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
2021	\$ 27,780	\$ 1,664	\$ 24,625	\$ 54,069
2022	29,230	1,629	23,630	54,489
2023	27,175	1,591	22,581	51,347
2024	24,750	1,559	21,701	48,010
2025	25,920	1,528	20,855	48,303
2026-2030	288,960	6,646	87,986	383,592
2031-2035	127,845	1,508	44,153	173,506
2036-2040	148,840	709	20,846	170,395
2041-2045	33,275	34	1,017	34,326
	<u>\$ 733,775</u>	<u>\$ 16,868</u>	<u>\$ 267,394</u>	<u>\$ 1,018,037</u>

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, 2020, AHFC is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. AHFC currently has swap agreements with six separate counterparties. Approximately 32.3 percent of the total notional amount of the swaps is held with one counterparty rated AA-/Aa2. Another 27.4 percent of the total notional amount of the swaps is held with another counterparty rated A+/Aa1 and 19.1% of the total notional amount of swaps is held with another counterparty rated AA-/Aa2. Of the remaining swaps, one counterparty is rated A+/Aa1, another counterparty is rated AA-/Aa3, and the remaining counterparty is rated BBB+/A3, approximating 9.8 percent, 6.3 percent, and 5.2 percent respectively, of the total notional amount of the swaps.

Basis Risk

All of AHFC's variable-rate bond interest payments related to interest rate swaps are based on the tax exempt SIFMA index. Therefore, AHFC is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2020, SIFMA was 0.13 percent and 1 month LIBOR was 0.16 percent, resulting in a SIFMA/LIBOR ratio of 80 percent. The 3 month LIBOR was 0.30 percent resulting in a SIFMA/LIBOR ratio of 43 percent. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk

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

terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

Rollover Risk

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

INVESTMENT DERIVATIVES

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

The significant terms and credit ratings of AHFC's investment derivatives as of June 30, 2020, are shown below:

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

The change in fair value of the investment derivatives as of June 30, 2020, 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, 2020	Fair Values June 30, 2019	Changes in Fair Value
SC02B	\$ 14,555	\$ 16,290	\$ (1,735)	\$ (1,558)	\$ (177)

Credit Risk

As of June 30, 2020, AHFC was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated A+/Aa1.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

DESCRIPTION OF PLANS

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

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for eligible State and local government public employees and public organizations. 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), another 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 voluntary long-term care insurance coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

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

The PERS component unit is comprised of the PERS-DB, PERS-DCR Plans, and the ARHCT. PERS issues a separate stand-alone financial report that includes financial statements and required supplementary information. PERS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and reports listing Information Required Under Governmental Accounting Standards Board Statement Nos. 68 and 75 as of June 30, 2020, may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at <http://doa.alaska.gov/drb/>.

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

As of June 30, 2020, the number of PERS participating employers were:

State of Alaska	1
Municipalities	72
School Districts	52
Other	26
Total Employers	<u>151</u>

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

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

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

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

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

The PERS-DB funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due. Employer contributions are accumulated in both the pension and the healthcare funds based on the approved contribution rate for the fiscal year. The employer rate for the State of Alaska for the year ended June 30, 2020, was capped at 22 percent of compensation.

The State's employer contributions to PERS-DB for the fiscal years ended June 30, 2020, 2019, and 2018 were \$213.9, \$221.8, and \$220.5 million respectively for the year. For the FY 20 contributions, \$152.9 million (\$134.6 million for the primary government and \$18.3 million for the discretely presented component units) was for pensions and \$61.0 million (\$53.8 million for the primary government and \$7.3 million for the discretely presented component units) was for postemployment benefits. The contributions were equal to the required contributions in FY 20.

Alaska Statute 39.35.280 requires that additional state contributions are to be paid each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the PERS-DB past service liability at the contribution rate adopted by the Alaska Retirement Management Board (ARMB) for that fiscal year. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the Defined Contribution Retirement Pension Plan payroll. The DBUL amount is computed as the difference between:

- A. The amount calculated for the statutory employer effective contribution rate of 22 percent on eligible salary less
- B. The total of the employer contributions for:
 - a. The defined contribution employer matching amount;
 - b. Major medical;

- c. Occupational death and disability; and
- d. Health reimbursement arrangement.

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

The 31st Alaska State Legislature, HB39 2019 Section 35(a) appropriated \$159.1 million from the General Fund to PERS- DB as an additional state contribution for FY20. The portion of this payment attributable to State of Alaska employers is \$89.1 million (\$79.6 million for the primary government as an employer contribution and \$9.5 million for the discretely presented component units as nonemployer contributions) for pensions.

Postemployment healthcare benefits are provided to retirees and their surviving spouses without premium cost for all employees first hired before July 1, 1986, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired on or after July 1, 1986, and their surviving spouses with five years of credited service (or 10 years of credited service for those first hired after July 1, 1996) must pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60. Members hired after June 30, 1986, but before June 30, 1996, who are receiving a conditional benefit, and are age eligible, are eligible for postemployment healthcare benefits. Peace officers and their surviving spouses with 25 years of membership and all other employees and their surviving spouses with 30 years of membership service also receive benefits at no premium cost, regardless of their age or date of hire. Peace officers who are disabled between 20 and 25 years must pay the full monthly premium.

The components of the net pension liability/(asset) of the participating employers at June 30, 2020, were as follows (in thousands):

Total Pension Liability	\$15,370,337
Plan Fiduciary Net Position	<u>(9,469,161)</u>
Employers' Net Pension Liability (Asset)	<u>\$ 5,901,176</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.61 %

The components of the net OPEB liability/(asset) of the participating employers at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 7,360,653
Plan Fiduciary Net Position	<u>(7,813,511)</u>
Employers' Net OPEB Liability (Asset)	<u>\$ (452,858)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	106.15 %

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 voluntary long-term care insurance coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF

issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

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

The TRS component unit is comprised of the TRS-DB, TRS-DCR plans, and ARHCT. TRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. TRS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and reports listing Information Required Under Governmental Accounting Standards Board Statement Nos. 68 and 75 as of June 30, 2020, may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at <http://doa.alaska.gov/drb/>.

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

As of June 30, 2020, the number of participating employers were:

State of Alaska	2
School Districts	53
Other	2
Total Employers	<u>57</u>

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

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

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

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

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

The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, as an amount that, when combined, is expected to finance the costs of benefits earned by

plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer rate for the State of Alaska for the year ended June 30, 2020, was 12.56 percent of compensation. Employer contributions are accumulated in both the pension and healthcare funds based on the approved contribution rate for the fiscal year. Additionally, there is a Defined Benefit Unfunded Liability amount levied against the Defined Contributions Retirement Pension Plan payroll.

The State's employer contributions to TRS-DB for the fiscal years ended June 30, 2020, 2019, and 2018 were \$2.8, \$3.1, and \$3.4 million respectively, equal to the required contributions for each year. For the FY 20 contributions, \$1.8 million (\$0.3 million for the primary government and \$1.5 million for the discretely presented component units) was for pensions and \$1.0 million was for postemployment benefits (\$0.2 million for the primary government and \$0.9 million for the discretely presented component units). The contributions were equal to the required contributions in FY 20.

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

The 31st Alaska State Legislature, HB39 2019 Section 35(b) appropriated \$141.1 million from the General Fund to the TRS-DB as an additional state contribution for FY 20. The portion of this payment attributable to State of Alaska employers is \$5.8 million (\$0.9 million for the primary government as an employer contribution and \$4.9 million for the discretely presented component units as nonemployer contributions) for pensions.

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

The components of the net pension liability/(asset) of the participating employers at June 30, 2020, were as follows (in thousands):

Total Pension Liability	\$ 7,477,917
Plan Fiduciary Net Position	<u>(5,444,799)</u>
Employers' Net Pension Liability (Asset)	<u>\$ 2,033,118</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.81 %

The component of the net OPEB liability/(asset) of the participating employers at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 2,595,717
Plan Fiduciary Net Position	<u>(2,953,461)</u>
Employers' Net OPEB Liability (Asset)	<u>\$ (357,744)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	113.78 %

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 voluntary long-term care insurance coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

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

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

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

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

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

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

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

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

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

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

The JRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, an amount that, when combined, is expected to finance the costs of both pension and postemployment healthcare benefits earned by plan members during the year. The employer rate for the State of Alaska for the year ended June 30, 2020, was 74.42 percent of compensation. Total employer contributions for FY 20 were \$6,117 thousand for pensions, and \$730 thousand for postemployment benefits. Included in the total employer contribution amounts is \$5.0 million appropriated in the 31st Alaska State Legislature, HB39 2019 Section 35(c) from the General Fund to JRS as an additional state contribution for the purpose of funding the retirement system.

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

The components of the net pension liability/(asset) at June 30, 2020, were as follows (in thousands):

Total Pension Liability	\$ 229,271
Plan Fiduciary Net Position	(189,844)
Employers' Net Pension Liability (Asset)	<u>\$ 39,427</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.8 %

The components of the net OPEB liability/(asset) at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 19,205
Plan Fiduciary Net Position	(34,036)
Employers' Net OPEB Liability (Asset)	<u>\$ (14,831)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	177.22 %

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 as revenue 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 when payment is made. The Plan owns shares in various investment pools that are administered by the State of Alaska, Department of Revenue, Treasury. The Plan's investment in the pools, except for the Short-term Fixed Income Pool, is reported at fair value based on the net asset value reported by the Treasury. The Short-term Fixed Income Pool maintains a share price of \$1. Each participant owns shares in the pool, the number of which fluctuates daily with contributions and withdrawals.

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

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

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

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

The 31st Alaska State Legislature, HB39 2019 Section 35(d) appropriated \$861 thousand from the General Fund to the NGNMRS for the purpose of funding past service liability as an additional state contribution for FY 20.

The components of the net pension liability/(asset) at June 30, 2020, were as follows (in thousands):

Total Pension Liability	\$ 22,652
Plan Fiduciary Net Position	(42,096)
Employers' Net Pension Liability (Asset)	<u>\$ (19,444)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	185.84 %

ASSET VALUATION

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

<u>Systems</u>	<u>Fair Value</u>
Public Employees' Retirement System	\$ 17,324,255
Teachers' Retirement System	8,412,938
Judicial Retirement System	223,276
Alaska National Guard and Alaska Naval Militia Retirement System	42,193

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

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

PLAN MEMBERSHIPS

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

	<u>PERS</u>	<u>TRS</u>	<u>JRS</u>	<u>NGNMRS</u>
Inactive plan members or beneficiaries				
currently receiving benefits	36,140	13,053	143	752
Inactive plan members entitled to but				
not yet receiving benefits	7,208	774	3	588
Inactive plan members not entitled to				
benefits	10,575	1,745	—	—
Active plan members	11,162	3,812	72	3,777
Total	<u>65,085</u>	<u>19,384</u>	<u>218</u>	<u>5,117</u>

ACTUARIAL METHODS AND ASSUMPTIONS

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

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

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

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

The Further Consolidated Appropriations Act, 2020 that was signed in December of 2019 made several changes as of June 30, 2019, including the repeal of the Cadillac Tax. The repeal of the Cadillac Tax reduced the plan's liabilities as of June 30, 2019 for PERS by \$36.3 million, TRS \$14 million, JRS did not perform a full actuarial valuation for FY 20.

The following main assumptions were used in the actuarial valuation.

System	Investment Rate of Return	Actuarial Cost Method	Amortization Method	Equivalent Single Amortization Period	Salary Scale Increase	Valuation Date
PERS	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of pay normal cost basis	Level percentage of pay; closed	layered periods of 25 years	For Peace Officer/Firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.	6/30/2019
TRS	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of pay normal cost basis	Level percentage of pay; closed	layered periods of 25 years	Graded by service, from 6.75% to 2.75%	6/30/2019
JRS	7.38% (net of investment expenses), Inflation 2.50%, Real Return 4.88%	Entry age normal; level percentage of expected payroll	Level percentage of expected payroll, closed	25 years	0% per year for FY2019 and FY2020, thereafter 3.62%	6/30/2018
NGNMRS	7% (net of pension plan investment expenses) Inflation at 2.50%	Entry age normal	Level dollar, open	20 years less average military service of active members	None	6/30/2018

Effective January 1, 2019, an enhanced Employer Group Waiver Plan (EGWP) was implemented for all Medicare-eligible members receiving healthcare benefits. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage. The Plans received \$45. million from the Center of Medicare and Medicaid Services for fiscal year 2020.

Health Care Cost Trend Rates					
		<u>Medical Pre-65</u>	<u>Medical Post-65</u>	<u>Rx/EGWP</u>	<u>RDS</u>
For PERS/TRS	FY 20	7.0%	5.4%	8.0%	
	FY 21	6.5%	5.4%	7.5%	
For JRS	FY20	7.0%	5.4%	8.0%	4.7%
	FY21	6.5%	5.4%	7.5%	4.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding

progress in the Required Supplementary Information presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

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

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

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

As of June 30, 2020, there were 152 employers participating in PERS-DCR. There were 23,478 members, of which 21,243 are general employees and 2,235 are peace officers and firefighters.

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

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

The PERS-DCR pension contributions for the year ended June 30, 2020 by the State of Alaska employees were \$57,387 thousand and the State of Alaska employers were \$33,383 thousand. The State of Alaska PERS other postemployment contributions for the year ended June 30, 2020 were \$34,304 thousand (\$2,325 thousand for OD&D, \$22,517 thousand for HRA, and \$9,469 thousand for RMP).

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the PERS-DCR, RMP, HRA, and OD&D cash and investments as of June 30, 2020 is \$2,065,313 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, 2020 the State of Alaska recognized \$35,862 thousand in pension expense for the PERS-DCR as an employer. Forfeitures of \$144 thousand are reflected in the pension expense amount.

On July 1, 2006, three other postemployment benefit trust funds were created within PERS; RMP, HRA, and OD&D. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to

be reimbursed from individual savings accounts established for eligible persons. OD&D provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active employees as a result of death or disability on the job. PERS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds.

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

The employer RMP contribution rate for FY 20 for each member's compensation was 1.32 percent for medical coverage and 0.26 percent for death and disability (0.72 percent for peace officers and firefighters). HRA is \$176.80 per month for full time employees and \$1.36 per hour for part time employees.

Members in the HRA Plan consisted of the following at June 30, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	63
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1,717
Inactive Plan Members Not Entitled to Benefits	14,643
Active Plan Members	23,378

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 14,831
Plan Fiduciary Net Position	(42,091)
Employers' Net OPEB Liability/(Asset)	<u>\$ (27,260)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	283.8 %

Members in the OD&D Plan consisted of the following at June 30, 2020:

Active Plan Members	23,378
Participating Employers	152
Open Claims	65

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 148,662
Plan Fiduciary Net Position	(141,569)
Employers' Net OPEB Liability (Asset)	<u>\$ 7,093</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.23 %

Members in the RMP consisted of the following at June 30, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	46
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1,717
Inactive Plan Members Not Entitled to Benefits	14,643
Active Plan Members	23,378

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement, and rolled forward to the measurement date of June 30, 2020:

Inflation	2.5% per year
Salary Increases	Graded by service, from 7.75% to 2.75% for peace officer/ firefighter. Graded by service, from 6.75% to 2.75% for all others
Investment Rate of Return	7.38% net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%
Healthcare Cost Trend Rates (RMP)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% RX: 8.0% grading down to 4.5% EGWP: 8.0% grading down to 4.5%
Mortality (ODD,RMP)	Pre-Commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rate were based on 100% of the RP-2014 employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were on 91% of male and 96% of female rates of the RP-2014 healthy annuitant table, benefit weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

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

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

The TRS-DCR Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. The TRS component unit is comprised of the TRS-DB (see note 7), TRS-DCR Plans, TRS Retiree Medical Plan (RMP) and Healthcare Reimbursement Arrangement Plan (HRA), and Occupational Death and Disability (OD&D). TRS is reported as a pension (and other employee benefit) trust fund by the State. TRS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or from their website at <http://doa.alaska.gov/drb/>.

As of June 30, 2020, there were 57 employers participating in TRS-DCR. There were 5,569 active members.

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

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

The TRS-DCR pension contributions for the year ended June 30, 2020 by the employees were \$902 thousand and the State of Alaska employers were \$751 thousand. The State of Alaska TRS other postemployment contributions for the year ended June 30, 2020 were \$449 thousand (\$9 thousand for ODD, \$317 thousand for HRA and \$123 thousand for RMP).

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the TRS-DCR, RMP, HRA, and OD&D cash and investments as of June 30, 2020 is \$777,510 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, 2020 the State of Alaska recognized \$844 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 20 for each member's compensation was 1.09 percent for medical coverage and 0.08 percent for death and disability. HRA is \$176.80 per month for full-time employees while part-time employees are based on the contract percentage worked multiplied by the full-time employee rate.

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

Members in the HRA Plan consisted of the following at June 30, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	782
Inactive Plan Members Not Entitled to Benefits	2,757
Active Plan Members	5,569

The components of the net OPEB liability (asset) of the participating employers for the OD&D Plan at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 518
Plan Fiduciary Net Position	(4,823)
Employers' Net OPEB Liability (Asset)	<u>\$ (4,305)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	931.08 %

Members in the OD&D Plan consisted of the following at June 30, 2020:

Active Plan Members	5,569
Participating Employers	57
Open Claims	16

The components of the net OPEB liability (asset) of the participating employers for the RMP at June 30, 2020, were as follows (in thousands):

Total OPEB Liability	\$ 38,548
Plan Fiduciary Net Position	(48,413)
Employers' Net OPEB Liability (Asset)	<u>\$ (9,865)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	125.59 %

Members in the RMP consisted of the following at June 30, 2020:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	17
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	782
Inactive Plan Members Not Entitled to Benefits	2,757
Active Plan Members	5,569

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2019, using the following actuarial assumptions, applied to all periods in the measurement, and rolled forward to the measurement date of June 30, 2020:

Inflation	2.5% per year
Salary Increases	Graded by service, from 6.75% to 2.75%
Investment Rate of Return	7.38% net of postretirement healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real return of 4.88%
Healthcare Cost Trend Rates (RMP)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% RX: 8.0% grading down to 4.5% RDS/EGWP: 8.0% grading down to 4.5%
Mortality	Pre-Commencement and post-commencement mortality rates were based upon the 2013-2017 actual mortality experience. Pre-commencement mortality rate were based on 100% of the RP-2014 white collar employee table, benefit-weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Post-commencement mortality rates were on 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table, benefit weighted, rolled back to 2006, and projected with MP-2017 generational improvement. Deaths are assumed to result from occupational causes 15 % of the time.

C. Supplemental Benefits System

In addition to the pension plans (note 7) and deferred compensation plan (note 9), all state employees, as well as employees of political subdivisions which have elected to participate in the program, are covered under the Alaska Supplemental Benefits System (SBS). SBS is comprised of the Supplemental Annuity Plan and the Supplemental Benefits Cafeteria Plan. The Supplemental Annuity Plan is a defined contribution plan that was created under Alaska statutes effective January 1, 1980, to provide benefits in lieu of those provided by the federal Social Security System (Social Security). All State employees, who would have participated in Social Security if the State had not withdrawn, participate in SBS. Other employers whose employees participate in the State Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in SBS as provided by Alaska Statute. As of June 30, 2020, there were 21 employers participating in SBS. There were 47,874 participants in the Plan.

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

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

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, 2020, were \$147,966 thousand of that amount contributed by employees were \$73,983 thousand. The State's covered payroll was \$1,206,901 thousand. For the year ended June 30, 2020 the State of Alaska recognized \$73,983 thousand in pension expense for the SBS as an employer.

Supplemental Benefit Cafeteria Plan contributions are voluntary based upon the optional benefits elected by each employee enrolled in SBS. Each employee agrees to a wage reduction based upon the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to SBS third party administrator (TPA) on the employee's behalf. Effective January 1, 2020 the administration of the voluntary supplemental benefits was transferred to a TPA. The State employee voluntary contributions for the year ended June 30, 2020, were \$1,828 thousand.

Employees are eligible to withdraw from the Supplemental Annuity Plan 60 days after termination. Benefits are payable in the form of a lump sum or a periodic payment option, unless the participant elects to defer commencement benefits. Various annuities can also be purchased from an insurance carrier, which are excluded from Plan assets. The SBS administrator issues lump-sum payments through its contracted record keeper.

Benefits available under the Supplemental Benefits Cafeteria Plan include life, accidental death, disability, and critical illness insurance. Selection of these benefits is at the discretion of the employee, with certain restrictions, and may be amended and/or changed on an annual basis or in conjunction with an employee change in status.

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended June 30, 2020. Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how their contribution is to be allocated among the investment options. Each participant's account is credited with the participants contributions, adjusted for the appreciation or depreciation in unit value for the investment funds, and reduced for administrative fees.

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

The ORP is an employer funded defined contribution plan which operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants: the original ORP, or ORP Tier 1, which was created for participants hired prior to July 1, 2005; ORP Tier 2, which was created for participants hired between July 1, 2005 and June 30, 2006; and ORP Tier 3, which was created for participants hired on or after July 1, 2006. For ORP Tier 1 and ORP

Tier 2, faculty classified as regular and certain administrators made a one-time election to participate in the ORP as an alternative to participation in the defined benefit plans, PERS-DB or TRS-DB. The ORP Tier 2 plan was available for new ORP benefit-eligible employees hired in fiscal year 2006. As of July 1, 2006, the ORP Tier 2 plan was no longer available to newly-hired ORP benefit-eligible employees. For ORP Tier 3, each new eligible employee was able to make a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plans, PERS-DC or TRS-DC. Beginning July 1, 2015 the ORP was closed to new hired regular staff.

University contributions are remitted to the plan's authorized employee-selected annuity providers or investment managers. The contribution rates and amounts for fiscal year 2020 were as follows (in thousands):

	ORP Tier 1	ORP Tier 2	ORP Tier 3
Employee Contribution Rates	8.65%	8.65%	8.00%
University Contribution Rates	14.00%	12.00%	12.00%
Covered Payroll	\$30,703	\$2,516	\$103,626
University Contributions	\$4,298	\$302	\$12,435

At June 30, 2020, plan assets (participants' accounts attributable to employer contributions) for ORP Tier 1, Tier 2, and Tier 3 had a net value to \$373.1 million. ORP Tier 1 and ORP Tier 2 participants are 100 percent vested at all times. University contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

University of Alaska Pension Plan

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

For fiscal year 2020, employer contributions for regular employees were 7.65 percent of covered wages up to \$42.0 thousand. For certain faculty classified as temporary, the employer contributions were 7.65 percent of covered wages up to \$137.7 thousand. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections. Participants hired before July 1, 2006 are 100 percent vested at all times. University contributions for participants hired on or after July 1, 2006 are 100 percent vested after three years of service. Regular staff hired on or after July 1, 2015 are also 100 percent vested after three years of service of the employer contributions of the pension plan.

The University's total covered payroll for the Pension plan was \$148.9 million. The University's gross costs to fund and administer the plan totaled \$11.4 million for the year ended June 30, 2020. At June 30, 2020, plan assets (participants' accounts) had a net value of \$451.8 million.

NOTE 9 – DEFERRED COMPENSATION PLAN

The State of Alaska Deferred Compensation Plan was created by Alaska statutes. It is a deferred compensation plan under Section 457 of the Internal Revenue Code. It is available to all permanent and long-term non-permanent employees, and elected officials of the State (and with the March 1, 2006 amendment, members of State of Alaska boards and commissions) who have completed a pay period of employment. Participants authorize the State to reduce their current salary or compensation so that they can receive the amount deferred at a later date. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. All amounts deferred are held in a trust for the exclusive benefit of employees and beneficiaries. As of June 30, 2020 the Deferred Compensation Plan had 11,940 participants.

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

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

Deferred Compensation Plan net position as of June 30, 2020 was \$1,004,456 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, 2020, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

Due to Other Funds	Due from Other Funds										Total
	General Fund	Alaska Permanent Fund	Nonmajor Governmental Funds	International Airports	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Other		
General Fund	\$ —	\$ 7,713	\$ 5,669	\$ 9,005	\$ 380	\$ 3,165	\$ 21,914	\$ 43,676	\$ 10,500	\$102,022	
Alaska Permanent Fund	20,492	—	—	—	—	—	—	—	—	20,492	
Nonmajor Governmental Funds	6,139	—	—	—	—	—	—	—	—	6,139	
International Airports	630	—	—	—	—	—	—	—	—	630	
Unemployment Compensation	2,655	—	—	—	—	—	—	—	—	2,655	
Nonmajor Enterprise Funds	164	—	—	—	—	—	—	—	—	164	
Internal Service Funds	44	—	—	—	—	—	—	—	—	44	
Fiduciary Funds	5,058	—	—	—	—	—	—	—	—	5,058	
Total	\$ 35,182	\$ 7,713	\$ 5,669	\$ 9,005	\$ 380	\$ 3,165	\$ 21,914	\$ 43,676	\$ 10,500	\$137,204	

The \$10.5 million reported in the Other column consists of transfers from the General Fund to the Alaska Permanent Fund that were not included in the Alaska Permanent Fund outside audit. The amount is immaterial to the Alaska Permanent Fund's audited financial statements thus the audit was not restated.

INTERFUND TRANSFERS

Transfers From	Transfers to				Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ —	\$ 64,559	\$ —	\$ 8,613	\$ 73,172
Alaska Permanent Fund	2,953,576	—	—	—	2,953,576
Nonmajor Governmental Funds	—	18,761	—	—	18,761
Nonmajor Enterprise Funds	143	—	—	—	143
Total	\$ 2,953,719	\$ 83,320	\$ —	\$ 8,613	\$ 3,045,652

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

The transfer from the Alaska Permanent Fund to the General Fund includes a \$896.5 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program and a \$20.5 million transfer to the Alaska Capital Income Fund.

NOTE 11 – RELATED PARTY ACTIVITY

Based on understandings and board-approved agreements between the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA), AIDEA provides administrative, personnel, data processing, communications and other services to AEA. AIDEA recognized revenue totaling \$5.19 million for providing these services during FY 20. On June 30, 2020, AIDEA had \$3.39 million receivable from AEA for services and short-term borrowings.

On September 30, 2010, pursuant to legislation and an agreement, AIDEA purchased 37 loans from AEA with an outstanding balance of \$24.25 million, plus accrued interest, for \$20.63 million. Under the agreement, at AIDEA's request, AEA is required to repurchase any loan upon a payment default. The current loan outstanding balance at June 30, 2020 is \$12.09 million.

The Department of Transportation and Public Facilities (DOTPF) provides administrative and technical services benefiting all Alaska's airports and aircraft bases. Related costs are allocated based upon budgetary estimates of the *pro rata* portion which should be borne by various facilities as set forth in the annual appropriation and budget document of the State. Costs allocated to the International Airport Fund (IAF) as operating expenses totaled \$3.80 million for the year ended June 30, 2020. Capital project management services are performed by DOTPF personnel and are capitalized to IAF construction in progress. These costs totaled \$5.49 million during the year ended June 30, 2020.

NOTE 12 – COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

A. SICK LEAVE

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

The estimated amount of unused accumulated sick leave as of June 30, 2020, is \$10.97 million. This amount was calculated using the base pay on file for each employee as of June 30, 2020. It does not include an estimate of the cost of fringe benefits (supplemental benefits, retirement, group insurance, etc.) which can vary depending on the status of the employee when leave is taken.

B. SCHOOL DEBT

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

Although the statute provides that the State may reimburse school districts 60, 70, 80, 90, or 100 percent of construction costs, the actual funding for the program is dependent on annual legislative appropriations to the school construction account. When amounts in the account are insufficient, the available funds are allocated *pro rata* among the eligible school districts. There is no contractual commitment by the State to make these payments. The amount for FY 20 expended for school debt was \$42.96 million, which was 91 percent of the entitlement. The remaining FY 20 entitlement of \$4.3 million; 9 percent, was paid out in FY 21. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately \$699.66 million. The State has in the past and did appropriate less than the full amount to which the municipalities are entitled under statute in FY 20.

C. RISK MANAGEMENT AND SELF-INSURANCE

PRIMARY GOVERNMENT

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

Risk Management acts as the insurance carrier for each state agency, funding all sudden and accidental property and casualty claims. The annual premiums allocated by Risk Management are the maximum each agency is called upon to pay. This

planning for known and catastrophic losses forestalls the need for the affected agency to request a supplemental appropriation or disrupt vital state services after a major property loss, adverse civil jury award, or significant workers' compensation claim.

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

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

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

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

In FY 20, the State continues to completely self-insure all statutory workers' compensation claims, general (premises and operations) and professional liability, and automobile liability. The State had Self-Insured Retention (SIR) levels of \$1 million per claim for property, \$500 thousand for marine risks, and \$250 thousand per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: \$1 billion per occurrence for marine, \$250 million for property, \$125 million for fine arts, and \$500 million for airport.

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

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

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

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

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

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

The table below presents changes in policy claim liabilities for the fiscal years ending June 30, 2019, and June 30, 2020, (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 19 and for FY 20. 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
2019	\$ 153,983	\$ 32,090	\$ (35,350)	\$ 150,723
2020	150,723	32,591	(35,635)	147,679

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

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

Changes in the balances of claims liabilities during the years ended June 30, 2020 and 2019 were as follows (in thousands):

Fiscal Year	Beginning Balance	Health care Benefits	Benefits paid	Ending Balance
2019	\$ 14,530	\$ 121,685	\$ (122,954)	\$ 13,261
2020	13,261	128,071	(126,267)	15,065

UNIVERSITY OF ALASKA

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

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

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

	Balance July 1, 2019	Provision for Claims	Claims Payments	Balance June 30, 2020
Health	\$ 5,943	\$ 46,696	\$ (47,322)	\$ 5,317
General Liability	3,120	—	1,430	4,550
Workers' Compensation	5,243	(1,241)	(129)	3,873
Unemployment	107	159	(212)	54
	<u>\$ 14,413</u>	<u>\$ 45,614</u>	<u>\$ (46,233)</u>	<u>\$ 13,794</u>

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 \$76.58 million, with an additional possible liability of \$97.55 million. The probable loss amount has been reported as long-term debt obligations.

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

The Department of Revenue Tax Division's Oil and Gas Production Tax Audit Group performs periodic audits of oil and gas companies that file Alaska's oil and gas production tax returns. The audits mostly result in additional tax assessments and associated interest. The companies sometimes choose to pay the additional assessment "under protest" to avoid accruing interest. Because these prepayments are deposited in the Constitutional Budget Reserve Fund (CBRF) but are still under dispute, the tax assessment revenues recognized in the CBRF could be adversely affected by a potential refund resulting from a decision issued by the Department of Revenue Tax Division's Appeals Group, by the Department of Administration's Office of Administrative Hearings, by a Superior Court ruling, or by a Supreme Court ruling. As of the end of fiscal year June 30, 2020, there are no pending prepayments or payments made "under protest". If there were, we would not be able to estimate the amount of potential refund.

E. FEDERAL GRANTS

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

F. DISASTER RELIEF FUND

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

G. FUTURE LOAN COMMITMENTS

As of June 30, 2020, 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, 2020, 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 \$69.60 million and \$43.19 million respectively.

As of June 30, 2020, the Department of Commerce, Community and Economic Development identified outstanding loan commitments. Agreements have been entered into, but funds have not yet been disbursed. The open loan commitments include the Alaska Commercial Fishing Revolving Loan Fund for \$509 thousand and the Alaska Fisheries Enhancement Revolving Loan Fund for \$1.76 million.

As of June 30, 2020, the Alaska Energy Authority (AEA) had Power Project Fund loan commitments of \$5.59 million.

As of June 30, 2020, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments to be funded by the Revolving Fund of \$2.2 million and pending applications of \$4.2 million, as well as loan guarantees of \$1.2 million.

AIDEA has also entered into funding agreements with Ambler Metals, LLC to support Ambler Access Project, developing an industrial road to the Ambler Mining District. The agreements entail Interim Funding Agreement and Full Funding Agreement and through each agreement, AIDEA will provide funds up to \$1 million and \$35 million, respectively.

AIDEA had also extended commitments to fund a loan to the Interior Gas Utility not to exceed \$139 million from the Sustainable Energy Transmission and Supply Development Fund for the Interior Energy Project. As of June 30, 2020, AIDEA had funded approximately \$125.3 million, resulting in a remaining commitment of approximately \$13.7 million.

As a result of legislation, AIDEA has a commitment to fund a \$2 million appropriation from the SETS fund as a grant from the Department of Commerce, Community and Economic Development to the Northwest Arctic Borough for costs of school construction and major maintenance. The grant amount is based on project expenses incurred up to \$2 million. AIDEA will fund the appropriation based on grant draws requested. No draws were made on the grant as of June 30, 2020.

H. POTENTIAL DEVELOPMENT PROJECTS

Exclusive of the Alaska LNG Project, and regarding the development of a proposed in-state natural gas pipeline from the North Slope to Cook Inlet (Bullet Line), the Alaska Gasline Development Corporation (AGDC) entered into a 2010 agreement where \$4.66 million would become due and payable when (a) the State awards permits, work product, and other results of a Bullet Line 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 Bullet Line 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 Bullet Line 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 Bullet Line development and construction expenses.

I. INVESTMENT COMMITMENTS

As of June 30, 2020, the APFC, on behalf of the Fund, had outstanding future funding commitments of: \$100 million for absolute return; \$4.8 billion for private equity; \$1.9 billion for infrastructure; and \$1.2 billion for private credit investments. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

As of June 30, 2020, the APFC, on behalf of the Fund, had outstanding future funding commitments of \$600 million for real estate fund investments.

The Alaska Retirement Management Board (ARMB) has entered into agreements with external investment managers to provide funding for future pension fund investments. As of June 30, 2020, ARMB's unfunded commitments were as follows (in thousands):

Investment Type	
Alternative Fixed Income	\$ 390,586
Energy	32,968
Private Equity	1,541,977
Real Estate	212,592
	<u>\$ 2,178,123</u>

J. POLLUTION REMEDIATION

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

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

The State has the knowledge and expertise to estimate the remediation obligations presented in the statements based on prior experience in identifying and funding similar remediation activities. GASBS 49 requires the State to calculate pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability.

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

At July 1, 2019, the General Fund had pollution remediation obligations of \$126,646 thousand. As of June 30, 2020, the State had an increase to the obligations of \$4,087 thousand and recognized a decrease of \$5,506 thousand, for an ending balance of

\$125,227 thousand in pollution remediation obligation related activities. The State has an estimated potential recovery of \$8 thousand from other responsible parties.

Additionally, the International Airports Fund (IAF) reported pollution remediation liabilities for which IAF is in whole or in part a responsible party. The liabilities were valued using the estimated mean of the future cash flows of costs and recovery associated with identified sites, measured at current value. Amounts recorded as current and long-term portions of these estimated liabilities were respectively \$1,476,840 and \$4,378,620 in 2020 and \$3,085,840 and \$3,404,000 in 2019.

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, 2020:

	Amount (in thousands)
General Fund	\$ 428,674
Special Revenue Funds	45,371
Capital Project Funds	4,124
Permanent Funds	1
Total Encumbrances	<u>\$ 478,170</u>

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

The Department of Education and Early Development had several school construction and renovation projects underway that total \$102 million. These projects are funded by general funds.

The Department of Commerce, Community and Economic Development administers grants to municipalities and named recipients which total \$33.9 million for port facilities in Anchorage and is in the General Fund. These projects are funded by general funds and bond proceeds.

The Department of Commerce, Community and Economic Development administers a grant for the Exxon Valdez Oil Spill funded "EVOSTC" of the Prince William Sound Science Center and Technology Institute Facilities replacement for \$17.2 million. This is funded by the Exxon Valdez Settlement Trust Fund.

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

The Department of Transportation and Public Facilities has a project for the Alaska Marine Highway System Alaska Class Ferry purchase for a total of \$6.7 million, which is in the Constitutional Budget Reserve (CBR) Fund. This is funded by CBR fund resources.

The Department of Health and Social Services had several specialized contracts required for its Medical Assistance program, including some specific to information technology operation and maintenance. A total of \$8.35 million of these contracts are funded by general funds with additional funding from federal grant awards.

The Department of Corrections had a project for \$5.4 million to provide constitutionally and statutorily required essential medical services for the inmate population. This project is funded by general funds.

The Department of Military and Veteran Affairs had numerous Program Worksheets (Public Assistance) and Project Worksheets (Hazard Mitigation) totaling \$5.2 million for the November 2018 earthquake that are funded with 75 percent Federal and 25 percent State Disaster Relief funds.

The Department of Military and Veteran Affairs had a project for the Alaska Land Mobile Radio Site Refresh for a total of \$18 million, which is funded by general funds.

L. MEDICAID

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

M. OIL AND GAS TAX CREDITS

Producers or explorers of oil and gas can apply for a tax credit for certain qualifying losses and expenditures under AS 43.55.023 and AS 43.55.025. As of June 30, 2020, the Department of Revenue has received tax credit applications totaling \$22.2 million, which have not been accrued as a liability in the general fund financial statements. Due to the complexity of the approval process, the amount of the tax credit that will ultimately be issued or denied cannot be estimated.

N. CONCENTRATIONS

In FY 20, the most significant sources of revenue were federal revenues, taxes, and rents and royalties, which make up 88.2 percent of total revenues. With the decline in petroleum related revenues, rents and royalties and taxes continue to be a significant concern for the State of Alaska.

O. COVID-19

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, governments, businesses, and communities. Specific to the State of Alaska, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in tax revenues, costs for increased use of technology, costs related to providing public health services and delivering of vaccines. Management believes the State of Alaska is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

On July 7, 2020, the Alaska Municipal Bond Bank Authority (AMBBA) closed on the 2020 Series One bonds. The 2020 Series One bonds consisted of \$98.31 million in general obligation and refunding bonds with interest rates ranging between 4% and 5%. The proceeds of the 2020 Series One bonds were used to make new loans to authorized borrowers, and to refund certain outstanding bonds previously issued by AMBBA, including all or a portion of the 2010-1A, 2010-1B, 2010-2B, 2010-3B, 2010-4A, 2010-4B of the 2005 General Bond Resolution, and all or a portion of the 2010 A-2 of the 2010 General Bond Resolution.

On September 3, 2020, the Bond Bank Board of Directors approved a resolution authorizing the issuance of the 2020 Series Two bonds. The Bond Bank may issue the 2020 Series Two bonds before the end of calendar year 2020.

On September 4, 2020, the Alaska Supreme Court issued a ruling in S17377 - Eric Forrer v. State of Alaska and Lucinda Mahoney. In that decision the Court found that the Alaska Tax Credit Certificate Bond Corporation (ATCCBC) debt construct was unconstitutional. There are some similarities between the statutory construct of the ATCCBC and AMBBA, and the Bond Bank's bond counsel firm and the Alaska Department of Law are analyzing what, if any, impact the decision will have on AMBBA.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2020 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for FY 21 in an amount not to exceed \$2.00 million. Although this transaction has not yet been finalized, the issuance of the bonds will occur in mid-fiscal year 2021. The borrowing is to be secured by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization obtained during the 2020 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for FY 21 in an amount not to exceed \$2.20 million. Although this transaction has not yet been finalized, the issuance of the bonds will occur in mid-fiscal year 2021. The borrowing is to be secured by interest earnings of the Alaska Drinking Water Fund.

D. ALASKA HOUSING FINANCE CORPORATION

Alaska Housing Finance Corporation (AHFC) will deliver its \$209.85 million General Mortgage Revenue Bonds II, 2020 Series A and B, on September 15, 2020. The Series A Bonds are \$135.17 million tax-exempt general obligations of the Corporation with a final maturity of December 1, 2044. The Series B Bonds are \$74.68 million tax-exempt general obligations of the Corporation with a final maturity of December 1, 2035. Interest on the Series A and B Bonds is payable each June 1 and December 1 at fixed rates ranging from 0.25% to 5.00%. Proceeds of the Series A Bonds will be used to finance mortgage loans, to refund the Corporation's Mortgage Revenue Bonds, 2009 Series A 2, and to pay certain costs of issuance. Proceeds of the Series B Bonds will be used to refund the Corporation's Mortgage Revenue Bonds, 2011 Series B-1 and 2011 Series B-2 and certain other outstanding obligations of the Corporation.

AHFC will deliver \$96.67 million State Capital Project Bonds II, 2020 Series A (Federally Taxable), on October 13, 2020. The Series A Bonds are taxable general obligations of the Corporation with a final maturity of December 1, 2033. Interest on the Bonds will be payable each June 1 and December 1 at fixed rates ranging from 0.531% to 2.18%. Proceeds of the Bonds will be used to refund certain outstanding bonds of AHFC and for any authorized purpose of AHFC.

E. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

On September 15, 2020 reflecting several months of discussions, the AIDEA Board passed a resolution authorizing the AIDEA executive director to enter into a Debt Settlement and Restructuring Agreement with other creditors and working interest owners of the Mustang project to settle various outstanding debts and restructure the Mustang project into a viable enterprise.

On September 23, 2020, a newly organized AIDEA subsidiary, Mustang Holdings LLC (MHLLC), acquired by offset bid all of the rights, title and interests of Caracol Petroleum LLC, TP North Slope Development, Brooks Range Petroleum Corporation, Mustang Operations Center 1 LLC and Mustang Road LLC (MRLLC) in the leases comprising the Mustang Project, along with all associated personal property and MRLLC's interest in the Mustang Road and Pad (collectively, the "Mustang Assets"). In addition, MHLLC acquired working interests in certain additional leases and acquired an overriding royalty interest in certain additional leases.

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

AIDEA issued \$11.79 million in conduit revenue bonds September 24, 2020 in support of the design and construction of natural gas infrastructure in interior Alaska.

On December 17, 2020, the Alaska Industrial Development and Export Authority (AIDEA) entered into a private placement loan agreement with the Alaska Energy Authority providing \$17 million in funding Power Revenue Bonds, Tenth Series, for the purpose of financing costs and expenses of planning, designing, acquiring, and construction of the Transmission Line Projects. The Project consists of (i) the acquisition, improvement and development of the electric transmission line between the Sterling Substation and Quartz Creek Substation, including associated rights of ways and permits, (ii) the acquisition, improvement and development of a 69 kV line between Sterling Substation and Quartz Creek Substation, including associated rights of ways and permits, and (iii) the acquisition of transmission capacity rights on the transmission line between Soldotna Substation and Sterling Substation, all of which become an integral part of the Bradley Lake Hydro Electric Project. The Tenth Series bond was fully drawn on the date of issuance. Principal on the Bond is payable annually on each July 1, commencing on July 1, 2022. Interest on the Bond is payable on August 1, 2021, and semi-annually thereafter on January 1 and July 1. The final maturity date is July 1, 2040.

In December 2020, the AIDEA Board passed Resolution G20-31 authorizing the authority bid up to \$20 million on the US Department of the Interior Bureau of Land Management's (BLM) Arctic National Wildlife Refuge (ANWR) Coastal Plain auction. On January 6, 2021, AIDEA was selected as the successful bidder for nine (9) tracts and subsequently executed lease agreements for seven (7) of those tracts encompassing 365,755 acres in Area 1002 of the ANWR.

F. ALASKA MENTAL HEALTH TRUST AUTHORITY

In FY2020, the Trust finalized a \$20 million sales agreement of property located in Juneau, Alaska. The purchase price, plus or minus all adjustments or credits, was paid in full subsequent to year end, on October 9, 2020.

G. ALASKA ENERGY AUTHORITY

On December 17, 2020, AEA issued, as a private placement with the Alaska Industrial Development and Export Authority, \$17 million of Power Revenue Bonds, Tenth Series, for the purpose of financing costs and expenses of planning, designing, acquiring, and construction of the Transmission Line Projects. The Project consists of (i) the acquisition, improvement and development of the electric transmission line between the Sterling Substation and Quartz Creek Substation, including associated rights of ways and permits, (ii) the acquisition, improvement and development of a 69 kV line between Sterling Substation and Quartz Creek Substation, including associated rights of ways and permits, and (iii) the acquisition of transmission capacity rights on the transmission line between Soldotna Substation and Sterling Substation, all of which become an integral part of the Bradley Lake Hydro Electric Project and collectively constitutes capital improvement to the Bradley Lake Hydroelectric Project. The project is required project work under the Bradley Lake Power Revenue Bond Resolution and the loan is parity debt. The Tenth Series bond was fully drawn on the date of issuance. Principal on the Bond is payable annually on each July 1, commencing on July 1, 2022. Interest on the Bond is payable on August 1, 2021, and semi-annually thereafter on January 1 and July 1. The final maturity date is July 1, 2040.

H. STATE OF ALASKA

On March 11, 2020, the World Health Organization officially declared Coronavirus (COVID-19), the disease caused by the novel coronavirus, a pandemic. The impact of the pandemic is likely to affect various parts of fiscal year 2021 operations and financial performance. In response to the COVID-19 pandemic, the United States Congress passed a variety of legislation (including but not limited to the Coronavirus Aid, Relief, and Economic Security act, or "CARES Act") that provides certain relief to partially mitigate the economic impact of the pandemic. The relief provided under the CARES Act has been distributed through the Coronavirus Relief Fund (CRF). The outbreak of COVID-19 has affected travel, commerce, and financial markets globally, and is widely expected to affect economic growth worldwide. The degree of any such impact to the State's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. While the overall impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the State.

On August 8, 2020, in an effort to help ease the financial burden on those who are unemployed as a result of the COVID-19 pandemic, President Trump signed a Presidential Memorandum authorizing FEMA to use the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("Stafford Act") disaster relief funds to provide supplemental payments for lost wages. As of September 14, 2020, \$72.1 million was obligated to the State of Alaska. The first payment was issued on November 4, 2020 and the State of Alaska expects approximately 195,000 eligible recipients. These funds are being distributed by the Alaska Department of Labor and Workforce Development in accordance with Federal law.

On July 10, 2020, the State of Alaska used \$1.8 million, comprised of \$388 thousand from State of Alaska Sport Fishing Revenue Bonds and \$1.4 million from State of Alaska Sport Fishing Revenue Bonds Reserve to optionally redeem and pay accrued interest on the following 2011 Sport Fishing Revenue Bonds: \$600 thousand of the April 1, 2021 principal maturity, \$600 thousand of the April 1, 2022 principal maturity, \$610 thousand of the April 1, 2023 principal maturity, and \$24 thousand of accrued interest through July 10, 2020. This optional redemption resulted in the redemption of all outstanding 2011 Sport Fishing Revenue Bonds.

On September 4, 2020, the Alaska Supreme Court issued a ruling in S17377 – Eric Forrer v. State of Alaska and Lucinda Mahoney. In that decision, the Court found that the Alaska Tax Credit Certificate Bond Corporation (ATCCBC) debt construct was unconstitutional. The Alaska Department of Law is analyzing what, if any, impact the decision will have on the State.

On August 5, 2020, the State of Alaska closed on the final series of General Obligation Bonds, Series 2020A for the 2012 Act. This \$84.56 million 2020A issuance generated the final construction fund deposit of \$110.35 million.

Required Supplementary Information



STATE OF ALASKA
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020
(Stated in Thousands)

STATEMENT 2.01

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	\$ 1,518,861	\$ 1,518,486	\$ 1,051,223	\$ 467,263
Licenses and Permits	107,282	107,650	128,506	(20,856)
Charges for Services	371,610	334,257	152,784	181,473
Fines and Forfeitures	29,902	28,640	20,698	7,942
Rents and Royalties	929,097	927,543	741,748	185,795
Premiums and Contributions	1,098	856	29,751	(28,895)
Interest and Investment Income	135,328	135,328	273,987	(138,659)
Payments In from Component Units	56,133	56,134	56,134	—
Other Revenues	107,719	103,917	39,111	64,806
Restricted:				
Federal Grants in Aid	14,266,158	15,057,286	3,456,526	11,600,760
Interagency	810,527	1,181,271	691,001	490,270
Payments In from Component Units	214,197	223,677	10,553	213,124
Other Revenues	1	1	4,920	(4,919)
Total Revenues	18,547,913	19,675,046	6,656,942	13,018,104
EXPENDITURES				
Current:				
General Government	715,387	1,183,682	965,570	218,112
Alaska Permanent Fund Dividend	1,013,638	1,027,258	1,024,587	2,671
Education	1,888,726	1,849,453	1,841,791	7,662
University	887,785	887,746	350,691	537,055
Health and Human Services	4,014,308	4,078,674	3,312,035	766,639
Law and Justice	288,065	305,132	277,592	27,540
Public Protection	927,834	1,290,680	947,145	343,535
Natural Resources	463,361	569,138	284,102	285,036
Development	1,565,589	1,827,724	1,195,481	632,243
Transportation	7,222,304	6,748,768	1,257,681	5,491,087
Intergovernmental Revenue Sharing	101,512	110,071	108,222	1,849
Debt Service:				
Principal	25,107	25,108	23,823	1,285
Interest and Other Charges	11,913	11,913	12,994	(1,081)
Total Expenditures	19,125,529	19,915,347	11,601,714	8,313,633
Excess (Deficiency) of Revenues Over Expenditures	(577,616)	(240,301)	(4,944,772)	4,704,471
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	4,862,932	4,862,932	4,862,932	—
Transfers (Out to) Other Funds	(1,973,771)	(1,973,771)	(1,973,771)	—
Total Other Financing Sources and Uses	2,889,161	2,889,161	2,889,161	—
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, Budgetary Basis	\$ 2,311,545	\$ 2,648,860	(2,055,611)	\$ 4,704,471
RECONCILIATION OF BUDGETARY / GAAP REPORTING:				
Adjust Expenditures for Encumbrances			200,848	
Basis Difference			980,292	
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, GAAP Basis			(874,471)	
Fund Balances - Beginning of Year			4,857,325	
Fund Balances - End of Year			\$ 3,982,854	

Note to Required Supplementary Information - Budgetary Reporting For the Fiscal Year Ended June 30, 2020

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	\$ (53,908)
Medical Assistance Program	51,802
Tobacco Tax	(1,073)
Alcohol Tax	(167)
Tire Tax	79
Vehicle Rental Tax	(1,196)
Commercial Passenger Vessel Excise Tax	(6,359)
Marijuana Tax	1,418
Power Cost Equalization FY 2019 Reverse Sweep	1,053,595
Power Cost Equalization Direct Appropriations	(63,899)
Total General Fund Basis Difference	<u><u>\$ 980,292</u></u>

STATE OF ALASKA

STATEMENT 2.10

Proportionate Share of the Net Pension Liability Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018	2017	2016
Primary government's proportion of the net pension liability	49.72%	49.53%	50.62%	51.87%	50.75%
Component unit's proportion of the net pension liability	4.91%	5.15%	4.74%	5.79%	5.52%
Nonemployer contributing state's proportion of the net pension liability	14.28%	11.33%	13.40%	5.38%	10.40%
Primary government's proportionate share of the net pension liability	\$ 2,721,623	\$ 2,461,037	\$ 2,616,648	\$ 2,899,139	\$ 2,461,215
Component unit's proportionate share of the net pension liability	\$ 268,783	\$ 255,967	\$ 244,871	\$ 323,541	\$ 267,632
Nonemployer contributing state's share of the net pension liability	\$ 781,773	\$ 562,886	\$ 692,476	\$ 300,921	\$ 504,300
Primary government's covered payroll	\$ 1,102,180	\$ 1,093,705	\$ 1,092,504	\$ 1,090,607	\$ 1,148,502
Component unit's covered payroll	\$ 116,162	\$ 119,018	\$ 128,050	\$ 140,886	\$ 150,562
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	246.93%	225.02%	239.51%	265.83%	214.30%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	231.39%	215.07%	191.23%	229.65%	177.76%
Plan fiduciary net position as a percentage of the total pension liability	63.42%	65.19%	63.37%	59.55%	63.96%

This schedule continued on next page.

STATE OF ALASKA

STATEMENT 2.10

Proportionate Share of the Net Pension Liability Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2015	2014
Primary government's proportion of the net pension liability	52.23%	51.60%
Component unit's proportion of the net pension liability	4.44%	4.43%
Nonemployer contributing state's proportion of the net pension liability	21.86%	22.87%
Primary government's proportionate share of the net pension liability	\$ 2,436,220	\$ 2,709,520
Component unit's proportionate share of the net pension liability	\$ 207,090	\$ 232,515
Nonemployer contributing state's share of the net pension liability	\$ 1,019,583	\$ 1,201,055
Primary government's covered payroll	\$ 1,136,811	\$ 1,094,801
Component unit's covered payroll	\$ 143,205	\$ 145,495
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	214.30%	214.30%
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	144.61%	144.61%
Plan fiduciary net position as a percentage of the total pension liability	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

STATEMENT 2.11

Employer Contributions Schedule

Public Employees' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Primary Government					
Statutorily required contribution	\$ 200,767	\$ 188,809	\$ 181,720	\$ 170,247	\$ 164,533
Contributions in relation to the statutorily required contribution	212,693	207,815	183,334	179,742	164,533
Contribution deficiency (excess)	<u>\$ (11,926)</u>	<u>\$ (19,006)</u>	<u>\$ (1,614)</u>	<u>\$ (9,495)</u>	<u>\$ —</u>
Covered payroll	\$ 1,276,521	\$ 1,102,180	\$ 1,093,885	\$ 1,092,504	\$ 1,090,607
Contributions as a percentage of covered payroll	16.66%	18.85%	16.76%	16.45%	15.09%
Component Units					
Statutorily required contribution	\$ 16,074	\$ 17,626	\$ 20,590	\$ 19,693	\$ 17,969
Contributions in relation to the statutorily required contribution	19,763	17,718	20,590	19,693	17,969
Contribution deficiency (excess)	<u>\$ (3,689)</u>	<u>\$ (92)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 102,596	\$ 116,162	\$ 119,018	\$ 128,050	\$ 140,886
Contributions as a percentage of covered payroll	19.26%	15.25%	17.30%	15.38%	12.75%
Primary Government Nonemployer Contribution					
Statutorily required contribution	\$ 69,067	\$ 67,433	\$ 36,399	\$ 40,360	\$ 43,535
Contributions in relation to the statutorily required contribution	79,486	67,857	36,770	50,027	43,535
Contribution deficiency (excess)	<u>\$ (10,419)</u>	<u>\$ (424)</u>	<u>\$ (371)</u>	<u>\$ (9,667)</u>	<u>\$ —</u>

This schedule continued on next page.

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

Notes to required schedule

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

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

STATEMENT 2.11

	2015	2014	2013
Primary Government			
Statutorily required contribution	\$ 285,769	\$ 200,076	\$ 177,375
Contributions in relation to the statutorily required contribution	636,865	200,076	177,375
Contribution deficiency (excess)	<u>\$ (351,096)</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 1,148,502	\$ 1,136,811	\$ 1,094,801
Contributions as a percentage of covered payroll	55.45 %	17.60 %	16.20 %
Component Units			
Statutorily required contribution	\$ 18,561	\$ 17,313	\$ 15,819
Contributions in relation to the statutorily required contribution	18,561	17,313	15,819
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 150,562	\$ 143,205	\$ 145,495
Contributions as a percentage of covered payroll	12.33 %	12.09 %	10.87 %
Primary Government Nonemployer Contribution			
Statutorily required contribution	\$ 153,622	\$ 82,554	\$ 77,689
Contributions in relation to the statutorily required contribution	479,750	82,554	77,689
Contribution deficiency (excess)	<u>\$ (326,128)</u>	<u>\$ —</u>	<u>\$ —</u>

STATE OF ALASKA

STATEMENT 2.12

Proportionate Share of the Net OPEB Liability Schedule

Public Employees' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the net pension liability	49.73 %	49.54 %	50.64 %
Component unit's proportion of the net pension liability	4.91 %	5.15 %	4.74 %
Nonemployer contributing state's proportion of the net pension liability	14.30 %	11.35 %	13.41 %
Primary government's proportionate share of the net pension liability	\$ 73,794	\$ 508,456	\$ 427,754
Component unit's proportionate share of the net pension liability	\$ 7,285	\$ 52,106	\$ 39,552
Nonemployer contributing state's share of the net pension liability	\$ 21,218	\$ 116,512	\$ 113,255
Primary government's covered payroll	\$ 1,102,180	\$ 1,093,705	\$ 1,092,504
Component unit's covered payroll	\$ 116,162	\$ 119,018	\$ 128,050
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	6.70 %	46.49 %	39.15 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	6.27 %	43.78 %	30.89 %
Plan fiduciary net position as a percentage of the total pension liability	98.13 %	93.13 %	89.7 %

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

Employer Contributions Schedule

Public Employees' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 64,223	\$ 87,606	\$ 44,192
Contributions in relation to the statutorily required contribution	53,167	50,848	41,929
Contribution deficiency (excess)	<u>\$ 11,056</u>	<u>\$ 36,758</u>	<u>\$ 2,263</u>
Covered payroll	\$ 1,276,521	\$ 1,102,180	\$ 1,093,885
Contributions as a percentage of covered payroll	4.16 %	4.61 %	3.83 %
Component Units			
Statutorily required contribution	\$ 6,073	\$ 6,825	\$ 6,060
Contributions in relation to the statutorily required contribution	8,142	6,614	6,060
Contribution deficiency (excess)	<u>\$ (2,069)</u>	<u>\$ 211</u>	<u>\$ —</u>
Covered payroll	\$ 110,704	\$ 116,162	\$ 119,018
Contributions as a percentage of covered payroll	7.35 %	5.69 %	5.09 %
Primary Government Nonemployer Contribution			
Statutorily required contribution	\$ 11,289	\$ 11,137	\$ 2,316
Contributions in relation to the statutorily required contribution	—	—	—
Contribution deficiency (excess)	<u>\$ 11,289</u>	<u>\$ 11,137</u>	<u>\$ 2,316</u>

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.

Proportionate Share of the Collective Net OPEB Liability Schedule

Public Employees' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	49.15 %	48.37 %	49.14 %
Component unit's proportion of the collective net OPEB liability	4.30 %	4.58 %	4.03 %
Primary government's proportionate share of the collective net OPEB liability (asset)	\$ (11,917)	\$ (9,395)	\$ (6,972)
Component unit's proportionate share of the collective net OPEB liability (asset)	\$ (164)	\$ (140)	\$ (103)
Primary government's covered payroll	\$ 1,102,180	\$ 1,093,705	\$ 508,805
Component unit's covered payroll	\$ 116,162	\$ 119,018	\$ 65,874
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.08 %	0.86 %	1.37 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.14 %	0.12 %	0.16 %
Plan fiduciary net position as a percentage of the total OPEB liability	— %	— %	— %

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

Employer Contributions Schedule

Public Employees' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 1,432	\$ 2,599	\$ 1,088
Contributions in relation to the statutorily required contribution	2,137	2,008	1,088
Contribution deficiency (excess)	<u>\$ (705)</u>	<u>\$ 591</u>	<u>\$ —</u>
Covered payroll	\$ 1,276,521	\$ 1,102,180	\$ 547,669
Contributions as a percentage of covered payroll	0.17 %	0.18 %	0.20 %
Component Units			
Statutorily required contribution	\$ 181	\$ 246	\$ 85
Contributions in relation to the statutorily required contribution	188	175	85
Contribution deficiency (excess)	<u>\$ (7)</u>	<u>\$ 71</u>	<u>\$ —</u>
Covered payroll	\$ 89,410	\$ 116,162	\$ 65,276
Contributions as a percentage of covered payroll	0.21 %	0.15 %	0.13 %

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

Notes to required schedule

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

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

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

STATE OF ALASKA

SCHEDULE 2.16

Proportionate Share of the Collective Net OPEB Liability Schedule

Public Employees' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	48.37 %	48.37 %	49.14 %
Component unit's proportion of the collective net OPEB liability	5.17 %	4.58 %	4.03 %
Primary government's proportionate share of the collective net OPEB liability	\$ 11,556	\$ 6,156	\$ 2,563
Component unit's proportionate share of the collective net OPEB liability	\$ 1,236	\$ 582	\$ 210
Primary government's covered payroll	\$ 599,129	\$ 547,669	\$ 508,805
Component unit's covered payroll	\$ 116,162	\$ 65,276	\$ 65,874
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.93 %	1.12 %	0.50 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.06 %	0.89 %	0.32 %
Plan fiduciary net position as a percentage of the total OPEB liability	83.2 %	8.2 %	94.0 %

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

Employer Contributions Schedule

Public Employees' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 8,555	\$ 6,156	\$ 5,641
Contributions in relation to the statutorily required contribution	8,555	5,670	5,641
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ 486</u>	<u>\$ —</u>
Covered payroll	\$ 809,874	\$ 599,129	\$ 547,669
Contributions as a percentage of covered payroll	1.06 %	0.95 %	1.03 %
Component Units			
Statutorily required contribution	\$ 896	\$ 582	\$ 532
Contributions in relation to the statutorily required contribution	914	604	532
Contribution deficiency (excess)	<u>\$ (18)</u>	<u>\$ (22)</u>	<u>\$ —</u>
Covered payroll	\$ 84,255	\$ 116,162	\$ 65,276
Contributions as a percentage of covered payroll	1.08 %	0.52 %	0.82 %

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

Notes to required schedule

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

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

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

STATE OF ALASKA

STATEMENT 2.20

Proportionate Share of the Net Pension Liability Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018	2017	2016
Primary government's proportion of the net pension liability	0.67 %	0.67 %	0.67 %	0.75 %	0.78 %
Component unit's proportion of the net pension liability	1.60 %	1.68 %	1.61 %	2.14 %	2.03 %
Nonemployer contributing state's proportion of the net pension liability	59.33 %	59.39 %	63.14 %	53.90 %	61.03 %
Primary government's proportionate share of the net pension liability	\$ 12,438	\$ 12,807	\$ 13,601	\$ 17,047	\$ 14,501
Component unit's proportionate share of the net pension liability	\$ 29,951	\$ 32,065	\$ 32,661	\$ 48,846	\$ 37,680
Nonemployer contributing state's share of the net pension liability	\$ 1,108,594	\$ 1,136,829	\$ 1,279,682	\$ 1,230,776	\$ 1,135,514
Primary government's covered payroll	\$ 5,312	\$ 4,768	\$ 4,853	\$ 5,388	\$ 5,620
Component unit's covered payroll	\$ 20,625	\$ 20,625	\$ 22,128	\$ 25,212	\$ 31,575
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	234.15 %	268.60 %	280.26 %	316.39 %	258.02 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	145.22 %	155.47 %	147.60 %	193.74 %	119.33 %
Plan fiduciary net position as a percentage of the total pension liability	74.68 %	74.1 %	72.4 %	68.4 %	73.82 %

This schedule continued on next page.

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

STATE OF ALASKA

STATEMENT 2.20

Proportionate Share of the Net Pension Liability Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2015	2014
Primary government's proportion of the net pension liability	0.79 %	0.78 %
Component unit's proportion of the net pension liability	0.97 %	1.02 %
Nonemployer contributing state's proportion of the net pension liability	84.10 %	83.41 %
Primary government's proportionate share of the net pension liability	\$ 23,739	\$ 25,930
Component unit's proportionate share of the net pension liability	\$ 29,024	\$ 33,771
Nonemployer contributing state's share of the net pension liability	\$ 2,522,174	\$ 2,761,123
Primary government's covered payroll	\$ 5,920	\$ 5,834
Component unit's covered payroll	\$ 34,497	\$ 36,150
Primary government's proportionate share of the net pension liability as a percentage of its covered payroll	401.00 %	444.46 %
Component unit's proportionate share of the net pension liability as a percentage of its covered payroll	84.13 %	93.42 %
Plan fiduciary net position as a percentage of the total pension liability	55.7 %	49.76 %

STATE OF ALASKA

STATEMENT 2.21

Employer Contributions Schedule

Teachers' Retirement System - Pension

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Primary Government					
Statutorily required contribution	\$ 1,097	\$ 1,086	\$ 989	\$ 872	\$ 925
Contributions in relation to the statutorily required contribution	1,184	1,095	1,004	1,003	925
Contribution deficiency (excess)	<u>\$ (87)</u>	<u>\$ (9)</u>	<u>\$ (15)</u>	<u>\$ (131)</u>	<u>\$ —</u>
Covered payroll	\$ 5,143	\$ 5,312	\$ 4,768	\$ 4,853	\$ 5,388
Contributions as a percentage of covered payroll	23.02 %	20.61 %	21.06 %	20.67 %	17.17 %
Component Units					
Statutorily required contribution	\$ 1,465	\$ 1,830	\$ 1,859	\$ 2,003	\$ 1,973
Contributions in relation to the statutorily required contribution	1,735	1,735	1,859	2,003	1,973
Contribution deficiency (excess)	<u>\$ (270)</u>	<u>\$ 95</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 18,249	\$ 20,625	\$ 22,128	\$ 25,212	\$ 27,848
Contributions as a percentage of covered payroll	9.51 %	8.41 %	8.40 %	7.94 %	7.08 %
Primary Government Nonemployer Contribution					
Statutorily required contribution	\$ 126,831	\$ 127,371	\$ 105,888	\$ 94,775	\$ 89,957
Contributions in relation to the statutorily required contribution	140,219	127,365	111,042	115,980	89,957
Contribution deficiency (excess)	<u>\$ (13,388)</u>	<u>\$ 6</u>	<u>\$ (5,154)</u>	<u>\$ (21,205)</u>	<u>\$ —</u>

This schedule continued on next page.

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

Notes to required schedule

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

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

STATEMENT 2.21

	2015	2014	2013
Primary Government			
Statutorily required contribution	\$ 2,644	\$ 1,951	\$ 1,836
Contributions in relation to the statutorily required contribution	12,500	1,951	1,836
Contribution deficiency (excess)	<u>\$ (9,856)</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 5,620	\$ 5,920	\$ 5,834
Contributions as a percentage of covered payroll	222.42 %	32.96 %	31.47 %
Component Units			
Statutorily required contribution	\$ 2,314	\$ 2,385	\$ 2,390
Contributions in relation to the statutorily required contribution	2,314	2,385	2,390
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 31,575	\$ 34,497	\$ 36,150
Contributions as a percentage of covered payroll	7.33 %	6.91 %	6.61 %
Primary Government Nonemployer Contribution			
Statutorily required contribution	\$ 315,279	\$ 207,271	\$ 195,435
Contributions in relation to the statutorily required contribution	1,650,517	207,271	195,435
Contribution deficiency (excess)	<u>\$ (1,335,238)</u>	<u>\$ —</u>	<u>\$ —</u>

STATE OF ALASKA

STATEMENT 2.22

Proportionate Share of the Collective Net OPEB Liability Schedule
Teachers' Retirement System - Alaska Retiree Healthcare Trust Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	0.67 %	0.67 %	0.67 %
Component unit's proportion of the collective net OPEB liability	1.60 %	1.67 %	1.61 %
Nonemployer contributing state's proportion of the collective net OPEB liability	59.41 %	59.47 %	63.26 %
Primary government's proportionate share of the collective net OPEB liability	\$ (1,017)	\$ 2,080	\$ 1,234
Component unit's proportionate share of the collective net OPEB liability	\$ (2,444)	\$ 5,196	\$ 2,955
Nonemployer contributing state's share of the collective net OPEB liability	\$ (90,788)	\$ 184,929	\$ 116,351
Primary government's covered payroll	\$ 5,312	\$ 4,768	\$ 4,853
Component unit's covered payroll	\$ 20,625	\$ 20,625	\$ 22,128
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	(19.15)%	43.62 %	25.43 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	(11.85)%	25.19 %	13.35 %
Plan fiduciary net position as a percentage of the total OPEB liability	105.5 %	— %	93.8 %

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

Employer Contributions Schedule

Teachers' Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 241	\$ 141	\$ 186
Contributions in relation to the statutorily required contribution	154	141	153
Contribution deficiency (excess)	<u>\$ 87</u>	<u>\$ —</u>	<u>\$ 33</u>
Covered payroll	\$ 5,143	\$ 5,312	\$ 4,768
Contributions as a percentage of covered payroll	2.99 %	2.65 %	3.21 %
Component Units			
Statutorily required contribution	\$ 827	\$ 856	\$ 921
Contributions in relation to the statutorily required contribution	860	856	921
Contribution deficiency (excess)	<u>\$ (33)</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 18,249	\$ 20,625	\$ 22,128
Contributions as a percentage of covered payroll		4.15 %	4.16 %
Primary Government Nonemployer Contribution			
Statutorily required contribution	\$ 13,388	\$ —	\$ 5,154
Contributions in relation to the statutorily required contribution	—	—	—
Contribution deficiency (excess)	<u>\$ 13,388</u>	<u>\$ —</u>	<u>\$ 5,154</u>

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

Notes to required schedule

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

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

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

STATE OF ALASKA

STATEMENT 2.24

Proportionate Share of the Collective Net OPEB Liability Schedule
Teachers' Retirement System - Occupational Death & Disability Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	0.45 %	0.40 %	0.36 %
Component unit's proportion of the collective net OPEB liability	2.47 %	2.28 %	2.30 %
Primary government's proportionate share of the collective net OPEB liability (asset)	\$ (18)	\$ (14)	\$ (12)
Component unit's proportionate share of the collective net OPEB liability (asset)	\$ (99)	\$ (80)	\$ (75)
Primary government's covered payroll	\$ 5,312	\$ 4,768	\$ 1,246
Component unit's covered payroll	\$ 9,654	\$ 9,654	\$ 8,200
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.34 %	0.29 %	0.96 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	1.03 %	0.83 %	0.91 %
Plan fiduciary net position as a percentage of the total OPEB liability	140,977 %	— %	— %

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

STATE OF ALASKA

STATEMENT 2.25

Employer Contributions Schedule

Teachers' Retirement System - Occupational Death & Disability Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 1	\$ —	\$ —
Contributions in relation to the statutorily required contribution	1	1	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ —</u>
Covered payroll	\$ 5,143	\$ 5,312	\$ 1,328
Contributions as a percentage of covered payroll	0.02 %	0.02 %	— %
Component Units			
Statutorily required contribution	\$ 8	\$ —	\$ —
Contributions in relation to the statutorily required contribution	8	8	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ (8)</u>	<u>\$ —</u>
Covered payroll	\$ 9,766	\$ 9,654	\$ 8,200
Contributions as a percentage of covered payroll	0.08 %	0.08 %	— %

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

Notes to required schedule

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

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

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

STATE OF ALASKA

STATEMENT 2.26

Proportionate Share of the Collective Net OPEB Liability Schedule

Teachers' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018
Primary government's proportion of the collective net OPEB liability	0.45 %	0.40 %	0.36 %
Component unit's proportion of the collective net OPEB liability	2.46 %	2.28 %	2.30 %
Primary government's proportionate share of the collective net OPEB liability (asset)	\$ (17)	\$ (13)	\$ (17)
Component unit's proportionate share of the collective net OPEB liability (asset)	\$ (94)	\$ (73)	\$ (109)
Primary government's covered payroll	\$ 1,738	\$ 1,314	\$ 1,246
Component unit's covered payroll	\$ 9,654	\$ 9,654	\$ 8,200
Primary government's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.98 %	0.99 %	1.36 %
Component unit's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.97 %	0.76 %	1.33 %
Plan fiduciary net position as a percentage of the total OPEB liability	110.03 %	— %	— %

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

STATE OF ALASKA

STATEMENT 2.27

Employer Contributions Schedule

Teachers' Retirement System - Retiree Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018
Primary Government			
Statutorily required contribution	\$ 20	\$ 14	\$ 13
Contributions in relation to the statutorily required contribution	20	14	13
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 1,782	\$ 1,738	\$ 1,328
Contributions as a percentage of covered payroll	1.12 %	0.81 %	0.98 %
Component Units			
Statutorily required contribution	\$ 106	\$ 76	\$ 75
Contributions in relation to the statutorily required contribution	103	76	75
Contribution deficiency (excess)	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 9,766	\$ 9,654	\$ 8,200
Contributions as a percentage of covered payroll	1.05 %	0.79 %	0.91 %

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

Notes to required schedule

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

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

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

STATE OF ALASKA

STATEMENT 2.30

Changes in the Net Pension Liability and Related Ratios Schedule

Judicial Retirement System - Pension

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 6,351	\$ 6,452	\$ 6,227	\$ 6,025	\$ 5,814
Interest	16,653	17,331	16,449	16,417	15,564
Differences between expected and actual experience	—	(12,076)	—	(10,791)	—
Changes of assumptions	—	10,344	—	—	—
Benefit payments, including refunds of employee contributions	(13,628)	(12,126)	(11,589)	(11,228)	(10,684)
Net change in total pension liability	9,376	9,925	11,087	423	10,694
Total pension liability - beginning	226,560	216,635	205,548	205,125	194,431
Total pension liability - ending (a)	235,936	226,560	216,635	205,548	205,125
Plan fiduciary net position					
Contributions - employer	10,257	10,528	11,086	11,710	10,222
Contributions - employee	813	833	886	802	811
Net investment income	10,448	13,590	18,910	(567)	4,349
Other income	—	—	—	2	—
Benefit payments, including refunds of employee contributions	(13,628)	(12,126)	(11,589)	(11,228)	(10,684)
Administrative expenses	(59)	(63)	(79)	(60)	(86)
Net change in plan fiduciary net position	7,831	12,762	19,214	659	4,612
Plan fiduciary net position - beginning	176,795	164,033	144,819	144,160	139,548
Plan fiduciary net position - ending (b)	184,626	176,795	164,033	144,819	144,160
State's net pension liability - ending (a) - (b)	\$ 51,310	\$ 49,765	\$ 52,602	\$ 60,729	\$ 60,965
Plan fiduciary net position as a percentage of the total pension liability	78.25 %	78.03 %	75.72 %	70.46 %	70.28 %
Covered payroll	\$ 13,393	\$ 14,599	\$ 14,089	\$ 13,597	\$ 13,507
State's net pension liability as a percentage of covered payroll	383.11 %	340.88 %	373.36 %	446.64 %	451.36 %

This statement continued on next page.

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

Changes in the Net Pension Liability and Related Ratios Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2015
Total pension liability	
Service cost	\$ 5,186
Interest	15,320
Differences between expected and actual experience	(3,741)
Changes of assumptions	1,407
Benefit payments, including refunds of employee contributions	(10,578)
Net change in total pension liability	7,594
Total pension liability - beginning	186,837
Total pension liability - ending (a)	194,431
Plan fiduciary net position	
Contributions - employer	8,862
Contributions - employee	780
Net investment income	21,845
Other income	—
Benefit payments, including refunds of employee contributions	(10,578)
Administrative expenses	(66)
Net change in plan fiduciary net position	20,843
Plan fiduciary net position - beginning	118,705
Plan fiduciary net position - ending (b)	139,548
State's net pension liability - ending (a) - (b)	\$ 54,883
Plan fiduciary net position as a percentage of the total pension liability	71.77 %
Covered payroll	\$ 13,731
State's net pension liability as a percentage of covered payroll	399.70 %

STATE OF ALASKA
Employer Contributions Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.31

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 9,388	\$ 9,454	\$ 10,632	\$ 10,471	\$ 11,183
Contributions in relation to the actuarially determined contribution	11,127	10,257	10,286	11,086	11,710
Contribution deficiency (excess)	<u>\$ (1,739)</u>	<u>\$ (803)</u>	<u>\$ 346</u>	<u>\$ (615)</u>	<u>\$ (527)</u>
Covered payroll	\$ 13,527	\$ 13,393	\$ 14,599	\$ 14,089	\$ 13,996
Contributions as a percentage of covered payroll	82.26 %	76.58 %	70.46 %	78.69 %	83.67 %

This statement continued on next page.

STATE OF ALASKA
Employer Contributions Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.31

	2015	2014	2013	2012
Actuarially determined contribution	\$ 10,329	\$ 9,156	\$ 8,367	\$ 5,052
Contributions in relation to the actuarially determined contribution	10,222	8,862	8,094	5,419
Contribution deficiency (excess)	<u>\$ 107</u>	<u>\$ 294</u>	<u>\$ 273</u>	<u>\$ (367)</u>
Covered payroll	\$ 13,507	\$ 13,731	\$ 13,289	\$ 11,803
Contributions as a percentage of covered payroll	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.

The Notes to Required Schedule on the next page are an integral part of this statement.

STATE OF ALASKA
Employer Contributions Schedule
Judicial Retirement System - Pension
Last Ten Fiscal Years
(Stated in Thousands)

STATEMENT 2.31

Notes to required schedule

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

Actuarial Assumptions

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

Investment Return	7.38% per year, net of investment expenses.
Salary Scale	3.62% per year.
Payroll Growth	2.75% per year.
Total Inflation	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 2.50% annually.
Compensation and Benefit Limit Increases	Compensation is limited to the IRC 401(a)(17) amount, which was \$275,000 for 2018. This limit is assumed to increase 2.50% each year thereafter. Benefits are limited to the IRC 415 amount, which was \$220,000 for 2018. This limit is assumed to increase 2.50% each year thereafter.
Benefit Payment Increases	Benefits for retired members are assumed to increase 3.62% per year.
Mortality (Pre-Termination)	Mortality rates based upon the 2013-2017 actual experience. RP-2014 white-collar employee table projected with MP-2017 generational improvement.
Mortality (Post-Termination)	Mortality rates based upon the 2013-2017 actual experience. 93% of male and 90% of female rates of RP-2014 white-collar healthy annuitant table projected with MP-2017 generational improvement.
Turnover	3% if service is less than 10 years, 1% otherwise.
Disability	Incidence rates in accordance with Table 1. Post-disability mortality in accordance with the RP-2014 disabled table projected with MP-2017 generational improvement.
Retirement	Retirement rates based upon the 2010-2013 experience (see Table 2). Deferred vested members are assumed to retire at age 60.
Form of Payment	Married members are assumed to choose the 50% Joint and Survivor benefit option. Single members are assumed to choose the Modified Cash Refund Annuity.
Refund of Contributions	0% of terminating members with vested benefits are assumed to have their contributions refunded. 100% of those with non-vested benefits are assumed to have their contributions refunded.
Spouse Age Difference	Males are assumed to be four years older than their wives. Females are assumed to be four years younger than husbands.
Percent Married for Pension	90% of male members and 70% of female members are assumed to be married at termination from active service.

Imputed Data

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

Expenses

The investment return assumption is net of investment expenses.

Changes in Assumptions Since the Prior Valuation

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

Changes in the Net OPEB Liability and Related Ratios Schedule
Judicial Retirement System - Alaska Retiree Healthcare Trust Plan
Last Ten Fiscal Years
As of Measurement Date
(Stated in Thousands)

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 801	\$ 690	\$ 734
Interest	1,270	1,391	1,318
Differences between expected and actual experience	(73)	(1,865)	83
Changes of assumptions	—	710	—
Retiree Drug Subsidy	74	21	64
Pharmacy Rebates	22	—	62
Benefit payments, including refunds of employee contributions	(979)	(1,576)	(1,031)
Net change in total OPEB liability	1,115	(629)	1,230
Total OPEB liability - beginning	16,847	17,476	16,246
Total OPEB liability - ending (a)	17,962	16,847	17,476
Plan fiduciary net position			
Contributions - employer	591	621	628
Net investment income	1,901	2,455	3,470
Other income	(978)	21	127
Benefit payments, including refunds of employee contributions	(18)	(1,576)	(1,031)
Administrative expenses	99	(15)	(51)
Net change in plan fiduciary net position	1,595	1,506	3,143
Plan fiduciary net position - beginning	31,497	29,991	26,848
Plan fiduciary net position - ending (b)	33,092	31,497	29,991
State's net OPEB liability - ending (a) - (b)	\$ (15,130)	\$ (14,650)	\$ (12,515)
Plan fiduciary net position as a percentage of the total OPEB liability	184.23 %	186.96 %	171.61 %
Covered payroll	\$ 13,393	\$ 14,599	\$ 14,089
State's net OPEB liability as a percentage of covered payroll	(112.97)%	(100.35)%	(88.83)%

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

STATE OF ALASKA

STATEMENT 2.33

Employer Contributions Schedule

Judicial Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 579	\$ 599	\$ 632	\$ 631	\$ 501
Contributions in relation to the actuarially determined contribution	730	591	594	628	508
Contribution deficiency (excess)	<u>\$ (151)</u>	<u>\$ 8</u>	<u>\$ 38</u>	<u>\$ 3</u>	<u>\$ (7)</u>
Covered payroll	\$ 13,527	\$ 13,393	\$ 14,599	\$ 14,089	\$ 13,996
Contributions as a percentage of covered payroll	5.40 %	4.41 %	4.07 %	4.46 %	3.63 %

This statement continued on next page.

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

STATE OF ALASKA

STATEMENT 2.33

Employer Contributions Schedule

Judicial Retirement System - Alaska Retiree Healthcare Trust Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2015	2014	2013	2012
Actuarially determined contribution	\$ 313	\$ 1,094	\$ 723	\$ 1,433
Contributions in relation to the actuarially determined contribution	520	882	834	599
Contribution deficiency (excess)	<u>\$ (207)</u>	<u>\$ 212</u>	<u>\$ (111)</u>	<u>\$ 834</u>
Covered payroll	\$ 13,507	\$ 13,731	\$ 13,289	\$ 11,803
Contributions as a percentage of covered payroll	3.85 %	6.42 %	6.28 %	5.07 %

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

STATE OF ALASKA

STATEMENT 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)

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 496	\$ 611	\$ 611	\$ 603	\$ 604
Interest	1,497	2,266	2,170	2,660	2,554
Differences between expected and actual experience	—	(12,218)	—	(8,659)	—
Changes of assumptions	—	(174)	—	—	—
Benefit payments, including refunds of employee contributions	(1,344)	(1,360)	(1,485)	(1,729)	(1,564)
Net change in total pension liability	649	(10,875)	1,296	(7,125)	1,594
Total pension liability - beginning	21,604	32,480	31,184	38,309	36,715
Total pension liability - ending (a)	22,253	21,605	32,480	31,184	38,309
Plan fiduciary net position					
Contributions - employer	852	907	866	735	628
Net investment income	2,321	1,965	3,182	182	590
Benefit payments, including refunds of employee contributions	(1,344)	(1,360)	(1,485)	(1,729)	(1,564)
Administrative expenses	(282)	(226)	(257)	(242)	(241)
Net change in plan fiduciary net position	1,547	1,286	2,306	(1,054)	(587)
Plan fiduciary net position - beginning	39,418	38,132	35,826	36,880	37,467
Plan fiduciary net position - ending (b)	40,965	39,418	38,132	35,826	36,880
State's net pension liability - ending (a) - (b)	\$ (18,712)	\$ (17,813)	\$ (5,652)	\$ (4,642)	\$ 1,429
Plan fiduciary net position as a percentage of the total pension liability	184.09 %	182.45 %	117.40 %	114.89 %	96.27 %
Covered payroll	N/A	N/A	N/A	N/A	N/A
State's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This statement continued on next page.

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

STATE OF ALASKA

STATEMENT 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)

	2015
Total pension liability	
Service cost	\$ 632
Interest	2,363
Differences between expected and actual experience	241
Changes of assumptions	27
Benefit payments, including refunds of employee contributions	(1,611)
Net change in total pension liability	1,652
Total pension liability - beginning	35,063
Total pension liability - ending (a)	36,715
Plan fiduciary net position	
Contributions - employer	740
Net investment income	4,528
Benefit payments, including refunds of employee contributions	(1,611)
Administrative expenses	(223)
Net change in plan fiduciary net position	3,434
Plan fiduciary net position - beginning	34,033
Plan fiduciary net position - ending (b)	37,467
State's net pension liability - ending (a) - (b)	\$ (752)
Plan fiduciary net position as a percentage of the total pension liability	102.05 %
Covered payroll	N/A
State's net pension liability as a percentage of covered payroll	N/A

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

STATE OF ALASKA

STATEMENT 2.41

Employer Contributions Schedule

Alaska National Guard and Alaska Naval Militia Retirement System

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 861	\$ 852	\$ 907	\$ 867	\$ 735
Contributions in relation to the actuarially determined contribution	861	852	907	867	735
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

This statement continued on next page.

STATE OF ALASKA

STATEMENT 2.41

Employer Contributions Schedule

Alaska National Guard and Alaska Naval Militia Retirement System

Last Ten Fiscal Years

(Stated in Thousands)

	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 627	\$ 475	\$ 431	\$ 896	\$ 965
Contributions in relation to the actuarially determined contribution	627	740	739	896	965
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ (265)</u>	<u>\$ (308)</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

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

The Notes to Required Schedule on the next page are an integral part of this statement.

Employer Contributions Schedule

Alaska National Guard and Alaska Naval Militia Retirement System

Last Ten Fiscal Years

(Stated in Thousands)

Notes to required schedule

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

Changes in assumptions have occurred over the ten-year period presented.

Actuarial Assumptions

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

Investment Return	7.00% per year, net of investment expenses.
Mortality (Pre-Termination)	100% (male and female) of RP-2014 employee table with MP-2017 generational improvement.
Mortality (Post-Termination)	91% of male and 96% of female rates of RP-2014 healthy annuitant table with MP-2017 generational improvement.
Mortality (Disability)	RP-2014 disabled table with MP-2017 generational improvement.
Inflation Rate	Total inflation as measured by the Consumer Price Index for urban and clerical workers for Anchorage is assumed to increase 3.12% annually.
Administrative Expenses	The expense load is equal to the average of the prior 2 years actual administrative expenses rounded to the nearest \$1,000 as follows: Fiscal Year Ending June 30 <div style="display: flex; justify-content: space-between;"> <div style="width: 10%;">2017</div> <div style="width: 40%;">257,396</div> <div style="width: 50%;"></div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 10%;">2018</div> <div style="width: 40%;">226,466</div> <div style="width: 50%;"></div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 10%;">Total</div> <div style="width: 40%;">\$ 483,862/2 = \$ 242,000 Expense Load (Rounded)</div> <div style="width: 50%;"></div> </div>
Turnover	Ultimate rates of turnover based upon the 2013-2017 actual experience.
Disability	Incidence rates based upon the 2013-2017 actual experience of the State of Alaska Public Employees' Retirement System.
Retirement	Retirement rates based upon the 2013-2017 actual experience.
Form of Payment	70% of members are assumed to elect a lump sum benefit, 30% of members are assumed to elect a monthly annuity with the number of payments equal to the number of months they were active in the Plan. A lump sum of the remaining payments is paid if the member should die while receiving payments. Lump sums are calculated based on a 7% discount rate using post-termination healthy mortality for retirement benefits and disability mortality for disability benefits.

Changes in Actuarial Assumptions Since the Prior Valuation

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

STATE OF ALASKA

STATEMENT 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)

	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$ 5,835	\$ 5,676	\$ 5,777	\$ 5,853	\$ 5,834
Interest	16,059	15,221	14,230	13,244	11,832
Changes of benefits terms	—	—	154	—	—
Differences between expected and actual experience	(496)	(2,321)	(482)	6,368	—
Changes of assumptions	16,396	—	272	—	—
Benefit payments, including refunds of employee contributions	(8,086)	(7,062)	(6,197)	(5,541)	(4,920)
Net change in total pension liability	29,708	11,514	13,754	19,924	12,746
Total pension liability - beginning	212,322	200,808	187,054	167,130	154,384
Total pension liability - ending (a)	242,030	212,322	200,808	187,054	167,130
Plan fiduciary net position					
Contributions - employer	5,220	3,555	4,051	4,163	3,571
Contributions - employee	4,477	4,341	4,302	4,383	4,290
Net investment income	32,628	(8,075)	22,088	11,774	(199)
Benefit payments, including refunds of employee contributions	(8,086)	(7,062)	(6,197)	(5,541)	(4,920)
Administrative expenses	(269)	(312)	(409)	(593)	(550)
Net change in plan fiduciary net position	33,970	(7,553)	23,835	14,186	2,192
Plan fiduciary net position - beginning	177,870	185,423	161,588	147,402	145,210
Plan fiduciary net position - ending (b)	211,840	177,870	185,423	161,588	147,402
State's net pension liability - ending (a) - (b)	\$ 30,190	\$ 34,452	\$ 15,385	\$ 25,466	\$ 19,728
Plan fiduciary net position as a percentage of the total pension liability	87.53 %	83.77 %	92.34 %	86.39 %	88.20 %
Covered payroll	\$ 48,228	\$ 48,228	\$ 47,804	\$ 48,705	\$ 47,660
State's net pension liability as a percentage of covered payroll	62.60 %	71.44 %	32.18 %	52.29 %	41.39 %

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

STATE OF ALASKA

STATEMENT 2.51

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Pension Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 5,220	\$ 3,555	\$ 4,051	\$ 4,163	\$ 3,571
Contributions in relation to the actuarially determined contribution	5,220	3,555	4,051	4,163	3,571
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	49,739	48,288	47,804	48,705	47,660
Contributions as a percentage of covered payroll	10.49%	7.36%	8.47%	8.55%	7.49%

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

Notes to required schedule

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

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

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

Changes in the Net OPEB Liability and Related Ratios Schedule

Alaska Railroad Corporation Defined Benefits Postretirement Medical Plan

Last Ten Fiscal Years

As of Measurement Date

(Stated in Thousands)

	2020	2019	2018	2017	2016
Total OPEB liability					
Service cost	\$ 529	\$ 599	\$ 700	\$ 699	\$ 633
Interest	1,003	981	1,095	985	1,021
Changes of benefits terms	—	—	526	—	—
Differences between expected and actual experience	(1,998)	(4,511)	(165)	(1,832)	—
Changes of assumptions	1,186	1,461	—	1,442	—
Benefit payments, including refunds of employee contributions	(371)	(350)	(331)	(506)	(193)
Net change in total OPEB liability	349	(1,820)	1,825	788	1,461
Total OPEB liability - beginning	15,332	17,152	15,327	14,539	13,078
Total OPEB liability - ending (a)	15,681	15,332	17,152	15,327	14,539
Plan fiduciary net position					
Contributions - employer	—	—	—	—	—
Net investment income	6,096	(958)	4,295	2,670	(384)
Benefit payments, including refunds of employee contributions	(371)	(350)	(331)	(506)	(193)
Administrative expenses	(59)	(71)	(77)	(66)	(48)
Net change in plan fiduciary net position	5,666	(1,379)	3,887	2,098	(625)
Plan fiduciary net position - beginning	45,248	46,627	42,740	40,642	41,267
Plan fiduciary net position - ending (b)	50,914	45,248	46,627	42,740	40,642
State's net OPEB liability - ending (a) - (b)	\$ (35,233)	\$ (29,916)	\$ (29,475)	\$ (27,413)	\$ (26,103)
Plan fiduciary net position as a percentage of the total OPEB liability	324.69 %	295.12 %	271.85 %	278.85 %	279.54 %
Covered payroll	\$ 33,444	\$ 33,444	\$ 35,292	\$ 46,941	\$ 47,660
State's net OPEB liability as a percentage of covered payroll	(105.35)%	(89.45)%	(83.52)%	(58.40)%	(54.77)%

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

STATE OF ALASKA

STATEMENT 2.53

Employer Contributions Schedule

Alaska Railroad Corporation Defined Benefits Postretirement Medical Plan

Last Ten Fiscal Years

(Stated in Thousands)

	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	32,154	33,444	35,292	46,941	47,660
Contributions as a percentage of covered payroll	— %	— %	— %	— %	— %

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

Notes to required schedule

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

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

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

SECTION II - FINDINGS AND QUESTIONED COSTS

SECTION II - FINDINGS AND QUESTIONED COSTS

INTRODUCTION

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

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

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

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SUMMARY OF FINDINGS
For the Fiscal Year Ended June 30, 2020

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

	<i>Basic Financial Statements</i>		<i>Federal Programs</i>			
<i>State Department</i>	<i>Material Weakness</i>	<i>Significant Deficiency</i>	<i>Material Weakness</i>	<i>Significant Deficiency</i>	<i>Federal Compliance</i>	<i>Other State Issues</i>
GOV						
DOA	2020-009, 2020-011	2020-001, 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, 2020-010				2020-012, 2020-013, 2020-014, 2020-015, 2020-016, 2020-017
LAW						2020-018
DOR	2020-019	2020-020, 2020-021				2020-019, 2020-020, 2020-022
DEED				2020-023, 2020-024		
DHSS		2020-025, 2020-026, 2020-027	2020-028, 2020-033, 2020-037, 2020-039, 2020-044, 2020-045, 2020-046	2020-029, 2020-030, 2020-031, 2020-032, 2020-034, 2020-035, 2020-036, 2020-040, 2020-041, 2020-042, 2020-043, 2020-047, 2020-048, 2020-049, 2020-050, 2020-051, 2020-052, 2020-053, 2020-054	2020-028, 2020-029, 2020-030, 2020-033, 2020-035, 2020-036, 2020-038, 2020-041, 2020-043, 2020-045, 2020-046, 2020-047, 2020-048, 2020-049, 2020-050, 2020-051, 2020-053, 2020-055	2020-056

SUMMARY OF FINDINGS
For the Fiscal Year Ended June 30, 2020
(continued)

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

	<i>Basic Financial Statements</i>		<i>Federal Programs</i>			
<i>State Department</i>	<i>Material Weakness</i>	<i>Significant Deficiency</i>	<i>Material Weakness</i>	<i>Significant Deficiency</i>	<i>Federal Compliance</i>	<i>Other State Issues</i>
DLWD		2020-057, 2020-058		2020-059, 2020-060, 2020-061, 2020-062, 2020-063, 2020-064	2020-060, 2020-061, 2020-063	2020-065
DCCED			2020-066		2020-066	
DMVA						
DNR	2020-067, 2020-068	2020-069, 2020-070, 2020-071	2020-075	2020-072, 2020-073, 2020-074	2020-072, 2020-073, 2020-074, 2020-075	2020-067, 2020-068, 2020-076
DFG						
DPS						
DEC						
DOC						2020-077
DOTPF		2020-078, 2020-079		2020-080, 2020-081, 2020-082, 2020-083, 2020-084, 2020-085, 2020-086	2020-080, 2020-082, 2020-083, 2020-086	2020-087, 2020-088
Court System						
Component Units		2020-089		2020-091, 2020-092, 2020-093, 2020-094	2020-093, 2020-094	2020-090
Alaska State Legislature						

Findings and Recommendations

Table of Contents

Office of the Governor.....	II – 7
Department of Administration	II – 9
Department of Law	II – 29
Department of Revenue	II – 31
Department of Education and Early Development.....	II – 37
Department of Health and Social Services	II – 41
Department of Labor and Workforce Development.....	II – 95
Department of Commerce, Community, and Economic Development.....	II – 107
Department of Military and Veterans’ Affairs	II – 111
Department of Natural Resources.....	II – 113
Department of Fish and Game.....	II – 129
Department of Public Safety.....	II – 131
Department of Environmental Conservation	II – 133
Department of Corrections.....	II – 135
Department of Transportation and Public Facilities.....	II – 137
Alaska Court System	II – 153
Component Units	II – 155
Alaska State Legislature	II – 165

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OFFICE OF THE GOVERNOR

One finding was issued to the Office of the Governor in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding No. 2019-073, made to both the Office of the Governor and the Department of Natural Resources, was not a significant issue in the current year and is not reiterated in this report.

No new findings have been issued during the FY 20 statewide single audit.

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DEPARTMENT OF ADMINISTRATION (DOA)

Sixteen findings were issued to DOA in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-008 through 2019-012, 2019-015, and 2019-016 are resolved. Prior year Finding Nos. 2019-001 through 2019-007, 2019-013, and 2019-014 are not resolved and are reiterated in this report as Finding Nos. 2020-001 through 2020-007, 2020-012, and 2020-013, respectively.

Eight new findings have been issued during the FY 20 statewide single audit and are included as Finding Nos. 2020-008 through 2020-011, and 2020-014 through 2020-017.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-001

Prior Year Finding: 2019-001
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

Testing of the FY 20 draft Comprehensive Annual Financial Report (CAFR) identified that the year-end financial reporting of activity between the Constitutional Budget Reserve Fund (CBRF) and the general fund was not accurately calculated, including the repayment presentation required by Article IX, Section 17(d) of the Alaska Constitution.

Context:

Inaccurate FY 20 financial reporting resulted from the following:

- The interfund balance did not include the expenditures of appropriations made directly from the CBRF;
- The repayment amount from one general fund subfund was not reported.

Cause:

Division of Finance (DOF) procedures lacked sufficient details for determining the year-end activity between the CBRF and general fund.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards, Section 1600.116 requires that governmental funds be reported using the modified accrual basis of accounting, under which expenditures and transfers are recognized when measurable and when the related liability is incurred.

Effect:

The year-end balance of the interfund activity between the CBRF and the general fund was understated by \$40.2 million in the FY 20 draft CAFR. The noted errors were corrected via audit adjustments and the activity was properly reported in the final FY 20 CAFR.

Recommendation:

DOA's state accountant should strengthen procedures to accurately report financial activity between the CBRF and the general fund, including recognition of activity for CBRF appropriation expenditures.

Finding No. 2020-002

Prior Year Finding: 2019-002
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

DOF's director has not developed and implemented a comprehensive policy for configuration management of the State accounting system. Additionally, the configuration management policy for the State's reporting system was not followed.

Context:

The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:

Competing priorities and the lack of a unified system for recording configuration changes contributed to the control weakness.

Criteria:

National Institute of Standards and Technology (NIST) Special Publication 800-53r4 provides specific criteria related to the identified deficiencies.

Effect:

Lack of well-designed configuration management procedures, or failure to follow procedures, may result in inappropriate system changes that cause disruption, inefficiencies, noncompliance with federal and State laws, and/or loss of productivity.

Recommendation:

DOF's director should implement strong system configuration management controls over its accounting and reporting systems.

Finding No. 2020-003

Prior Year Finding: 2019-003
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

An evaluation of DOA's State payroll system controls identified significant internal control weaknesses.

Context:

The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:

Cost concerns, competing priorities, and lack of resources contributed to the control weakness.

Criteria:

State of Alaska (SOA) Information Security Policies (ISP) provide specific criteria related to the identified deficiencies.

Effect:

The internal control weaknesses increase the risk of noncompliance with state and federal regulations, financial statement misstatements, and abuse or exposure of confidential or sensitive information.

Recommendation:

DOF's director should improve the State's payroll system controls.

Finding No. 2020-004

Prior Year Finding: 2019-004
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

Internal control weaknesses were identified over logical access to DOA's State accounting system.

Context:

The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:

The weaknesses were attributed to inadequate training and deficiencies in the design of internal controls.

Criteria:

SOA ISPs provide specific criteria related to the identified deficiencies.

Effect:

The control weaknesses increase the risk of financial misstatements and potential misuse or of confidential or sensitive information.

Recommendation:

DOF's director should strengthen controls over logical access to the accounting system.

Finding No. 2020-005

Prior Year Finding: 2019-005
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

DOF's director does not require the IRIS (the State accounting system) contractor to provide an independent annual assurance review of internal controls and processing.

Context:

DOF has a professional services agreement with a contractor, which provides for the daily operation of IRIS. The contractor's duties include, but are not limited to, payroll processing, code releases, and configuration changes. DOF relies on the services of the contractor without sufficient assurance that internal controls are in place and operating effectively.

Cause:

The current contract with the vendor does not require an assurance audit. Negotiations are in progress to include the requirement in future contracts.

Criteria:

ISP 162 5.1.1 states that executive management must ensure that the capacity and performance of information systems are monitored to assure the confidentiality, integrity, and availability of information. Per NIST control SA-9, third party service providers should be subject to the same information system security and privacy requirements of the supported organization and employ agency defined controls.

Additionally, Section 3.02 of DOA's Division of General Services standard Request for Proposal form requires that contracts with third party service providers include a provision for an annual Statement of Attestation Engagement Report covering the providers' internal control structure and processes.

Effect:

Without adequate assurance that the contractor's internal controls are properly designed and operating effectively, there is an increased risk of financial misstatements, loss or manipulation of data, and misuse of information.

Recommendation:

DOF's director should amend DOF's agreement with the IRIS contractor to require the contractor provide an annual independent report on internal controls consistent with best practices. Additionally, the director should develop internal control procedures to evaluate the results of the internal control report.

Finding No. 2020-006

Prior Year Finding: 2019-006
Type: Basic Financial Statement
Impact: Significant Deficiency

Condition:

Government-wide governmental activities revenues in the draft FY 20 CAFR Statement of Activities contained several classification errors.

Context:

Government-wide governmental activities revenues are classified by DOF accountants utilizing a process that classifies revenues as program or general revenues. The classification methodology has resulted in significant errors since FY 16.

Cause:

DOF accountants did not fully incorporate prior year audit adjustments into the FY 20 revenue classification work. Additionally, DOF accountants did not consistently apply changes to appropriations throughout the revenue classification process. Data entry errors were not prevented, or detected and corrected by DOF accountants.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards, Sections 1800.142–.143 require revenues to be classified as program revenues or general revenues. Program revenues are derived directly from the program itself and classified between charges for services, operating grants and contributions, and capital grants and contributions. General revenues include all other revenues not meeting the definition of program revenues and breaks out taxes by the different tax types.

Effect:

Government-wide governmental activities revenues on the Statement of Activities in the FY 20 draft CAFR were misclassified by \$154.1 million. FY 20 errors were corrected via audit adjustments and properly reported in the FY 20 CAFR.

Recommendation:

DOA's state accountant should improve procedures to ensure government-wide revenues are consistently and accurately classified.

Finding No. 2020-007

Prior Year Finding: 2019-007
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

The capital asset accounts on the draft FY 20 government-wide governmental activities Statement of Net Position and related CAFR footnote five contained significant errors.

Context:

Significant capital asset errors were identified during the FY 19 audit. IRIS is used to track, report, and depreciate capital assets. During FY 20, DOA, DOF instructed the applicable departments to update IRIS to correct the prior year errors, in addition to recording FY 20 capital assets. During the FY 20 audit, it was determined that not all of the FY 19 errors were corrected in IRIS. DOF accountants were responsible for monitoring capital asset entries in IRIS and calculating amounts to be reported in the FY 20 CAFR.

Cause:

The draft FY 20 capital asset amounts were misstated because DOF accountants did not adequately monitor FY 20 agency IRIS transactions for land, construction in progress (CIP) assets, and correction of prior year errors to ensure agencies were updating asset values and transferring completed assets to depreciable asset classifications as necessary. Additionally, DOF accountants did not manually adjust for or fix capital assets that were erroneously not depreciated in IRIS.

The draft FY 20 capital asset footnote five was incorrect because DOF's procedures for manual calculation of asset additions and deletions, and depreciation additions and deletions, were insufficient to accurately represent FY 20 asset or depreciation additions and deletions. The method used by DOF to calculate deletions was flawed, causing an unreasonable overstatement of asset deletions and depreciation deletions. Additionally, insufficient documentation was maintained by DOF to independently verify the asset and depreciation additions and deletions related to buildings financed through capital leases.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards, Sections 1400.102–.104 require capital assets to be reported at historical cost and include all tangible or intangible assets used in the operations that have initial useful lives extending beyond a single reporting period and to be depreciated over their useful lives.

Alaska Statute 37.05.210 requires DOA to file a report of financial transactions of the preceding fiscal year and the financial condition of the State as of the end of that year, prepared in accordance with generally accepted accounting principles.

Effect:

Multiple errors were identified in the FY 20 draft CAFR government-wide governmental activities Statement of Net Position capital asset accounts, which may have been detected and corrected if DOF had adequate capital asset monitoring procedures. The errors included:

- CIP understated \$18.4 million;
- Infrastructure overstated \$5.9 million;
- Land understated \$15.2 million;

- Buildings net of depreciation understated \$14.9 million; and
- Equipment net of depreciation understated \$722.6 thousand.

Additionally, DOF staff's calculation of asset additions/deletions and depreciation additions/deletions for footnote five resulted in errors across all governmental activities capital asset categories totaling a net:

- asset addition overstatement of \$57.3 million;
- asset deletion overstatement of \$159.8 million; and
- depreciation addition overstatement of \$102.5 million.

Once identified by auditors, the errors were corrected and properly reported in the FY 20 CAFR.

Recommendation:

DOA's state accountant should improve procedures to ensure accurate reporting of capital assets in the CAFR. Procedures should include monitoring of agency capital asset transactions throughout the fiscal year and during CAFR preparation to identify and correct inaccurate or missing entries. Additionally, DOF CAFR preparation procedures should be updated to ensure the proper classification of capital asset activity in CAFR footnote five.

The state accountant should consider creating a capital asset reference guide for agencies to utilize when inputting capital asset information in IRIS and providing capital asset training to agencies. Finally, correcting entries should be processed in IRIS or structural coding changes should be made to help ensure IRIS calculates depreciation on all depreciable assets.

Finding No. 2020-008

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

A net other postemployment benefits (OPEB) asset was misreported in the draft FY 20 CAFR as a net OPEB liability.

Context:

DOA hires an actuarial firm to prepare and issue schedules that allocate OPEB activity to participating employers. DOF relies on the allocation schedules for recording the State of Alaska's OPEB activity in the CAFR. For FY 20, the Teachers' Retirement System Alaska Retiree Healthcare Plan for the primary government recognized a net OPEB asset. The allocation schedule prepared by the actuarial firm identified the net OPEB asset as a negative value and did not clearly label the activity.

Cause:

The DOF accountant misread the OPEB allocation schedule and did not crosscheck the classification with other information, such as notes to financial statements or required supplementary information, to confirm the CAFR presentation.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards P50.156 requires that a liability or asset be recognized for the employer's proportionate share of the collective net OPEB asset or liability, as applicable.

Effect:

The draft FY 20 Government-Wide Statement of Net Position governmental activities net OPEB asset and net OPEB liability were understated and overstated by \$91.8 million, respectively, and the draft FY 20 Government-Wide Statement of Activities governmental activities expenses were overstated by \$183.6 million. The errors were corrected via audit adjustment and properly reported in the FY 20 CAFR.

Recommendation:

DOA's state accountant should implement review procedures to ensure all OPEB activity is reported in accordance with governmental accounting standards, including review procedures to crosscheck OPEB presentation with notes to financial statements and required supplementary information.

Finding No. 2020-009

Type: Basic Financial Statements

Impact: Material Weakness

Condition:

DOF accountants did not properly identify the Unemployment Compensation Fund (UCF) as a major enterprise fund in the FY 20 CAFR.

Context:

The Codification of Government Accounting and Financial Reporting Standards specifies the calculation to use when determining if a governmental or proprietary fund should be considered a major fund. Major funds are reported separately in the CAFR, whereas non-major funds are reported in the aggregate by fund type. The UCF has historically been correctly classified and reported by DOF accountants as a non-major enterprise fund.

During FY 20, due to the COVID-19 pandemic, unemployment benefit payments and related federal reimbursements increased significantly. Additionally, decreases in other funds used in the major fund calculation resulted in UCF qualifying as a major fund. DOF procedures were not adequate to ensure the major fund calculation was correctly performed.

Cause:

DOF accountants failed to correctly interpret Governmental Accounting Standards Board (GASB) guidance relating to the determination of major funds for the FY 20 CAFR. Specifically, while performing the analysis, DOF accountants erroneously included transfer amounts in the major fund calculation.

Criteria:

Per *Codification of Government Accounting and Financial Reporting Standards*, Section 2200.158, the focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. Non-major funds should be aggregated and displayed in a single column.

Section 2200.159 defines how major funds are determined. Additionally, Section 2200.729-24 states in part: In the fund operating statements, transfers in and transfers out are not included in the major fund calculation (revenues and expenditures/expenses) and do not affect the major fund determination because they are reported as other financing sources (uses).

Effect:

The UCF was inaccurately reported as a non-major enterprise fund in the draft FY 20 CAFR. Once identified by auditors, the UCF was reclassified as a major enterprise fund via an audit adjustment and accurately reported in the final FY 20 CAFR.

Recommendation:

DOA's state accountant should improve major fund determination procedures to ensure procedures follow GASB standards for determination of major funds.

Finding No. 2020-010

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

The State's general fund reported the FY 20 amount appropriated from the CBRF to the Alaska Energy Authority's (AEA) power cost equalization endowment fund (PCEF) as required by Chapter 1, SSSLA 2019, sec. 17(a) differently than reported by AEA by over \$1 billion. Further, the State's general fund reported the FY 20 year-end sweep¹ from the PCEF to repay the CBRF differently than AEA by over \$1 billion.

¹ Article IX, Section 17(d) of the Alaska Constitution 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. This repayment is also referred to as the sweep.

Context:

During FY 19, the attorney general identified that AEA's PCEF was subject to the Alaska constitutional provision to repay the CBRF. Consequently, at the end of FY 19, the unobligated balance of the PCEF was swept to the CBRF. The legislature appropriated the amount of the FY 19 sweep back to AEA as of July 1, 2019 (commonly referred to as the reverse sweep). At the end of FY 20, the unobligated balance of the PCEF fund was again swept back for repayment to the CBRF as required by the constitution.

In the FY 20 draft CAFR, the State's general fund reported the FY 20 sweep as revenue and the FY 20 PCEF appropriation as an expenditure. For financial reporting purposes, AEA netted the activity and reported the difference between the FY 20 appropriation and the FY 20 year-end sweep as a net expense in its audited financial statements, thereby recognizing no revenue.

Legislative auditors identified the discrepancies in November 2020 and requested DOA DOF accountants work with AEA to ensure the financial activity was reported consistently between the two entities. After several communications between legislative auditors, AEA, AEA's auditors, and DOF accountants, AEA responded in January 2021 that management believed the AEA financial presentation was appropriate.

Given the differing opinions on the financial presentation and material discrepancies, the legislative auditor submitted a technical inquiry to the GASB requesting guidance on the proper reporting of the CBRF sweep and appropriation from the CBRF to the PCEF. A meeting was held in February 2021 between a GASB representative, AEA accountants, AEA's auditors, DOF accountants, and legislative auditors. The GASB representative confirmed that accounting standards did not provide clear guidance for the specific activity. After discussing accounting theory and practical considerations, all parties agreed on the proper financial presentation.

Cause:

The differences in the financial reporting between the general fund and AEA were due to a lack of clear accounting guidelines for the unique activity, inadequate procedures, and untimely communications between DOF and AEA on the proper financial presentation.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards, Section N50.116 states that providers of resources in government-mandated or voluntary nonexchange transactions frequently establish eligibility requirements. Eligibility requirements are conditions established by enabling legislation or the provider that are required to be met before a transaction (other than the provision of cash or other assets in advance) can occur. That is, until those requirements are met, the provider generally does not have a liability, the recipient generally does not have a receivable, and expenses and revenues for resources transmitted in advance should not be recognized until those eligibility requirements are met.

Codification of Governmental Accounting and Financial Reporting Standards, Section 1800.130 states a significant aspect of governmental fund accounting is that the operations measurement focus is on sources, uses, and balances of fund financial resources. In this context, the term “revenues” means increases in (sources of) fund financial resources and the term “expenditures” means decreases in (uses of) fund financial resources. Revenue and expenditure accounts thus reflect the changes in the financial condition of a governmental fund that occur during a given time period, except those arising from transfers and general long-term debt issuance and issuances of special assessment bonds, refunding bonds, and certain demand bonds.

Effect:

Multiple errors related to the PCEF activity were identified in the FY 20 draft CAFR. Most significantly the general fund payments in from component units were overstated by approximately \$1 billion, expenditures were overstated by \$990 million, and due from component units was overstated by \$15 million. An audit adjustment was processed and the general fund activity was properly reported in the FY 20 CAFR.

Further, untimely response to inquiries led to a delay in resolving the reporting discrepancies which led to a delay in issuing the CAFR audit opinion.

Also, AEA’s audited financial statements contained errors as discussed in the finding addressed to AEA.

Recommendation:

DOA’s state accountant and AEA’s chief financial officer should strengthen procedures to ensure the financial activity between AEA and the CBRF is accurately presented in the CAFR.

Finding No. 2020-011

Type: Basic Financial Statements
Impact: Material Weakness

Condition:

Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds received in FY 20 were misclassified in the draft CAFR.

Context:

During FY 20, the State received \$1.25 billion from the U.S. Treasury as part of the federal CARES Act to combat the economic impacts of the COVID-19 pandemic. According to the CARES Act, the funds must be spent on eligible expenses as defined in the Act. The legislature approved the allocation of \$1.25 billion to five specific programs administered by three departments.

The State received \$1.25 billion in advance of eligible costs. The three departments administering the CARES program incurred eligible expenditures in FY 20 and also advanced funds to subrecipients to administer portions of the CARES Act. By the end of FY 20, only \$83.3 million dollars of the \$1.25 billion advance funds were spent by the state agencies or by subrecipients. The financial activity was not fully evaluated to ensure amounts were properly reported and classified in the FY 20 draft CAFR.

According to generally accepted accounting principles, expenses/expenditures and related revenues should be recognized in the fiscal year in which services are provided. Therefore, revenue received prior to incurring eligible expenses should be reported as an unearned revenue liability. Similarly, funds advanced to subrecipients that were not expended by the end of FY 20 should be reported as an asset.

Cause:

Although DOF had procedures for properly reporting "Unearned Revenues" and "Advances", during CAFR preparation DOF accounting staff did not fully evaluate the financial reporting of the CARES Act activity and did not adequately communicate with the departments administering the federal program. In addition, there was a lack of communication between DOF accounting staff, other departmental finance staff, and Office of Management and Budget analysts regarding what programs were funded by the \$1.25 billion received from U.S. Treasury, which contributed to some of the reporting differences. Of the \$1.25 billion, \$103.5 million of the authorization was incorrectly transferred to two appropriations that were funded by other sources, which further complicated the reporting.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards, Section N50.112 states that governments (including the federal government) frequently engage in award programs commonly referred to as "reimbursement-type" or "expenditure-driven" grant programs. These programs may be either government-mandated or voluntary nonexchange transactions, depending on their characteristics. In either case, the provider stipulates that a recipient cannot qualify for resources without first incurring allowable costs under the provider's program. That kind of stipulation is not a purpose restriction as defined in the section. Rather, it is considered an eligibility requirement and affects the timing of recognition. That is, there is no award, the provider has no liability, and the recipient has no asset (receivable) until the recipient has met the provider's requirements by incurring costs in accordance with the provider's program. (Cash and other assets provided in advance should be reported as advances [assets] by providers and as liabilities by recipients until allowable costs have been incurred and any other eligibility requirements have been met.)

Effect:

The FY 20 draft CAFR contained the following errors: General Fund Balance Sheet other assets were understated \$43.3 million and unearned revenue liabilities were understated \$652 million; associated general fund federal grants in aid was overstated by \$645 million and expenditures were overstated \$36.3 million in the Statement of Revenue, Expenditures, and Changes in Fund Balances. These errors were also present in the Governmental Activities

Government-Wide Statement of Net Position and Statement of Activities. The noted errors were corrected via audit adjustments and the activity was properly reported in the FY 20 CAFR.

Recommendation:

DOA's state accountant should strengthen procedures to ensure unearned revenue and advances are properly classified in the CAFR.

Finding No. 2020-012

Prior Year Finding: 2019-013
Type: Other State Issue
Impact: Noncompliance

Condition:

DOA's Office of Information Technology (OIT) accounting staff have not reconciled the Information Services Fund (ISF) asset tracking system to the State accounting system.

Context:

During FY 11, DOA staff implemented an asset tracking system, FASGov, which appeared adequate to meet basic asset tracking needs. Although the system improved asset tracking, historical data input into the new system was unreliable, as the information was never reconciled to information in the State accounting system. Furthermore, no physical inventory was completed for ISF capital assets. No progress was made during FY 12 through FY 15 to address the finding. During FY 16 through FY 20, OIT staff periodically, but unsuccessfully, attempted to complete a comprehensive inventory of ISF assets. Through FY 20, asset data within FASGov continued to be unreliable. At FY 20 year-end, a documented difference of \$10.8 million existed between the ISF assets recorded in the State accounting system and the FASGov total assets report. A documented difference of \$9.6 million existed between the ISF accumulated depreciation account in the State accounting system and the FASGov total assets report.

Cause:

According to OIT management, OIT staff were unable to complete a comprehensive inventory of ISF assets due to staff turnover, organizational changes, and competing priorities.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards 1400.102-.104 states that capital assets should be reported at historical cost and depreciated over their estimated useful lives. Generally accepted accounting principles also require the ISF, an internal service fund, to be operated on a cost reimbursement basis, including recovering the cost of capital assets.

Effect:

Inaccurate or incomplete ISF asset records limit the State's ability to accurately report capital assets in the financial statements and may impair the accuracy of OIT reimbursement rates.

Recommendation:

DOA's OIT chief information officer should allocate staff resources to properly account for capital assets owned by the ISF.

Finding No. 2020-013

Prior Year Finding: 2019-014
Type: Other State Issues
Impact: Noncompliance

Condition:

During FY 20, DOF management did not provide adequate training to support State agencies' use of the Alaska Data Enterprise Reporting (ALDER) 2.0 system.

Context:

ALDER 2.0 is a statewide reporting system designed to integrate data from multiple systems into a unified environment for simple and effective reporting. With the implementation of IRIS, which has limited reporting capabilities, ALDER 2.0 became critical for querying and summarizing the State's accounting data.

A DOF contractor held workshops in February and March 2020 to discuss reporting foundational concepts and trial balance reporting in ALDER. However, as of September 2020, no formalized training classes and limited reference materials have been provided to ALDER users since IRIS went live in July 2015.

Cause:

DOF experienced employee turnover that hampered its ability to develop ALDER 2.0 training classes or related reference materials. Additionally, plans to implement training classes were put on hold due to the COVID-19 pandemic. Management stated online training videos for ALDER were in the process of being developed as a preferred alternative to a comprehensive manual.

Criteria:

An effective internal control system requires management communicate quality information to enable personnel to achieve management's objectives. Per GAO-14-704G 14.03 "Standards for Internal Control in the Federal Government," issued by the comptroller general of the United States, quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis.

Effect:

The lack of formal training adversely impacted agency fiscal personnel's ability to perform duties, including the timely and accurate recording of transactions in IRIS.

Recommendation:

DOF's director should develop and implement ALDER 2.0 training classes and reference materials to ensure State agencies' fiscal personnel using ALDER 2.0 are properly trained.

Finding No. 2020-014

Type: Other State Issues

Impact: Non Compliance

Condition:

ALDER system backups were not routinely performed.

Context:

According to DOF's policy, system backups should be performed weekly. Between July 1, 2019, and April 30, 2020, only 14 weekly backups were performed during the 43 week period. No backups were performed between July 1, 2019, and November 10, 2019.

Cause:

According to management, backups were cancelled to allow other activities to utilize the time normally designated for backups.

Criteria:

ISP 165 5.2.1 states that business managers must ensure that appropriate information backups of critical systems, databases, and information repositories are maintained. Business managers must ensure that backup products and procedures are appropriately tested to ensure that system recoveries are suitable and functional for complete recovery of information assets.

Effect:

Untimely system backups could negatively impact productivity or result in loss of data.

Recommendation:

DOF's director should ensure that ALDER backups are performed routinely and timely in accordance with the division's policy.

Finding No. 2020-015

Type: Other State Issues

Impact: Noncompliance

Condition:

DOA DOF completed the FY 20 draft CAFR on December 9, 2020.

Context:

DOF staff are responsible for creating the State's financial statements, which are incorporated into the CAFR. The draft CAFR must be provided to the Division of Legislative Audit, the State's independent auditor, by October 31st in order to meet the statutory deadline for issuing an opinion.

Cause:

A lack of training and experience with the application of generally accepted government accounting principles contributed to the delay. Limits to DOF's budget prevented the agency from accessing additional expertise, training, and an up-to-date copy of the generally accepted accounting principles codification.

Criteria:

Per AS 37.05.210(a)(1), the Department of Administration shall file with the governor and with the legislative auditor, before December 16, a report of the financial transactions of the preceding fiscal year and of the financial condition of the state as of the end of that year, prepared in accordance with generally accepted accounting principles and audited by the legislative auditor in accordance with generally accepted audit standards.

Effect:

Untimely draft CAFR statements delay the issuance of the audited CAFR, which may negatively impact the decision-making of report users and may also lead to a delay in issuing the Single Audit.

Recommendation:

DOA's commissioner should ensure DOF accountants are adequately trained in governmental accounting as defined by the Codification of Governmental Accounting and Financial Reporting Standards published by GASB. Further, the DOA commissioner should ensure DOF is provided the resources necessary to meet the CAFR reporting requirements.

Finding No. 2020-016

Type:	Other State Issues
Impact:	Noncompliance

Condition:

During FY 20, \$16.4 million of general funds were disbursed to the University of Alaska (UA) without legal authorization.

Context:

DOF accountants are responsible for transferring general funds to UA for operating and capital appropriations funded by the general fund. UA's first operating draw for FY 21, funded by general funds, was processed by DOF accountants prior to July 1, 2020. DOF accountants recognized the expenditures were for FY 21 and the activity was reclassified as a Due from Component Unit in the FY 20 CAFR.

Cause:

According to DOF accountants, the payment was processed on June 30, 2020, in an effort to meet the requested payment date of July 2, 2020. DOF has procedures over processing of payments for appropriations funded by the general fund, however, procedures were not adequate to ensure funds were not disbursed without authority.

Criteria:

Alaska Constitution, Section 9.13 – Expenditures.

No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

Effect:

Processing the payment in FY 20 resulted in advancing \$16.4 million of general fund money without legislative authorization.

Recommendation:

DOA's state accountant should strengthen procedures to ensure general funds are expended in accordance with the law.

Finding No. 2020-017

Type:	Other State Issues
Impact:	Noncompliance

Condition:

During FY 20, DOA inappropriately transferred \$1.7 million of expenditures from an operating appropriation to a capital appropriation without sufficient verification that the expenditures complied with the purpose of the capital appropriation.

Context:

The legislature approves capital and operating budgets that provide the authorization for statewide spending. Once a department receives a capital appropriation for a project, costs associated with that project should be recorded in the corresponding appropriation. Beginning

in FY 12, the legislature authorized DOA to spend approximately \$47.4 million to implement IRIS. At the beginning of FY 20, this capital appropriation was not yet fully expended.

According to the project description, operating costs for IRIS could be charged to the capital appropriation. However, after four years, operating costs were to be incorporated into DOA's annual operating budget. IRIS went live on July 1, 2015 (FY 16), meaning the four year window for paying IRIS operating costs from the capital appropriation ended in FY 19. Regardless, during FY 20, DOA transferred \$1.1 million of IRIS maintenance and support costs to the capital appropriation, from DOA DOF's FY 20 operating appropriation.

Additionally, during FY 18, DOA began an upgrade of IRIS from version 3.9 to version 4. The legislature approved an initial capital appropriation of \$4.05 million for the upgrade. During FY 20, DOA transferred \$.6 million of IRIS upgrade-specific expenditures to the FY 12 IRIS implementation capital appropriation.

Cause:

DOA management considered the FY 12 IRIS implementation capital appropriation as funding to be used for general IRIS purposes and not limited to IRIS implementation. Further, IRIS operating and maintenance costs were not adequately included in DOA's FY 20 operating budget, resulting in insufficient FY 20 operating budget to cover IRIS contractual costs.

Additionally, DOA management stated that if the IRIS upgrade costs of \$.6 million were moved out of the IRIS implementation capital appropriation and into IRIS upgrade capital appropriation, insufficient funds would exist to complete the IRIS upgrade project.

Criteria:

The Alaska Constitution, Section 9.13, states that no money shall be withdrawn from the treasury except in accordance with appropriations made by law. Additionally, AS 37.05.170 requires that payments may not be made before verifying a sufficient unencumbered balance and the expense is authorized under the appropriation.

Effect:

Coding \$1.7 million of IRIS upgrade and operating costs to the FY 12 IRIS capital appropriation circumvented the legislative budget process and prevented the lapse of funding from being made available for other purposes. Additionally if the operating transactions were correctly reported, the related operating appropriation would be over-expended by approximately \$1 million as of January 25, 2021.

Recommendation:

DOA's Division of Administrative Services director and DOF's director should work together to improve procedures over transferring expenditures between operating and capital appropriations to ensure transfers are allowed per the authorized budget. Further, DOF's director should work with the Office of Management and Budget to seek a ratification for the

use of the IRIS implementation capital appropriation to pay FY 20 IRIS operating and upgrade costs.

DEPARTMENT OF LAW (LAW)

No findings were issued to LAW in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*.

One new finding has been issued during the FY 20 statewide single audit and is included as Finding No. 2020-018.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-018

Type: Other State Issues
Impact: Noncompliance

Condition:

One potential LAW shortfall was identified for FY 20.

Context:

The FY 20 potential shortfall as of February 2021 is as follows:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
WADM (BFY 2020)	Administration and Support	\$448,184

Cause:

LAW management asserted that the error was caused by an unusual and unanticipated change in available funding sources related to the Coronavirus Aid, Relief, and Economic Security Act which occurred at the end of the re-appropriation period (July 1st through August 31st). As a result, the agency could not finalize billings in a timely manner and revise the internal agreement with Department of Administration related to this appropriation.

Criteria:

The State Budget Act provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:

As a result of the potential shortfall, unauthorized general funds may have been expended.

Recommendation:

LAW's finance officer should take measures to resolve the shortfall, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary. Additionally, LAW's finance officer should improve billing procedures to prevent future shortfalls.

DEPARTMENT OF REVENUE (DOR)

Seven findings were issued to DOR in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-015 and 2019-020 through 2019-022 are resolved. Prior year Finding Nos. 2019-017 through 2019-019 are not resolved and are reiterated in this report as Finding Nos. 2020-019 through 2020-021, respectively.

One new finding has been issued during the FY 20 statewide single audit and is included as Finding No. 2020-022.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-019

Prior Year Finding: 2019-017
Type: Basic Financial Statements, Other State Issues
Impact: Material Weakness, Material Noncompliance

Condition:

Revenues eligible for transfer to the Constitutional Budgetary Reserve Fund (CBRF) were not transferred during fiscal years 2018, 2019, and 2020. Revenues that should have remained in the CBRF were moved to the general fund.

Context:

DOR administers the regulation, collection, auditing, and proper reporting of taxes on oil and gas produced in the state. The oil and gas severance taxes are based on the net value of oil and gas, which is the value at the point of production, less all qualified capital and operating expenditures. Operating expenditures represent the cost associated with the production process, including tariffs paid for the use of the Trans-Alaska Pipeline.

Pipeline tariff rates are regulated by the Federal Energy and Regulatory Commission (FERC). In two of its more recent decisions, issued on April 21, 2016, and February 28, 2018, the FERC reduced tariff rates for production periods occurring after 2009. DOR oil and gas taxpayers were required to amend prior period tax returns by retroactively applying the newly approved tariff rates. As a result of the change, DOR collected an estimated \$201.5 million of tax and interest revenues, including \$113.5 million collected in FY 18, \$73.7 million collected in FY 19, and \$14.3 million collected in FY 20. Historically, taxes received as a result of FERC decisions were deposited into the CBRF. Based on guidance from the attorney general and the governor's Office of Management and Budget, DOR staff did not deposit the eligible revenues into the CBRF and the monies remained in the general fund during fiscal years 2018, 2019, and 2020.

Cause:

Prior to FY 18, DOR staff deposited FERC-related tax revenues into the CBRF. That practice changed during FY 18 in response to legal guidance provided by the Department of Law's attorney general and remained in place throughout FY 20. The guidance concluded that FERC proceedings could not be considered an administrative action or litigation for CBRF purposes because FERC had no jurisdiction over State taxes or royalties. Additionally, the attorney general advised that prior year FERC-related receipts deposited in the CBRF should have remained in the general fund.

Auditors engaged the Legislative Division of Legal Services (Legislative Legal) to help determine whether the taxes and royalties received as a result of FERC's decisions regarding the 2009-2015 Trans-Alaska Pipeline System (TAPS) tariff rates should have been deposited into the CBRF. Legislative Legal reviewed the facts of the TAPS case and concluded that the

TAPS case met the constitutional requirement for deposit into the CBRF because it was a settlement of litigation and the case involved taxes and royalties.

The Legislative Legal opinion concluded that the State was a party to the TAPS case. As a party to the litigation, the State asserted that the TAPS tariff rates were too high, resulting in reduced royalty and tax obligations by the shippers that utilize TAPS. The overall settlement includes settlement of litigation before the State Regulatory Commission of Alaska (RCA) and FERC. The State was a signor of both RCA and FERC settlement agreements. As part of the settlement agreement, the commissioners of DOR and the Department of Natural Resources (DNR) were each required to submit a letter acknowledging that the settlement addressed the tax and royalty concerns. These facts help support Legislative Legal's opinion that the FERC TAPS case did "involve" taxes and royalties. Consequently, the windfall of royalty and tax monies received by DOR and DNR as a result of the FERC TAPS decision should have been deposited into the CBRF.

Criteria:

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

Effect:

After the attorney general opinion was issued in FY 18, the Department of Administration's Division of Finance transferred \$923.8 million of DOR tax revenues from the CBRF to the general fund. When combined with the \$113.5 million of FERC-related receipts collected in FY 18, the \$73.7 million collected in FY 19 and the \$14.3 million collected in FY 20, the CBRF year-end balances shown on footnote two of the FY 20 CAFR are cumulatively understated an estimated \$1.1 billion. These unadjusted errors contributed to a qualification of the FY 20 CAFR financial opinion. Additionally, \$69.2 million of FERC-related revenues which should have been deposited into the CBRF were instead offset to tax credits.

Recommendation:

DOR's commissioner should ensure all CBRF-eligible revenues are transferred to the CBRF.

Finding No. 2020-020

Prior Year Finding:	2019-018
Type:	Basic Financial Statements, Other State Issues
Impact:	Significant Deficiency, Noncompliance

Condition:

Auditors requested access to DOR oil and gas production tax-related settlement/appeal files to verify the proper usage of oil and gas production tax credit certificate amounts in the settlement of oil and gas production taxes. Auditors were denied access to the requested settlement/appeal files during the audit fieldwork by DOR management. Consequently, auditors were unable to reasonably determine the appropriate financial statement impact of identified oil and gas production tax credit certificate issues.

Context:

During the FY 19 audit, auditors identified two settlements in which three oil and gas tax credit certificates totaling \$15.3 million were applied, in whole or in part, by DOR when calculating the final oil and gas production tax settlement amount. Requests for access to DOR settlement files to assist in verifying the use of the tax credit certificates for these cases were denied by DOR management during the FY 19 and FY 20 audits.

Cause:

DOR management continues to assert that guidance from the Department of Law prevented DOR from granting access to the requested documents under attorney-client privilege standards.

Criteria:

Alaska Statute 24.20.271(7) states that the Legislative Audit Division shall have access at all times to the books, accounts, reports, or other records, whether confidential or not, of every state agency. In addition, AS 43.55.023(c)(3)(B) and AS 43.55.025(h)(3)(B) prohibit the application of tax credit certificates under those sections against any tax, interest, penalty, fee, or other charge which has, for purposes of Article IX, Section 17(a) of the Alaska State Constitution, been subject to an administrative proceeding or litigation. A settlement resulting from a tax assessment constitutes an administrative proceeding, preventing the use of a tax credit certificate to pay the additional taxes due from the assessment/settlement.

Effect:

Without access to the full appeal/settlement files the auditors are unable to independently confirm DOR's compliance with state law and unable to determine the appropriate financial statement impact of the \$15.3 million in applied tax credits.

Recommendation:

DOR's commissioner should ensure auditors have full access to department information and ensure tax credit certificates are used in accordance with state law.

Finding No. 2020-021

Prior Year Finding: 2019-019

Type: Basic Financial Statements

Impact: Significant Deficiency

Condition:

DOR staff preparing the FY 20 Schedule of Expenditures of Federal Awards (SEFA) did not follow the department's procedures and the procedures were not updated to correct inaccurate report filters identified during the FY 19 audit. Additionally, DOR staff could not provide evidence of supervisory review.

Context:

Prior to FY 18, DOR staff did not have written procedures for preparing the SEFA. During FY 18, DOR staff developed written procedures; however, the written procedures contained reporting parameters which incorrectly limited expenditures to the budget fiscal year. The procedures were not updated in FY 19 or FY 20. The SEFA review process did not identify the incorrect parameters utilized in FY 20.

Cause:

Per DOR management, existing procedures were not updated or followed due to staff turnover. During FY 20, DOR had turnover in the position that prepares the SEFA. The existence of the procedures was not communicated to the new preparer.

Criteria:

Per Title 2 CFR 200.508(b), the State must prepare appropriate financial statements, including the SEFA, in accordance with federal regulation. Furthermore, per Title 2 CFR 200.303, the State is responsible for establishing effective internal controls.

Effect:

Inadequate SEFA preparation and review procedures increase the risk of financial reporting errors. The SEFA serves as the primary basis for determining major programs as required by federal regulation. Inaccuracies in the amount of expenditures reported on the SEFA increase the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action including additional reporting requirements or withholding/terminating funding.

Federal expenditures for one program were understated on the draft SEFA by \$2.4 million. Once identified, the discrepancy was corrected by agency staff and accurately presented in the FY 20 statewide SEFA.

Questioned Costs:

None

Recommendation:

DOR's Division of Administrative Services director should revise written procedures to ensure correct reporting parameters are used to prepare the SEFA and the SEFA is thoroughly reviewed prior to submission. The review should be documented.

Finding No. 2020-022

Type: Other State Issues
Impact: Noncompliance

Condition:

Two potential DOR shortfalls were identified for FY 20.

Context:

The FY 20 potential shortfalls as of February 2021 are as follows:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
R700 (BFY 2020)	Alaska Permanent Fund Corporation	\$461,841
R200 (BFY 2019)	Child Support Services	\$1,558,937

Cause:

According to DOR's management, appropriation R700 was potentially in shortfall due to turnover, competing priorities, and year-end timing issues which resulted in one receivable not being finalized at year-end, revenues not being timely applied to the appropriation, and some reported under a different appropriation. According to management, appropriation R200 was potentially in shortfall because during the FY 18/19 re-appropriation period (July 1, 2019 through August 31, 2019) previous departmental accounting staff were given incorrect guidance to apply collected revenues against the oldest receivables first. This caused appropriation R200 BFY2018 to over-record revenues and R200 BFY2019 to under-record receivables. Additionally, receivables were not reduced when expenditures were determined to be ineligible for federal reimbursement, resulting in overstating receivables and related revenues.

Criteria:

The State Budget Act provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:

As a result of the potential shortfalls, unauthorized general funds may have been expended.

Recommendation:

DOR's finance officer should take measures to resolve the shortfalls, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary. Additionally, the finance officer should improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (DEED)

Two findings were issued to DEED in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-023 and 2019-024 are resolved.

Two new findings have been issued during the FY 20 statewide single audit and are included as Findings Nos. 2020-023 and 2020-024.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-023

Federal Awarding Agency:	U.S. Department of Education (USED)
Impact:	Significant Deficiency
CFDA Number and Title:	84.010 Title I Grants to Local Educational Agencies 84.011 Migrant Education State Grant Program 84.425C Governor’s Emergency Education Relief (GEER) Fund – COVID-19 84.425D Elementary and Secondary School Emergency Relief (ESSER) Fund – COVID-19
Federal Award Number:	S010A190002; S011A190002; S425C20011; S425D200020
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

Testing of FY 20 access to the Grants Management System (GMS) for 16 state agency user roles identified six user roles affecting five individuals that lacked documented approval. Specifically, five user roles were changed for four individuals prior to documented approval and one new user was added with no state user access agreement on file.

Context:

DEED uses the web-based GMS to administer several federal programs, including but not limited to those authorized by the Elementary and Secondary Education Act of 1965 (ESEA) and the Coronavirus Aid, Relief, and Economic Security Act. DEED is responsible for managing GMS, which is utilized by employees at state agencies and local education agencies (LEA). LEA employees submit grant applications, receive grant award notifications, and submit reimbursement requests through GMS. State employees view, modify, and approve LEA grant awards and reimbursements through GMS.

Cause:

The errors were due to staff not following procedures. Supervisory review did not detect the unsupported access.

Criteria:

Title 2 CFR 200.303 requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal awards in compliance with federal statutes, regulations, and terms and conditions of the grant awards.

Section 171, 5.4.1 of the State of Alaska (SOA) Information Security Policies (ISP) requires management to use a formal request process for all access requests (e.g. additions, changes, or deletions) to SOA computers, networks, or applications.

ISP-171, 5.4.4 requires management ensure that all user accounts for SOA computers, networks, or applications meet the following criteria:

- be authorized by a designated Data Owner;
- be based on a business need related to the user's duties; and
- be supported by a written statement of job responsibilities and conditions of access.

Effect:

The absence of signed and approved user access forms may result in granting DEED employees unnecessary access to GMS. Unnecessary access increases the risk of manipulation or loss of data.

Questioned Costs:

None

Recommendation:

DEED's Finance and Support Services (FSS) director should improve GMS access monitoring controls to ensure authorization is documented prior to granting access to the system.

Finding No. 2020-024

Federal Awarding Agency:	USED
Impact:	Significant Deficiency
CFDA Number and Title:	84.425C GEER Fund – COVID-19 84.425D ESSER Fund – COVID-19
Federal Award Number:	S425C200011, S425D200020
Applicable Compliance Requirement:	Reporting

Condition:

DEED management could not provide evidence that an authorized employee reviewed the June 30, 2020, Federal Funding Accountability and Transparency Act (FFATA) reports for the GEER fund and ESSER fund awards before submission.

Context:

Grant awards for the GEER fund and ESSER fund received in May 2020 included FFATA reporting requirements. In July 2020, DEED developed a FFATA reporting policy that dictated the procedures necessary to compile data, and to create, review, and submit the report. The procedures require documented review of the report before submission.

Cause:

According to DEED management, the FFATA procedures for retaining evidence of management review were not followed because staff were not familiar with the new reporting policy.

Criteria:

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

Auditors were unable to verify the June 30, 2020, FFATA reports were reviewed by an authorized employee. Lack of evidence of review increases the risk the FFATA reports contain inaccurate data.

Questioned Costs:

None

Recommendation:

DEED's FSS director should ensure employees responsible for the FFATA reports adhere to the report procedures.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES (DHSS)

Thirty-three findings were issued to DHSS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-027, 2019-029, 2019-032, 2019-040, 2019-045, 2019-047, and 2019-057 are resolved. Prior year Finding Nos. 2019-026, 2019-028, 2019-033 through 2019-038, 2019-041 through 2019-044, 2019-046, 2019-049 through 2019-053, 2019-055, and 2019-056 are not resolved and are reiterated in this report as Finding Nos. 2020-025, 2020-026, 2020-029, 2020-030, 2020-032, 2020-033, 2020-035, 2020-036, 2020-039 through 2020-047, and 2020-049 through 2020-051, respectively. Prior year Finding Nos. 2019-025, 2019-030, 2019-031, 2019-039, 2019-048, and 2019-054 were not significant issues in the current year and are not reiterated in this report.

Twelve new findings have been issued during the FY 20 statewide single audit and are included as Finding Nos. 2020-027, 2020-028, 2020-031, 2020-034, 2020-037, 2020-038, 2020-048, and 2020-052 through 2020-056.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-025

Prior Year Finding: 2019-026
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

During FY 20, DHSS's Division of Finance and Management Services (DFMS) accountants did not collect or liquidate \$33 million of federal receivables in a timely manner and did not provide adequate evidence to show the amounts were collectible.

Context:

The \$33 million is materially composed on one receivable recorded by DHSS management on September 1, 2017. During FY 17, DHSS management identified that the automated billing process had not occurred as expected because a population of federal expenditures was not correctly reported in the State accounting system. DHSS accountants processed one cumulative receivable revenue transaction to account for the population of transactions that should have created receivables. As of August 31, 2020, the outstanding balance of this receivable was \$22.2 million² (net of an \$8.6 million typographical error in the manual entered receivable). The other \$10.8 million was comprised of three receivables with open balances of more than two years and two receivables with open balances of more than one year but less than two years.

Receivables due from other governments are current assets of the State which are expected to be realized within one year. DHSS has not identified specific expenditures that qualify for federal reimbursement to support the \$33 million open receivable balance, diminishing the likelihood revenues will be collected.

Cause:

According to DHSS management, limited staffing and the COVID-19 pandemic impacted the availability of resources, during FY 20, to complete the reconciliation process necessary to collect or liquidate the older federal receivables.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards, Section 1800.109 states that for accounting and financial reporting purpose, the term *current assets* is used to designate cash and other assets or resources commonly identified as those that are reasonably expected to be realized in cash or sold or consumed within a year. Therefore, current assets generally include such resources as ... (d) receivables from taxpayers, other governments, vendors, customers, beneficiaries, and employees, if collectible within a year.

² Original receivable balance created on September 1, 2017, was \$39.3 million. This balance included a typographical error resulting in an overstatement of \$8.6 million. Additionally, as of August 31, 2020, \$8.5 million of the receivable was liquidated.

Effect:

DHSS's untimely collection of federal revenue resulted in prioritizing the use of general funds over federal funds and lost interest on the uncollected federal funds.

Audit adjustments were processed to reduce the general fund federal receivables and offset revenues by \$33 million. Although the corrections were made for the Comprehensive Annual Financial Report, the receivable balances continued to be reported at the appropriation level in the State accounting system, IRIS, increasing the risk of an appropriation shortfall.

Recommendation:

DFMS's director should ensure the outstanding federal receivables are reconciled with eligible federal expenditures and all revenues due to the State are collected.

Finding No. 2020-026

Prior Year Finding: 2019-028
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

DHSS inaccurately reported federal expenditures on the FY 20 draft Schedule of Expenditures of Federal Awards (SEFA) for four programs, collectively overstating the federal expenditures by approximately \$29.6 million.

Context:

In FY 20, to resolve weaknesses identified in the prior year, DHSS made changes to the written procedures for preparing the SEFA. However, the changes did not accurately define the accounting method to use for accurate reporting of expenditures. The FY 20 errors identified by auditors impacted four separate federal programs. Once identified, the errors were corrected by agency staff and accurately presented in the FY 20 statewide SEFA.

Cause:

According to management, although the agency has its own internal policies and procedures for SEFA preparation, it relies heavily on the SEFA instructions from the Department of Administration, Division of Finance (DOF). DHSS management stated DOF's instructions did not explicitly state the accounting method to use for reporting of federal expenditures on the SEFA. Management also acknowledged that one program was overstated due to a lack of familiarity with federal program reporting requirements. In addition, one program that required an internal agreement with another State agency was understated due to an untimely decision regarding which agency was responsible for reporting the federal expenditures on the SEFA.

Criteria:

Per 45 CFR 75.510(b), the auditee must prepare appropriate financial statements, including the SEFA, in accordance with federal regulation. Furthermore, per 45 CFR 75.303(a), the auditee is responsible for establishing effective internal controls over federal awards.

Effect:

Inadequate SEFA preparation procedures increase the risk of financial reporting errors. The SEFA serves as the primary basis for the determination of major programs as required by federal regulation. Inaccuracies in the amount of expenditures reported on the SEFA increase the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:

None

Recommendation:

DFMS's director should improve written procedures for the preparation of the SEFA to ensure it is accurate, complete, and supported.

Finding No. 2020-027

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

Three of 16 DHSS funding profile changes tested during FY 20 (19 percent) lacked evidence of the change being reviewed and approved by an individual with the appropriate authority other than the requester or person making the change (commonly referred to as segregation of duties).

Context:

The State accounting system, IRIS, uses funding profiles, which are IRIS structures that automatically allocate expenditures to funding sources and, as appropriate, calculate the reimbursable portion of expenditures. Accurate funding profiles are essential to correctly reporting expenditures and revenues in IRIS and the Comprehensive Annual Financial Report (CAFR).

IRIS funding profiles can be updated by users with direct table access or through system-defined transactions that must be reviewed and certified before processing. Due to departmental needs and efficiency concerns, Department of Administration DOF management granted DHSS staff access to directly update funding profile tables.

Cause:

DOF management granted DHSS staff direct access to update IRIS funding profile tables without ensuring DHSS had adequate controls in place for making direct table updates. DHSS management lacked adequate procedures to show evidence of review and approval of all funding profile changes by an individual with appropriate authority, other than the requestor or person making the change.

Criteria:

Management is responsible for the design, implementation, and maintenance of effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Internal control requirements are identified in the Alaska Administrative Manual (AAM). Chapter 5, Section 20 (05.020), that states each agency, regardless of size, must adopt methods to periodically assess risk and to develop, implement, and review its system of internal controls. The methods should be tailored to the specific needs of the agency.

Effect:

Erroneous funding profile changes may result in improper recording of expenditures and revenues in IRIS and inaccurate reporting of the activity in the CAFR.

Recommendation:

DFMS's director should strengthen internal control procedures to document review and approval of funding profile updates by an individual with the appropriate authority, other than the requester or person making the change.

Finding No. 2020-028

Federal Awarding Agency:	United States Department of the Treasury (U.S. Treasury)
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	21.019 Coronavirus Relief Fund (CRF) – COVID-19
Federal Award Number:	SLT0031, SLT0073
Applicable Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Condition:

The Division of Public Assistance (DPA) paid \$13.1 million to approximately 400 child care facilities using CRF monies without verifying the facilities were impacted by the COVID-19 public health emergency.

Context:

Through the Coronavirus Aid, Relief, and Economic Security Act, the State of Alaska's Child Care and Development Fund (CCDF) program³ received supplemental funding totaling \$6.5 million. DPA management used the CCDF supplemental funding for capacity-building payments to child care facilities under guidance issued by the U.S. Department and Health and Human Services' Administration for Children and Families division. According to DPA management, the payments provided small business relief intended to sustain child care facilities facing increased costs and decreased enrollment, and aided in the facilities reopening after COVID-19 related closures.

Once the CCDF supplemental funding was depleted, in coordination with DFMS, DPA continued to make capacity-building payments to the child care facilities utilizing CRF monies. The capacity-building payments were issued without obtaining applications or entering into grant agreements; ascertaining whether or not the child care facilities received other sources of pandemic related funding; obtaining evidence that the child care facility was impacted by the public health emergency; or otherwise assessing each facility's need for assistance.

Cause:

Due to the expedited need to provide relief to child care facilities, DFMS and DPA management did not implement internal controls to ensure the beneficiaries were impacted by the public health emergency and assess each beneficiary's need for assistance. DPA staff applied Administration for Children and Families program guidance to continue the CCDF capacity-building payments under the assumption that the payments, which were allowable under the CCDF program guidance, also met the requirements for the CRF program.

Criteria:

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the awards.

Section 601(d) of the Social Security Act requires that states use CRF monies received to cover: (1) necessary expenditures incurred due to the public health emergency with respect to COVID-19, (2) costs that were not accounted for in the budget most recently approved as of March 27, 2020, for the State, and (3) costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

U.S. Treasury guidance⁴ for the CRF program published in Federal Register, Volume 86, Number 10, dated January 15, 2021, states that the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures, or to provide

³ CFDA 93.575.

⁴ U.S. Treasury provided CRF program guidance through multiple memorandums and frequently asked questions documents between April and October 2020. The U.S. Treasury guidance was consolidated and published in the Federal Register January 2021.

economic support to small businesses affected by decreased customer demand, are eligible CRF expenditures. However, the guidance further states that a prime recipient's small business assistance program should be tailored to assist those businesses in need of such assistance. In assessing the business's need for assistance, the recipient should take into account the business's receipt of other pandemic-related federal assistance. Furthermore, the prime recipient must determine the level and detail of documentation needed from the beneficiary of the assistance to satisfy the requirements of section 601(d) of the Social Security Act; however, there would need to be some proof that the small business was impacted by the public health emergency and was thus eligible for the CRF funds.

Effect:

The lack of internal controls to ensure CRF beneficiaries were impacted by the public health emergency and therefore eligible for CRF funds, and to identify the extent of other federal assistance the facilities may have received, resulted in unallowable costs to the CRF. As the prime recipient, the State may be required to repay the federal government the amount of unallowable CRF costs.

Questioned Costs:

\$13,098,612

Recommendation:

DFMS's director and DPA's director should develop and implement internal controls to ensure CRF monies are used for allowable costs and activities of the program.

Finding No. 2020-029

Prior Year Finding:	2019-033
Federal Awarding Agency:	U.S. Department of Health and Human Services (USDHHS)
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.558 Temporary Assistance for Needy Families (TANF)
Federal Award Number:	1701AKTANF, 1801AKTANF, 1901AKTANF, 2001AKTANF
Applicable Compliance Requirement:	Allowable Costs/Cost Principles
Federal Awarding Agency:	USDHHS
Impact:	Noncompliance
CFDA Number and Title:	93.767 Children's Health Insurance Program (CHIP)
Federal Award Number:	1905AK5021, 2005AK5021
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

Two of 28 FY 20 timesheets tested that directly charged costs to the TANF program did not reflect positive timekeeping and the employee did not accurately certify that 100 percent of time was chargeable to the federal program. Additionally, one of two FY 20 CHIP timesheets tested that directly charged costs to CHIP did not reflect positive timekeeping.

Context:

To ensure compliance with federal requirements for personal service costs, DHSS procedures require that costs charged directly to a federal program must be supported by either positive timekeeping or a biannual certification signed by a supervisor that states 100 percent of the employee's time was spent working on a single federal program.

Cause:

The three errored timesheets related to one DPA employee and one Division of Health Care Services (DHCS) employee. A biannual certification was not correctly completed for the DPA employee due to human error that was not identified by supervisory staff. The DHCS employee was new to the position, did not meet requirements for a biannual certification, and did not positive timekeep due to a misunderstanding of timekeeping requirements.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 45 CFR 75.430 requires that charges to federal awards for salaries and wages be based on records that accurately reflect the work performed. The records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Furthermore, the records must comply with established accounting policies of the entity.

Effect:

Charging for salaries and wages without adequate supporting documentation in the form of positive timekeeping or a signed certification resulted in \$55,474 of unallowable costs charged to the TANF program and \$7,266 of unallowable costs charged to CHIP. Likely questioned costs for CHIP exceed \$25,000.

Questioned Costs:

CFDA 93.558: \$55,474

CFDA 93.767: \$7,266

Recommendation:

DPA's director and DHCS's director should strengthen procedures to ensure that personal services charged to a federal program are supported by biannual certifications or positive timekeeping.

Finding No. 2020-030

Prior Year Finding:	2019-034
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number:	1701AKTANF, 1801AKTANF, 1901AKTANF, 2001AKTANF
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

Nine of 60 FY 20 TANF benefit payments tested (15 percent) were not calculated accurately due to client changes not entered timely or incorrect data in the Eligibility Information System (EIS).

Context:

Monthly TANF benefit amounts are calculated through EIS based on various program eligibility requirements, including monthly income, household composition, and other factors. According to DPA's Alaska Temporary Assistance manual, after a TANF beneficiary reports a change, eligibility technicians (ET) have 10 days to act on the change and update EIS. EIS will automatically calculate the approved monthly benefit based on updated eligibility factors. If changes are not entered in a timely manner, or are not entered correctly, benefit payments may be calculated and paid incorrectly.

To help ensure client information is accurately entered into EIS, DPA employs staff to review case files as part of a Statewide Case Review team. The staff review the following actions: 1) new applications, 2) renewal applications, 3) changes, and 4) negative actions (closures and denials). Management uses the case reviews to enhance training, develop training aids, and make improvements to business processes.

Cause:

The errors were due to inadequate training. Case reviews were not conducted on a regular basis during FY 20 due to competing priorities and a realignment of resources due to the COVID-19 pandemic. As a result, DPA management was unable to provide ETs with updated training procedures and training aids.

Criteria:

Title 2 CFR 200.53 dictates that federal funds may not be expended on improper payments, which include payments that were made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal

awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

TANF benefit payments were calculated incorrectly, resulting in overpayments. Known questioned costs total \$1,855 in the sample tested, with likely questioned costs exceeding \$25,000.

Questioned Costs:

\$1,855

Recommendation:

DPA's director should ensure case reviews are conducted on a regular basis in order to improve procedures and develop training aids to help ETs enter information into EIS accurately and timely.

Finding No. 2020-031

Federal Awarding Agency:

USDHHS

Impact:

Significant Deficiency

CFDA Number and Title:

93.558 TANF

Federal Award Number:

1701AKTANF, 1801AKTANF, 1901AKTANF,
2001AKTANF

Applicable Compliance Requirement: Allowable Costs/Cost Principles

Condition:

DPA management could not provide evidence that staff reviewed and verified information from control reports used to monitor TANF benefits issued through electronic benefit transfer (EBT) cards.

Context:

DPA transmits issuance data via an issuance report to an EBT contractor for TANF participants who chose to receive benefits via EBT cards. After processing the TANF benefits, the EBT contractor transmits an EBT Refresh Report back to DPA. To ensure accuracy of the benefit issuance, a DPA analyst verifies that control totals from the EBT Refresh Report match data submitted to the EBT contractor. The hard copy reports are initialed to show the verification was performed.

Cause:

DHSS's retention schedule only requires the initialed hard copy issuance and refresh reports that document evidence of the review be maintained for one month.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

Failure to have effective internal controls in place increases the risk of unallowable costs.

Questioned Costs:

None

Recommendation:

DPA's director should strengthen internal controls to maintain the TANF EBT issuance reports to allow for audit.

Finding No. 2020-032

Prior Year Finding:	2019-035
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.558 TANF 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1701AKTANF, 1801AKTANF, 1901AKTANF 2001AKTANF, 1805AK5MAP, 1905AKMAP
Applicable Compliance Requirement:	Eligibility

Condition:

DHSS's information technology (IT) staff did not properly limit user access to the eligibility system during FY 20.

Context:

The details related to this control weakness and the relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:

Limited resources and competing priorities contributed to the finding. Further, DHSS relied on information from other sources that is no longer provided or not provided timely.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal

awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

State of Alaska Information Security Policies provide specific criteria related to the identified deficiencies.

Effect:

Lack of adequate internal controls increases the risk of unauthorized system use, including data manipulation which may result in ineligible benefit recipients or unallowable costs.

Questioned Costs:

None

Recommendation:

DFMS's director should work with DPA's director to improve controls over the eligibility system.

Finding No. 2020-033

Prior Year Finding:	2019-036
Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number(s):	1701AKTANF, 1801AKTANF, 1901AKTANF, 2001AKTANF
Applicable Compliance Requirement:	Eligibility, Special Tests and Provisions

Condition:

Twenty-eight of 58 TANF recipient case files tested lacked documentation supporting the request and use of income and benefit information through the Income Eligibility and Verification System (IEVS), and other data exchanges necessary for determining eligibility and benefits.

Further, when testing a random sample of 58 FY 20 TANF recipient cases, eligibility errors were identified in 18 cases, including:

- Two recipients reported new income to DPA, but the new income was not evaluated to determine whether the recipients exceeded income or resource limits. These recipients received a total of seven months of TANF benefits in FY 20 after reporting additional income.
- Three recipients did not complete the full application, including required questions regarding drug felonies. The case file lacked documentation that this information was verified by the ET.

- One recipient had previously provided DPA refugee documentation which expired prior to the start of the fiscal year. DPA had no evidence to show the recipient had eligible refugee status during FY 20.
- Eight recipients had not completed the required child support section of the application. The case files lacked a signed 1603 Child Support Information Form.
- One case had inaccurate birthdates entered in EIS.
- One application was not date-stamped as received. Without documentation regarding the date the application was received, DPA and auditors could not verify whether the application was processed within the required timeframe.
- One TANF recipient application could not be located by DPA staff. Additionally, for three cases with multiple eligibility determinations performed in FY 20, DPA staff could not locate applications for some of the eligibility determinations.

Context:

The State is required to ensure only financially needy families consisting of a minor child living with a parent or other caretaker relatives receive TANF assistance. DPA employs ETs who review applications, identify income and financial resources, and make a determination whether a family is eligible to receive benefits, including the amount of the benefits. As part of verifying TANF eligibility, the State is required to coordinate data exchanges when making eligibility determinations, including, but not limited to: wage information from the State Wage Information Collection Agency, unemployment compensation information from the Department of Labor, all available information from the Social Security Administration, and information from the United States Citizenship and Immigration Services.

DPA's Administrative Procedures Manual, Section 109 requires that all public assistance cases have documentation that supports eligibility, ineligibility, and benefit-level determinations. The documentation must be in sufficient detail to allow a reader or reviewer to determine the reasonableness and accuracy of the determination. Documentation is done by recording information about each action taken, verification used, and contacts made using the online case note screen in EIS or on a Report of Contact sheet maintained in the hard copy case file.

Cause:

Inadequate training, quality control staffing shortages, and staff working remotely contributed to ETs not performing and/or documenting all required components of eligibility determinations.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant award.

Title 45 CFR 206.10(a)(3)(i) requires that a decision be made promptly on applications, pursuant to reasonable State-established time standards not in excess of 45 days. Per

Section 4.1 of the Alaska State Plan for TANF, dated December 31, 2019, applications are required to be processed within 30 days of receipt.

Title 45 CFR 205.55 requires the State to coordinate data exchanges with other federally assisted benefits programs, and to request and use income and benefit information when making eligibility determinations.

Pursuant to Title 45 CFR 206.10, DPA's federally approved TANF State Plan outlines specific State requirements for applications and eligibility determinations, including:

- Section 4.1 Application – Program applicants must complete an application form in writing. To be considered complete, the application must provide all requested information and be supported by documentation the department determines necessary to establish eligibility.
- Section 4.3 Reporting Requirements – Participants must also take part in periodic reviews of their family's situation. DPA re-determines eligibility and benefit amount based on the information provided during the reviews and any other changes that are reported between reviews.
- Section 4.4 Child Support – Participants are required to cooperate with the Child Support Services Division in establishing paternity and establishing, modifying, or enforcing a child support order for a dependent child within the family.
- Section 13 Family Need – The department establishes if the child is financially needy. Financial need is determined to exist if the family resources and income are below the need standards set by the department.

Effect:

Two errors resulted in TANF overpayments and questioned costs. Benefits paid to the four recipients for which DPA staff could not locate applications were also considered questioned costs. Auditors could not verify eligibility for 28 of 58 cases tested due to a lack of IEVS documentation in the case files and, as a result, additional questioned costs likely exist. The State may be penalized for up to two percent of the federal grant award for failure to participate in IEVS.

Questioned Costs:

\$21,575

Recommendation:

DPA's director should ensure procedures are followed for determining eligibility and retaining documentation in the TANF recipients' case files, including the documentation to support compliance with IEVS, verification of citizenship, and eligibility determinations.

Finding No. 2020-034

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.558 TANF
Federal Award Number:	1701AKTANF, 1801AKTANF, 1901AKTANF, 2001AKTANF
Applicable Compliance Requirement:	Matching, Level of Effort, Earmarking

Condition:

DPA management did not maintain adequate internal controls over the review and compilation of data used to support compliance with the following Earmarking requirement: the percent of families receiving TANF assistance for more than 60 countable months does not exceed 20 percent.

Context:

DPA staff ensures compliance is met for the Earmarking requirement each month while compiling the internal Monthly Caseload and Benefit Summary report, which is based on information downloaded from EIS. One of the fields on the report is the number of TANF participants that are in an “extended benefits” class, meaning those that have received more than 60 months of benefit payments. According to DPA management, the monthly report is reviewed for accuracy by a DPA research analyst and the Earmarking requirement was met in FY 20; however, there is no documentation maintained to show evidence of the review.

In addition, data compiled from EIS is used for reporting the number of countable monthly TANF benefit payments for each participant quarterly through the ACF-199 report data file. The federal government extracts the benefit data from the ACF-199 report to confirm the State is meeting the Earmarking requirement. For 22 of 104 cases tested (21 percent) the EIS data reported in the ACF-199 report was not supported by a manual count of monthly benefit payments for participants and DPA staff could not determine why the information in EIS was different.

Cause:

DPA lacked internal control procedures to ensure the review of the Monthly Caseload and Benefit Summary report was documented. In addition, there appears to be a system programming error in EIS, causing the compilation of countable monthly benefit payments to return incorrect data.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

TANF funding may be reduced five percent for not meeting the Earmarking (length of time) requirements.

Questioned Costs:

None

Recommendation:

DPA's director should strengthen the internal control review procedures over the Monthly Caseload and Benefit Summary report used to track the number of TANF recipients receiving benefits past the 60-month time limit. Additionally, DPA's director should correct the programming error within EIS that causes the compilation of the number of countable monthly TANF benefit payments to be incorrect.

Finding No. 2020-035

Prior Year Finding: 2019-037
Federal Awarding Agency: USDHHS
Impact: Significant Deficiency, Noncompliance
CFDA Number and Title: 93.558 TANF
Federal Award Number(s): 1901AKTANF
Applicable Compliance Requirement: Reporting

Condition:

The ACF-196R⁵ TANF financial report for the FFY 19 grant award misreported expenditures for the quarter ending March 31, 2020. Expenditures totaling \$1,566,788 were reported on the filed ACF-196R report as prevention of out-of-wedlock pregnancies expenditures, on line 18, but should have been reported as expenditures for services for children and youth, on line 17.

Context:

The State is required to file ACF-196R quarterly reports containing expenditures data on the TANF program. The report is compiled based on classification of expenditures in the accounting system. The expenditures were allowable for the federal program, but the nature of the expenditures was incorrectly reported in the ACF-196R report as shown below.

Line	Amount Reported	Correct Amount
17	- 0 -	\$ 1,566,788
18	\$ 1,566,788	- 0 -

DPA corrected the expenditures on the report submitted for the quarter ending June 30, 2020, after the error was communicated by auditors.

⁵ OMB Control No. 0970-0446.

Cause:

Expenditures were misreported due to an input error and review of the report prior to submission was insufficient to identify the error.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant award.

Additionally, Title 45 CFR 265.3(c)(1) requires the State to file quarterly expenditure data on the State's use of federal TANF funds.

Effect:

Inaccurate federal reporting may impair the federal oversight agency's ability to properly oversee the program.

Questioned Costs:

None

Recommendation:

DFMS's director should strengthen review procedures to ensure expenditures are accurately reported on federal reports.

Finding No. 2020-036

Prior Year Finding:	2019-038
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.558 TANF
Federal Award Number:	1701AKTANF, 1801AKTANF, 1901AKTANF, 2001AKTANF
Applicable Compliance Requirement:	Reporting

Condition:

Twenty-three of 104 FY 20 TANF cases tested (22 percent) had inaccurate information reported in the ACF-199 data file.

Context:

The quarterly ACF-199 report is compiled monthly from information that is either entered in EIS by an ET or entered into EIS through an interface with the case management system. The information is electronically captured through a data file and transmitted to USDHHS's Administration for Children and Families (ACF). Review by auditors found that no significant

internal controls existed to ensure the accuracy of the EIS data query or the data file prior to transmission to ACF.

Auditors identified several key line items for person-level data were not reported accurately in the data file that was electronically transmitted for the ACF-199 reports for the quarters ended September 2019, December 2019, March 2020, and June 2020.

Summary of ACF-199 Errors

Quarter end	Number of cases with errors	Line numbers in error
September 2019	13	44, 49
December 2019	5	44
March 2020	3	44
June 2020	2	44

Cause:

The errors were due to inadequate training, insufficient procedures, and a potential system programming error. Case reviews were not conducted on a regular basis during FY 20 due to competing priorities and a realignment of resources due to the COVID-19 pandemic. As a result, DPA management was unable to provide ETs with updated training procedures and training aids.

DPA management lacked control procedures for ensuring the accuracy of the information queried from EIS that supports the ACF-199 report. Further, there appears to be a system programming error in EIS, causing the compilation of countable monthly benefit payments to return incorrect data. The completed ACF-199 report was not reviewed for accuracy before being transmitted to ACF and DPA staff could not explain why the data was not accurate.

Criteria:

Title 45 CFR 265.3(a)(1) requires a state to collect on a monthly basis, and file on a quarterly basis, the data specified in the ACF-199 report. Per Title 45 CFR 265.7(a), the State's quarterly ACF-199 must be complete and accurate.

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

In accordance with Title 45 CFR 262.1(a)(3), the State could be subject to a penalty of four percent of the federal grant award for inaccurately reporting the data on the ACF-199 report.

(See Finding No. 2020-034 for related error for Earmarking).

Questioned Costs:

None

Recommendation:

DPA's director should develop and implement internal control procedures to ensure data reported on the ACF-199 is complete and accurate.

Finding No. 2020-037**Federal Awarding Agency:**

USDHHS

Impact:

Material Weakness

CFDA Number and Title:

93.558 TANF

Federal Award Number:

1701AKTANF, 1801AKTANF, 1901AKTANF,
2001AKTANF

Applicable Compliance Requirement:

Special Tests and Provisions

Condition:

DPA management did not implement adequately designed internal controls to prevent, or detect and correct, noncompliance with the Special Tests and Provisions requirements for Child Support Non-Cooperation, Penalty for Refusal to Work, and Penalty for Failure to Comply with Work Verification Plan.

Context:

Internal controls are an integral part of ensuring federal programs are managed according to program requirements. An effective internal control system helps an entity adapt to shifting environments, evolving demands, changing risks, and new priorities.

Cause:

According to DHSS management, DPA has been unable to allocate the necessary resources to fully develop and implement adequately designed internal controls that are effective at ensuring compliance with the Special Tests and Provisions requirements applicable to TANF due to staff turnover and the COVID-19 pandemic.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

The lack of effective internal controls over TANF Special Tests and Provisions could result in unallowable benefits to be paid and reduced federal funding to the State.

Questioned Costs:

None

Recommendation:

DPA's director should allocate resources to design and implement effective internal controls over the Special Tests and Provisions requirements for Child Support Non-Cooperation, Penalty for Refusal to Work, and Penalty for Failure to Comply with Work Verification Plan.

Finding No. 2020-038**Federal Awarding Agency:**

USDHHS

Impact:

Material Noncompliance

CFDA Number and Title:

93.558 TANF

Federal Award Number:

1701AKTANF, 1801AKTANF, 1901AKTANF,
2001AKTANF

Applicable Compliance Requirement:

Special Tests and Provisions

Condition:

In March of 2020, DPA suspended the assessment of penalties for noncompliance with the Special Tests and Provisions requirements of Child Support Non-Cooperation and Penalty for Refusal to Work without obtaining an amendment to the State's approved TANF plan.

Context:

At the beginning of the COVID-19 pandemic, many states issued shelter in place mandates, congress passed the Family First Coronavirus Response Act, and ACF issued TANF Program Instruction No. TANF-ACF-PI-2020-01. The program instructions included questions and answers about TANF and COVID-19.

One of the questions addressed the need for a plan amendment due to program changes caused by COVID-19. While the request for a plan amendment did not need to be submitted before making program changes in response to COVID-19, ACF instructed states to seek guidance from ACF on whether a program change was allowable under program requirements. A state had 30 days to submit a TANF plan amendment.

Cause:

DPA misinterpreted the program instructions provided by ACF and did not submit a TANF plan amendment to ACF after suspending penalties for the TANF program.

Criteria:

Title 45 CFR 264.30(c) requires the State to take appropriate action for individuals not cooperating with child enforcement requirements.

Title 45 CFR 261.14(a) requires the State to reduce or terminate the amount of TANF assistance payable to the family, if an individual refuses to engage in work.

Title IV-A of the Social Security Act, Section 402(b) requires the State to submit a TANF plan amendment within 30 days of program changes.

Effect:

Failure to assess penalties for the child support non-cooperation and refusal to work requirements resulted in individuals receiving unallowable benefits from March 2020 through the end of June 2020. The State may be subject to penalties from the federal government for not complying with TANF program requirements.

Questioned Costs:

Indeterminate

Recommendation:

DPA's director should submit a TANF state plan amendment to address the suspension of penalties for the Special Tests and Provision requirements of Child Support Non-Cooperation and Penalty for Refusal to Work in response to program changes from COVID-19.

Finding No. 2020-039

Prior Year Finding:	2019-041
Federal Awarding Agency:	USDHHS
Impact:	Material Weakness
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5021, 2005AK5021 1905AKMAP, 2005AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

During FY 20, DHCS management intentionally disregarded State and federal regulations and overrode internal controls designed to prevent unallowable costs, unallowable activities, and fraud by waiving preauthorization requirements and bypassing system edits for over 750 Medicaid/CHIP providers through December 31, 2019.

Context:

For all types of Medicaid and CHIP claims, DHSS requires prior authorization for certain procedures/services and employs system edits to help ensure Medicaid and CHIP claims are for allowable costs and activities. Prior authorization refers to the requirement that services be evaluated by specially trained DHSS or fiscal agent staff to confirm medical necessity before services are provided. System edits are edit controls built into the Medicaid financial system

that prevent claims from processing if certain conditions are or are not met. For example, the Medicaid system contains edits that prevent certain claims from processing if a prior authorization code is not entered into the system.

Medicaid/CHIP providers with a satisfactory service authorization approval rating by DHCS were granted waivers from the preauthorization requirements for calendar year 2019. DHCS staff referred to the waivers as the “golden ticket” pilot project. As part of the project, all preauthorization edits in the Medicaid system were bypassed to allow claims to process without preauthorization. State regulations were not followed for procedures that otherwise required provider authorizations prior to service delivery and claim payment. Consequently, DHCS did not require submission of medical justification and other information normally obtained and reviewed to assess reasonableness and necessity prior to provider service delivery and payment.

Per DHCS management, the distribution of preauthorization waivers by Medicaid/CHIP provider type was as follows:

Provider Type	Number	Percentage
020 - Physician (MD)	580	75.7%
025 - Chiropractor	7	0.9%
033 - Physician Assistant	61	8.0%
034 - Advanced Practice Registered Nurse	90	11.7%
035 - Optometrist	13	1.7%
036 - Podiatrist	5	0.7%
043 - Audiologist	9	1.2%
075 - Optician	1	0.1%
Total	766	100.0%

Cause:

According to DHCS management, the golden ticket project was initiated to reduce administrative burden to providers. The project was reassessed during FY 20 and management determined the project provided no cost benefits and was not compliant with existing regulations. Auditors confirmed the project was terminated at the end of calendar year 2019.

Criteria:

State regulation 7 AAC 105.130 prohibits DHSS from paying for certain services unless the department has provided prior authorization for the services.

Title 45 CFR 75.302(a) requires the State to expend and account for the federal award in accordance with State laws and procedures for expending and accounting for the State’s own funds. Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

Noncompliance with regulations and bypassing system edits increased the risk that Medicaid and CHIP recipients received unnecessary services and increased the risk of provider overutilization of Medicaid/CHIP services and fraud. Management's willingness to bypass key internal controls weakens DHSS's overall internal control environment.

Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:

None

Recommendation:

DHSS's commissioner should ensure DHCS staff follow State Medicaid and CHIP regulations and ensure Medicaid system edits are not disabled.

Finding No. 2020-040

Prior Year Finding:	2019-042
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5021, 2005AK5021 1905AKMAP, 2005AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

Review of FY 20 dental claims identified likely overutilization of dental services for individuals under the age of 21.

Context:

During FY 20, a total of \$87.9 million of federal and State funds was expended for dental claims, of which \$57.3 million (65 percent) was expended for recipients under the age of 21. For all types of Medicaid and CHIP claims, DHSS requires prior authorization for certain procedures/services and employs system edits to help ensure Medicaid and CHIP claims are for allowable costs and activities. Prior authorization refers to the requirement that services be evaluated and approved by specially trained DHSS or fiscal agent staff before services are provided. System edits are controls built into the Medicaid Management Information System (MMIS) that prevent claims from processing if certain conditions are or are not met. For example, the MMIS contains edits that prevent certain claims from processing if a prior authorization was not approved in the system.

DHSS also employs surveillance and utilization review software to analyze claims processed by the MMIS to identify suspicious provider billing patterns. The review process examines provider and beneficiary utilization profiles and exception criteria to identify exceptions to allow DHSS or its fiscal agent staff to correct misuse of services by recipients and providers.

Review of FY 20 dental claim activity found children's dental services required prior authorization at a much lower rate than adult dental services. The FY 20 children's dental services fee schedule contained 369 dental procedure codes, of which 66 (18 percent) required prior authorization. In contrast, the FY 20 adult dental services fee schedules list 230 procedure codes, of which 141 (or 61 percent) require preauthorization.

Review of FY 20 claims data for individuals under 21 showed that collectively over 3,000 recipients received more than 12,500 stainless steel crowns and over 900 recipients received more than 2,900 porcelain crowns all without prior authorizations to confirm medical necessity. The claims data showed 182 children ages 1 through 5 received between 10 and 16 stainless steel crowns in one visit without prior authorization, and 28 children ages 1 through 5 received between 10 and 20 porcelain crowns in one visit without prior authorization. MMIS edits did not identify the suspicious dental services for further review and DHSS's surveillance and utilization control procedures were not effective at identifying and following up the suspicious and unusual activities.

The audit also found a dental provider delivering permanent porcelain/ceramic crowns at a frequency significantly above other providers. This provider accounted for \$549,000, or 21 percent of the \$2.6 million expended during FY 20 for the procedure code. Similarly questionable provider concentrations were also found among other procedure codes, including dentures and intravenous sedations. DHSS's surveillance and utilization control procedures were not effective at identifying and following up the suspicious billing patterns.

Cause:

The following factors contributed to the finding:

- State regulations do not require preauthorization for certain dental services for individuals under the age of 21. Consequently, services such as teeth extractions, crown buildups, crowns, and intravenous sedations may be provided to children and young adults without an independent review of medical necessity.
- Development of dental regulations to help address weaknesses has been delayed due to the COVID-19 pandemic.
- The MMIS lacked effective edits to prevent unnecessary or inappropriate services for those recipients under the age of 21.
- Procedures to identify and follow up suspicious utilization of dental services were not operating effectively.

Criteria:

Title 45 CFR 75.302(a) requires the State to expend and account for the federal award in accordance with state laws and procedures for expending and accounting for the State's own funds. Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal

controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 455.14–.15 requires the State to conduct a preliminary investigation whenever it identifies any questionable practices or receives a complaint of Medicaid fraud or abuse to determine whether there is sufficient basis to warrant a full investigation. If the findings of a preliminary investigation give the agency reason to believe that an incident of fraud or abuse has occurred in the Medicaid program by a provider, the agency must refer the case to the Medicaid fraud control unit.

Section 1903(i)(2) of the Social Security Act as amended by Section 6402(h)(2) of the Affordable Care Act provides that the State is ineligible for federal financial participation with respect to any amount expended for items or services furnished by an individual or entity to whom the State has failed to suspend payments under the plan during any period when there is pending an investigation of a credible allegation of fraud against the individual or entity determined by the State, unless the State determines that good cause exists not to suspend such payments.

State Regulation 7 AAC 105.400 provides the basis for which providers may be sanctioned, including overusing the Medicaid program by inducing, or otherwise causing, a recipient to receive services or supplies not required or requested by the recipient, or engaging in a course of conduct or performing an act the department considers deceptive or abusive of the Medicaid program.

Effect:

Lack of controls over dental services increases the likelihood that unnecessary services will be provided to children and young adult Medicaid and CHIP recipients, which increases the risk to health and safety. Lack of controls also increases the risk of fraud and unallowable costs. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:

None

Recommendation:

DHSS's commissioner should take immediate action to improve the operating effectiveness of internal controls over dental claims.

Finding No. 2020-041

Prior Year Finding:	2019-043
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AKMAP, 2005AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

DHSS staff claimed federal reimbursement for unallowable behavioral health and other psychiatric observation costs.

Context:

During FY 19, DHSS management responded to a need for psychiatric services and a shortage of beds available in the State's psychiatric hospital by allowing other hospitals to bill the State for up to 120 hours of psychiatric observation services, effective September 1, 2018. Such services were federally reimbursable for up to the first 24 hours;⁶ however, providers were not given instructions to bill non-federally funded hours with a separate billing code and the Medicaid/CHIP system was not programmed to limit the federally allowable costs to the maximum of 24 hours until December 2019. Consequently, the Medicaid program was billed for hours that exceeded the maximum beginning September 2018.

DHSS management discovered the error, brought it to the auditors' attention in October 2019, and implemented the necessary system updates shortly thereafter. Auditors determined DHSS processed an adjustment to partially correct the error, but identified additional outstanding unallowable costs.

Cause:

According to management, DHSS lacked procedures to ensure policy changes were communicated to all divisions and sections responsible for implementing the change. DHSS staff excluded certain claims when processing the adjustment in the State accounting system to refund the federal government.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

⁶ Alaska Medicaid policy allows for reimbursement of outpatient observation services less than 24 hours and specifically requires patients who need additional care be admitted once observation services reach 24 hours.

Effect:

Lack of procedures and an error in identifying affected claims led to unallowable federal expenditures.

Questioned Costs:

CFDA 93.778: \$136,086

Recommendation:

DHSS's deputy commissioner for Medicaid and health care policy should implement procedures to ensure changes affecting payment rates are communicated to all departmental stakeholders. In addition, DHSS should repay the federal government for the amount of unallowable costs that was federally reimbursed.

Finding No. 2020-042

Prior Year Finding:	2019-044
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5021, 2005AK5021 1905AKMAP, 2005AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

DHCS procedures for documenting and verifying "received through" claims reprocessed at the 100 percent federal medical assistance percentage (FMAP) were inadequate to ensure the State processed the Medicaid/CHIP Indian Health Service (IHS)/Tribal facility care coordination claims in accordance with federal guidance.

Context:

Centers for Medicare and Medicaid Services (CMS) issued State Health Official (SHO) Letter #16-002 in February 2016 that increased the FMAP to 100 percent for services provided to Medicaid-eligible Alaskan Indian (AI)/Alaska Native (AN) members "received through" a Tribal Health Organization (THO) but rendered at a non-IHS/Tribal provider.

After receiving the SHO letter, MMIS data was analyzed by DHCS staff to identify medical claims eligible for the additional federal reimbursement. Once claims potentially eligible were identified, DHCS staff created a spreadsheet of recipient names and requested THO staff provide specific information for each recipient. Based on the information provided by the THO, DHCS staff determined whether the recipients were eligible for the higher FMAP. Once identified for reprocessing at the higher 100 percent FMAP rate, DHCS sought federal

reimbursement. In FY 20, the reprocessed claims provided DHSS over \$54 million in additional federal reimbursement.

Auditors reviewed 40 claims reprocessed for 31 Medicaid recipients and found DHCS controls for documenting claims subject to 100 percent FMAP were inadequate to ensure claims were reprocessed in accordance with federal guidance. Procedural weaknesses included:

- DHCS procedures did not consistently require signed care coordination agreements.
- DHCS procedures permitted non-verifiable verbal referrals by THOs to non-IHS/Tribal providers.
- DHCS procedures did not require documented evidence of requests for services.
- DHCS procedures for verifying referrals included transmitting lists in electronic spreadsheets to/from THOs that were not safeguarded against inadvertent/unauthorized edits.
- DHCS did not confirm or monitor the veracity of THO verification submissions using THO source documentation.
- DHCS did not obtain member-specific documentation for the claim period. (Examples of member-specific documentation include Plan of Care, Purchased/Referred Care Agreements, or Transfer Agreements.)

Cause

DHCS procedures did not require evidence to support covered services furnished to recipients with care coordination agreements for claims reprocessed at 100 percent FMAP. Instead, DHCS staff relied on a review by the THOs of recipient and claim data captured by DHCS in a spreadsheet.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over the federal award that provides reasonable assurance that the State is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 45 CFR 75.302(a) requires the State to expend and account for the federal award in accordance with state laws and procedures for expending and accounting for the State's own funds. In addition, the State's and the other non-federal entity's financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

Title 45 CFR 75.302(b)(3) requires records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be supported by source documentation.

CMS SHO Letter #16-002 requires the state Medicaid agency to establish a process for documenting claims for items or services received through an IHS/Tribal facility, but rendered at a non-IHS/Tribal provider, and documentation must be sufficient to establish that (1) the items or services were furnished to an AI/AN patient pursuant to a request for services, and (2) the services were within the scope of a written care coordination agreement under which the IHS/Tribal facility practitioner maintains responsibility for the patient's care.

CMS SHO Letter #16-002 states a self-request by the beneficiary, or a request from a non-IHS/Tribal provider, does not suffice for purposes of 100 percent FMAP.

CMS SHO Letter #16-002 states, at a minimum, care coordination will involve:

- 1) The IHS/Tribal facility practitioner providing a request for specific services (by electronic or other verifiable means) and relevant information about his or her patient to the non-IHS/Tribal provider;
- 2) The non-IHS/Tribal provider sending information about the care it provides to the patient, including the results of any screening, diagnostic, or treatment procedures, to the IHS/Tribal facility practitioner;
- 3) The IHS/Tribal facility practitioner continuing to assume responsibility for the patient's care by assessing the information and taking appropriate action, including, when necessary, furnishing or requesting additional services; and
- 4) The IHS/Tribal facility incorporating the patient's information in the medical record through the Health Information Exchange or other agreed-upon means.

Effect:

Inadequate procedures increase DHSS's risk of reprocessing claims for 100 percent FMAP for Medicaid and CHIP recipients that self-referred, were referred by a non-IHS/Tribal facility, or did not benefit from care coordination and therefore do not meet the requirements for allowable costs.

Questioned Costs:

None

Recommendation:

DHCS's director should strengthen procedures for documenting the medical claims and recipients that qualify for additional federal reimbursement at 100 percent FMAP by requiring evidence of services provided, referrals, and care coordination.

Finding No. 2020-043

Prior Year Finding:	2019-046
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AKMAP, 2005AKMAP
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

DHSS incorrectly reprocessed and received additional federal reimbursement for 103 medical claims.

Context:

In February 2016, CMS released SHO Letter #16-002. This letter increased the FMAP to 100 percent for services provided to Medicaid-eligible AI/AN members “received through” a THO but rendered at a non-IHS/Tribal provider.

MMIS data was analyzed by DHCS staff to identify medical claims eligible for the additional federal reimbursement. Once identified, DHCS staff created a spreadsheet of recipient names and requested THO staff provide specific information for each identified recipient. Based on the information provided by the THO, DHCS staff determined whether the recipients were eligible for the higher FMAP. Once identified as eligible, DHCS sought federal reimbursement; however, the claims were not reprocessed through MMIS. Instead, the MMIS claim was updated with a marker/flag indicating it was reprocessed outside MMIS at a higher FMAP.

Thirty-one Medicaid recipients with claims for medical services reprocessed during FY 20 at a 100 percent FMAP were judgmentally selected for testing. Auditors determined three of 31 recipients had claims reprocessed in error. Expanded testing identified a total of 103 claims that were incorrectly reprocessed and received additional federal reimbursement.

Cause:

An error in consolidating MMIS claim reports led to certain claims being incorrectly reprocessed at 100 percent FMAP. Supervisory review was not sufficient to identify the errors and the claim reports were not validated against MMIS data.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 45 CFR 75.302(a) requires the State to expend and account for a federal award in accordance with state laws and procedures for expending and accounting for the State's own funds. In addition, the State's and the other non-federal entity's financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.

Effect:

An error in identifying eligible claims led to unallowable federal expenditures.

Questioned Costs:

CFDA 93.778: \$1,007,134

Recommendation:

DHCS's director should improve report validation and supervisory review procedures to prevent inclusion of claims that do not meet the requirements for 100 percent FMAP. In addition, DHSS should repay the federal government for the amount of unallowable costs that was federally reimbursed.

Finding No. 2020-044

Prior Year Finding:	2019-049
Federal Awarding Agency:	USDHHS
Impact:	Material Weakness
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number(s):	1905AK5021, 2005AK5021 1905AKMAP, 2005AKMAP
Applicable Compliance Requirement:	Eligibility

Condition:

DHSS staff did not maintain, in all material respects, effective internal controls for the Alaska Resource for Integrated Eligibility Services (ARIES) system during FY 20.

Certain details related to this control weakness and the relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Context:

ARIES is an eligibility system being developed in multiple phases by DHSS. The Modified Adjusted Gross Income (MAGI) methodology was implemented in Phase 1 of ARIES and is

used for eligibility determinations for the Medicaid and CHIP programs. EIS is the legacy system used for non-MAGI eligibility determinations. However, due to system problems, some Medicaid and CHIP MAGI eligibility determinations continue to be performed in EIS.

An FY 19 examination of system controls concluded ARIES. Several of the deficiencies are listed below:

Processing Controls

- In one of 57 applications tested, an applicant was seeking coverage, but was incorrectly labeled in ARIES as not seeking coverage due to an unknown issue, and was therefore not considered for eligibility.
- In two of 57 applications tested, ARIES populated incorrect eligibility dates within correspondence sent to applicants. This issue was reported to the help desk 155 times during FY 19.
- In one of 57 cases tested, ARIES was unable to determine eligibility due to an error. ARIES, at times, incurred errors when processing applications for eligibility, which prevented the technician from completing the eligibility determination in ARIES. Technicians reported the issue to the help desk 872 times, and, at the end of FY 19, 349 of the issues remained unresolved.
- Three of 57 applications selected for testing the control could not be located by the department.
- In two of 57 applications tested, correspondence to the applicant was not properly generated and delivered.
- In one of 57 applications tested, it was identified that the application was processed without address validation being completed.

Cause:

According to management, additional work created by the COVID-19 pandemic adversely impacted IT resources, limiting DHSS's ability to resolve the control deficiencies. During FY 20, DHSS management hired a contractor to help resolve some of the common system errors, but the work was not completed due to the pandemic. Several factors that contributed to the deficiencies that existed in FY 19 continued to exist during FY 20, including:

- Known system defects and errors in processing applications through ARIES.
- Staffing shortages and competing department priorities.
- Inadequate ET training.

Criteria:

Title 42 CFR 435.917(a) requires the State provide all applicants and beneficiaries with timely and adequate written notice of any decision affecting their eligibility.

Title 42 CFR 435.917(b)(1)(i) states that the content of the eligibility notice must include the basis and effective date of eligibility.

Per Title 42 CFR 435.914(a), the State must include in each applicant's case record facts to support the agency's decision on his application.

Per Title 42 CFR 435.912(b), consistent with guidance issued by the Secretary, the agency must establish in its State plan timeliness and performance standards for, promptly and without undue delay – (1) determining eligibility for Medicaid for individuals who submit applications to the single State agency or its designee. According to MAGI Medicaid Eligibility Manual 806-2 A, if an application cannot be worked right away, the agency must process the application within 30 days.

Effect:

The internal control weaknesses increase the risk of noncompliance with State and federal regulations, unauthorized system use (including data manipulation), and incorrect eligibility determinations, which may result in ineligible recipients or unallowed costs.

Questioned Costs:

None

Recommendation:

DPA’s director should continue to apply resources to resolve ARIES system defects, process applications, train staff, and improve document management.

Finding No. 2020-045

Prior Year Finding:	2019-050
Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5021, 2005AK5021 1905AK5MAP, 2005AK5MAP
Applicable Compliance Requirement:	Eligibility

Condition:

Forty Medicaid and 25 CHIP recipients with paid medical claims during FY 20 were randomly selected for eligibility testing. Auditors found DPA staff did not process applications in a timely manner or redetermine eligibility when required for 27.5 percent of Medicaid cases tested and 36 percent of CHIP cases tested.

Specifically, for the 40 Medicaid cases:

- Eight cases were due to have eligibility redetermined; however, no information was submitted to DPA for review and DPA staff did not independently conduct a redetermination. For recipients following the MAGI methodology, DPA staff should have attempted to redetermine eligibility through electronic interfaces. The recipients continued receiving unallowable benefits from eight to 31 months.

- Two cases' eligibility redeterminations were not processed in a timely manner. Delays in completing the determinations ranged from 3.5 to 5.5 months.
- One case's application was not reviewed by DPA staff. The recipient continued receiving unallowable benefits for nine months.

For the 25 CHIP cases:

- Six cases were due to have eligibility redetermined; however, no information was submitted to DPA for review and DPA staff did not independently conduct a redetermination. DPA staff should have attempted to redetermine eligibility through electronic interfaces. The recipients continued receiving unallowable benefits from 18 to 52 months.
- One case's eligibility redetermination was not processed in a timely manner. The delay in completing the review was 55 days.
- Two cases' eligibility determinations were not processed. The recipients continued receiving unallowable benefits for 15 months.

Context:

The State is required to ensure applications are reviewed and eligibility determinations are made timely for Medicaid and CHIP recipients, and eligibility is redetermined at least every 12 months or when new information is provided from the recipient.

The State is required to ensure only financially needy individuals receive Medicaid or CHIP assistance. DPA employs ETs who review applications, identify income and financial resources, and make determinations whether individuals are eligible to receive benefits.

DPA experienced a backlog of Medicaid and CHIP applications after the FY 16 implementation of Medicaid expansion. To cope with the increased workload, additional ETs were hired and exiting resources were diverted from quality control activities such as supervisory reviews and training. The backlog continued to exist during FY 20.

Cause:

According to DPA management, a shortage of resources impaired the ETs' ability to process applications and redeterminations in a timely manner. Additionally, DPA management attributed the errors to a lack of training.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over the federal awards that provide reasonable assurance that the State is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 435.912(c) states the determination of eligibility for any application may not exceed 90 days for applicants who apply for Medicaid on the basis of disability and 45 days for all other applicants.

Title 42 CFR 435.916 requires the State to periodically renew Medicaid eligibility. For renewals based on MAGI, a redetermination is required once every 12 months, and no more frequently than once every 12 months. Similarly, for non-MAGI beneficiaries the State is required to make a redetermination of eligibility at least every 12 months. The State is required to take action on information about changes between regular eligibility renewals and promptly redetermine eligibility.

Title 42 CFR 457.340 and 42 CFR 457.343 state that the timely determination of eligibility and renewal procedures for Medicaid apply to administering CHIP.

Effect:

Failure to determine Medicaid and CHIP eligibility in a timely manner increases the risk that ineligible beneficiaries receive Medicaid and CHIP benefits.

Questioned Costs:

CFDA 93.767: \$7,951, likely questioned costs exceed \$25,000.

CFDA 93.778: \$109,317

Recommendation:

DPA's director should improve training and ensure adequate resources are dedicated to determining Medicaid and CHIP eligibility in a timely manner.

Finding No. 2020-046

Prior Year Finding:	2019-051
Federal Awarding Agency:	USDHHS
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5021, 2005AK5021 1905AK5MAP, 2005AK5MAP
Applicable Compliance Requirement:	Eligibility

Condition:

Forty Medicaid and 25 CHIP recipients with paid medical claims during FY 20 were randomly selected for eligibility testing. Auditors found inaccurate eligibility determinations by DPA staff for 32.5 percent of Medicaid cases tested and 40 percent of CHIP cases tested.

Specifically, for the 40 Medicaid cases:

- Seven cases lacked documentation to support the verification of countable income.
- Two cases had income incorrectly counted.
- Two cases could not be located by DPA to support the application, redetermination, and/or reported change.

- One case had documentation that supported the recipient was enrolled in an incorrect federal program for medical benefits.
- One case had documentation that supported the recipient was enrolled in an incorrect eligibility category.

Specifically, for the 25 CHIP cases:

- Two cases had documentation that supported the recipients were enrolled in an incorrect federal program for medical benefits.
- Two cases were also enrolled in Medicaid during the same coverage period. DPA staff approved CHIP eligibility through ARIES and Office of Children's Services (OCS) staff approved Medicaid eligibility through EIS.
- Two cases could not be located by DPA to support the application, redetermination, or reported change.
- Two cases lacked sufficient documentation to support the verification of financial eligibility through external databases.
- One case's recipient was not disenrolled from CHIP when determined ineligible.
- One case lacked documentation to support the verification of countable income.

Context:

The State is required to ensure only financially needy individuals receive Medicaid or CHIP assistance. DPA is the primary division within DHSS responsible for determining Medicaid and CHIP eligibility. DPA employs ETs who review applications, identify income and financial resources, and make determinations whether the individuals are eligible to receive benefits.

The State has two eligibility systems: ARIES and EIS. ARIES is exclusively used for Medicaid and CHIP cases which follow the MAGI eligibility methodology, and the legacy system, EIS, is primarily used to process non-MAGI Medicaid.

DPA has established internal control procedures to help staff determine eligibility in accordance with federal regulations and the State plan. Procedures are documented in the DPA Administrative Procedures Manual and the MAGI Medicaid Eligibility Manual.

OCS employs ETs who determine Medicaid and CHIP eligibility for children in foster care, children in Division of Juvenile Justice custody, children adopted through OCS, and youth in State custody. Typically, children served by OCS are eligible for Medicaid benefits. Eligibility determinations for children in State custody are processed in EIS. OCS is responsible for informing DPA when a child receiving medical benefits is placed in State custody and enrolled in Medicaid in order to discontinue CHIP eligibility determinations.

A recipient's eligibility profile in the MMIS will reflect the most recent eligibility code transmission from ARIES and/or EIS. Therefore, if a recipient has eligibility approved in both CHIP and Medicaid, the eligibility code in MMIS for paying medical claims is dependent on the time and date the eligibility data was transmitted.

Cause:

According to DPA management, the errors were caused by a lack of training for application review following the MAGI eligibility methodology. Additionally, in some instances, eligibility was not determined correctly by ARIES due to system defects.

DPA management also stated the lack of an electronic documentation management system to store documents contributed to the missing case file documents. An electronic documentation management system was implemented at the end of FY 20.

OCS management stated the ETs making the Medicaid eligibility determination did not follow procedures and should have notified DPA when the child was placed in State custody and enrolled in Medicaid.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over the federal awards that provide reasonable assurance that the State is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 435.603(c) requires the agency to determine financial eligibility for Medicaid based on “household income.”

Title 42 CFR 435.914(a) states the agency must include in each application’s case record facts to support the agency’s decision.

Title 42 CFR 435.916(a)(2) states that the agency must make a redetermination of eligibility without requiring information from the individual if able to do so based on reliable information contained in the individual's account or other more current information available to the agency, including but not limited to information accessed through any data bases accessed by the agency.

Title 42 CFR 435.948 requires the State to verify financial information including wages, net earnings from self-employment, unearned income, and resources; and to use available electronic services if available.

Title 42 CFR 457.343 requires the renewal procedures for Medicaid apply equally in administering CHIP.

Effect:

Failure to accurately determine eligibility and maintain complete eligibility case records for Medicaid and CHIP increases the risk that ineligible recipients received Medicaid and CHIP benefits.

The failure of OCS staff to communicate with DPA staff resulted in two recipients being enrolled in an incorrect federal program for medical benefits.

Questioned Costs:

CFDA 93.767: \$81,377.

CFDA 93.778: \$24,400, likely questioned costs exceed \$25,000.

Recommendation:

DPA's director should continue to improve eligibility training and ensure procedures are followed for determining Medicaid and CHIP eligibility. Documentation supporting eligibility decisions should be retained in Medicaid and CHIP recipients' case files. In addition, DPA's director should continue efforts to correct ARIES system defects.

OCS's director should ensure procedures are followed by OCS staff regarding the communication with DPA staff when a child is taken into State custody to avoid duplicate eligibility determinations and enrollment in an incorrect federal program.

Finding No. 2020-047

Prior Year Finding:	2019-052
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5021, 2005AK5021 1905AK5MAP, 2005AK5MAP
Applicable Compliance Requirement:	Eligibility

Condition:

Five of 40 Medicaid recipients (13 percent) and four of 25 CHIP recipients (16 percent) tested were sent written eligibility notices that contained inconsistent or incorrect information such as eligibility period, application date, and countable income.

Context:

Notices for Medicaid and CHIP eligibility decisions are created through DHSS's two eligibility systems, ARIES and EIS. DPA procedures state that approval notices must include information about the level of benefits and approved services. The notices must also include the date eligibility is set to begin and end.

ARIES is programmed to automatically generate system notices; however, due to system defects, the notices do not always contain correct information. As a work-around, the ET can manually enter the correct information in the additional information section of the notice.

Cause:

According to DPA management, in some instances incorrect or incomplete notices were due to ARIES system logic. Additionally, procedures did not require DPA staff to monitor the accuracy and completeness of the notices.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the term and conditions of the grant awards.

Title 42 CFR 435.917 requires the State to provide all Medicaid applicants and beneficiaries with timely and adequate written notice of any decision affecting their eligibility. Additionally, such notices must contain clear information, including the basis and effective date of the eligibility and the circumstances in which the individual must report any changes that may affect the individual's eligibility.

Title 42 CFR 457.340(e) requires the State to provide all CHIP applicants and beneficiaries with timely and adequate written notice of any decision affecting their eligibility. Additionally, such notices must contain clear information including the basis and effective date of the eligibility and the circumstances in which the individual must report any changes that may affect the individual's eligibility.

Effect:

Due to inconsistent or incorrect information within eligibility notices, Medicaid and CHIP beneficiaries were misinformed regarding eligibility determinations and/or the coverage of medical benefits.

Questioned Costs:

None

Recommendation:

DPA's director should implement procedures to monitor the accuracy and sufficiency of Medicaid and CHIP eligibility notices. Additionally, DPA's director should fix the ARIES system logic that created the incorrect notices.

Finding No. 2020-048**Federal Awarding Agency:**

USDHHS

Impact:

Significant Deficiency, Noncompliance

CFDA Number and Title:

93.775, 93.777, 93.778 Medicaid Cluster

Federal Award Number:

1905AK5MAP, 2005AK5MAP

Applicable Compliance Requirement:

Eligibility

Condition:

Testing of twenty Medicaid presumptively eligible recipients that submitted an application to DPA for non-temporary Medicaid during a hospital presumptive eligibility (HPE) period found:

- Three recipients did not have an eligibility decision made by DPA staff during the HPE period and the eligibility period was not extended.
- Six recipients were denied eligibility by DPA staff but the HPE period was not ended in a timely manner.

Additionally, during testing of a CHIP presumptively eligible recipient, auditors identified a systematic control deficiency relevant to Medicaid. The recipient was denied non-temporary eligibility by DPA and the eligibility period was ended. However, the eligibility record in the MMIS was not updated and the recipient continued to be eligible for medical benefits through the end of the HPE period.

Context:

HPE allows qualified hospitals to grant temporary Medicaid or CHIP eligibility for individuals that meet basic criteria. The HPE period begins the day the hospital makes the determination and ends the last day of the following month. However, HPE recipients are encouraged to apply for non-temporary Medicaid or CHIP benefits by submitting an application to DPA during the HPE period. Per federal law, if an HPE recipient submits an application to DPA before the end of the HPE period, presumptive eligibility ends the day a Medicaid or CHIP eligibility decision is made by DPA, whether approved or denied. In other words, if DPA staff take several months to review the application, the HPE period is extended until the application is approved or denied.

Most applications received by DPA for non-temporary Medicaid or CHIP eligibility are processed through ARIES. Recipient eligibility records for an HPE determination including the benefit coverage period are processed in the EIS. Both ARIES and EIS recipient eligibility records are electronically transferred daily to MMIS. The data is used to update the MMIS eligibility profile for processing medical claims for eligible Medicaid and CHIP enrollees.

Cause:

DPA management attributed the errors to a lack of training. Additionally, DHCS management reported MMIS was programmed in September 2017 to reject HPE benefit period changes from EIS. EIS records transmitted from DPA with an HPE period change were flagged for follow-up. However, DHCS staff never implemented a process to review flagged records and manually change the HPE period in MMIS.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 435.1101 defines the period of presumptive eligibility as the date a qualified entity determines that an individual is presumptively eligible and ends with the earlier of (1) the day a decision is made on a filed application, or (2) the last day of the month following the month in which the determination of presumptive eligibility was made when an application is not filed. According to 42 CFR 435.1103, Title 42 CFR 435.1101 applies to all MAGI eligibility categories.

Effect:

Failure to end the HPE period after DPA staff denied Medicaid eligibility allowed ineligible recipients to receive medical benefits. Additionally, failure to extend the HPE period until a decision is made by DPA staff on a Medicaid application increased the risk that eligible recipients did not receive medical benefits.

Questioned Costs:

CFDA 93.778: \$1,530, likely questioned costs exceed \$25,000.

Recommendation:

DPA's director should improve training to ensure staff determine eligibility for presumptively eligible recipients that apply for non-temporary Medicaid in a timely manner. Additionally, DHCS's director should ensure MMIS is programmed to automatically update the eligibility period when notified of a change to the HPE period.

Finding No. 2020-049

Prior Year Finding:	2019-053
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.767 CHIP 93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5021, 2005AK5021 1905AK5MAP, 2005AK5MAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:

Eight of 70 Medicaid/CHIP providers tested were not screened in accordance with federal eligibility requirements.

Context:

Screening is a required element of the provider enrollment process and is used to determine whether an individual and/or entity is eligible to participate as a Medicaid/CHIP provider. Examples of screening activities include, but are not limited to, license verification, site visits, identity confirmation, and exclusion status assessment.

Seventy Medicaid/CHIP providers were randomly selected for testing compliance with Medicaid provider eligibility requirements (26 moderate or high risk providers and 44 low risk providers). Five of 26 (19 percent) moderate or high risk providers and three of 44 (seven percent) low risk providers reviewed had a combination of errors in revalidating provider eligibility:

- One provider did not have a signed provider agreement.
- Three providers did not provide disclosures of any convictions of criminal offenses under Medicare, Medicaid, or Title XX services programs during revalidation.
- Two providers' business licenses were not verified prior to revalidation.
- Two providers were not appropriately checked for exclusion status through the federal databases (List of Excluded Individuals/Entities and Excluded Parties List System).
- Three providers received revalidation of enrollment before a site visit was performed.

Cause:

According to DHCS staff, during FY 19 over 7,000 Medicaid/CHIP providers were required to submit applications for revalidation of enrollment. This caused a large increase in review and screening activities that continued to affect provider review activities in FY 20 due to limited resources. In some instances, revalidation requests were approved before all required screening activities were performed in order to allow providers to remain eligible and related services to be provided to beneficiaries.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 431.107(b) requires the State plan to provide for an agreement between the state Medicaid agency and each provider furnishing Medicaid services in which the provider agrees to keep any necessary records related to services provided to beneficiaries, furnish the State copies of records when requested, and comply with the disclosure requirements in 42 CFR part 455, subpart B.

Title 42 CFR 455.106(a) requires that before the state Medicaid agency enters into or renews a provider agreement, a provider must disclose the identity of any person who has ownership or control interest in the provider, or is an agent or managing employee of the provider and has been convicted of a criminal offense related to any program under Medicare, Medicaid, or the Title XX services.

Title 42 CFR 455.450 requires that the State screen all initial applications, including applications for a new practice location, and any applications received in response to a reenrollment or revalidation of enrollment request based on a categorical risk level of "limited," "moderate," or "high." If a provider could fit within more than one risk level described in this section, the highest level of screening is applicable.

Title 42 CFR 455.436 requires the State to confirm the identity and determine the exclusion status of providers and any person with an ownership or control interest, or who is an agent or managing employee of the provider through routine checks of federal databases. The State must consult the appropriate databases to confirm identity upon enrollment and reenrollment.

Effect:

Inadequate controls over provider eligibility increase the risk of unqualified providers delivering services to Medicaid/CHIP recipients.

Questioned Costs:

None

Recommendation:

DHCS's director should ensure staff follow established procedures when revalidating the eligibility of providers and dedicate adequate resources to comply with federal requirements.

Finding No. 2020-050

Prior Year Finding:	2019-055
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AKMAP, 2005AKMAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:

DHSS has not implemented an effective statewide surveillance and utilization control program to safeguard against unnecessary or inappropriate use of Medicaid services.

Context:

Surveillance and utilization control activities were performed by an external contractor prior to January 2019. The contractor was required to perform a detailed analysis of claims activity, generate 25 provider cases per quarter for further review, and recommend action based on initial review. Upon DHCS approval, the contractor may review records and perform desk level reviews as considered necessary, and present findings to DHCS. Surveillance and utilization control activities transitioned to DHCS from the contractor beginning January 2019.

DHCS's policies for conducting surveillance and utilization control require staff to analyze utilization profiles for all Medicaid providers on an annual basis, review all profiles generated by the system,⁷ and select providers for further review and case initiation. The

⁷ DHCS employs J-SURS, a claims-based data mining solution by IBM Watson Health.

aforementioned process was not documented and auditors could not confirm case selections were supported. Of the 7,050 provider utilization profiles reviewed, DHCS staff initiated 12 provider cases during FY 20. The 12 cases initiated in FY 20 is significantly less than the annually required 100 cases under the previous contractual arrangement.

DHCS staff closed 12 cases during FY 20, 11 of which were cases opened during the prior year. Auditor review of four of these cases found all four cases were not adequately supported. In three cases, DHCS staff indicated the claims detail was reviewed and concluded the cases “did not appear to indicate aberrant activity”. Auditors obtained supporting documentation consisting of claims activity and could not determine how the analyses were performed and conclusions were reached. Furthermore, the claims activity clearly indicated potential overutilization of dental services. DHCS policies allow for formal request of medical records for further analysis and a desk level review, if considered necessary. These cases were closed without further action because DHCS staff did not believe aberrant practices occurred.

Although DHCS’s written procedures provide for a referral to an external agency after the analysis of billing activity is performed, no complaints or referrals were made to DHSS’s Program Integrity section or the Department of Law’s Medicaid Fraud Control Unit (MFCU) in FY 20 as a result of surveillance and utilization review procedures.

Cause:

Procedures for conducting utilization review of care and services are inadequate to ensure DHCS’s surveillance and utilization control program is effective.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 456(a)(3) requires the state Medicaid agency to implement a statewide surveillance and utilization control program that safeguards against unnecessary or inappropriate use of Medicaid services and against excess payments.

Title 42 CFR 456.4(a)(3) requires the State establish methods and procedures to implement the utilization control program.

Title 42 CFR 456.22 maintains that, to promote the most effective and appropriate use of available services and facilities, the State must have procedures for the on-going evaluation, on a sample basis, of the need for and the quality and timeliness of Medicaid services.

Title 42 CFR 455.13 requires the state Medicaid agency must have methods and criteria for identifying suspected fraud cases; methods for investigating these cases; and procedures for referring suspected fraud cases to law enforcement officials.

Effect:

The Medicaid program incurred \$2.4 billion in federal and State expenditures during FY 20. An ineffective statewide surveillance and utilization control program significantly hinders DHSS's ability to safeguard against unnecessary or inappropriate use of services. It also increases the risk that fraud and abuse will not be detected and corrected.

Questioned Costs:

None

Recommendation:

DHCS's director should strengthen written procedures, including supervisory review, to ensure the surveillance and utilization program is effective.

Finding No. 2020-051

Prior Year Finding:	2019-056
Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AKMAP, 2005AKMAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:

DHSS's information technology (IT) staff did not conduct a risk analysis or perform a biennial system security review of DPA's EIS during FY 20.

Context:

EIS is DPA's automated statewide management system designed to control and account for all factors in eligibility determinations as required by 45 CFR 205.36. DHSS's IT unit, organizationally located within DFMS, maintains the system. EIS is used to determine eligibility for multiple federal programs and its security plays a critical role in ensuring eligibility determinations are correctly performed. A system security review of EIS has not been performed since FY 14.

DHSS has been in the process of replacing EIS with a new eligibility determination system, ARIES. In FY 20, ARIES was used for Medicaid eligibility determinations made under the MAGI methodology while EIS was used for non-MAGI eligibility determinations. MAGI, established by the Affordable Care Act, is the basis for determining Medicaid eligibility for most children, pregnant women, parents, and adults. Individuals exempt from the MAGI-based income counting rules include individuals whose eligibility is based on blindness, disability, or age (65 or older).

Cause:

According to DHSS management, an EIS risk assessment and a system security review were initiated in FY 20, but not completed due to limited IT resources. The risk assessment and system security review were not completed during FY 20 due to IT staff shortages and competing priorities caused by the State's pandemic response.

Criteria:

Title 45 CFR 95.621(f) requires a state agency to be responsible for the security of all Automated Data Processing (ADP) projects under development and operational systems involved in the administration of the Health and Human Services (HHS) programs.

Title 45 CFR 95.621(f)(2)(iii) requires a state to establish and maintain a program of conducting periodic risk analyses to ensure that appropriate cost effective safeguards are incorporated into new and existing systems.

Title 45 CFR 95.621(f)(3) requires a state agency to review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews must include an evaluation of physical and data security operating procedures and personnel practices.

Effect:

Lack of periodic risk assessments and security reviews puts EIS hardware at risk of theft, software at risk of unauthorized use, and data at risk of compromise or loss. As a result, there is the potential for unauthorized system use, data manipulation, and improper eligibility determinations.

Questioned Costs:

None

Recommendation:

DFMS's director should work with DPA's director to ensure periodic risk analyses and biennial security reviews of EIS are conducted according to federal regulations.

Finding No. 2020-052**Federal Awarding Agency:**

USDHHS

Impact:

Significant Deficiency

CFDA Number and Title:

93.767 CHIP

93.775, 93.777, 93.778 Medicaid Cluster

Federal Award Number:

1905AK5021, 2005AK5021

1905AKMAP, 2005AKMAP

Applicable Compliance Requirement:

Allowable Costs/Cost Principles

Condition:

DHSS did not adequately investigate referrals of recipients who reported discrepancies with the types, dates, or amounts of services paid by Medicaid or who reported not receiving services paid by Medicaid.

Context:

During FY 18, DHCS contracted with a vendor to design an explanation of medical benefits (EOMB) solution for the Medicaid program. The EOMB process gives recipients access to detailed information about the medical services providers have billed on their behalf with a feedback mechanism to report suspected incorrect or fraudulent billings. EOMBs were sent to Medicaid recipients starting FY 19. DHSS expected the EOMBs to have a positive impact on recoveries.

The contract with the EOMB vendor was terminated by DHSS at the beginning of FY 20 due to alleged non-performance. The contractor provided DHCS staff a listing of recipients who reported EOMB discrepancies for 57 providers. Each of the 57 providers may be associated with one or more EOMB. DHCS staff opened and closed 57 provider cases without further investigation and without referral to the Program Integrity section or MFCU. Auditors reviewed six of 57 cases and found one was worked by the contractor prior to contract termination and overpayment was pursued. Auditors reviewed the other five cases and did not find support for closing the five cases without action.

Cause:

According to DHCS staff, the contractor did not provide sufficient information for DHCS to investigate EOMB discrepancies reported by recipients. Auditors noted that DHCS did not have written procedures for following up EOMB discrepancies.

Criteria:

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 42 CFR 455.1 requires the State to have a method to verify whether services reimbursed by Medicaid were actually furnished to beneficiaries.

Title 42 CFR 455.13 requires the state Medicaid agency must have methods and criteria for identifying suspected fraud cases, methods for investigating these cases, and procedures for referring suspected fraud cases to law enforcement officials.

Effect:

Not investigating discrepancies reported by Medicaid recipients prevents the identification of improper payments.

Questioned Costs:

None

Recommendation:

DHSS's commissioner should utilize an EOMB program as an internal control for allowable costs and strengthen procedures for evaluating EOMB discrepancies.

Finding No. 2020-053**Federal Awarding Agency:**

USDHHS

Impact:

Significant Deficiency, Noncompliance

CFDA Number and Title:

93.775, 93.777, 93.778 Medicaid Cluster

Federal Award Number:

1905AK5MAP, 2005AK5MAP

Applicable Compliance Requirement:

Special Tests and Provisions

Condition:

DHSS staff did not perform standard surveys of five long-term care facilities during FY 20 in a timely manner.

Context:

Long-term care facilities must meet certain requirements in order to participate in the Medicaid program. DHSS surveys and certifies 19 non-state-operated long-term care facilities for compliance or noncompliance with requirements. Nine facilities were due for survey and recertification during FY 20. Eight of nine were due prior to March 2020 when CMS issued a memorandum halting all standard surveys for long-term care facilities due to the COVID-19 public health emergency. Five of the eight surveys were completed by March 2020; however, the surveys were completed between 16 and 18 months from the dates of the previous standard surveys.

Standard surveys are periodic, resident-centered inspections which gather information about the quality of service furnished in a facility. Surveys involve measurement of indicators of medical, nursing, and rehabilitative care, dietary and nutrition services, activities and social participation, sanitation, infection control, and the physical environment. It also involves an audit of written plans of care, assessment of residents, and review of compliance with residents' rights.

Cause:

DHSS staff maintains a tracking spreadsheet for scheduling surveys to ensure compliance with timing requirements. During FY 20, monitoring of the tracking spreadsheet was insufficient to ensure the required surveys were performed as scheduled. According to DHSS management, DHSS experienced significant staff turnover in surveyor positions and recruitment efforts were not successful due to a small pool of qualified applicants. DHSS also received several high level complaints against other facilities, which diverted staff resources.

DHSS reported that complaints were received for two of the five facilities certified during FY 20 and the facilities needed to demonstrate compliance prior to DHSS performing a standard survey, which further delayed timelines.

Criteria:

Title 42 CFR 488.308 requires DHSS to conduct a standard survey of long-term care facilities not later than 15 months after the last day of the previous standard survey and to maintain a statewide average survey of 12 months or less.

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Effect:

Untimely surveys may jeopardize the health and safety of residents in long-term care facilities. In addition, DHSS is at risk of not meeting the statewide average interval for long-term care facility surveys of 12 months or less. CMS may take corrective action and reduce federal financial participation for inadequate survey performance.

Questioned Costs:

None

Recommendation:

DHCS's director should monitor surveys to ensure surveys are performed within federal timelines. DHCS's director should also continue recruitment efforts to fill vacant surveyor positions or consider other options for addressing staffing shortages.

Finding No. 2020-054

Federal Awarding Agency:	USDHHS
Impact:	Significant Deficiency
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5MAP, 2005AK5MAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:

A Medicaid system defect allowed outpatient claims without a procedure code in the first claim line to bypass National Correct Coding Initiative (NCCI) system edits from October 2013 until January 2020.

Context:

The CMS NCCI promotes national correct coding methodologies and helps reduce improper coding that may result in inappropriate payments of Medicare Part B claims and Medicaid claims. State Medicaid programs were required to incorporate “compatible” NCCI methodologies in their Medicaid claims processing system by October 1, 2010. NCCI edits are a component of the NCCI methodologies, designed to prevent improper payment when incorrect code combinations are reported or when services are reported with incorrect units of service.

Outpatient claims do not always require procedure codes in claim lines in order to be paid. However, claims were inappropriately allowed to bypass NCCI edits if the claims’ first line did not have a procedure code. This prevented the system from checking whether the rest of the claims’ lines had noncompliant procedure code combinations.

The defect was identified by DHSS’s fiscal agent in September 2019 and was fixed in January 2020. The amount of outpatient claims that bypassed NCCI edits during FY 20 before the defect was fixed was approximately \$30 million. DHCS staff estimated overpayments to be \$35 thousand for FY 19 and decided not to reprocess claims to recapture overpayments due to the overly large administrative burden to the State and impacted providers. Auditors confirmed the defect in the system was fixed and that the amount of overpayments for FY 20 was likely below \$25 thousand.

Cause:

The defect in system logic existed beginning October 2013 when DHSS replaced its legacy Medicaid system with the Alaska Health Enterprise system.

Criteria:

Section 1903(r) of the Social Security Act requires state Medicaid agencies to operate mechanized claims processing and information retrieval systems that incorporate compatible methodologies of the NCCI administered by the secretary and such other methodologies of that initiative.

Title 45 CFR 75.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

Claims were paid without being subjected to NCCI edits resulting in an unknown amount of unallowable payments to providers.

Questioned Costs:

None

Recommendation:

DHCS's director should continue to work with its fiscal agent to improve system controls to ensure NCCI edits are consistently applied to the necessary claims.

Finding No. 2020-055

Federal Awarding Agency:	USDHHS
Impact:	Noncompliance
CFDA Number and Title:	93.775, 93.777, 93.778 Medicaid Cluster
Federal Award Number:	1905AK5MAP, 2005AK5MAP
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:

The contract between DHSS and its fiscal agent lacked the required elements related to confidentiality and use of non-public NCCI edit files.

Context:

As part of the NCCI, states were required to implement, and use in paying all applicable Medicaid claims, the new quarterly Medicaid NCCI edit files on the first day of every calendar quarter corresponding to the effective date of the files.

Medicaid NCCI information and quarterly edit files for states are posted on the Medicaid Integrity Institute (MII) website and must be downloaded using a secure portal limited to a state's Medicaid agency and not accessible by the general public. These files contain information that is not included in the Medicaid NCCI edit files that are available to the public on the Medicaid NCCI webpage.

The contract between DHSS and its fiscal agent lacks the required provisions noting that only the State Medicaid agency has the discretion to release certain information from the files posted on the MII, and must impose penalties, up to and including loss of contract, for violations of any confidentiality agreement relating to use of the MII edit files.

Cause:

DHSS management and its legal counsel believe the contract's standard verbiage for nondisclosure and confidentiality is sufficient because it outlines that the fiscal agent must comply with all federal and state laws. Auditors determined the contract did not meet the specific minimum elements required by the NCCI technical guidance manual.

Criteria:

Section 1903(r) of the Social Security Act requires state Medicaid agencies to operate mechanized claims processing and information retrieval systems that incorporate compatible methodologies of the NCCI administered by the secretary and such other methodologies of that initiative.

The NCCI technical guidance manual 7.1.1 states that a state Medicaid agency may share the quarterly state Medicaid NCCI edit files posted on the secure portal with the contracted fiscal agent that processes its fee-for-service claims if appropriate confidentiality agreements are in place. Section 7.1.2 of the manual states that, at a minimum, the following elements must be included in the confidentiality agreements for any contracted party using the Medicaid NCCI files posted on the MII:

- Disclosure shall be limited to only those responsible for the implementation of the quarterly state Medicaid NCCI edit files. Disclosure shall not be made prior to the start of the new calendar quarter.
- After the start of the new calendar quarter, a contracted party may disclose only non-confidential information contained in the Medicaid NCCI edit files that is also available to the general public found on the Medicaid NCCI webpage.
- The contracted party agrees to use any non-public information from the quarterly state Medicaid NCCI edit files only for any business purposes directly related to the implementation of the Medicaid NCCI methodologies in the particular state.
- New, revised, or deleted Medicaid NCCI edits shall not be published or otherwise shared with individuals, medical societies, or any other entities unless it is a contracted party prior to the posting of the Medicaid NCCI edits on the Medicaid NCCI webpage.
- Implementation of new, revised, or deleted Medicaid NCCI edits shall not occur prior to the first day of the calendar quarter.
- Only a state Medicaid agency has the discretion to release additional information for selected individual edits or limited ranges of edits from the files posted on the MII.
- State Medicaid agencies must impose penalties, up to and including loss of contract, for violations of any confidentiality agreement relating to use of the MII edit files.

Effect:

The lack of the required elements in DHSS's confidentiality agreement with its fiscal agent increases the risk that the fiscal agent is unaware of specific limitations imposed by the federal government related to handling of NCCI edit files. Disclosure of confidential NCCI edit files to the public may decrease the effectiveness of the NCCI in reducing improper payments.

Questioned Costs:

None

Recommendation:

DHCS's director should amend the contract with its fiscal agent to include the elements related to confidentiality and use of non-public NCCI edit files.

Finding No. 2020-056

Type: Other State Issues
Impact: Noncompliance

Condition:

Five potential shortfalls were identified for FY 20.

Context:

The five potential shortfalls outstanding as of February 2021 were as follows:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
H282 (BFY 2009)	Eligibility Information System Maintenance	\$100,213
H286 (BFY 2009)	Fraud Case Management System Replacement	\$76,334
H274 (BFY 2010)	Safety & Support Equipment for Probation Officers & Front Line Workers	\$72,838
H012 (BFY 2016)	Medicaid Services	\$69,786
H006 (BFY 2019)	Public Assistance	\$5,908,039

Cause:

According to management, revenues for appropriations H282, H286, and H274 were recorded in the wrong appropriations during the conversion of these appropriations from the prior to current accounting system, causing the potential shortfalls. Additionally, competing priorities due to staff turnover and the COVID-19 pandemic resulted in DHSS not adequately monitoring and timely correcting the shortfalls.

For appropriation H012, DHSS management asserted the removal and reestablishment of an encumbrance from budget fiscal year 2016 in the State accounting system, complicating the accurate tracking of financial activity for this appropriation.

As of February 2021 the billed receivables balance of appropriation H006 is over two years old. The age of the receivable reduces the probability DHSS will collect the entire remaining balance, which creates a potential shortfall. The potentially uncollectible receivable is further discussed in finding No. 2020-005.

Criteria:

The State Budget Act provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:

As a result of the potential shortfalls, unauthorized general funds may have been expended.

Recommendation:

DFMS's director should take measures to resolve revenue shortfalls, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary.

Additionally, DFMS's director should improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT (DLWD)

Five findings were issued to DLWD in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-058, 2019-60, and 2019-61 are resolved. Prior year Finding No. 2019-062 is not resolved and is reiterated in this report as Finding No. 2020-065. Prior year Finding No. 2019-059 was not a significant issue in the current year and is not reiterated in this report.

Eight new findings have been issued during the FY 20 statewide single audit and are included as Finding Nos. 2020-057 through 2020-064.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-057

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

During FY 20, DLWD accounting staff incorrectly recorded monthly and year-end Unemployment Compensation Fund (UCF) transactions in the State accounting system (IRIS). Additionally, DLWD accounting staff did not ensure federal revenues were properly reported in the FY 20 draft Comprehensive Annual Financial Report (CAFR).

Context:

DLWD staff records UCF financial activity in IRIS monthly. The transactions, supported by reports generated by UCF subsystems, record all of the monthly activity related to unemployment benefit payments, penalties received, and benefit overpayments. During FY 20, the Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized additional federal funding for unemployment compensation benefits. The additional benefit programs prompted changes to DLWD's subsystem to accommodate processing the new benefit activity. Changes to a subsystem-generated report failed to include the overpayment activity for one of the new programs. Additionally, DLWD staff failed to consider the overpayments in the year-end allowance for uncollectible accounts entry to IRIS.

Department of Administration, Division of Finance (DOF) accountants rely on departments' use of IRIS revenue source codes to classify revenues for CAFR reporting. DLWD accounting staff use the same IRIS revenue source code for three distinct revenue categories: UCF premiums and contributions, fines and forfeitures, and federal reimbursements. An additional field in IRIS is used to differentiate the revenues; however, the field was not communicated to DOF accountants. Consequently, DOF did not separately identify the revenues in the FY 20 draft CAFR.

Cause:

Procedures for the reporting of UCF activity were inadequate to ensure proper recording of activity. Procedures were also insufficient to ensure DOF accountants were notified of the proper classification of UCF revenues for the FY 20 CAFR. Significant turnover of DLWD, Division of Employment and Training Services accounting staff responsible for recording UCF transactions further contributed to the errors.

The CARES Act, passed on March 27, 2020, required enhanced unemployment benefit payments to start quickly. This created time constraints for implementing all necessary CARES Act-related changes to UCF subsystems. Further, DLWD staff misunderstood the U.S. Department of Labor guidance for the Federal Pandemic Unemployment Compensation (FPUC) monies, which contributed to misreporting the UCF activity.

Criteria:

Per Governmental Accounting Standards Board (GASB) Codification 1800.101, use of proper terminology and appropriate classification is essential throughout the budgeting, accounting, and reporting processes. GASB 2200.191 further clarifies that revenues should be reported by major source.

Per GASB N50.114, governments should recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. However, allowances should be made for uncollectible amounts. GASB 2200.179 states in part that “asset valuation allowances for losses, such as those on receivables, should be deducted from the assets or groups of assets to which the allowances relate, with appropriate disclosure.”

Effect:

UCF federal reimbursement revenues of \$388.6 million were incorrectly reported as premiums and contributions. Incorrect calculation of the allowance of uncollectible accounts and reporting of FPUC overpayments led to UCF expenses being overstated by \$2.6 million and receivables understated by \$2.6 million. All errors were corrected via audit adjustments and the UCF activity was properly reported in the final FY 20 CAFR.

Recommendation:

DLWD’s Division of Administrative Services (DAS) director should improve UCF accounting procedures to ensure the department’s accounting staff adequately record and report UCF activity.

Finding No. 2020-058

Type: Basic Financial Statements

Impact: Significant Deficiency

Condition:

DLWD staff materially underreported federal expenditures on the FY 20 Schedule of Expenditures of Federal Awards (SEFA) for one program. Additionally, the note to the SEFA disclosing the amount of federal participation in FY 20 Unemployment Insurance benefits contained significant errors.

Context:

During FY 20, the CARES act authorized additional federally reimbursable unemployment compensation benefits to help address unemployment caused by the COVID pandemic.

Cause:

The SEFA preparation and review procedures did not address newly authorized federally reimbursable unemployment benefits. According to DLWD management, DLWD accounting staff misunderstood the criteria for reporting the CARES monies on the SEFA.

Criteria:

Per Title 2 CFR 200.510 (b), the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended. Furthermore, per Title 2 CFR 200.303, the State is responsible for establishing effective internal controls.

Effect:

Inadequate SEFA preparation and review procedures increase the risk of financial reporting errors. The SEFA serves as the primary basis for the determination of major programs as required by federal regulation. Inaccuracies in the amount of expenditures reported on the SEFA increase the risk of noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

For CFDA 17.225 (Unemployment Insurance), non-COVID relief federal expenditures were understated by \$868 thousand. COVID relief federal expenditures were understated by \$382.2 million. For the SEFA note, unemployment benefits paid by the State were overstated \$3.9 million and federal participation in program administrative costs was understated by \$1.6 million. Once identified, the discrepancies were corrected by agency staff and accurately presented in the FY 20 statewide SEFA.

Questioned Costs:

None

Recommendation:

DLWD's DAS director should improve written procedures for the preparation and review of the SEFA to ensure that it is accurate and complete.

Finding No. 2020-059

Federal Awarding Agency:	United States Department of Labor (USDOL)
Impact:	Significant Deficiency
CFDA Number and Title:	17.225 Unemployment Insurance (UI) – COVID-19
Federal Award Number:	UI-34699-20-55-A-2
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

DLWD subsystem user accounts selected for testing in FY 20 lacked documentation showing management approval.

Context:

The details related to this control weakness and relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:

Limited resources and competing priorities contributed to the finding. Further, there was no formal process in place to retain documentation showing approval.

Criteria:

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant award.

State of Alaska Information Security Policies provide specific criteria related to the identified deficiency.

Effect:

Lack of adequate internal controls increases the risk of unauthorized system use, including the risk of manipulation or loss of data which may result in unallowable costs.

Questioned Costs:

None

Recommendation:

The Division of Employment and Training Services' (DETS) director should strengthen controls over user access to ensure approval is properly documented and retained.

Finding No. 2020-060**Federal Awarding Agency:**

USDOL

Impact:

Significant Deficiency, Noncompliance

CFDA Number and Title:

17.225 UI – COVID-19

Federal Award Number:

UI-34699-20-55-A-2

Applicable Compliance Requirement:

Eligibility

Condition:

A comparison of pandemic unemployment assistance (PUA) claims from February 1, 2020, through June 30, 2020, to Department of Corrections (DOC) inmate population data for the same time period found 48 benefits improperly paid to individuals in DOC custody who were unavailable for work.

Context:

DLWD cross-matches UI claims with outside source data included in the Benefit Audit Reporting and Tracking System (BARTS). Specifically, BARTS includes data from the National Directory of New Hires and Interstate Wages. DLWD also regularly cross-matches UI claims with statewide DOC inmate population data. The cross-matches are a significant internal control used to prevent and detect ineligible or fraudulent claims.

The CARES Act, signed into law in March 2020, expanded UI benefits to include those impacted by the pandemic and not eligible for regular UI benefit programs. In order to administer the new federal program, a new claims system (FastUI) was purchased by the department to process the claims. However, when acquired, FastUI was not programmed with the capability to interface with BARTS or DOC to perform data cross-matches.

Cause:

The federal government directed DLWD management to provide benefits to UI claimants as quickly as possible due to the COVID-19 pandemic. As a result, according to DLWD management, the FastUI system was implemented to process PUA claims without being programed to cross-match with BARTS or DOC data. DLWD management reported that staff was actively working with an outside contractor to develop cross-match capabilities for the PUA claims that reside in the FastUI system.

Criteria:

Federal law (section 303(a)(12) of the Social Security Act (SSA)) requires state laws include provisions for a requirement that, as a condition of eligibility for regular compensation for any week, a claimant must be able to work, available to work, and actively seeking work. Accordingly, AS 23.20.378 requires a claimant must be able and available for suitable work.

Title 29 CFR 97.20 requires that UI-related financial management systems have effective internal controls and accountability for all cash, real and personal property, and other assets, all of which should be properly safeguarded and used solely for authorized purposes.

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant award.

Effect:

Ineffective internal controls contributed to improper claims totaling \$275,567.

Questioned Costs:

\$275,567

Recommendation:

DETS's director should ensure the FastUI system is programmed to cross-match PUA claims with the BARTS system and DOC data.

Finding No. 2020-061**Federal Awarding Agency:**

USDOL

Impact:

Significant Deficiency, Noncompliance

CFDA Number and Title:

17.225 UI – COVID-19

Federal Award Number:

UI-34699-20-55-A-2

Applicable Compliance Requirement:

Eligibility

Condition:

Three of 60 unemployment payments tested were provided to ineligible claimants. Two were not eligible due to missing quarterly test claims and one was not eligible because the claimant was eligible for and received pandemic extended unemployment compensation (PEUC) benefits.

Context:

The three improper claims were PUA claims. PUA and associated FPUC benefits are processed through DLWD's new subsystem, FastUI. All other UI benefits are processed through DLWD's legacy subsystem, DB2. To be eligible for PUA benefits, an individual must apply for and be denied regular UI benefits. This is referred to as the test claim for regular UI benefits. The test claim is processed in DB2 and must be performed quarterly until benefits have been exhausted or the claimant is no longer eligible for PUA benefits.

FastUI was first implemented in March 2020 to process PUA claims and did not initially have a process to verify a test claim had been filed in DB2 or that benefits were not paid under other UI benefit programs processed in DB2. According to management, a verification process began in the second calendar quarter of 2020, but did not include retroactively reviewing claims from the first quarter.

Cause:

The FastUI and DB2 systems operate independently and do not interface. Therefore, claim cross-verification between the two systems must be performed manually. DLWD management indicated that resources were dedicated to disbursing benefits as quickly as possible to mitigate the economic impacts of the pandemic. Limited resources delayed cross-verification between the systems.

Criteria:

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant award.

Section 2102 of the CARES Act states that PUA benefits are available to individuals who are not eligible to receive or who have exhausted regular unemployment compensation, extended benefits, and PEUC, and who otherwise meet the eligibility requirements of the CARES Act.

Effect:

Unemployment benefits were provided to ineligible recipients. Known questioned costs total \$7,153 in the sample tested, with likely questioned costs exceeding \$25,000.

Questioned Costs:

\$7,153

Recommendation:

DETS's director should implement procedures to ensure verification of test claims is promptly performed.

Finding No. 2020-062

Federal Awarding Agency:	USDOL
Impact:	Significant Deficiency
CFDA Number and Title:	17.225 UI 17.225 UI – COVID-19
Federal Award Number:	UI-34699-20-55-A-2, UI-34044-20-55-A-2, UI-32585-19-55-A-2
Applicable Compliance Requirement:	Reporting

Condition:

DLWD supporting documentation was not retained for FY 20 Employment and Training Administration (ETA) form 2208A quarterly reports.

Context:

The ETA-2208A is a quarterly report that summarizes various program activities and amounts for the UI program. The report is supported by data from UI time distributions and cost models, known as a UI-3. As the ETA-2208A is a quarterly report, the supporting data is time-sensitive.

DETS accounting staff did not maintain the UI-3 support for the FY 20 ETA-2208A reports submitted. After auditors requested the data, DETS accounting staff recreated the UI-3

support. Although the recreated support materially tied to the ETA-2208A reports, the data included payroll adjustments based on activity subsequent to the original report submission dates.

Cause:

There were no procedures in place that required the supporting documentation be retained for the ETA-2208A reports submitted by DETS accounting staff.

Criteria:

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant award.

USDOL ET Handbook 336 requires the State to report the number of quarterly staff years worked and paid and the number of year-to-date staff years paid. The Handbook further requires that data reported be traceable to supporting documentation.

Effect:

Failure to retain supporting documentation for submitted reports increases the risk the ETA-2208A reports contain inaccurate data that may impair the federal agency's ability to properly oversee the program.

Questioned Costs:

None

Recommendation:

DETS's director should implement procedures over ETA-2208A reporting to ensure supporting documentation is retained.

Finding No. 2020-063

Federal Awarding Agency:	USDOL
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	17.225 UI 17.225 UI – COVID-19
Federal Award Number:	UI-34699-20-55-A-2, UI-34044-20-55-A-2, UI-32585-19-55-A-2
Applicable Compliance Requirement:	Reporting

Condition:

One of three FY 20 ETA-2112 monthly reports tested was not accurate.

Context:

The June 2020 monthly report did not accurately report Net UI Benefits on line 31F due to a linking error in the supporting documentation. The line was misstated by approximately \$1.2 million.

Cause:

DETS accounting staff have procedures to review reports and supporting documentation prior to submission, however, procedures were not sufficient to ensure the reports were accurate.

Criteria:

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant award.

Federal law (section 303(a)(6) of the SSA) gives the Secretary of Labor the authority to require the reporting of information deemed necessary to assure state compliance with the provisions of the SSA. Under this authority, the Secretary of Labor requires the following report to monitor state compliance with the immediate deposit and limited withdrawal standards: ETA-2112: UI Financial Transactions Summary, Unemployment Fund.⁸

Effect:

Inadequate review procedures increase the risk the ETA-2112 reports contain errors that may impair the federal oversight agency's ability to properly oversee the program.

Questioned Costs:

None

Recommendation:

DETS's director should strengthen review procedures to ensure that ETA-2112 monthly reports accurately calculate and report disbursement amounts. Further, the DETS director should inquire with the federal oversight agency to determine whether an amended June 2020 report should be submitted.

⁸ From Federal Register Volume 83 No. 192.

Finding No. 2020-064

Federal Awarding Agency:	USDOL
Impact:	Significant Deficiency
CFDA Number and Title:	17.225 UI 17.225 UI – COVID-19
Federal Award Number:	UI-34699-20-55-A-2, UI-34044-20-55-A-2, UI-32585-19-55-A-2
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:

Audits performed by DLWD’s Benefit Payment Control (BPC) Audit and Recovery unit were not reviewed for accuracy during FY 20.

Context:

The BPC Audit and Recovery unit performs audits on results of cross-matches between UI claims and BARTS to identify overpayment of UI benefits and potential fraud. DLWD procedures require that, on a sample basis, the audits are reviewed by another auditor to ensure accuracy. The audits serve as a significant internal control designed to identify improper payments.

Cause:

According to DLWD management, the audit review procedure was discontinued due to limited resources caused by a significant increase in unemployment claims and implementation of new federal programs associated with the COVID-19 pandemic.

Criteria:

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal control over the federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the grant award.

Federal law (section 303(a)(11)(A) of the SSA) requires state agencies to impose a monetary penalty of not less than 15 percent on overpayments that were a result of fraud committed by the claimant.

Effect:

Ineffective audits may impair management’s ability to identify improper payments and assess fraud penalties.

Questioned Costs:

None

Recommendation:

DETS's director should improve monitoring of the BPC audits to ensure the audits are conducted accurately.

Finding No. 2020-065

Prior Year Finding: 2019-062
Type: Other State Issues
Impact: Noncompliance

Condition:

Control deficiencies were identified in a DLWD Information Technology (IT) system.

Context:

The details related to the control weakness and the relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

Cause:

The control deficiencies were mainly due to competing priorities exacerbated by the COVID-19 pandemic, and according to DLWD management, limitations resulting from untimely vendor processes.

Criteria:

The State of Alaska's Information Security Policies and National Institute of Standards and Technology Special Publication 800-53r4 provide criteria related to the identified deficiencies.

Effect:

The IT control deficiencies increase the risk of loss or manipulation of sensitive data.

Recommendation:

DLWD's DAS director should strengthen IT controls in accordance with State security policy.

DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT (DCCED)

Two findings were issued to DCCED in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-063 and 2019-064 are resolved.

One new finding has been issued during the FY 20 statewide single audit and is included as Finding No. 2020-066.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-066

Federal Awarding Agency:	United States Department of the Treasury
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	21.019 Coronavirus Relief Fund (CRF) – COVID-19
Federal Award Number:	SLT0031, SLT0073
Applicable Compliance Requirement:	Subrecipient Monitoring

Condition:

DCCED Division of Community and Regional Affairs' (DCRA) staff did not identify all federally required information on FY 20 CRF grant subaward documents or conduct risk assessments of CRF subrecipients.

Context:

DCRA entered into grant agreements with 108 local government communities under the direct municipal relief portion of the CRF program. The audit reviewed a random sample of 11 community grant agreements. All community grant agreements tested did not include the federal awarding agency name, the federal award date, and the federal audit requirement. Additionally, DCRA staff did not perform a risk assessment of the communities. The errors were pervasive and the deficiencies existed for all 108 FY 20 direct municipal relief subawards.

DCCED Division of Support Services' staff entered into a reimbursable service agreement (RSA) with the Alaska Industrial Development and Export Authority (AIDEA) to administer the small business relief portion of the CRF program. AIDEA, as a subrecipient of CRF, provides program oversight on behalf of DCCED. The agreement between DCCED and AIDEA did not include the assistance listing (CFDA) number or the federal award date.

Cause:

The State of Alaska's Office of Management and Budget provided DCRA staff a list of amounts to be awarded to local government communities for CRF direct municipal relief. A need to immediately provide relief to communities and small businesses to mitigate the impact of the COVID-19 pandemic resulted in DCRA staff not performing subrecipient monitoring procedures.

Criteria:

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Title 2 CFR 200.331 requires the State to perform a risk assessment; ensure every subaward includes the required information at the time of the subaward; and ensure that every subrecipient is audited as required by Subpart F—Audit Requirements.

Effect:

Absent risk evaluation for all subrecipients, higher risk communities may not be sufficiently monitored, increasing the risk of inappropriate use of CRF monies and noncompliance with federal statutes and regulations. Not providing the required information in the subaward documents increases the risk of subrecipient noncompliance with the terms and conditions of the federal award and could result in the State repaying CRF monies to the federal government.

Questioned Costs:

None

Recommendation:

DCRA and Division of Administrative Services directors should amend the community grant agreements and RSA to identify the federally required information. Furthermore, management should implement procedures to ensure adherence to subrecipient monitoring requirements specific to risk assessments and federally required information for CRF subaward documents.

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DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS (DMVA)

One finding was issued to DMVA in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding No. 2019-065 was not a significant issue in the current year and is not reiterated in this report.

No new findings have been issued during the FY 20 statewide single audit.

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DEPARTMENT OF NATURAL RESOURCES (DNR)

Nine findings were issued to DNR in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-066, 2019-067, 2019-071, 2019-072, and 2019-074 are not resolved and are reiterated in this report as Finding Nos. 2020-067, 2020-068, 2020-072, 2020-073, and 2019-076, respectively. Prior year Finding Nos. 2019-068 through 2019-070, and 2019-073 were not significant issues in the current year and are not reiterated in this report.

Five new findings has been issued during the FY 20 statewide single audit and are included as Finding Nos. 2020-069 through 2020-071, 2020-074, and 2020-075.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-067

Prior Year Finding: 2019-066
Type: Basic Financial Statements, Other State Issues
Impact: Material Weakness, Material Noncompliance

Condition:

DNR did not transfer to the Alaska Permanent Fund (APF) all dedicated mineral lease revenues received during FY 18 and FY 19.

Context:

The Permanent Fund Amendment to Alaska’s Constitution, Article IX, Section 15, provides that “at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund.” A review of legislative history found that the words “at least” were added before the words “twenty-five percent” via floor amendment by Representative Specking, who stated the amendment was intended to permit future legislatures to increase the dedication without having to amend the constitution.

The legislature chose to dedicate more than 25 percent as allowed by the Permanent Fund Amendment. Alaska Statutes 37.13.010(a)(1) and (2) reflect the existing dedications of revenue from leases and bonuses authorized by the Permanent Fund Amendment.

Sec. 37.13.010. Alaska permanent fund.

(a) Under art. IX, sec. 15, of the state constitution, there is established as a separate fund the Alaska permanent fund. The Alaska permanent fund consists of

(1) 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180 (f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued on or before December 1, 1979, and 25 percent of all bonuses received by the state from mineral leases issued on or before February 15, 1980;

*(2) **50 percent** of all mineral lease rentals, royalties, royalty sale proceeds, net profit shares under AS 38.05.180 (f) and (g), and federal mineral revenue sharing payments received by the state from mineral leases issued after December 1, 1979, and 50 percent of all bonuses received by the state from mineral leases issued after February 15, 1980; and... [emphasis added]*

DNR has administrative oversight over all mineral lease revenues collected by the State. When revenues are received, administrative staff calculate the amounts due to the APF and transfer cash to the APF, as deemed appropriate per statutes.

Cause:

Historically, AS 37.13.010(a)(1) and (a)(2) have been explicitly appropriated in the annual operating budget, authorizing the transfer of cash to the APF. During preparation of the FY 18 and FY 19 budgets, the executive branch requested the legislature reduce the amount allocated to the principal of the APF. The reduction was intended to apply only to post-1980 mineral lease revenues dedicated to the principal of the APF that exceeded the minimum 25 percent dedication expressly mandated by the Permanent Fund Amendment.

The legislature made the reduction by omitting from the FY 18 and FY 19 annual operating budget bills a reference to AS 37.13.010(a)(2). Although there was no appropriation for the post-1980 lease revenues, the governor's Office of Management and Budget (OMB) instructed DNR staff to transfer 25 percent of the post-1980 lease revenues to the APF. The transfer occurred without an appropriation.

When auditors questioned DNR staff's failure to comply with the statutory mandate to transfer 50 percent to the APF, the attorney general asserted that AS 37.13.010(a)(2) did not represent a valid dedication of revenues and was, therefore, subject to the annual appropriation. Per the attorney general, only the minimum amount (25 percent) required by the Alaska Constitution was dedicated and allowed to be transferred without an appropriation.

The legislative auditor agreed that valid dedications of revenue can be transferred to the APF without an appropriation. However, the legislative auditor disagreed with the attorney general's interpretation that only a portion of the revenues described in AS 37.13.010(a)(2) was a valid dedication of revenue. Legal review and auditor evaluation supports that all revenues contained in AS 37.13.010(a)(2) are validly dedicated as an exception to the anti-dedication clause and expressly permitted by the Permanent Fund Amendment.

Criteria:

Article IX, Section 15 of the Alaska Constitution
AS 37.13.010(a)(1) and (a)(2)

Effect:

By not transferring all revenues to the APF as required by AS 37.13.010(a)(2), the general fund incurred a liability to the APF. The portion of the revenues described in AS 37.13.010(a)(2) that were not transferred to the APF may not be kept in the general fund and used for another purpose. As such, the FY 20 Comprehensive Annual Financial Report (CAFR) has a cumulative understatement of general fund liabilities of \$199 million, and an overstatement of general fund rents and royalty revenues of \$99.2 million in FY 19 and \$99.8 million in FY 18, which are considered a prior period error in FY 20. The proposed audit adjustment to correct the error was rejected by Department of Administration's (DOA) Division of Finance (DOF) staff and the misstatements remain in the FY 20 CAFR. Failure to correct the error has contributed to a qualification of the FY 20 CAFR audit opinion for the general fund.

Additionally, by not authorizing the transfer of all revenues dedicated under AS 37.13.010(a)(2) to the APF, the FY 18 and FY 19 appropriation bills were used to effectively change the substance of existing State laws. This type of action is prohibited by Article II, Section 13 of the Alaska Constitution which states that appropriation bills are confined to appropriations. It is beyond the scope of an appropriation bill to make substantive policy changes to existing law.

Recommendation:

DNR's commissioner should transfer all dedicated mineral lease revenues to the APF in compliance with State law.

Finding No. 2020-068

Prior Year Finding: 2019-067

Type: Basic Financial Statements, Other State Issues

Impact: Material Weakness, Material Noncompliance

Condition:

Royalty revenues eligible for transfer to the Constitutional Budget Reserve Fund (CBRF) were not transferred during FY 18, FY 19, and FY 20, and revenues that should have remained in the CBRF were moved to the general fund.

Context:

DNR's responsibility to manage State-owned land provides for the oversight of third party land lease agreements. The agreements allow entities to produce oil and gas in exchange for royalties, either in kind or in value. Royalties in value are calculated for the minerals produced from State-owned land. The calculation factors in production costs, which include tariffs paid for the use of the Trans-Alaska Pipeline.

Per the Alaska Constitution, DNR must deposit monies in the CBRF received as a result of the termination of an administrative proceeding or of litigation in a State or federal court involving royalties. The CBRF is referred to as the State's savings account.

Pipeline tariff rates are regulated by the Federal Energy and Regulatory Commission (FERC). In two of its more recent decisions, issued on April 21, 2016, and February 28, 2018, the FERC reduced tariff rates for production periods occurring after 2009. DNR lessees were required to amend prior period royalty payments by retroactively applying the newly approved rates. As a result of the change, DNR collected over \$55.3 million of additional royalty revenues, including \$41.5 million in FY 18, \$11.8 million in FY 19, and \$2.0 million in FY 20. Historically, royalties received as a result of FERC decisions were deposited into the CBRF. Based on guidance from the attorney general and OMB, DNR staff did not deposit the \$55.3 million into the CBRF and the monies remained in the general fund.

Cause:

Prior to FY 18, DNR staff deposited FERC-related revenues into the CBRF. That practice changed during FY 18 in response to legal guidance provided by the Department of Law's attorney general and remained in place throughout FY 20. The guidance concluded that FERC proceedings could not be considered an administrative action or litigation involving taxes for CBRF purposes because FERC had no jurisdiction over State taxes or royalties. Additionally, the attorney general advised that prior year FERC-related receipts deposited in the CBRF should have remained in the general fund.

Auditors engaged the Legislative Division of Legal Services (Legislative Legal) to help determine whether the taxes and royalties received as a result of FERC's decision regarding the 2009-2015 Trans-Alaska Pipeline System (TAPS) tariff rates should have been deposited into the CBRF. Legislative Legal reviewed the facts of the TAPS case and concluded that the TAPS case met the constitutional requirement for deposit into the CBRF because it was a settlement of litigation and the case involved taxes and royalties.

The Legislative Legal opinion concluded that the State was a party to the TAPS case. As a party to the litigation, the State asserted that the TAPS tariff rates were too high, resulting in reduced royalty and tax obligations by the shippers that utilize TAPS. The overall settlement includes the settlement of litigation before the State's Regulatory Commission of Alaska (RCA) and FERC. The State was a signer of both RCA and FERC settlement agreements. As part of the settlement, the Department of Revenue (DOR) and DNR commissioners were each required to submit a letter acknowledging that the settlement addressed the tax and royalty concerns. These facts help support Legislative Legal's opinion that the FERC TAPS case did "involve" taxes and royalties. Consequently, the windfall of royalty and tax monies received by DNR and DOR as a result of the FERC TAPS decision should have been deposited into the CBRF.

Criteria:

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

Effect:

After the attorney general opinion was issued in FY 18, DOF transferred \$246.4 million of DNR's royalty revenues from the CBRF to the general fund.⁹ When combined with the \$41.5 million of FERC-related receipts collected in FY 18, the \$11.8 million collected in FY 19, and the \$2.0 million collected in FY 20, the CBRF year-end balances shown in footnote two of the

⁹ Although the CBRF financial statements show a transfer, no cash moved from the CBRF to the general fund. The transfer was accomplished by reducing the general fund liability to the CBRF for cash borrowed in prior years.

FY 20 CAFR are cumulatively understated by \$301.7 million. These unadjusted errors contributed to a qualification of the FY 20 CAFR financial opinion.

Recommendation:

DNR's commissioner should ensure all CBRF-eligible revenues are transferred to the CBRF.

Finding No. 2020-069

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

Ten of 18 DNR funding profile changes tested during FY 20 (56 percent) lacked evidence of review and approval by an individual with the appropriate authority other than the requestor or person making the change (commonly referred to as segregation of duties).

Context:

The State accounting system, IRIS, makes use of funding profiles, which are accounting structures that automatically allocate expenditures to funding sources and, as appropriate, calculate the reimbursable portion of expenditures. Accurate funding profiles are essential to correctly reporting expenditures and revenues in the State's accounting system (IRIS) and the CAFR.

IRIS funding profiles can be updated by users with direct table access or through system defined transactions that must be reviewed and certified before processing. DOF management granted DNR staff access to directly update funding profile tables to allow for efficient changes to profiles.

Cause:

DOF management granted DNR staff direct access to update IRIS funding profile tables without requiring DNR to have adequate controls in place. DNR management lacked adequate control procedures to provide evidence of segregation of duties.

Criteria:

Management is responsible for the design, implementation, and maintenance of effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Internal control requirements are identified in the Alaska Administrative Manual (AAM). Chapter Five, Section 20 (05.020), states that each agency, regardless of size, must adopt methods to periodically assess risk and develop, implement, and review its system of internal controls. The methods should be tailored to the specific needs of the agency. AAM 05.110 further identifies segregation of duties as a control activity to reduce the risk of error and fraud by requiring that more than one person is involved in completing a particular fiscal process.

Effect:

Inadequate control procedures increase the risk of erroneous funding profile changes that may result in improper recording of expenditures and revenues in IRIS and inaccurate reporting of the activity in the CAFR.

Recommendation:

DNR's Support Services Division (SSD) director should implement procedures to document review and approval of funding profile updates by an individual with the appropriate authority other than the requestor or person making the change.

Finding No. 2020-070

Type: Basic Financial Statements

Impact: Significant Deficiency

Condition:

DNR staff did not record FY 20 land additions or deletions in IRIS. DNR staff could not provide sufficient support to allow an audit adjustment to correctly report the FY 20 land activity.

Context:

DNR staff account for multiple land assets in IRIS. These include Alaska Statehood Entitlement Act lands, lands acquired through the Exxon Valdez Oil Spill Restoration program, and lands acquired through other State programs. Generally accepted accounting principles require that land be recorded at historical cost. When sold, the land account is reduced by the historical cost.

Auditors requested support to calculate the adjustment necessary to correctly report DNR land in the FY 20 CAFR. DNR staff provided support; however, the support did not identify the historical cost of lands disposed of during FY 20. Additionally, not all of the land additions identified in the support were owned by the State of Alaska at the end of FY 20.

Cause:

Per DNR management, there was significant turnover of DNR staff historically responsible for reporting changes to land. This included the Accountant V, Accountant IV, and Procurement Specialist V. Turnover, coupled with a lack of written procedures for updating the land amounts in IRIS, led to misreporting land.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards, Sections 1400.102–.104 require tangible or intangible capital assets used in operations and having initial useful lives extending beyond a single reporting period to be reported at historical cost.

Effect:

The FY 20 CAFR misstated land by an unknown amount. Related expenses and revenues were also misstated by unknown amounts.

Recommendation:

DNR's SSD director should develop procedures to ensure capital assets, including land, are accurately and timely updated. Additionally, a reconciliation of land amounts should be performed and adjusting transactions processed to ensure the IRIS land balance is supported by historical costs.

Finding No. 2020-071

Type: Basic Financial Statements

Impact: Significant Deficiency

Condition:

Support Services Division staff overstated, by \$18.4 million, the Federal Emergency Management Assistance (FEMA) Fire Management Assistance Grant program (FMAG) expenditures in the FY 20 Schedule of Expenditures of Federal Awards (SEFA). Additionally, the FMAG program Catalog of Federal Domestic Assistance number and title were incorrectly reported. Based on clarification provided by the federal awarding agency, the errors were corrected by agency staff and expenditures were accurately presented in the FY 20 statewide SEFA.

Context:

FMAG funds are available to states for the mitigation, management, and control of fires which threaten such destruction as would constitute a major disaster. FMAG provides 75 percent federal reimbursement for eligible firefighting costs. According to FEMA guidelines, the FMAG program falls under the same approval process as FEMA's Public Assistance grant program.

FEMA staff review and approve eligible costs based on Project Worksheets¹⁰ (PW) prepared by the State. The PW identifies actual costs incurred as a result of the eligible firefighting activities. The PW is used to document the location, damage description and dimensions, scope of work, and cost estimates for materials, labor, and other costs of each project. Federal public assistance program guidelines state "non-federal entities must record expenditures on the SEFA when (1) FEMA has approved the non-federal entity's PW, and (2) the non-federal entity has incurred the eligible expenditures." As of FY 20 fiscal year-end, there were no FEMA-approved firefighting costs to report on the SEFA, as FEMA had not approved the related PWs.

¹⁰ FEMA Form 009-0-0-7.

Cause:

During FY 20, SSD and Division of Forestry experienced turnover in key personnel within the finance section, including the forestry accountant. DNR's procedures for reporting FMAG on the SEFA did not adhere to the federal program's financial reporting requirements.

Criteria:

Title 2 CFR 200.508(b) requires the auditee to prepare appropriate financial statements, including the SEFA, in accordance with federal regulation. Furthermore, Title 2 CFR 200.303 dictates the auditee is responsible for establishing effective internal controls.

Effect:

Inadequate SEFA procedures increase the risk of financial reporting errors. The SEFA serves as the primary basis for the determination of major programs as required by federal regulation. The error resulted in the misidentification of a major federal program subject to federal compliance audit, which may have resulted in noncompliance with federal audit and reporting requirements. Noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Recommendation:

DNR's finance officer should improve written procedures over the preparation and review of the SEFA to ensure it is accurate and complete. Additionally, SSD and Division of Forestry staff should seek guidance from the applicable federal agencies for clarification, when necessary, to ensure adequate understanding of financial reporting requirements.

Finding No. 2020-072

Prior Year Finding:	2019-071
Federal Awarding Agency:	U.S. Department of Interior (USDOI)
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	15.U09 Bureau of Land Management (BLM) Fire Suppression
Federal Award Number:	BLM MOU AK-2015-002
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

Testing a random sample of 60 FY 20 non-personal service expenditure transactions charged to the BLM Fire Suppression program identified four transactions approved by staff that did not have the appropriate level of approval authority, one transaction coded to an incorrect fire code, and two transactions not supported by contract rates.

Context:

DNR's primary internal control over financial transactions is an approver's signature on invoices authorizing payment to show staff reviewed the transaction to ensure the expenditure was allowable, supported, coded to the correct fire code, and within the period of performance. The approval delegation form notes whether authority cannot exceed a specific dollar value or whether approval authority is unlimited. By signing the approval delegation form, an employee attests that all appropriate statutes, regulations, policies, and procedures related to the authority will be followed.

Cause:

According to Division of Forestry management, staff turnover and lack of training contributed to the errors.

Criteria:

Title 2 CFR 200.302 requires the State's financial management system to provide for identification, in its accounts, of all federal awards received and expended, and the federal programs under which the awards were received. The financial management system must also provide for accurate, current, and complete disclosure of the financial results of each federal award or program.

Title 2 CFR 200.403 requires costs be allowable, reasonable, and adequately documented.

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that a state is managing federal awards in compliance with federal statutes, regulations, and terms and conditions of the federal awards.

Effect:

Lack of approval and inappropriate delegation of authority increases the risk that expenditures may be unallowable, unsupported, or miscoded. Noncompliance in the sample tested resulted in questioned costs of \$2,313. Questioned costs for the population are projected to be \$92,000 based on the rate of dollar noncompliance observed in the sample projected over the test population. Furthermore, noncompliance with federal regulations may result in the federal awarding agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:

\$2,313

Recommendation:

DNR's state forester and SSD director should provide staff training to ensure procedures are followed regarding the coding and approval of expenditure transactions.

Finding No. 2020-073

Prior Year Finding:	2019-072
Federal Awarding Agency:	USDOJ
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	15.U09 BLM Fire Suppression
Federal Award Number:	BLM MOU AK-2015-002
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

Testing of FY 20 personal services expenditures (61 State personnel timesheets) charged to the BLM Fire Suppression program identified multiple instances of noncompliance, including lack of federally required OF-288 timesheets or Crew Time Reports (CTR); State timesheet hours that did not match federal timesheets or CTRs; work-rest ratio violations; unallowable compensation for meal breaks, standby, or hazard pay on travel days; incorrect fires charged; hazard pay charged to incorrect fires; an unsigned timesheet; and a missing timesheet.

Testing of 25 emergency firefighter (EFF) timesheets identified missing signatures and work-rest ratio violations.

Context:

The audit selected statistically valid random samples totaling 85 timesheets and one judgmentally selected timesheet charged to the BLM Fire Suppression program. For State employee timesheets, time is recorded on an OF-288 timesheet or CTR and a State timesheet. EFF time is only recorded on an OF-288 timesheet. The instances of noncompliance were as follows:

- Three of 60 randomly selected State employee timesheets that charged costs to the BLM Fire Suppression program were not supported by the federally required OF-288 timesheet or CTR. Of the 57 State employee timesheets that were supported, 17 did not match the OF-288 timesheet or CTR and six reported a greater number of hours than were reported on the OF-288 timesheet or CTR. Based on the review of the State employee timesheets, four had work-rest ratio violations, seven had hours recorded to an incorrect fire code, and 19 had additional compensation for meal breaks, standby pay, and hazard pay when the timesheet indicated the employee was on travel status.
- The judgmentally selected State employee timesheet that charged costs to the BLM Fire Suppression program was not supported by a federally required OF-288 or CTR and was missing the employee's signature.
- Two of the 25 EFF timesheets charged to the BLM Fire Suppression program were not signed by employees and two had work-rest ratio violations.

Cause:

According to Division of Forestry management, staff turnover, lack of adequate training, and complex timesheets contributed to the timesheet errors. Management also stated that, during fire season, administrative staff get overwhelmed, which may contribute to the errors.

Criteria:

Title 2 CFR 200.303 requires the State to establish and maintain effective internal control over federal awards that provides reasonable assurance that the State is managing the federal awards in compliance with federal statutes, regulations, and terms and conditions of the grant awards.

Title 2 CFR 200.430(a)(1) states that the costs of compensation are allowable if the cost is reasonable for the services rendered and conforms to the established written policy of the non-federal entity. Title 2 CFR 200.430(i) also states that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

The BLM Fire Suppression program is administered through a Master Cooperative Wildland Fire Management Agreement (Master Agreement) between the U.S. Forest Service, BLM, and DNR. Per this agreement, OF-288 timesheets are required to be completed, signed, and retained. The Master Agreement also requires each agency to follow their administrative procedures for management. DNR's procedures are found in the Alaska Incident Business Management Handbook. Procedures require OF-288s or CTRs as backup for any time worked on fires and the forms must be turned in with the regular State timesheets. All time must match between the regular State timesheets and OF-288s or CTRs. Procedures require written justification for work shifts that exceed 16 hours. The procedures also provide that, if an individual cannot be relieved for a meal break, the individual is entitled to compensation at the appropriate rate.

Effect:

Noncompliance for the sample tested resulted in questioned costs totaling \$18,298. Questioned costs for the population are projected to be \$368,000 based on the rate of dollar noncompliance observed in the sample projected over the tested population. Questioned costs were indeterminate for 24 of the 86 timesheets tested; therefore, additional questioned costs for the population likely exist. Noncompliance with federal regulations may result in the federal award agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:

\$18,298

Recommendation:

DNR's state forester should continue to improve procedures and ensure procedures are followed so that personal service costs charged to the BLM Fire Suppression program are allowable, accurately coded, and supported by required documentation.

Finding No. 2020-074

Federal Awarding Agency:	USDOJ
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	15.U09 BLM Fire Suppression
Federal Award Number:	BLM MOU AK-2015-002
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

The audit identified one function code that recorded fire costs to an incorrect federal program.

Context:

All fire-related costs are initially recorded to general fund appropriations. DNR staff use function codes to track expenditures by specific fires. The expenditures are later moved from the general fund to the appropriate federal appropriation based on the function codes. The audit identified one incorrect function code that charged \$27,538 in expenditures to the BLM Fire Suppression program when the fire was 100% State-funded.

Cause:

According to DNR management, a lack of written procedures over the fire expenditures transfer process contributed to the error.

Criteria:

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 2 CFR 200.403 requires costs be allowable, reasonable, and adequately documented.

Title 2 CFR 200.302 requires the State's financial management system to provide for identification, in its accounts, of all federal awards received and expended, and the federal programs under which they were received. The financial management system must also provide for accurate, current, and complete disclosure of the financial results of each federal award or program.

Effect:

The inaccurate entry resulted in charging \$27,538 of unallowable costs to the BLM Fire Suppression program. Noncompliance with federal regulations may result in the federal award agency imposing additional conditions or taking corrective action, including additional reporting requirements or withholding/terminating funding.

Questioned Costs:

\$27,538

Recommendation:

DNR's SSD director should develop and implement procedures to ensure only the correct fire costs are transferred to the applicable Fire Suppression programs.

Finding No. 2020-075

Federal Awarding Agency:	USDOJ
Impact:	Material Weakness, Material Noncompliance
CFDA Number and Title:	15.U09 BLM Fire Suppression
Federal Award Number:	BLM MOU AK-2015-002
Applicable Compliance Requirement:	Procurement, Suspension and Debarment

Condition:

The audit identified 112 FY 20 emergency equipment rental agreements that were not in compliance with the competitive bid process outlined in the State procurement code. In addition, the audit identified five FY 20 vendors were utilized without a competitive procurement process or paid at unsupported contract rates.

Context:

Testing identified \$9.8 million in FY 20 purchases related to noncompliant emergency equipment rental agreements and an additional \$268,298 in purchases of goods and services that were not in compliance with the State's procurement rules.

Cause:

According to Division of Forestry management, updating the emergency equipment rental process for compliance with the State procurement code was initiated in FY 20, but not completed and implemented. Staff turnover, lack of training, and lack of awareness by staff that purchases of goods and services during fire emergencies must follow State procurement statutes led to the noncompliance.

Criteria:

Per the Master Agreement, the Division of Forestry must abide by the State's procurement code. All purchases and rentals for goods and services must adhere to the competitive sealed bid or proposal and award process outlined in Articles 02 and 03 of the State procurement code as documented in AS 36.30.100 through AS 36.30.270, or the emergency procurement statute outlined in AS 36.30.310.

Per AS 36.30.310, 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 sealed 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.

Effect:

State procurement laws are designed to provide a fair, competitive, and transparent procurement process. By not complying with these laws, the State may not have benefitted from the lowest rates that result from a competitive bidding process and vendors may not have been afforded a fair procurement opportunity.

Questioned Costs:

None

Recommendation:

DNR's state forester and SSD director should improve procedures and provide staff training to ensure the procurement of goods and services complies with the appropriate State procurement rules.

Finding No. 2020-076

Prior Year Finding: 2019-074

Type: Other State Issues

Impact: Noncompliance

Condition:

Three potential shortfalls were identified for FY 20.

Context:

One potential shortfall was identified in the FY 19 Single Audit and was still outstanding as of February 2021 in the following amount:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
NUBC (BFY 2014)	DNR - Unbudgeted Capital RSAs	\$92,783

Additionally, two FY 20 potential shortfalls were identified as of February 2021 in the following amounts:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
NO09 (BFY 2013)	Federal and Local Government Funded Forest Resources and Fire	\$61,701
NUBC (BFY 2019)	DNR - Unbudgeted Capital RSAs	\$432,895

Cause:

According to SSD management, the shortfalls in appropriations NUBC budget fiscal years (BFY) 2014 and 2019 were due to a delay in resolving billing issues with the Department of Military and Veterans' Affairs. Additionally, management asserted the shortfall in appropriation NO09 was due to staff turn-over and competing priorities, resulting in the appropriation not going through DNR's appropriation close-out process in a timely manner. The DNR close-out process verifies that revenues and expenditures match, and makes adjustments as needed.

Criteria:

The State Budget Act provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:

As a result of potential shortfalls, unauthorized general funds may have been expended.

Recommendation:

DNR's finance officer should take measures to resolve the shortfalls, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary. Additionally, DNR's finance officer should improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

DEPARTMENT OF FISH AND GAME (DFG)

One finding was issued to DFG in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding No. 2019-075 is resolved.

No new findings have been issued during the FY 20 statewide single audit.

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DEPARTMENT OF PUBLIC SAFETY (DPS)

No findings were issued to DPS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*.

No new findings have been issued during the FY 20 statewide single audit.

(Intentionally left blank)

DEPARTMENT OF ENVIRONMENTAL CONSERVATION (DEC)

Four findings were issued to DEC in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-076 through 2019-079 were not significant issues in the current year and are not reiterated in this report.

No new findings have been issued during the FY 20 statewide single audit.

(Intentionally left blank)

DEPARTMENT OF CORRECTIONS (DOC)

No findings were issued to DOC in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*.

One new finding has been issued during the FY 20 statewide single audit and is included as Finding No. 2020-077.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-077

Type: Other State Issues

Impact: Noncompliance

Condition:

One potential DOC shortfall was identified for FY 20.

Context:

FY 20 potential shortfall as of February 2021 is as follows:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
JUBC (BFY 2018)	DOC – Unbudgeted Capital RSAs	\$200,000

Cause:

According to management, due to staff turnover and inadequate written procedures the uncollected revenue was not billed before the appropriation terminated in the accounting system.

Criteria:

The State Budget Act provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:

As a result of the potential shortfall unauthorized general funds may have been expended.

Recommendation:

DOC's finance officer should take measures to resolve the shortfall, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary. Additionally, the finance officer should improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (DOTPF)

Six findings were issued to DOTPF in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-081 and 2019-085 are resolved. Prior year Finding Nos. 2019-080 and 2019-084 are not resolved and are reiterated in this report as Finding Nos. 2020-078 and 2020-087 respectively. Prior year Finding Nos. 2019-082 and 2019-083 were not significant issues in the current year and are not reiterated in this report.

Nine new findings have been issued during the FY 20 statewide single audit and are included as Finding Nos. 2020-079 through 2020-086, and 2020-088.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-078

Prior Year Finding: 2019-080
Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

Detailed testing of DOTPF's input of FY 20 capital assets into the State accounting system, IRIS, identified the following errors:

- Twenty-three of 97 projects tested from DOTPF's construction in progress (CIP) inventory listing were recorded incorrectly;
- Land acquisitions and disposals were not recorded by DOTPF;
- Sixteen of 55 expensed projects tested should have been capitalized as CIP or infrastructure;
- Two projects were incorrectly updated with values related to different projects; and
- Two duplicate assets were identified.

Context:

In FY 18, the State's accounting system, IRIS, was used for the first time to track, report, and depreciate capital assets. Material capital asset errors identified by auditors during FY 18 and FY 19 were adjusted for presentation in the respective Comprehensive Annual Financial Reports (CAFR), but not always correctly updated in IRIS. During FY 20, Division of Finance (DOF) instructed the applicable departments to update IRIS with the prior year adjustments. All updates of prior year errors for DOTPF capital assets were correctly entered into IRIS during FY 20. However, updates to capital assets for FY 20 activity were not always accurate or did not occur as needed.

The DOTPF headquarters accounting staff responsible for maintaining IRIS capital asset records rely on final inspection documents submitted by the regional accounting staff to know when a CIP asset has been substantially finished and should be moved to a depreciable asset class such as infrastructure.

Cause:

Deficiencies were caused by human error; untimely submission of final inspection documents to DOTPF headquarters; and ineffective capital asset procedures, including monitoring procedures. Specifically, procedures were insufficient to ensure capital asset additions, deletions, or changes in classification were updated and correctly classified in IRIS.

Criteria:

Codification of Governmental Accounting and Financial Reporting Standards, Sections 1400.102–.104 require tangible or intangible capital assets used in operations and having initial useful lives extending beyond a single reporting period to be reported at historical cost. Capital assets should be depreciated over their estimated useful lives unless the

assets are inexhaustible, are intangible assets with indefinite useful lives, or are land and land improvements.

Effect:

The errors identified above caused the following misstatements in government-wide governmental activities accounts in the draft FY 20 CAFR: Infrastructure net of depreciation was understated \$195.4 million, CIP was overstated \$204.5 million, buildings net of depreciation was understated \$21.0 million, land was understated \$15.2 million, and transportation expense was overstated \$27.1 million. After being identified by auditors, the errored amounts were corrected and properly reported in the FY 20 CAFR.

Recommendation:

DOTPF's finance officer should improve oversight for recording and tracking capital assets in IRIS. Additionally, the finance office should work with DOTPF regional offices to improve procedures for the timely submission of construction project final inspection documentation.

Finding No. 2020-079

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

The Alaska International Airport System's (AIAS) independent audit was issued on January 21, 2021, for inclusion in the CAFR, approximately 14 weeks after the agreed upon deadline.

Context:

AIAS is organizationally located within DOTPF. AIAS's controller relies on assistance from both DOTPF fiscal staff and Department of Administration's (DOA) DOF accountants to prepare the entity's financial statements. AIAS's financial activity is audited by an independent auditor and the final audited statements must be provided to DOF for inclusion in the CAFR.

Alaska Statute 37.05.210 requires DOA to issue the audited CAFR for the preceding fiscal year before December 16. To meet this deadline, DOF staff established a project timeline that required outside audits be submitted to DOF by October 15. Annually, DOF sends a standard letter to entities in the spring outlining timelines and expectations.

Cause:

AIAS's management stated that the process for procuring the audit was delayed due to staff turnover. Additionally, staff turnover resulted in delays in providing trial balances to the auditor and led to financial statement errors that resulted in audit adjustments, which further delayed the audit process.

Criteria:

Alaska Statute 37.05.210 requires DOA to file with the governor and with the legislative auditor before December 16 a report of the financial transactions of the preceding fiscal year and of the financial condition of the state as of the end of that year, prepared in accordance with generally accepted accounting principles and audited by the legislative auditor in accordance with generally accepted audit standards.

Effect:

Untimely audits may delay the issuance of the CAFR, which may negatively impact decision-making by the report users.

Recommendation:

AIAS's controller should ensure the independent audit is procured timely and that staff vacancies are filled timely.

Finding No. 2020-080

Federal Awarding Agency:	United States Department of Transportation (USDOT)
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	20.106 Airport Improvement Program (AIP)
Federal Award Number:	127 Federal Award Identification Numbers (FAIN)
Applicable Compliance Requirement:	Allowable Costs/Cost Principles

Condition:

Nine of 60 FY 20 AIP timesheets tested (15 percent) did not support the data recorded in IRIS.

Context:

DOTPF staff log work hours on timesheets, which includes coding personal service costs to cost collectors used for project management. Of the identified errors, six were related to employees using incorrect cost collectors on the timesheet. The remaining three included incorrect data entry, one of which posted personal service costs to an incorrect federal program.¹¹

Cause:

Incorrect cost collector combinations were recorded due to DOTPF staff not consistently updating timesheets to reflect changes. Additionally, review procedures were inadequate to identify and correct coding and data entry errors. Insufficient training contributed to the timesheet and payroll processing weaknesses.

¹¹ FAIN: 3-02-0016-195-2019.

Criteria:

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Title 2 CFR 200.430 requires charges to federal awards for salaries and wages be based on records that accurately reflect the work performed. The records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Furthermore, the records must comply with the established accounting policies of the entity.

Effect:

Incorrect coding of personal service expenditures may result in project managers relying on misclassified information to manage and report on the status of the project. The incorrect coding of personal service expenditures to AIP resulted in questioned costs totaling \$558 and likely questioned costs exceeding \$25,000.

Questioned Costs:

\$558

Recommendation:

DOTPF's Division of Administrative Services (DAS) director should strengthen review procedures and ensure staff are trained on timesheet processing procedures to ensure personal service expenditures are accurately charged to federal programs.

Finding No. 2020-081

Federal Awarding Agency:	USDOT
Impact:	Significant Deficiency
CFDA Number and Title:	20.106 AIP
Federal Award Number:	3-02-0026-021-2020
Applicable Compliance Requirement:	Matching, Level of Effort, Earmarking

Condition:

Two of 26 funding profiles tested (eight percent) were set up incorrectly in IRIS.

Context:

IRIS utilizes funding profiles, which are accounting structures that automatically allocate expenditures to funding sources, and as appropriate, calculate the reimbursable portion of expenditures. Federal reimbursement rates entered in IRIS for two of the tested funding profiles did not match the grant agreement reimbursement rate. One was set up with a rate less than the grant agreement while the other had a rate in IRIS but did not have a grant agreement

with the Federal Aviation Administration (FAA). At the time of the audit, neither of the funding profiles had requested reimbursement from FAA.

Cause:

Review procedures were not sufficient to identify data entry errors when the funding profiles were established in IRIS.

Criteria:

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

Incorrect funding profiles could result in loss of federal revenues, noncompliance with federal program requirements, or questioned costs.

Questioned Costs:

None

Recommendation:

DOTPF's DAS director should improve internal control review procedures to ensure funding profiles are accurately set up in IRIS based on the federally approved grant agreement.

Finding No. 2020-082

Federal Awarding Agency:	USDOT
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	20.106 AIP
Federal Award Number:	Indeterminate ¹²
Applicable Compliance Requirement:	Reporting

Condition:

Four of seven tested 5100-126 reports (57 percent) did not tie to support, resulting in an understatement of reported revenues. The one 5100-127 report tested had multiple lines in error. Additionally, all tested reports lacked evidence of review.

Context:

Commercial service airports that enplane 2,500 or more passengers in a calendar year and provided commercial service in the preceding calendar year are required to annually file financial reports with the FAA.

¹² Reports tested cover airport operations and are not associated with specific FAINs.

Each commercial service airport must file:

- (1) The Financial Government Payment Report, FAA Form 5100-126. This form reports payments the airport makes to governmental entities, the services the airport performs for governmental entities, and the land and facilities that the airport provides to such entities.
- (2) The Operating and Financial Summary, FAA Form 5100-127. This form reports airport revenues, expenses, and other financial information.

The State of Alaska files 5100-126 reports for each airport that meets the above criteria. Reporting errors on the tested 5100-126 reports include an understatement of Property and (or) Services Provided to Other Units of Governments, resulting in a net revenue understatement of \$6,785.

Summary of 5100-126 Reporting Errors

Airport	Governmental Entity	Understatement
Dillingham Airport	City of Dillingham	\$ 625
King Salmon Airport	Bristol Bay Borough	\$ 1,658
Wiley Post-Will Rogers Memorial	City of Barrow	\$ 155
Wiley Post-Will Rogers Memorial	North Slope Borough	\$ 4,347
	Total	\$ 6,785

The State of Alaska files 5100-127 reports for Anchorage International Airport, Fairbanks International Airport, Lake Hood Airport, and an Alaska Consolidated report encompassing all other State-owned airports that meet the above criteria. Testing completed on the Alaska Consolidated 5100-127 report resulted in the following errors.

Summary of 5100-127 Reporting Errors

Section	Section Title	Reason for Error:	Overstatement
5	Total Operating Revenue	Included non-reportable airports; excluded reportable airports and double reported grant receipts	\$ 2,087,291
6	Total Operating Expenses	Included capital expenditures and some non-reportable airports	\$ 3,513,705
8.3	Grant Receipts	Included non-reportable airports	\$ 6,328,006
10	Total Capital Expenditures and Construction in Progress	Included non-reportable airports and excluded reportable airports	\$ 7,810,349
16	Operating Statistics	Included non-reportable airports	\$ 368,583

Cause:

DOTPF staff did not follow procedures when creating and reviewing the reports. DOTPF management asserted the creation of federal forms 5100-126 and 5100-127 included multiple discussions between the report preparer and supervisory accountant to ensure accuracy.

However, there was no evidence to support the review or collaboration between the report preparer and supervisory accountant.

Criteria:

Title 2 CFR 200.327 requires states to report financial information on the forms approved by the federal Office of Management and Budget, with the frequency required by the terms and conditions of the federal award.

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

Ineffective internal controls could result in inaccurate federal reporting. Inaccurate federal reporting may impair federal decision-making and could result in reduced transparency or special conditions on future awards.

Questioned Costs:

None

Recommendation:

DOTPF's DAS director should ensure federal report preparation and review procedures are followed and supervisory review is documented prior to report submission.

Finding No. 2020-083

Federal Awarding Agency:	USDOT
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	20.106 AIP
Federal Award Number:	3-02-0146-003-2017, 3-02-0146-004-2018, 3-02-0016-194-2019, 3-02-0146-005-2019
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:

Two of 11 FAA funded projects tested (18 percent) did not demonstrate that contractors had complied with prevailing wage rate requirements. Specifically, one FAA funded project had multiple certified payrolls that were not received or not retained by DOTPF.¹³ Additionally, multiple Statements of Compliance were not complete for one FAA funded project.¹⁴

¹³ FAINs: 3-02-0146-003-2017, 3-02-0146-004-2018, 3-02-0146-005-2019.

¹⁴ FAIN: 3-02-0016-194-2019.

Context:

All laborers and mechanics employed by contractors or subcontractors who perform work on construction contracts in excess of \$2,000 financed by federal funds must be paid wages not less than the prevailing wage rates established for a project's locality. The rates are established by the Department of Labor and Workforce Development. To ensure compliance with federal regulations, DOTPF requires contractors and subcontractors submit a copy of payrolls with a signed statement of compliance for each week of contract work.

Cause:

DOTPF management was unable to provide a reason as to why some Statements of Compliance were incomplete and were missing information. In addition, DOTPF management in one region stated missing payrolls were not detected because the review of the weekly submissions of signed certified payrolls is not completed until project closure. The projects with errors were open and had not gone through the closure review.

Criteria:

Per Title 29 CFR 5.5, contractors of federally financed construction projects are required to submit a copy of all payrolls weekly for each week in which any contract work is performed, including a signed statement of compliance.

Further, Title 14 CFR 151.53 requires states to retain copies of the submitted payrolls and statements of wages paid for review as needed by the FAA.

Title 2 CFR 200.303(a) requires the State to establish and maintain effective internal controls over federal awards that provide reasonable assurance that the State is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant awards.

Effect:

DOTPF construction contractors or subcontractors may have paid wages less than the established prevailing wage. Federal agencies may suspend future payments, advances, or guarantee of future funds if a state does not comply with prevailing wage rate requirements. Failure to make certified payroll records available may be grounds for debarment. Therefore, not monitoring compliance with prevailing wage rates prevents the timely debarment of noncompliant contractors or subcontractors.

Questioned Costs:

None

Recommendation:

DOTPF's Division of Statewide Design and Engineering Services director should improve internal controls over monitoring of certified payrolls to ensure contractors and subcontractors submit copies in a timely manner, and include a signed and complete statement of compliance.

Finding No. 2020-084

Federal Awarding Agency: USDOT
Impact: Significant Deficiency
CFDA Number and Title: 20.509 Formula Grants for Rural Areas (FGRA)
Federal Award Number: AK-18-X079, AK-18-X081, AK-18-X088,
AK 2016-008, AK-2018-020, AK-2019-028
Applicable Compliance Requirement: Allowable Costs/Cost Principles

Condition:

Two of 40 non-personal service transactions tested (five percent) reimbursed subrecipients for expenditures that did not meet federal cost principles.

Context:

DOTPF, through its Division of Program Development's (DPD) Alaska Community Transit (ACT) office, awards federal grant funds to subrecipients to assist in the maintenance, development, improvement, and use of public transportation systems in rural areas.

DPD's grant agreement requires the subrecipient to request reimbursement for allowable costs incurred under the grant award by submitting itemized invoices and supporting source documentation such as vendor invoices, evidence of payment, receipts, and timesheets. Supporting documentation must tie to each itemized cost on the invoices and to the overall reimbursement request.

Auditors identified two transactions with errors. The first transaction included reimbursement for personal services which were not fully supported by source documentation and also included reimbursement for alcohol purchased with meals. The second transaction was supported by an invoice for maintenance performed on a vehicle that was not included in the subrecipient's inventory records.

Cause

DPD lacked adequate procedures for review of documentation that supported costs submitted by subrecipients to ensure only allowable expenditures were reimbursed.

Criteria:

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over a federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Title 2 CFR 200.403 states that in order to be allowable under federal awards, costs must be necessary and reasonable for the performance of the federal award, conform to any limitations or exclusions set forth in Title 2 CFR 200 Subpart E, and be adequately documented. Title 2 CFR 200.423 states that costs of alcoholic beverages are unallowable.

Effect:

Lack of effective internal control procedures increases the risk that DPD will reimburse subrecipients for unallowable costs.

Questioned Costs:

None

Recommendation:

DPD's director should strengthen procedures for review of expenditure documentation submitted by subrecipients for reimbursement.

Finding No. 2020-085**Federal Awarding Agency:**

USDOT

Impact:

Significant Deficiency

CFDA Number and Title:

20.509 FGRA

Federal Award Number:

AK-18-X079, AK-18-X081, AK-18-X088,
AK-2016-008, AK-2018-020, AK-2019-028

Applicable Compliance Requirement:

Allowable Costs/Cost Principles,
Subrecipient Monitoring

Condition:

DOTPF's DPD does not have a formal process for managing user access to the BlackCat system.

Context:

BlackCat is a web-based transit data management system. DPD's ACT office uses BlackCat to administer Federal Transit Authority grant programs and is significant to its day-to-day operations. Among other things, subrecipients apply for grants through the system, submit monitoring reports and requests for reimbursement, maintain equipment inventory, and document corrective action of any deficiencies identified from federal or state reviews. There were 156 active system users as of March 2021.

Cause:

DPD management has not considered the need for written procedures for managing user access to BlackCat.

Criteria:

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over a federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.

State of Alaska (SOA) Information Security Policy 171 requires a formal process for all access requests (e.g. additions, changes, or deletions) to SOA computers, networks, or applications. Access requests to SOA applications must be authorized by a designated data owner and be based on a business need related to the user's duties. Users must also attest to a written statement of job responsibilities and conditions of access. Finally, personnel tasked with network user administration must ensure that changes to user privileges are promptly applied (e.g. hiring, termination, reassignment of users).

Effect:

Lack of adequate internal control over user access increases the risk of unauthorized system use, including data manipulation, which may result in ineligible recipients and unallowable expenditures.

Questioned Costs:

None

Recommendation:

DPD's director should develop and implement written procedures for managing user access in BlackCat.

Finding No. 2020-086

Federal Awarding Agency:	USDOT
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	20.509 FGRA
Federal Award Number:	AK-18-X079, AK-18-X081, AK-18-X088, AK 2016-008, AK-2018-020, AK-2019-028
Applicable Compliance Requirement:	Subrecipient Monitoring

Condition:

An FGRA subrecipient did not disclose to DPD, in writing, a conflict of interest.

Context:

Three of 40 non-personal service transactions tested (eight percent) included reimbursements to a subrecipient for rent payments made to a landlord for a building that was partly owned by an employee of the subrecipient.

DPD's grant agreement requires the subrecipient to establish safeguards to prohibit its employees from using their positions for a purpose that is, or gives the appearance of, a personal or organizational conflict of interest. The grant agreement also requires the subrecipient to notify the State in writing in the event of a conflict of interest, and the State may suspend or terminate the agreement upon receipt of the written notification. According to DPD management, staff were aware of the potential conflict of interest and had monitored the

subrecipient's activities but did not obtain a written disclosure. DPD staff obtained written statements from the employee of the subrecipient after auditors brought the finding to their attention. Auditors noted the employee was neither a director nor an officer of the subrecipient.

Cause:

DPD lacked internal control procedures to ensure subrecipients disclosed in writing any potential or actual conflicts of interest.

Criteria:

Title 2 CFR 200.303 requires the State to establish and maintain effective internal controls over a federal award that provides reasonable assurance that the State is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the award.

Title 2 CFR 1201.112 requires the non-federal entity to disclose in writing any potential conflict of interest to the federal awarding agency or pass-through entity in accordance with applicable federal awarding agency policy.

Effect:

A lack of effective internal control procedures for ensuring subrecipients disclose in writing potential or actual conflicts of interest hinders DPD staff from properly evaluating a subrecipient's ability to receive and administer federal funds in accordance with law.

Questioned Costs:

None

Recommendation:

DPD's director should develop and implement procedures to ensure subrecipients disclose in writing potential or actual conflicts of interest.

Finding No. 2020-087

Prior Year Finding: 2019-084
Type: Other State Issues
Impact: Noncompliance

Condition:

During FY 20, DOTPF accounting staff did not recoup overpayments related to improper Alaska Marine Highway System (AMHS) employee payroll advances.

Context:

The FY 16 single audit reported that DOTPF staff issued over \$2 million in payroll advances to AMHS employees over the course of approximately four years. At that time, AMHS

management reported that advances were made as an employee convenience and were allowable under union contracts. However, there was no evidence that controls existed to verify union membership prior to issuing advances. Employees were not required to sign advance agreements, reconciliations were not completed between issued advances and payroll recoupments, and there was no process in place to collect advances from employees who separated from the State.

Recoupment did not commence during FY 17 or FY 18 pending an internal audit by the Department of Administration, Division of Personnel. A reconciliation was completed during FY 19 that identified all employee advances, the amount of advances, and the total repaid. At the end of FY 20, a total of \$313,317 of advances were outstanding. According to DOTPF management, the Department of Law advised DOTPF that employee advances made over six years ago could not be recouped.

Cause:

The initial FY 16 finding that advances were issued improperly and not recouped was caused by weak or nonexistent internal controls. The recoupment process was delayed at least two years as DOTPF waited for the Division of Personnel to complete a reconciliation. The recoupment process was further delayed during FY 19 while awaiting guidance from the Department of Law.

According to management, the key personnel responsible for resolving the finding retired in FY 20. Additionally, due to the COVID-19 pandemic, the department had competing priorities, and the issue was not prioritized. Management plans to take steps to resolve the finding during FY 21.

Criteria:

Article IX, Section 13, of the Alaska Constitution states, "No money shall be withdrawn from the Treasury except in accordance with appropriations made by law."

Effect:

The \$313,317 outstanding as of June 30, 2020, represents unauthorized use of State funds. If advances are not recouped timely, the amounts may become uncollectible.

Recommendation:

DOTPF's finance officer and the marine transportation services manager should improve processes over recouping employee advances. Advances should be recouped to the greatest extent possible.

Finding No. 2020-088

Type:	Other State Issues
Impact:	Noncompliance

Condition:

One potential DOTPF shortfall was identified for FY 20.

Context:

The FY 20 potential shortfall as of February 2021 is as follows:

<u>Appropriation</u>	<u>Appropriation Title</u>	<u>Amount</u>
T008 (BFY 2017)	Highways, Aviation, and Facilities	\$3,713

Cause:

According to management, DOTPF had outstanding receivables related to the appropriation which were billed to third parties and the department has six years to collect the related revenues. Of these receivables, the department wrote off two and determined three were not correctly posted.

Criteria:

The State Budget Act provides that if actual collections fall short of the appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Effect:

As a result of the potential shortfall, unauthorized general funds may have been expended.

Recommendation:

DOTPF's finance officer should take measures to resolve the shortfall, including collecting any remaining revenue if possible and requesting a supplemental appropriation if necessary. Additionally, DOTPF's finance officer should improve procedures over billing and monitoring revenue collections to prevent future revenue shortfalls.

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ALASKA COURT SYSTEM (ACS)

No findings were issued to ACS in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*.

No new findings have been issued during the FY 20 statewide single audit.

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COMPONENT UNITS

Two findings were issued to Component Units in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding No. 2019-087 directed to the University of Alaska is resolved. Prior year Finding No. 2019-086 directed to the University of Alaska was not resolved and is reiterated in this report as Finding No. 2020-093.

Five new findings have been issued during the FY 20 statewide single audit and are included as Finding No. 2020-089 directed to the Alaska Aerospace Corporation (AAC), 2020-090 directed to the Alaska Energy Authority (AEA), 2020-091 and 2020-092 directed to the Alaska Housing Finance Corporation, and 2020-094 directed to the University of Alaska.

The views of responsible officials and management's corrective action plan are included in Section IV – Corrective Action Plan.

Finding No. 2020-089

Type: Basic Financial Statements
Impact: Significant Deficiency

Condition:

AAC's independent audit was issued on January 21, 2021, and provided for inclusion in the Comprehensive Annual Financial Report (CAFR), approximately 14 weeks after the agreed upon deadline.

Context:

In accordance with generally accepted accounting principles, AAC, along with several other governmental corporations, is part of the State of Alaska's financial reporting entity. AAC financial activity is reported in the State's CAFR as a discretely presented component unit. Alaska Statute 37.05.210 requires the Department of Administration (DOA) to issue the audited CAFR for the preceding fiscal year before December 16. In order to meet the statutory timeline, DOA requires discretely presented component units to provide audited statements for inclusion in the CAFR by October 15th.

Cause:

According to AAC's chair, pandemic-related contract delays resulted in reductions in revenues, which led to a reduction in accounting staff. AAC's director of finance stated that the reduction in accounting staff led to high workloads and competing priorities, causing delays in completing AAC's FY 20 audit.

Criteria:

Alaska Statute 37.05.210 requires DOA to file with the governor and with the legislative auditor before December 16 a report of the financial transactions of the preceding fiscal year and of the financial condition of the State as of the end of that year, prepared in accordance with generally accepted accounting principles and audited by the legislative auditor in accordance with generally accepted audit standards.

Effect:

Untimely information may delay the issuance of the CAFR, which may negatively impact decision-making by the report users.

Recommendation:

AAC's board chair should ensure financial statements are audited timely and provided within the set deadline to allow for the timely preparation of the CAFR.

Finding No. 2020-090

Type: State Compliance
Impact: Noncompliance

Condition:

AEA reported the FY 20 amount appropriated from the Constitutional Budget Reserve Fund (CBRF) to AEA's power cost equalization endowment fund (PCEF) as required by Chapter 1, SSSLA 2019, sec. 17(a), differently than the State's general fund by over \$1 billion. Further, AEA reported the FY 20 year-end sweep¹⁵ from the PCEF to repay the CBRF differently than the State's general fund by over \$1 billion. The differences in reporting were not addressed in a timely manner.

Context:

During FY 19, the attorney general identified that AEA's PCEF was subject to the Alaska constitutional provision to repay the CBRF, which is a subfund of the State general fund. Consequently, at the end of FY 19, the unobligated balance of the PCEF was swept to the CBRF. The legislature appropriated the amount of the FY 19 sweep back to the PCEF as of July 1, 2019 (commonly referred to as the reverse sweep). At the end of FY 20, the unobligated balance of the PCEF fund was again swept back for repayment to the CBRF as required by the constitution.

For financial reporting purposes, AEA netted the activity and reported the difference between the FY 20 appropriation and the FY 20 year-end sweep as a net expense in its audited financial statements, thereby recognizing no revenue. In the FY 20 draft CAFR, the State's general fund reported the FY 20 sweep as revenue and the FY 20 appropriation as an expenditure. Legislative auditors identified the discrepancies during November 2020 and requested an explanation from AEA management. At that point, AEA management had not researched the proper presentation and could not provide a justification rooted in generally accepted accounting principles. AEA reported the activity as it had been processed in the State accounting system.

Legislative auditors requested DOA Division of Finance (DOF) accountants work with AEA to ensure the financial activity was reported consistently between the two entities. After several communications between legislative auditors, AEA, AEA's auditors, and DOF accountants, AEA responded in January 2021 that management believed the AEA financial presentation was appropriate and provided a justification for the presentation by referencing the accounting principles.

Given the differing opinions on interpretation of accounting principles and proper financial presentation, the legislative auditor submitted a technical inquiry to the Governmental

¹⁵ Article IX, Section 17(d) of the Alaska Constitution 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. This repayment is also referred to as the sweep.

Accounting Standards Board (GASB) requesting guidance on the proper reporting of the CBRF sweep and appropriation from the CBRF to the PCEF. A meeting was held in February 2021 between a GASB representative, AEA accountants, AEA's auditors, DOF accountants, and legislative auditors. The GASB representative confirmed that accounting standards did not provide clear guidance for the specific activity. After discussing accounting theory and practical considerations, all parties agreed on the proper financial presentation.

Cause:

The differences in the financial reporting between the general fund and AEA, and the untimely resolution, were due to a lack of clear accounting guidelines for the unique activity and untimely communications between AEA and DOF regarding the proper financial presentation.

Criteria:

Alaska Statute 37.05.210 requires DOA to file with the governor and with the legislative auditor before December 16 a report of the financial transactions of the preceding fiscal year and of the financial condition of the state as of the end of that year, prepared in accordance with generally accepted accounting principles and audited by the legislative auditor in accordance with generally accepted audit standards.

Effect:

Lack of response by AEA to auditor inquiries led to a delay in issuing the State's financial statement opinion for the FY 20 CAFR. The financial statement opinion was issued February 22, 2021.

Based on guidance from GASB, multiple general fund errors were identified in the FY 20 draft CAFR, including payments in from component units was overstated by over \$1 billion, expenditures were overstated by \$990 million, and due from component units was overstated by \$15 million. An audit adjustment was processed to correct the general fund errors and the activity was correctly presented in the CAFR.

Based on guidance from GASB representatives, AEA's audited financial statements contained an understatement of \$64 million in operating grant revenue and \$48 million in expenses related to PCEF and CBRF activity. AEA's auditors declined to reissue the financial statement audit and both AEA management and AEA auditors believe the misstatements are not material.

Recommendation:

AEA's chief financial officer and DOF's state accountant should strengthen procedures and communication to ensure the financial activity between PCEF and the CBRF is accurately presented in the CAFR.

Finding No. 2020-091

Federal Awarding Agency:	U.S. Department of Housing and Urban Development (USHUD)
Impact:	Significant Deficiency
CFDA Number and Title:	14.881 Moving to Work Demonstration (MTW)
Federal Award Number:	Not Applicable
Applicable Compliance Requirement:	Reporting

Condition:

During our testing of the HUD-50058-MTW reports, there were six instances out of the sample of 60 reports in which the reports were not submitted within the 60-calendar day requirement to HUD through the Public and Indian Housing Information Center (PIC).

Context:

A nonstatistical sample of 60 HUD-50058-MTW reports out of 11,345 reports were selected for testing.

Cause:

The current process over submitting the reports does not include a step to ensure that reports are submitted within the required timeframe to the PIC.

Criteria:

The HUD-50058-MTW reports must be submitted timely to the PIC within the guidelines set forth by HUD in Notice PIH-2011-65, *Timely Reporting Requirements of the Family Report (form HUD-50058 and form HUD- 50058 MTW) into the Public and Indian Housing Information Center*.

Effect:

The six HUD-50058-MTW reports out of the 60 reports sampled were not submitted timely to the PIC.

Questioned Costs:

None

Recommendation:

The Corporation should institute a control structure to ensure that HUD-50058-MTW reports are properly submitted from Yardi to the PIC within the required timeframe.

Finding No. 2020-092

Federal Awarding Agency:	USHUD
Impact:	Significant Deficiency
CFDA Number and Title:	14.881 MTW
Federal Award Number:	Not Applicable
Applicable Compliance Requirement:	Special Tests and Provisions

Condition:

During our testing of Housing Quality inspections, one instance out of the sample of 60 inspections tested was noted in which there was no documentation to support the inspection occurring.

Context:

A nonstatistical sample of 60 out of 5,648 tenants were selected for testing.

Cause:

Biennial inspections were not occurring as required for one unit out of the 60 units tested.

Criteria:

Under 24 CFR 982.405, MTW agencies must ensure that housing assisted under the demonstration program meets housing quality standards (HQS) and must have procedures implemented to ensure HQS inspections occur in line with the implemented MTW activity 2010-5 in the MTW Plan.

Effect:

No documentation to support if the biennial Housing Quality Standards inspections occurred for one of the 60 inspections sampled.

Questioned Costs:

None

Recommendation:

The Corporations should implement a control structure to ensure that HQS inspections are occurring properly. In addition, The Corporation may wish to provide additional training for property managers responsible for HQS inspections.

Finding No. 2020-093

Prior Year Finding:	2019-086
Federal Awarding Agency:	U.S. Department of Education (USED)
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	84.063 Federal Pell Grant Program 84.268 Federal Direct Loans
Federal Award Number:	G00012842, P268K201061
Applicable Compliance Requirement:	Reporting

Condition:

We noted 2 (both from University of Alaska Southeast (UAS)) out of 19 Common Origination and Disbursement (COD) disbursements tested, were not reported within the required 15 days to COD.

Context:

Two of the 15 COD disbursements had applied dates greater than 15 days from the disbursement dates.

Cause:

The Student Financial Aid Office does not have a process in place to ensure all disbursements are reported within 15 days to COD.

Criteria:

The Department of Education requires institutions to report the disbursement dates and amounts to the COD system within 15 days of disbursing Pell (34 CFR 690.83(b)(2) and Direct Loan (34 CFR 685.309) funds to a student.

Effect:

Students interest accrues based on disbursement date reported to COD, thus interest calculation could be skewed due to the discrepancy in disbursement dates reported.

Questioned Costs:

None

Recommendation:

We recommend that the student financial aid department work to ensure disbursements are reported to COD within 15 days of the disbursement date.

Finding No. 2020-094

Federal Awarding Agency:	USED
Impact:	Significant Deficiency, Noncompliance
CFDA Number and Title:	84.425E HEERF COVID-19 Student Aid Portion
Federal Award Number:	G00013340, G00013347
Applicable Compliance Requirement:	Reporting

Condition and Context:

During our testing of the reports, we noted the University of Alaska Anchorage's (UAA) report did not include the number of students awarded emergency grants at the institution. Additionally, we noted the report for UAS used an incorrect estimated number of students eligible to receive Emergency Financial Aid Grants.

Cause:

While UAA has the back-up content and internal emails showing the number of students who were awarded Emergency Grants, including approvals for the information to be disclosed on the UAA website, the number of students was inadvertently not included on the 30-day report. While UAS has the back-up content, and evidence of review of the various elements of the report, UAS had inadvertently disclosed the incorrect estimated number of students eligible to receive Emergency Financial Aid Grants on the report.

Criteria:

Per Uniform Guidance 2 CFR 200.303, nonfederal entities receiving federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. In addition, the initial reporting for this grant requires the report to contain the total number of students who have received an Emergency Financial Aid Grant to students under Section 18004(a)(1) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as well as the estimated total number of students at the institution eligible to participate in programs under Section 484 in Title IV of the Higher Education Act of 1965 and thus eligible to receive Emergency Financial Aid Grants to Students under Section 18004(a)(1) of the CARES Act.

Effect:

UAA's 30-day report was not in compliance with the requirement to report the total number of students receiving funding. The estimated number of students eligible to receive Emergency Financial Aid Grants on the 30-day report did not agree to UAS's calculated amount and was not in compliance with the requirement to report the estimated number of eligible students.

Questioned Costs:

None

Recommendation:

We recommend UAA continues to ensure this required information is on all reports going forward. We recommend UAS more thoroughly review their reports to ensure accuracy.

(Intentionally left blank)

ALASKA STATE LEGISLATURE

Two findings were issued to the Alaska State Legislature in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2019*. Prior year Finding Nos. 2019-088 and 2019-089 are resolved.

No new findings have been issued during the FY 20 statewide single audit.

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State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020

Part I – Summary of Auditor’s Results

- a) A qualified opinion was issued on the basic financial statements of the State of Alaska.
- b) Significant deficiencies and material weaknesses in internal controls over financial reporting were disclosed by the audit of the basic financial statements.
- c) There were instances of noncompliance material to the basic financial statements.
- d) Material weaknesses in internal controls over Coronavirus Relief Fund, Bureau of Land Management (BLM) Fire Suppression, Temporary Assistance for Needy Families, Children’s Health Insurance Program, and Medicaid Cluster were disclosed by the audit. Additionally, significant deficiencies in internal controls over major federal programs were disclosed by the audit.
- e) The independent auditor’s report on compliance with requirements applicable to each major federal program expressed an unmodified opinion on all programs except for Coronavirus Relief Fund, BLM Fire Suppression, Temporary Assistance for Needy Families, Children’s Health Insurance Program, and Medicaid Cluster, which received a qualified opinion.
- f) There were several audit findings that were required to be reported under Title 2 CFR 200.516(a). These are summarized in Part III of this Schedule of Findings and Questioned Costs. The detailed findings and recommendations can be found in Section II – Findings and Recommendations of this report.
- g) The State of Alaska has 23 major federal programs for the fiscal year ended June 30, 2020, as follows:

<u>CFDA or Other Identifying Number</u>	<u>Federal Program Title</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
10.601	Market Access Program
10.618	Agricultural Trade Promotion Program
14.117	Mortgage Insurance Homes
14.865	Public and Indian Housing Indian Loan Guarantee Program
14.881	Moving to Work Demonstration Program
15.U09	BLM Fire Suppression
17.225	Unemployment Insurance
20.106	Airport Improvement Program

State of Alaska Division of Legislative Audit
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2020
 (continued)

<u>CFDA or Other Identifying Number</u>	<u>Federal Program Title</u>
20.509	Formula Grants for Rural Areas
21.019	Coronavirus Relief Fund
66.458	Clean Water State Revolving Fund Cluster
66.468	Drinking Water State Revolving Fund Cluster
84.010	Title I Grants to Local Educational Agencies
84.011	Migrant Education State Grant Program
84.032L	Federal Family Education Loans - Lenders
84.425	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act
90.100	Denali Commission Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.767	Children's Health Insurance Program
93.775, 93.777, 93.778	Medicaid Cluster
Various	Research and Development Cluster

- h) A threshold of \$14,057,387 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

<u>State Department</u>	<u>Finding Number</u>
Administration	2020-009, 2020-011
Revenue	2020-019
Natural Resources	2020-067, 2020-068

State of Alaska Division of Legislative Audit
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2020
 (continued)

Significant Deficiencies

<u>State Department</u>	<u>Finding Number</u>
Administration	2020-001, 2020-002, 2020-003, 2020-004, 2020-005, 2020-006, 2020-007, 2020-008, 2020-010
Revenue	2020-020, 2020-021
Health and Social Services	2020-025, 2020-026, 2020-027
Labor and Workforce Development	2020-057, 2020-058
Natural Resources	2020-069, 2020-070, 2020-071
Transportation and Public Facilities	2020-078, 2020-079
Alaska Aerospace Corporation	2020-089

Fraud; Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements; or Abuse

<u>State Department</u>	<u>Finding Number</u>
Revenue	2020-019
Natural Resources	2020-067, 2020-068

Part III – Federal Findings and Questioned Costs (Findings are described in detail in the preceding pages of Section II.)

<u>Federal Agency/ Finding Number</u>	<u>Questioned Costs</u>	<u>Comments</u>
USDHHS		
2020-029	\$62,740	Significant Deficiency, Noncompliance
2020-030	\$1,855	Significant Deficiency, Noncompliance
2020-031	None	Significant Deficiency
2020-032	None	Significant Deficiency
2020-033	\$21,575	Material Weakness, Material Noncompliance
2020-034	None	Significant Deficiency

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2020
(continued)

<u>Federal Agency/ Finding Number</u>	<u>Questioned Costs</u>	<u>Comments</u>
USDHHS		
2020-035	None	Significant Deficiency, Noncompliance
2020-036	None	Significant Deficiency, Noncompliance
2020-037	None	Material Weakness
2020-038	Indeterminate	Material Noncompliance
2020-039	None	Material Weakness
2020-040	None	Significant Deficiency
2020-041	\$136,086	Significant Deficiency, Noncompliance
2020-042	None	Significant Deficiency
2020-043	\$1,007,134	Significant Deficiency, Noncompliance
2020-044	None	Material Weakness
2020-045	\$117,268	Material Weakness, Material Noncompliance
2020-046	\$105,777	Material Weakness, Material Noncompliance
2020-047	None	Significant Deficiency, Noncompliance
2020-048	\$1,530	Significant Deficiency, Noncompliance
2020-049	None	Significant Deficiency, Noncompliance
2020-050	None	Significant Deficiency, Noncompliance
2020-051	None	Significant Deficiency, Noncompliance
2020-052	None	Significant Deficiency
2020-053	None	Significant Deficiency, Noncompliance
2020-054	None	Significant Deficiency
2020-055	None	Noncompliance
USDHUD		
2020-091	None	Significant Deficiency
2020-092	None	Significant Deficiency
USDOJ		
2020-072	\$2,313	Significant Deficiency, Noncompliance
2020-073	\$18,298	Significant Deficiency, Noncompliance
2020-074	\$27,538	Significant Deficiency, Noncompliance
2020-075	None	Material Weakness, Material Noncompliance
USDOL		
2020-059	None	Significant Deficiency
2020-060	\$275,567	Significant Deficiency, Noncompliance
2020-061	\$7,153	Significant Deficiency, Noncompliance
2020-062	None	Significant Deficiency

State of Alaska Division of Legislative Audit
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2020
 (continued)

<u>Federal Agency/ Finding Number</u>	<u>Questioned Costs</u>	<u>Comments</u>
USDOL		
2020-063	None	Significant Deficiency, Noncompliance
2020-064	None	Significant Deficiency
USDOT		
2020-080	\$588	Significant Deficiency, Noncompliance
2020-081	None	Significant Deficiency
2020-082	None	Significant Deficiency, Noncompliance
2020-083	None	Significant Deficiency, Noncompliance
2020-084	None	Significant Deficiency
2020-085	None	Significant Deficiency
2020-086	None	Significant Deficiency, Noncompliance
USED		
2020-023	None	Significant Deficiency
2020-024	None	Significant Deficiency
2020-093	None	Significant Deficiency, Noncompliance
2020-094	None	Significant Deficiency, Noncompliance
USTreasury		
2020-028	\$13,098,612	Material Weakness, Material Noncompliance
2020-066	None	Material Weakness, Material Noncompliance

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SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS
AND OTHER INFORMATION

SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS
AND OTHER INFORMATION

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing
Standards*

Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2020, 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 22, 2021. Our report is qualified for the General Fund due to an unreported General Fund prior period adjustment of \$199 million and an understatement of \$199 million due to other funds. Additionally, financial statement footnote 2, relating to the State's Constitutional Budget Reserve Fund, a subfund of the General Fund, is materially misstated by \$1.6 billion. Further discussion of the General Fund opinion qualification is contained in Section I of this report in the financial opinion sections titled *Basis for Qualified Opinion on General Fund* and *Qualified Opinion*.

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, as described in our report on the State of Alaska's financial statements in Section I. This report does not include the results of the other auditors' testing of

internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Certain entities of the State of Alaska were not audited in accordance with *Government Auditing Standards*. These entities include: the Alaska Municipal Bond Bank Authority (a discretely presented component unit); the Retiree Health Fund (a proprietary fund); the Pension and Other Employee Benefit Trust Funds (fiduciary funds); and Invested Assets Under the Investment Authority of the Commissioner of Revenue (certain cash and investment accounts).

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Alaska's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in Section II – Findings and Questioned Costs, Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the preceding Section II – Findings and Questioned Costs, Finding Nos. 2020-009, 2020-011, 2020-019, 2020-067, and 2020-068 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the preceding Section II – Findings and Questioned Costs, Finding Nos. 2020-001 through 2020-008, 2020-010, 2020-020, 2020-021, 2020-025 through 2020-027, 2020-057, 2020-058, 2020-069 through 2020-071, 2020-078, 2020-079, and 2020-089 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the preceding Section II – Findings and Questioned Costs, Finding Nos. 2020-019, 2020-067, and 2020-068.

Additionally, we noted certain other matters which are described in the preceding Section II – Findings and Questioned Costs. Our findings for these instances are identified in the Summary of Findings table under *Other State Issues*.

State of Alaska's Response to Findings

The State agencies' responses to the findings identified in our audit are included in the succeeding Section IV – Corrective Action Plan. The State agencies' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the State of Alaska's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Alaska's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kris Curtis, CPA, CISA
Legislative Auditor

Juneau, Alaska
February 22, 2021

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

Report on Compliance for Each Major Federal Program

We have audited the State of Alaska's compliance with the types of compliance requirements described in the *United States Office of Management and Budget Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2020. The State of Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The State of Alaska's basic financial statements include the operations of the Alaska Railroad Corporation (ARRC), which expended federal awards that are not included in the State of Alaska's Schedule of Expenditures of Federal Awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of ARRC because ARRC, with a fiscal year ended December 31, engaged other auditors to perform an audit of compliance. The State of Alaska's basic financial statements include the operations of the Alaska Industrial Development and Export Authority (AIDEA), which expended \$7.2 million in federal awards that are not included in the State of Alaska's Schedule of Expenditures of Federal Awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of AIDEA because AIDEA, as a subrecipient of federal awards from the State of Alaska, engaged other auditors to perform an audit of compliance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Alaska's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the federal programs of the University of Alaska, Alaska Housing Finance Corporation, Alaska Energy Authority, Alaska Clean Water Fund, Alaska Drinking Water Fund, Alaska Student Loan Corporation, and Alaska Seafood Marketing Institute. As shown in the table below, the audits of those entities and funds reflect the following percent of major federal program expenditures.

CFDA	Federal Program Title	Percent of Major Federal Program Expenditures
10.601	Market Access Program	100%
10.618	Agricultural Trade Promotion Program	100%
14.117	Mortgage Insurance_Homes	100%
14.865	Public and Indian Housing Indian Loan Guarantee Program	100%
14.881	Moving to Work Demonstration Program	100%
66.458	Clean Water State Revolving Fund Cluster	100%
66.468	Drinking Water State Revolving Fund Cluster	100%
84.032L	Federal Family Education Loans (Lenders)	100%
84.425	Education Stabilization Fund	62%
90.100	Denali Commission Program	98%
Various	Research and Development Cluster	100%

Except for Education Stabilization Fund, which we partially audited, 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. Our opinion on compliance for Education Stabilization Fund is based on the report furnished to us and our audit of the portion of the program administered by State of Alaska Department of Education and Early Development.

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 1–6 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 Bureau of Land Management (BLM) Fire Suppression (CFDA 15.U09)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding BLM Fire Suppression (CFDA 15.U09) as described in Finding No. 2020-075 for Procurement and Suspension and Debarment. Compliance with such requirement is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on BLM Fire Suppression (CFDA 15.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 BLM Fire Suppression (CFDA 15.U09) for the fiscal year ended June 30, 2020.

Basis for Qualified Opinion on Coronavirus Relief Fund (CFDA 21.019)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding Coronavirus Relief Fund (CFDA 21.019) as described in Finding Nos. 2020-028 for Activities Allowed or Unallowed and Allowable Costs/Cost Principles, and 2020-066 for Subrecipient Monitoring. 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 Coronavirus Relief Fund (CFDA 21.019)

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 Coronavirus Relief Fund (CFDA 21.019) for the fiscal year ended June 30, 2020.

Basis for Qualified Opinion on Temporary Assistance for Needy Families (TANF) (CFDA 93.558)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding TANF (CFDA 93.558) as described in Finding Nos. 2020-033 for Eligibility, and 2020-033 and 2020-038 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 TANF (CFDA 93.558)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on TANF (CFDA 93.558) for the fiscal year ended June 30, 2020.

Basis for Qualified Opinion on Children's Health Insurance Program (CHIP) (CFDA 93.767)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding CHIP (CFDA 93.767), as described in Finding Nos. 2020-045 and 2020-046, for Eligibility. Compliance with such requirement is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on CHIP (CFDA 93.767)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CHIP (CFDA 93.767) for the fiscal year ended June 30, 2020.

Basis for Qualified Opinion on Medicaid Cluster (CFDA 93.775, 93.777, and 93.778)

As described in the preceding Schedule of Findings and Questioned Costs, the State of Alaska did not comply with requirements regarding the Medicaid Cluster (CFDA 93.775, 93.777, and 93.778), as described in Finding Nos. 2020-045 and 2020-046, for Eligibility. Compliance with such requirement is necessary, in our opinion, for the State of Alaska to comply with requirements applicable to that program.

Qualified Opinion on Medicaid Cluster (CFDA 93.775, 93.777, and 93.778)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster (CFDA 93.775, 93.777, and 93.778) for the fiscal year ended June 30, 2020.

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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. These instances are listed in the accompanying Summary of Findings table and Schedule of Findings and Questioned Costs, and described in detail in Section II – Findings and Recommendations as items 2020-029, 2020-030, 2020-035, 2020-036, 2020-041, 2020-043, 2020-047 through 2020-051, 2020-053, 2020-055, 2020-060, 2020-061, 2020-063, 2020-072 through 2020-074, 2020-080, 2020-082, 2020-083, 2020-086, 2020-093, and 2020-094. Our opinion on each major federal program is not modified with respect to these matters.

State agencies' responses to the noncompliance findings identified in our audit are included in Section IV – Corrective Action Plan. State agencies' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the State of Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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

compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs and described in detail in Section II – Findings and Recommendations as items 2020-028, 2020-033, 2020-037, 2020-039, 2020-044 through 2020-046, 2020-066, and 2020-075 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in Part III of the accompanying Schedule of Findings and Questioned Costs and described in detail in Section II – Findings and Recommendations as items 2020-023, 2020-024, 2020-029 through 2020-032, 2020-034 through 2020-036, 2020-040 through 2020-043, 2020-047 through 2020-054, 2020-059 through 2020-064, 2020-072 through 2020-074, 2020-080 through 2020-086, and 2020-091 through 2020-094 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
April 23, 2021

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Agriculture					
Child Nutrition Cluster					
COVID-19 - School Breakfast Program	10.553			610,780	538,255
School Breakfast Program	10.553			8,508,105	8,236,610
				9,118,885	8,774,865
COVID-19 - National School Lunch Program	10.555			1,599,415	1,445,092
National School Lunch Program	10.555			24,650,779	24,043,869
National School Lunch Program (<i>Food Commodities</i>)	10.555			3,114,137	3,114,137
				29,364,331	28,603,098
COVID-19 - Summer Food Service Program for Children	10.559			15,617,544	15,617,544
Summer Food Service Program for Children	10.559			1,040,334	911,593
Summer Food Service Program for Children (<i>Food Commodities</i>)	10.559			5,100	5,100
				16,662,978	16,534,237
Total for Child Nutrition Cluster				55,146,194	53,912,200
Food Distribution Cluster					
Commodity Supplemental Food Program	10.565			217,022	205,071
Commodity Supplemental Food Program (<i>Food Commodities</i>)	10.565			803,053	803,053
				1,020,075	1,008,124
COVID-19 - Emergency Food Assistance Program (<i>Administrative Costs</i>)	10.568			71,000	71,000
Emergency Food Assistance Program (<i>Administrative Costs</i>)	10.568			416,920	397,321
				487,920	468,321
COVID-19 - Emergency Food Assistance Program (<i>Food Commodities</i>)	10.569			327,478	327,478
Emergency Food Assistance Program (<i>Food Commodities</i>)	10.569			2,119,195	2,119,195
				2,446,673	2,446,673
Total for Food Distribution Cluster				3,954,668	3,923,118
Forest Service Schools and Roads Cluster					
Schools and Roads - Grants to States	10.665			8,850,761	8,850,761
Total for Forest Service Schools and Roads Cluster				8,850,761	8,850,761
Research and Development Cluster					
Agricultural Research Basic and Applied Research	10.001	U.S. Civilian Research & Development Foundation	DAA3-17-63601-2	49,323	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025			27,547	-
Federal-State Marketing Improvement Program	10.156			16,541	-
Cooperative Forestry Research	10.202			403,247	-
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203			807,072	-
Sustainable Agriculture Research and Education	10.215	Montana State University	G178-19-W7506	23,986	-
Sustainable Agriculture Research and Education	10.215	Utah State University	201207-517	10,526	-
				34,512	-
Higher Education - Institution Challenge Grants Program	10.217			2,243	-
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	10.228			1,153,371	37,872
Agriculture and Food Research Initiative (AFRI)	10.310	University of Hawaii	MA1403	125,686	-
Agriculture and Food Research Initiative (AFRI)	10.310			404,045	78,772
				529,731	78,772
Foreign Market Development Cooperator Program	10.600			314	-
Forestry Research	10.652			6,714	-
Cooperative Forestry Assistance	10.664			336	-
Rural Development, Forestry, and Communities	10.672			1,186	-
Partnership Agreements	10.699			385,668	15,460
Rural Cooperative Development Grants	10.771			178,574	-
CYFAR Professional Development and Technical Assistance Center	10.RD	Pennsylvania State University	Pending	2,552	-
Alaska Coastal Rainforest Center Director Support	10.RD		G00012882	46,577	-
Clay mineralogy and soil development across lithologic sequences in the perhumid coastal temperate rainforest of southeast Alaska	10.RD		G00012096	50,071	-
Cofiring wood pellets with coal at electrical generating facilities in Alaska	10.RD		G00009612	9,177	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Critical zone measurements in the perhumid coastal temperate rainforest of Southeast Alaska	10.RD		G00009615	42,567	-
Hydrologic Controls on Watershed Biogeochemistry	10.RD		G00012838	29,314	-
Investigating the influence of watershed variability on biogeochemistry and meta-food web dynamics in Southeast Alaskan streams.	10.RD		G00013346	7,020	-
Sulzer Portage Deer Project	10.RD		G00012627	8,212	-
Wicking Fabric	10.RD		G00010854	1,351	-
Total for Research and Development Cluster				3,793,220	132,104
Supplemental Nutrition Assistance Program (SNAP) Cluster					
Supplemental Nutrition Assistance Program	10.551			185,806,547	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			14,783,175	670,426
Total for Supplemental Nutrition Assistance Program (SNAP) Cluster				200,589,722	670,426
Plant and Animal Disease, Pest Control, and Animal Care	10.025			332,035	-
Market Protection and Promotion	10.163			5,409	-
Specialty Crop Block Grant Program - Farm Bill	10.170			186,026	-
Organic Certification Cost Share Programs	10.171			9,718	-
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178			124,000	124,000
Trade Mitigation Program Eligible Recipient Agency Operational Funds (Food Commodities)	10.178			3,752,471	3,752,471
				3,876,471	3,876,471
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	10.226			21,883	-
Homeland Security Agricultural	10.304	University of California, Davis	201603794-05 / A17-0222-S002	30,586	-
Women and Minorities in Science, Technology, Engineering, and Mathematics Fields	10.318			42,326	-
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328	University of Idaho	Blk 246-SB-002, P0050479	19,114	-
Crop Protection and Pest Management Competitive Grants Program	10.329			71,924	-
Rural Business Development Grant	10.351			93,225	-
Very Low to Moderate Income Housing Loans	10.410			21,370,450	-
Cooperative Extension Service	10.500	Kansas State University	S19108	39,498	-
Cooperative Extension Service	10.500	Kansas State University	A00-0983-S050	1,067	-
Cooperative Extension Service	10.500	University of Missouri	Sub C00059381-9	10,097	-
Cooperative Extension Service	10.500			1,861,134	23,980
				1,911,796	23,980
CACFP Training Grants	10.536			18,246	5,083
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Oklahoma State Department of Health	PO 3409022914	15,641	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557			16,868,321	5,829,234
				16,883,962	5,829,234
Child and Adult Care Food Program	10.558			6,323,237	6,190,409
Child and Adult Care Food Program (Food Commodities)	10.558			15,246	15,246
COVID-19 - Child and Adult Care Food Program	10.558			1,448,181	1,448,181
				7,786,664	7,653,836
State Administrative Expenses for Child Nutrition	10.560			1,679,597	334,141
WIC Farmers' Market Nutrition Program (FMNP)	10.572			173,437	-
Senior Farmers Market Nutrition Program	10.576			80,067	73,174
ARRA - WIC Grants To States (WGS)	10.578			354,267	-
Child Nutrition Discretionary Grants Limited Availability	10.579			90,797	78,706
Fresh Fruit and Vegetable Program	10.582			1,424,741	1,333,501
Market Access Program	10.601			3,736,729	-
Technical Assistance for Specialty Crops Program	10.604			170,435	-
Agricultural Trade Promotion Program	10.618			1,780,371	-
Cooperative Forestry Assistance	10.664			4,022,961	367,935
Wood Utilization Assistance	10.674			200,863	48,957
Forest Health Protection	10.680			26,240	-
National Fish and Wildlife Foundation	10.683	National Fish & Wildlife Foundation	0801.19.063412 Mod 1	65,133	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
National Fish and Wildlife Foundation	10.683	National Fish & Wildlife Foundation	0801.19.063644	26,077	-
				91,210	-
Good Neighbor Authority	10.691			23,409	-
State & Private Forestry Hazardous Fuel Reduction Program	10.697			112,134	-
Cooperative Forest Road Agreements	10.705			1,256,423	-
Research Joint Venture and Cost Reimbursable Agreements	10.707			949,395	-
Water and Waste Disposal Systems for Rural Communities	10.760			3,613,905	521,426
Soil and Water Conservation	10.902	United States Endowment for Forestry and Communities, Inc.	68-3A75-18-065	13,351	-
Plant Materials for Conservation	10.905			25,463	-
Regional Conservation Partnership Program	10.932	Sealaska Corporation	COOP 20-099	8,214	-
Regional Conservation Partnership Program	10.932	Sealaska Corporation	MOU 2015-003	3,158	-
				11,372	-
Cochran Fellowship Program-International Training-Foreign Participant	10.962			108,960	-
Biomass System Performance Grant	10.U01		JV 11261975	1,088	-
Miscellaneous U.S. Forest Service	10.U02		12010919P0030	10,247	-
Miscellaneous U.S. Forest Service	10.U03		12010920P0021	5,040	-
Miscellaneous U.S. Forest Service	10.U04		14-CS-11100400-021	66,685	66,685
Miscellaneous U.S. Forest Service	10.U05		AG-0116-P-14-0012	1,375	-
Young Growth for Southeast - Challenge Cost Share Agreement	10.U06		15CS11100106809	513,922	-
United States Forest Service Fire Suppression CY2018	10.U08		15FI11100100016	135	-
United States Forest Service Fire Suppression CY2019	10.U09		15-FI-11100100-016	304,446	-
Forestry Inventory Analysis	10.U10		2016JV11261919028	577,272	-
Shell Egg Surveillance	10.U11		AMS1225A3266	308	-
Total for U.S. Department of Agriculture				346,421,045	87,701,738
U.S. Department of Commerce					
Economic Development Cluster					
Economic Adjustment Assistance	11.307			7,532,743	-
Total for Economic Development Cluster				7,532,743	-
Research and Development Cluster					
Ocean Exploration	11.011			1,022,336	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H0025-02	2,505	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-50 Pending	6,003	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-51 Pending	92,603	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-52 Pending	5,914	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-64 Pending	74,910	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-66 Pending	27,832	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-89	10,679	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2400-92	16,275	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2404 H2400-91 Pending	139,148	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2407 H2400-96	215,316	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2430	5,955	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2431 H2448	249,367	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2432 Pending	51,955	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2433 H2447-01 Pending	93,960	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2435	32,771	-
Integrated Ocean Observing System (IOOS)	11.012	Alaska Ocean Observing System	H2444	32,498	-
Integrated Ocean Observing System (IOOS)	11.012			557,167	242,655
				1,614,858	242,655
Cluster Grants	11.020			183,134	-
Sea Grant Support	11.417	University of Connecticut	KFS 5653840 PO364393	499	-
Sea Grant Support	11.417	University of Washington	SubUWSC11373 BPO42844	7,414	-
Sea Grant Support	11.417			1,512,251	92,201
				1,520,164	92,201
Coastal Zone Management Administration Awards	11.419	University of Michigan	3004636440 Amend 3	202,646	65,180
Coastal Zone Management Administration Awards	11.419	University of Michigan	Subaward 3004540567	3,628	-
				206,274	65,180
Coastal Zone Management Estuarine Research Reserves	11.420			743,137	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			169,676	35,414
Climate and Atmospheric Research	11.431			1,298,781	85,906
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432	Colorado State University	G-02325-01	63,001	-
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	11.432			399,494	-
				462,495	-
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438			25,282	-
Marine Mammal Data Program	11.439			411,890	1,269
Weather and Air Quality Research	11.459			93,029	-
Unallied Science Program	11.472	North Pacific Research Board	1501	26,209	-
Unallied Science Program	11.472	North Pacific Research Board	1607	40,798	-
Unallied Science Program	11.472	North Pacific Research Board	1608	56,139	-
Unallied Science Program	11.472	North Pacific Research Board	1612	112,892	-
Unallied Science Program	11.472	North Pacific Research Board	1616	17,642	-
Unallied Science Program	11.472	North Pacific Research Board	1703	93,937	-
Unallied Science Program	11.472	North Pacific Research Board	1707	16,253	-
Unallied Science Program	11.472	North Pacific Research Board	1710	12,547	-
Unallied Science Program	11.472	North Pacific Research Board	1713	16,372	-
Unallied Science Program	11.472	North Pacific Research Board	1715	24,901	-
Unallied Science Program	11.472	North Pacific Research Board	1719	7,836	-
Unallied Science Program	11.472	North Pacific Research Board	1720	44,877	-
Unallied Science Program	11.472	North Pacific Research Board	1902	52,575	-
Unallied Science Program	11.472	North Pacific Research Board	1908	22,605	-
Unallied Science Program	11.472	North Pacific Research Board	1912	313	-
Unallied Science Program	11.472	North Pacific Research Board	1913	41,020	-
Unallied Science Program	11.472	North Pacific Research Board	1426C	83,390	-
Unallied Science Program	11.472	North Pacific Research Board	1427C	825	-
Unallied Science Program	11.472	North Pacific Research Board	1702-00	17,187	-
Unallied Science Program	11.472	North Pacific Research Board	1702-90	29	-
Unallied Science Program	11.472	North Pacific Research Board	1710-90	11,958	-
Unallied Science Program	11.472	North Pacific Research Board	1802 / F8802-00	105,149	-
Unallied Science Program	11.472	North Pacific Research Board	1806-02	10,704	-
Unallied Science Program	11.472	North Pacific Research Board	1811 / F8811-00	13,742	-
Unallied Science Program	11.472	North Pacific Research Board	1812-02	25,048	-
Unallied Science Program	11.472	North Pacific Research Board	1907A	10,986	-
Unallied Science Program	11.472	North Pacific Research Board	A98-00A	47,762	-
Unallied Science Program	11.472	North Pacific Research Board	L36-00A	25,974	-
Unallied Science Program	11.472	North Pacific Research Board	L37-00A	111,979	-
Unallied Science Program	11.472	Prince William Sound Science Ctr	17-71-03	173,613	-
Unallied Science Program	11.472	Prince William Sound Science Ctr	17-71-05	24,600	-
Unallied Science Program	11.472	Prince William Sound Science Ctr	17-71-06	153,273	-
Unallied Science Program	11.472	Prince William Sound Science Ctr	Contract 17-71-01 Amd 3	59,431	-
Unallied Science Program	11.472			274,354	-
				1,736,920	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	University of Washington	SubUWSC11435 BPO43310	18,203	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	University of Wyoming	1004101 UAA Mod 1	59,196	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	University of Wyoming	1004101 UAF	5,295	-
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478			140,297	46,004
				222,991	46,004
Technical review of Yukon River Canadian-origin Chinook salmon Interim Management Escapement Goal	11.RD	Bering Sea Fisherman's Association	AC-1902	22,296	-
Regional Climate Services Support in the Western Region	11.RD	Desert Research Institute	663.7070.01	11,220	-
NOAA NESDIS JPSS PGRR HLPG GINA Contract	11.RD		G00012703	471,079	-
Total for Research and Development Cluster				10,215,562	568,629
Bipartisan Budget Act of 2018	11.022	Pacific States Marine Fisheries Comm	NA19NMF0220002/20-48G	14,163	-
Bipartisan Budget Act of 2018	11.022	Pacific States Marine Fisheries Comm	NA19NMF0220002/20-49G	379,804	-
				393,967	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Economic Development Technical Assistance	11.303			159,780	-
Interjurisdictional Fisheries Act of 1986	11.407			188,924	-
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			99,997	-
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Comm	NA15NMF452002/16-107G	(21)	-
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Comm	NA18NMF4370300/19-46G	106,047	-
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Comm	NA18NMF4370300/19-86G	21,067	-
Pacific Fisheries Data Program	11.437	Pacific States Marine Fisheries Comm	NA18NMF4370300/20-16G	1,955,566	-
Pacific Fisheries Data Program	11.437			3,099,706	-
				5,182,365	-
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438			10,306,858	1,429,196
Marine Mammal Data Program	11.439	Bristol Bay Native Association	NA18NMF4390164/19-106	6,585	-
Marine Mammal Data Program	11.439	Bristol Bay Native Association	NA19NMF4390124/20-018	583	-
Marine Mammal Data Program	11.439			1,011,573	20,775
				1,018,741	20,775
Regional Fishery Management Councils	11.441	North Pacific Fishery Mgmt Council	2017-2/ IHP 17-075	24,870	-
Regional Fishery Management Councils	11.441	North Pacific Fishery Mgmt Council	2018-2/ COOP 20-013	55,000	-
Regional Fishery Management Councils	11.441	North Pacific Fishery Mgmt Council	2019-2/ COOP 20-014	55,000	-
Regional Fishery Management Councils	11.441	North Pacific Fishery Mgmt Council	2020-2/ COOP 20-096	13,750	-
				148,620	-
Meteorologic and Hydrologic Modernization Development	11.467			795,455	44,956
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1618	2	-
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1621	193	-
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1622	66,050	-
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1707	12,328	-
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1708	61,991	-
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1713	49,291	-
Unallied Science Program	11.472	North Pacific Research Board	NA15NMF4720173/ 1715	261,537	-
Unallied Science Program	11.472	North Pacific Research Board	NA17NMF4720289/ 1803	17,631	-
Unallied Science Program	11.472	North Pacific Research Board	NA17NMF4720289/ 1820	43,998	-
Unallied Science Program	11.472	Sea Research Foundation	NA17NMF4720051	20,000	-
Unallied Science Program	11.472			735,012	42,988
				1,268,033	42,988
State and Local Implementation Grant Program	11.549			378	-
Manufacturing Extension Partnership	11.611			355,954	-
Minority Business Resource Development	11.802			86,966	-
NOAA NMFS	11.U01		2019-IASI-004	35,004	-
Miscellaneous NOAA	11.U02		1305m318pmffs0025p190	45,907	-
Miscellaneous NOAA	11.U03		1305M318PNFFS0133	30,497	-
Miscellaneous NOAA	11.U04		1305M320PNFFS0242	13,168	-
Miscellaneous NOAA	11.U05		1333MF18PNFFS0243	21,120	-
Miscellaneous NOAA	11.U06		PUA 04-ABWJ-252	16,197	-
Miscellaneous NOAA	11.U07		WE-133F-14-SE-4018	150	-
Federal State Cooperative Program for Populations Estimates (FSCPE)	11.U08		1333LB19C00000044	9,343	-
National Marine Fisheries Joint Enforcement Agreement	11.U09		AK JEA2019	1,001,953	-
Total for U.S. Department of Commerce				38,927,682	2,106,544

U.S. Department of Defense

Research and Development Cluster

Basic and Applied Scientific Research	12.300	University of Hawaii	MA1429	140,805	-
Basic and Applied Scientific Research	12.300	University of Illinois at Champaign	090955-16969	14,621	-
Basic and Applied Scientific Research	12.300	Woods Hole Oceanographic Inst	A101266	66,534	-
Basic and Applied Scientific Research	12.300			4,228,188	9,292
				4,450,148	9,292

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Navy Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance	12.335			4,828	-
DOD, NDEP, DOTC-STEM Education Outreach Implementation	12.560			10,423	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630	National Science Teaching Assoc	Agreement 10/15/18	8,844	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630			1,589,478	373,011
				1,598,322	373,011
Legacy Resource Management Program	12.632			142,050	-
Air Force Defense Research Sciences Program	12.800	University of Texas at Arlington	12602015167	34,508	-
Air Force Defense Research Sciences Program	12.800			57,383	-
				91,891	-
Research and Technology Development	12.910	Georgia Institute of Technology	AWD-102938-G2	104,878	-
Eielson Air Force Base Base-wide Groundwater Hydrology Model	12.RD	Ahtna Engineering Services, LLC	PO02002160	91,701	-
Step Up to STEM	12.RD	Fairbanks NSB School District	PO 19001676 (FY19)	57,413	-
Fort Greely Seismic Monitoring System	12.RD	Lawrence Livermore National Lab	B638696	107,764	-
Resiliency and Vulnerability of Boreal Forest Habitat to the Interaction of Climate and Fire Disturbance across DoD Lands of Interior Alaska	12.RD	Northern Arizona University	Subagrmt 1003724-03	15,645	-
Archaeology Survey and Cultural Resources Survey and Evaluation	12.RD		G00012104	114,895	-
Arctic Gravity Data Acquisition and Processing	12.RD		G00010982	12,308	-
Army Collection Curation	12.RD		G00013072	5,053	-
Asbestos Lead Database Development Kadena Air Base, Japan	12.RD		G00012435	60,446	-
Chernofski Harbom-Mutton Cove Archaeological Excavation, Mapping and Survey	12.RD		G00012250	345,187	-
Cultural Resource Support, Wake Island, HI, and AK TO0013	12.RD		G00011147	23,451	-
Eagle / Bird Risk	12.RD		G00011486	2,456	-
Estimation of Uncertainties of Full Moment Tensors	12.RD		G00011447	48,638	-
GDNP UARC Support for DTRA NACT - #1	12.RD		G00013017	117,474	7,183
GDNP UARC Task Order #4	12.RD		G00013000	362,386	-
Habitat Management & Mission Vulnerability, JBER Alaska	12.RD		G00013306	2,436	-
Management Species, Bat Survey	12.RD		G00012105	10,402	-
Management Species, Bat Survey	12.RD		G00012890	11,705	-
Management Species, Invasive Species--Multi Plant Species	12.RD		G00013113	6,431	-
Management, Species, Salmon Otter Lake Drainage	12.RD		G00012810	133,988	-
MGT Habitat Gravel Pit Reclamation Plan JBER	12.RD		G00011767	25,149	-
MGT Habitat Winter Moose Browse, JBER	12.RD		G00013133	3,351	-
MGT Species Beluga Whale - All Waters But SixMile	12.RD		G00011765	6,258	-
Mgt Species, Beluga Whale Prey-All Waters but Sixmile, Mgt Species Beluga Whale Prey Sixmile	12.RD		G00012208	121,678	-
MGT, Habitat, Forest Resources (FXSBOS14819)	12.RD		G00013070	5,399	-
Mgt, Species, Beluga Whale Prey , All waters but Sixmile	12.RD		G00013036	118,545	-
NACT Proposal for HDTRA1-17-R-003: Waveform Operations & Maint	12.RD		G00011364	3,345,836	-
Natural Resource Management Support Wildlife	12.RD		G00011770	207,905	-
North Slope Coastal Erosion	12.RD		G00011821	214,115	49,840
OASD(NCB/TRAC) UARC for Research and Development in the Geophysical	12.RD		G00012416	284,690	-
Detection of Nuclear Proliferation - ADMINISTRATION					
OASD(NCB/TRAC) UARC for Research and Development in the Geophysical	12.RD		G00012417	74,161	-
Detection of Nuclear Proliferation - GAP					
POA53-CESU 18-06 Mgt. Invasive Species, Ironwood Trees, Bellows Air Force Station, Oahu	12.RD		G00012422	314,347	-
Resilience of boreal ecosystems assessed using high-frequency records of dissolved organic matter and nitrate in streams	12.RD		G00012163	214,850	-
Statistical Oversight/Bird MGT	12.RD		G00011810	54	-
Tricolored Blackbird at Edwards Air Force Base, California	12.RD		G00012392	75,271	-
UARC FIXED FEE ALL	12.RD		G00012569	19,930	-
Total for Research and Development Cluster				12,963,858	439,326
Procurement Technical Assistance For Business Firms	12.002			606,710	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113			1,663,357	-
Basic and Applied Scientific Research	12.300			420,707	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401			16,423,142	-
National Guard ChalleNGe Program	12.404			4,075,607	-
Economic Adjustment Assistance for State Governments	12.617			263,097	-
Legacy Resource Management Program	12.632			62,200	-
Oha Wake Island	12.U01		MP 397600	257	-
Total for U.S. Department of Defense				36,478,935	439,326

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Housing & Urban Development					
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871			2,295,635	-
Mainstream Vouchers	14.879			114,977	-
Total for Housing Voucher Cluster				2,410,612	-
Section 8 Project-Based Cluster					
Section 8 Housing Assistance Payments Program	14.195			2,282,878	-
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249			579,156	492,311
Total for Section 8 Project-Based Cluster				2,862,034	492,311
Mortgage Insurance Homes	14.117			13,592,413	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228			4,204,651	4,084,395
Emergency Solutions Grant Program	14.231			253,501	234,991
Home Investment Partnerships Program	14.239			1,543,579	1,543,579
Housing Opportunities for Persons with AIDS	14.241			614,940	584,836
Continuum of Care Program	14.267			821,721	799,572
Housing Trust Fund	14.275			1,716,769	1,716,769
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811	14.326			93,550	85,249
Supportive Housing for Persons with Disabilities					
Public and Indian Housing Indian Loan Guarantee Program	14.865			3,327,058	-
Moving to Work Demonstration Program	14.881			46,864,165	-
Family Self-Sufficiency Program	14.896			266,493	-
Total for U.S. Department of Housing & Urban Development				78,571,486	9,541,702
U.S. Department of the Interior					
Fish and Wildlife Cluster					
Sport Fish Restoration	15.605			18,512,188	-
Wildlife Restoration and Basic Hunter Education	15.611			32,559,340	1,026,893
Total for Fish and Wildlife Cluster				51,071,528	1,026,893
Research and Development Cluster					
Recreation and Visitor Services	15.225			70,501	8,445
Invasive and Noxious Plant Management	15.230			139,847	-
Fish, Wildlife and Plant Conservation Resource Management	15.231			131,030	-
Joint Fire Science Program	15.232	University of Utah	PO U000112610	14,960	-
Joint Fire Science Program	15.232			372,494	-
				387,454	-
Rangeland Resource Management	15.237			656	-
Wildlife Resource Management	15.247			22	-
Alaska Coastal Marine Institute	15.421			542,198	-
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423	North Pacific Research Board	A91-99A	237,228	-
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	15.423			1,031,015	191,410
				1,268,243	191,410
Fish and Wildlife Management Assistance	15.608			123,825	-
Coastal	15.630			39,785	-
State Wildlife Grants	15.634			164,426	-
Cooperative Landscape Conservation	15.669			80,486	-
Adaptive Science	15.670			50,512	-
Youth Engagement, Education, and Employment	15.676			27,788	-
Cooperative Ecosystem Studies Units	15.678			39,682	-
Assistance to State Water Resources Research Institutes	15.805			104,625	93
Earthquake Hazards Program Assistance	15.807			1,744,488	-
U.S. Geological Survey Research and Data Collection	15.808			2,102,924	-
National Cooperative Geologic Mapping	15.810			24,986	-
Cooperative Research Units	15.812			1,160,637	5,750
National Geospatial Program: Building The National Map	15.817			145,656	-
Volcano Hazards Program Research and Monitoring	15.818			2,127,271	32,759
National and Regional Climate Adaptation Science Centers	15.820			1,457,767	22,050

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Cooperative Research and Training Programs – Resources of the National Park System	15.945	Western Washington University	PO NT54189/54133-A/RSP-17095	4,495	-
Cooperative Research and Training Programs – Resources of the National Park System	15.945			841,808	16,173
				846,303	16,173
StateView Program Development and Operations for the State of AK	15.RD	America View, Inc.	AV18-AK-01	11,360	-
SNAP data for Igiugig Climate Planning	15.RD	Igiugig Village Council	Service Agree 2019-01	10,000	-
Native Village of Unalakleet's Feasibility Study to Assess the Establishment of a Regional Norton Sound LiDAR Data Collection Project as a Self-Sustaining Program (Planning for Subsistence Management in Changing Conditions)(NVUFS)	15.RD	Model Forest Policy Program, Inc.	UAF-ACUASI 2019 SOW NVUFS	20,002	-
Landsat And The Cryosphere: Tracking Interactions Between Ice, Snow, and the Earth System	15.RD	University of Colorado, Boulder	1556116 / PO 1000986155	26,896	-
140M0118Q0042 Arctic Ocean Circulation Model	15.RD		G00012273	1,990	-
Alaska Terrestrial AIM Task Order AK-2 Revised - Greater Moose's Tooth and Willow Oil and Gas Development Areas	15.RD		G00012423	265,129	-
ANWR Snow Training	15.RD		G00012353	11,510	-
Applying Climate Change Modeling to Local Agricultural Planning and Adaptation in Alaska	15.RD		G00012556	53,313	-
BLM Alaska - Seeds of Success 2019	15.RD		G00013107	51,672	-
BLM VIIRS Image Svc	15.RD		G00013403	873	-
BLM-AK NCL CESU Attempting to Identify Impacts of the White River Ash on Human-Land use in the Steese National Conservation Area	15.RD		G00013355	561	-
Evaluation of nearshore communities and habitats Ecological Process in Lower Cook Inlet	15.RD		G00010161	2,475	-
FWS Mig Birds CESU Spring/Summer 2019	15.RD		G00012583	6,460	-
NNA TMonitoring for Early Detection of Harmful Species in Kachemarak 1: Collaborative Research: Tracking and Improving Dynamic Understanding of 3D Changes in Sea Ice: Integrating Computer Vision and Machine Learning with Observations and Model Simulation	15.RD		ADN 1120123	94,517	-
Total for Research and Development Cluster				13,337,870	276,680
Cultural and Paleontological Resources Management	15.224			1,392,118	-
Payments in Lieu of Taxes	15.226			11,508,342	11,508,342
Fish, Wildlife and Plant Conservation Resource Management	15.231	Nat'l Fish & Wildlife Foundation	0801.16.049830/ 16-093	42,041	-
Fish, Wildlife and Plant Conservation Resource Management	15.231	Nat'l Fish & Wildlife Foundation	0801.19.063356/ 19-151	24,569	-
Fish, Wildlife and Plant Conservation Resource Management	15.231			23,605	-
				90,215	-
Environmental Quality and Protection	15.236			304,803	-
Challenge Cost Share	15.238			55,308	-
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250			314,338	-
Abandoned Mine Land Reclamation (AMLR)	15.252			1,140,404	-
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427			70,375	-
National Petroleum Reserve - Alaska	15.439			8,465,584	8,465,584
Fish and Wildlife Management Assistance	15.608			652,533	-
Cooperative Endangered Species Conservation Fund	15.615			96,475	15,669
Clean Vessel Act	15.616			43,406	9,689
State Wildlife Grants	15.634			2,775,076	172,125
Alaska Subsistence Management	15.636	Orutsararmiut Trad. Native Council	COOP 19-036	11,859	-
Alaska Subsistence Management	15.636			1,945,742	5,981
				1,957,601	5,981
Migratory Bird Joint Ventures	15.637			394	-
Wildlife Without Borders-Mexico	15.641			636,988	-
Alaska Migratory Bird Co-Management Council	15.643			107,584	-
National Wildlife Refuge System Enhancements	15.654			800	-
Migratory Bird Monitoring, Assessment and Conservation	15.655			300	-
Endangered Species Recovery Implementation	15.657			248,089	-
NFWF-USFWS Conservation Partnership	15.663	Nat'l Fish & Wildlife Foundation	0801.19.063346	12,883	-
U.S. Geological Survey Research and Data Collection	15.808			728,619	-
National Cooperative Geologic Mapping	15.810			127,351	-
National Geological and Geophysical Data Preservation	15.814			38,875	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Volcano Hazards Program Research and Monitoring	15.818			2,549,179	-
Historic Preservation Fund Grants-In-Aid	15.904			689,760	157,797
Outdoor Recreation Acquisition, Development and Planning	15.916			441,965	410,948
Rivers, Trails and Conservation Assistance	15.921			2,675	-
National Maritime Heritage Grants	15.925			26,776	24,997
Natural Resource Stewardship	15.944			52,264	-
Cooperative Research and Training Programs – Resources of the National Park System	15.945			178,531	-
Cultural Resources Management	15.946			17,140	-
National Ground-Water Monitoring Network	15.980			7,187	-
Water Use and Data Research	15.981			22,131	-
Miscellaneous Fish & Wildlife Service	15.U01		1011309084	480,000	-
Miscellaneous Fish & Wildlife Service	15.U02		G15AC00012	1,412	-
Miscellaneous Fish & Wildlife Service	15.U03		M12PC00005	68,368	-
Miscellaneous Fish & Wildlife Service	15.U04		M13PC00015	64,455	-
Seeds of Success	15.U05		140L6318A0005	22,455	-
Archaeological Records Sharing, Maintenance, and Development	15.U06		140L6319P0038	12,606	-
Data Development for Tribal Resilience	15.U07		A19AP00202-0001	46	-
Bureau of Land Management Fire suppression CY2019	15.U09		BLMAK2015002	29,644,997	-
American President Lines LTD (APL) Yard Busing River	15.U10		NOAA15NRD01-0004	5,701	-
Total for U.S. Department of the Interior				129,465,507	22,074,705

U.S. Department of Justice

Research and Development Cluster

Crime Victim Assistance/Discretionary Grants	16.582	Fox Valley Technical College	D2019012074	697	-
Crime Victim Assistance/Discretionary Grants	16.582			6,844	-
				7,541	-
Juvenile Mentoring Program	16.726	National 4H Council	4-H NMP10	28,094	-
Juvenile Mentoring Program	16.726	National 4H Council	4-H NMP9	44,748	-
				72,842	-
Second Chance Act Reentry Initiative	16.812	Alaska Native Justice Center	DTD 07/08/2019	47,929	-
National Sexual Assault Kit Initiative	16.833			102,925	-
Total for Research and Development Cluster				231,237	-
Sexual Assault Services Formula Program	16.017			380,273	352,252
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034			595,690	81,484
Juvenile Justice and Delinquency Prevention	16.540			288,056	108,201
Missing Children's Assistance	16.543	Munic. of Anchorage, Police Dept	FY 2017-18 ICAC	32,513	-
Missing Children's Assistance	16.543	Munic. of Anchorage, Police Dept	FY 2018-19 ICAC	9,798	-
				42,311	-
State Justice Statistics Program for Statistical Analysis Centers	16.550			45,729	-
National Criminal History Improvement Program (NCHIP)	16.554			699,370	-
Crime Victim Assistance	16.575			8,378,412	7,987,383
Crime Victim Compensation	16.576			92,005	-
Crime Victim Assistance/Discretionary Grants	16.582			203,237	-
Drug Court Discretionary Grant Program	16.585			85,833	-
Violence Against Women Formula Grants	16.588			793,052	245,992
Residential Substance Abuse Treatment for State Prisoners	16.593			135,770	-
State Criminal Alien Assistance Program	16.606			107,717	-
Project Safe Neighborhoods	16.609			195	-
Juvenile Mentoring Program	16.726			20,376	-
Special Data Collection and Statistical Studies	16.734			69,799	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738			755,144	169,465
DNA Backlog Reduction Program	16.741			337,541	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			155,937	-
Edward Byrne Memorial Competitive Grant Program	16.751			35,396	-
Harold Rogers Prescription Drug Monitoring Program	16.754			356,203	-
Second Chance Act Reentry Initiative	16.812			448,300	-
NICS Act Record Improvement Program	16.813			544,835	-
Innovations in Community-Based Crime Reduction	16.817			142,358	-
Emergency Federal Law Enforcement Assistance Grant	16.824			4,245	-
National Sexual Assault Kit Initiative	16.833			315,852	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838			637	-
Equitable Sharing Program	16.922			482,904	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Evaluation of Alaska Department of Corrections Statewide Recidivism Reduction Strategic Plan	16.U01		ADN 2020013	57,202	-
Total for U.S. Department of Justice				15,805,616	8,944,777
U.S. Department of Labor					
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207			4,941,777	-
Jobs for Veterans State Grants	17.801			738,411	-
Total for Employment Service Cluster				5,680,188	-
WIOA Cluster					
WIOA Adult Program	17.258			3,518,706	199,152
WIOA Youth Activities	17.259			3,821,233	1,788,687
WIOA Dislocated Worker Formula Grants	17.278			5,856,123	-
Total for WIOA Cluster				13,196,062	1,987,839
Labor Force Statistics	17.002			573,889	-
Compensation and Working Conditions	17.005			101,815	-
COVID-19 - Unemployment Insurance	17.225			382,237,912	-
Unemployment Insurance	17.225			228,305,920	-
				610,543,832	-
Senior Community Service Employment Program	17.235			1,374,447	50,077
Trade Adjustment Assistance	17.245			127,458	-
H-1B Job Training Grants	17.268			377,457	176,834
Reentry Employment Opportunities	17.270			20,410	-
Work Opportunity Tax Credit Program (WOTC)	17.271			30,977	-
Temporary Labor Certification for Foreign Workers	17.273			40,099	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277			1,779,941	557,355
WIOA Dislocated Worker National Reserve Demonstration Grants	17.280			515,317	150,766
Apprenticeship USA Grants	17.285			631,381	300,616
Occupational Safety and Health State Program	17.503			1,258,133	-
Consultation Agreements	17.504			669,378	-
Mine Health and Safety Grants	17.600			153,585	-
Valdez ABE Region VI FY20	17.U01		ADN 07-2020	61,990	-
Total for U.S. Department of Labor				637,136,359	3,223,487
U.S. Department of Transportation					
Federal Motor Carrier Safety Assistance Cluster					
Motor Carrier Safety Assistance	20.218			1,255,233	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			(595)	-
Total for Federal Motor Carrier Safety Assistance Cluster				1,254,638	-
Federal Transit Cluster					
Federal Transit Capital Investment Grants	20.500			2,433,938	28,280
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526			(156,204)	-
Total for Federal Transit Cluster				2,277,734	28,280
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205			638,897,337	4,416,662
Recreational Trails Program	20.219			1,221,362	429,133
Federal Lands Access Program	20.224			4,088,690	-
Total for Highway Planning and Construction Cluster				644,207,389	4,845,795
Highway Safety Cluster					
State and Community Highway Safety	20.600			4,598,157	2,448,876
National Priority Safety Programs	20.616			1,131,372	242,739
Total for Highway Safety Cluster				5,729,529	2,691,615
Research and Development Cluster					
Air Transportation Centers of Excellence	20.109			84,972	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
University Transportation Centers Program	20.701	University of Washington	UWSC10217 BPO28344	172,608	-
University Transportation Centers Program	20.701			1,311,639	896,739
				1,484,247	896,739
Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	20.724			85,370	-
Total for Research and Development Cluster				1,654,589	896,739
Transit Services Programs Cluster					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			137,260	127,471
Total for Transit Services Programs Cluster				137,260	127,471
Airport Improvement Program	20.106			139,137,187	-
COVID-19 - Airport Improvement Program	20.106			18,205,516	-
				157,342,703	-
Highway Research and Development Program	20.200			71,738	-
Highway Training and Education	20.215			157,963	-
Performance and Registration Information Systems Management	20.231			(1)	-
Commercial Driver's License Program Implementation Grant	20.232			199,889	-
Consolidated Rail Infrastructure and Safety Improvements	20.325			8,313	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			298,570	280,825
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	20.509			6,634,118	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509			7,915,989	6,454,753
				14,550,107	6,454,753
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			(295,221)	-
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614			84,414	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			98,761	-
Payments for Small Community Air Service Development	20.930			750,000	-
Clean-up Contaminated Sites in Alaska	20.U01		DTFAWN-15-A-80000	152,619	-
Glen Highway Cultural Resources Survey	20.U02		DTFH7013E000026	61	-
Total for U.S. Department of Transportation				828,681,055	15,325,478
U.S. Department of Treasury					
COVID-19 - Coronavirus Relief Fund	21.019			86,653,808	36,845,067
Total for U.S. Department of Treasury				86,653,808	36,845,067
Equal Employment Opportunity Commission					
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002			229,000	-
Total for Equal Employment Opportunity Commission				229,000	-
General Services Administration					
Donation of Federal Surplus Personal Property	39.003			2,946,331	-
Total for General Services Administration				2,946,331	-
National Aeronautics and Space Administration					
Research and Development Cluster					
Science	43.001	Clemson University	1820-204-2010726	5,183	-
			NNX15AL71G		
Science	43.001	Columbia University	1(GG015418)/POG13877	16,980	-
Science	43.001	Embry-Riddle Aeronautical Univ	61534-02/PO242447/250817	50,439	-
Science	43.001	Embry-Riddle Aeronautical Univ	Sub61488-01/po250553/260352	32,021	-
Science	43.001	Jet Propulsion Laboratory	Subcontract 1615131	51,269	-
Science	43.001	Jet Propulsion Laboratory	Subcontract 1616581	238,809	-
Science	43.001	President & Fellows of Harvard College	124027-5100419	15,373	-
Science	43.001	Universities Space Research Assc	05762-01	22,797	-
Science	43.001	Universities Space Research Assc	2015000929 02250-01	50,819	-
			NNX15AL12A		

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Science	43.001	University of Arizona	517705	49,535	-
Science	43.001	Univ. of California, Los Angeles	2090 G XA211	13,051	-
Science	43.001	Univ. of California, Santa Barbara	KK1831	37,826	-
Science	43.001	University of Colorado	Sub1554201/PO1000686852	1,305	-
Science	43.001	University of Maryland	52681-Z6031201	49,011	-
Science	43.001	University of Memphis	A2-0039-S001	16,612	-
Science	43.001	University of Pittsburgh	0059586 (414333-1)	6,602	-
Science	43.001	Woods Hole Oceanographic Instit	A101348	77,846	-
Science	43.001			15,636,981	885,038
				16,372,459	885,038
Space Operations	43.007			72,468	-
Office of Stem Engagement (OSTEM)	43.008			1,057,529	32,085
Space Technology	43.012			17,282	-
UAF Scope of Work for "Imaging Arctic Methane Plumes"	43.RD	Jet Propulsion Laboratory	1572960	210,946	-
Volatiles Transport in Lunar Regolith Parameters Study Using the COUPI	43.RD	Johns Hopkins University	121078 FG3ZN CLIN 1	39,234	-
Discrete Element Method Model					
Total for Research and Development Cluster				17,769,918	917,123
Science	43.001			159	-
Community Snow Observations: A Citizen Science Campaign to Validate Snow Remote Sensing Products	43.U01	University of Washington	80NSSC18M0100	181,455	-
Total for National Aeronautics and Space Administration				17,951,532	917,123
Institute of Museum and Library Services					
Grants to States	45.310			729,964	597,561
Kobuk River Collection Rehousing and Stabilization	45.U01		G00013065	36,015	-
Total for Institute of Museum and Library Services				765,979	597,561
National Endowment for the Arts					
Promotion of the Arts Partnership Agreements	45.025			580,153	301,100
Total for National Endowment for the Arts				580,153	301,100
National Endowment for the Humanities					
Promotion of the Humanities Federal/State Partnership	45.129	Alaska Humanities Forum	M19-0002 Mod 2	2,830	-
Promotion of the Humanities Division of Preservation and Access	45.149			77,221	-
Promotion of the Humanities Public Programs	45.164			119,476	-
Total for National Endowment for the Humanities				199,527	-
National Science Foundation					
Research and Development Cluster					
Engineering	47.041			941,015	-
Mathematical and Physical Sciences	47.049	Center for the Advancement of Science in Space	GA-2019-09923 Mod 2	16,210	-
Mathematical and Physical Sciences	47.049			209,805	-
				226,015	-
Geosciences	47.050	Arctic Research Consortium of the US	ARCUS NSF ID 1304316	13,084	-
Geosciences	47.050	Columbia University	3(GG01470)/G14014	7,357	-
Geosciences	47.050	Columbia University	43B(GG009393) / G11492	90,846	-
Geosciences	47.050	Cornell University	Subaward 83568-11156	24,400	-
Geosciences	47.050	IRIS	Subaward 06-UAF-SAGE	12,813	-
Geosciences	47.050	Massachusetts Institute of Tech.	Subaward 107294	4,746	-
Geosciences	47.050	Oregon State University	Subaward S2089C-B Pend	178,988	-
Geosciences	47.050	Pennsylvania State University	5696-UAF-NSF-5369	38,309	-
Geosciences	47.050	Pennsylvania State University	5814-UAF-NSF-5369	17,916	-
Geosciences	47.050	Pennsylvania State University	S000076-NSF	2,816	-
Geosciences	47.050	Pennsylvania State University	S000079-NSF	29,006	-
Geosciences	47.050	Portland State University (PSU)	100026	5,135	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Geosciences	47.050	University of KS, Ctr for Research	FY2017-072	36,670	-
Geosciences	47.050	University of Texas at Austin	UTA17-000312	126,856	-
Geosciences	47.050	University of Wyoming	1003870-UAF/POP325595	16,758	-
Geosciences	47.050	Utah State University	150124-0001-43 Amd 3	29,503	-
Geosciences	47.050			23,372,462	1,353,914
				24,007,665	1,353,914
Computer and Information Science and Engineering	47.070	Rand Corporation	1831770/SCON00000137	20,077	-
Computer and Information Science and Engineering	47.070			13,766	-
				33,843	-
Biological Sciences	47.074	Univ. of Alabama, Birmingham	Sub. 000519741-001	9,634	-
Biological Sciences	47.074	University of Connecticut	KFS5648630 & PO331023	72,211	-
Biological Sciences	47.074	Yale University	GR103377(CON-80001343)	3,523	-
Biological Sciences	47.074			2,347,450	133,574
				2,432,818	133,574
Social, Behavioral, and Economic Sciences	47.075			201,776	-
Education and Human Resources	47.076	Hofstra University	Subaward UAA-1	14,100	-
Education and Human Resources	47.076			2,226,624	88,607
				2,240,724	88,607
Polar Programs	47.078	Arctic Research Consortium of the US	1928794	32,831	-
Polar Programs	47.078			3,356,307	-
				3,389,138	-
Office of International Science and Engineering	47.079	University of Southern California	67449315/PO10372986	206,533	-
Office of International Science and Engineering	47.079			95,717	1,702
				302,250	1,702
Integrative Activities	47.083	George Washington University	16-S10 Amend 3	74,056	-
Integrative Activities	47.083			4,606,831	82,802
				4,680,887	82,802
PFISR Operations and Maintenance Support	47.RD	SRI International	Sub 35444 /AGS-1840962	405,321	-
Hill IPA Assignment	47.RD		G00013429	67,727	-
NSF Assignment Agreement for Roman Makarevich	47.RD		G00012605	47,496	-
NSF IPA Burns	47.RD		G00011633	197,157	-
Total for Research and Development Cluster				39,173,832	1,660,599
Total for National Science Foundation				39,173,832	1,660,599
Small Business Administration					
COVID-19 - Small Business Development Centers	59.037			57,422	-
Small Business Development Centers	59.037			570,430	-
Total for Small Business Administration				627,852	-
U.S. Department of Veterans Affairs					
Veterans Transportation Project	64.035			188,934	180,466
Veterans Housing Guaranteed and Insured Loans	64.114			23,957,826	-
Department of Veterans Affairs	64.U01		BAA000016974536	1,145,576	-
Contract	64.U02		V101 (223C) P-5801	127,035	-
Total for U.S. Department of Veterans Affairs				25,419,371	180,466
Environmental Protection Agency					
Clean Water State Revolving Fund Cluster					
Capitalization Grants for Clean Water State Revolving Funds	66.458			8,778,754	8,778,754
Total for Clean Water State Revolving Fund Cluster				8,778,754	8,778,754
Drinking Water State Revolving Fund Cluster					
Capitalization Grants for Drinking Water State Revolving Funds	66.468			7,367,037	3,721,677
Total for Drinking Water State Revolving Fund Cluster				7,367,037	3,721,677

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Research and Development Cluster					
Congressionally Mandated Projects	66.202			20,877	27,752
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			100,806	-
Regional Wetland Program Development Grants	66.461			39,681	-
Performance Partnership Grants	66.605			73,668	-
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			12,611	-
Total for Research and Development Cluster				247,643	27,752
State Indoor Radon Grants	66.032			8,711	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			249,561	-
State Clean Diesel Grant Program	66.040			165,072	141,163
Congressionally Mandated Projects	66.202			11,373,475	3,109,357
Multipurpose Grants to States and Tribes	66.204			174,208	-
Water Pollution Control State, Interstate, and Tribal Program Support	66.419			328,891	-
State Public Water System Supervision	66.432			1,929,956	-
State Underground Water Source Protection	66.433			118,000	-
Urban Waters Small Grants	66.440			2,162	-
Health Watersheds Consortium Grant Program	66.441	United States Endowment for Forestry and Communities, Inc.	E18-32	9,991	-
Water Quality Management Planning	66.454			72,568	-
Regional Wetland Program Development Grants	66.461			327	-
Beach Monitoring and Notification Program Implementation Grants	66.472			212,750	-
Performance Partnership Grants	66.605			5,328,755	309,226
Environmental Information Exchange Network Grant Program and Related Assistance	66.608			76,107	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802			127,757	-
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	66.804			277,002	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			400,593	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	66.809			124,429	-
State and Tribal Response Program Grants	66.817			1,048,148	-
Environmental Education Grants	66.951			51,305	14,003
Targeted Airshed Grant Program	66.956			112,071	-
LUST Trust Cost Recovery	66.U01		LUST Trust Cost Recovery	119,832	-
Total for Environmental Protection Agency				38,705,105	16,101,932

U.S. Department of Energy

Research and Development Cluster

Office of Science Financial Assistance Program	81.049	Battelle Oak Ridge National Lab	4000116073	811,691	-
Office of Science Financial Assistance Program	81.049	University of Illinois at Champaign	083570-15976	63,402	-
Office of Science Financial Assistance Program	81.049			656,838	83,748
				1,531,931	83,748
Renewable Energy Research and Development	81.087	Igiugig Village Council	2018-09	75,887	-
Renewable Energy Research and Development	81.087	Oregon State University	G0152A-A	14,023	-
Renewable Energy Research and Development	81.087	University of Washington	UWSC11792/BPO47431	42,992	-
Renewable Energy Research and Development	81.087			464,938	-
				597,840	-
Fossil Energy Research and Development	81.089	Battelle Oak Ridge National Lab	PO US001-0000770541	8,262	-
Fossil Energy Research and Development	81.089	Other Universities	G-050-96/FY20-XCL-226	3,059	-
Fossil Energy Research and Development	81.089			2,388,342	1,628,498
				2,399,663	1,628,498
Nuclear Energy Research, Development and Demonstration	81.121	Argonne National Laboratory	NO. 9F-60169	137,654	-
Advanced Research Projects Agency - Energy	81.135	University of Minnesota	A007310601	3,060	-
Advanced Research Projects Agency - Energy	81.135	Woods Hole Oceanographic Inst.	SubA101410/PN11091506	11,730	-
Advanced Research Projects Agency - Energy	81.135			369,645	287,562
				384,435	287,562

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
ARM Lead Mentor 2019	81.RD	Argonne National Laboratory	9F-60243	51,395	-
ARM Lead Mentor for Solid Precipitation Measurement on the North Slope of Alaska	81.RD	Argonne National Laboratory	Sub 7F-30142	63,164	-
ARM Lead Mentor: Appendix B-1	81.RD	Argonne National Laboratory	8F-30200	56,270	-
Soil organic carbon stocks in ice wedge polygons, Barrow	81.RD	Argonne National Laboratory	3F-31801	15,749	-
INL Consultation Assistance	81.RD	Idaho National Laboratory	Contract No. 226920	392	-
UAF participation in: "Resilient Alaskan Distribution system Improvements using Automation, Network analysis, Control, and Energy storage"	81.RD	Idaho National Laboratory	Std Rsch Cont. 197572	83,101	-
HiLAT: Investigating the role of Arctic sea ice decline on high-latitude ocean and sea ice	81.RD	Los Alamos National Laboratory	Sub 522699 BA534219	105,997	-
Interdisciplinary Research for Arctic Coastal Environments (INTERFACE)	81.RD	Los Alamos National Laboratory	Sub Co No. 585557	262,531	-
UAF 2018/19 participation in REAP's "Wind for Schools (Wfs) Wind Application Center (WAC) Operation and Technical Support Plan for AK"	81.RD	Renewable Energy Alaska Project (REAP)	INEacep19-056	654	-
ARM North Slope of Alaska/Adjacent Arctic Ocean Site Operations	81.RD	Sandia National Laboratories	PO 1854849	185,085	-
Technical Support Contract Instrument Support Specialist (FY18)					
Predictive Model for Arctic Coastal Erosion	81.RD	Sandia National Laboratories	PO 1854541	91,337	-
DOE IPA For Larry Hinzman	81.RD		G00013445	28,538	-
Total for Research and Development Cluster				5,995,736	1,999,808
State Energy Program	81.041			320,227	-
Weatherization Assistance for Low-Income Persons	81.042			1,867,354	1,670,852
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	Washington State University	DE-EE0003946	2,840	-
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117			15,184	-
				18,024	-
State Energy Program Special Projects	81.119			104,684	-
Electricity Research, Development and Analysis	81.122			26,932	26,932
Long-Term Surveillance and Maintenance	81.136			114,045	-
Total for U.S. Department of Energy				8,447,002	3,697,592
U.S. Department of Education					
Special Education Cluster (IDEA)					
Special Education Grants to States	84.027			36,154,518	33,869,814
Special Education Preschool Grants	84.173			1,102,233	941,242
Total for Special Education Cluster (IDEA)				37,256,751	34,811,056
Student Financial Assistance Programs Cluster					
Federal Supplemental Educational Opportunity Grants	84.007			1,088,993	-
Federal Work-Study Program	84.033			346,787	-
Federal Pell Grant Program	84.063			20,922,499	-
Federal Direct Student Loans	84.268			37,745,706	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			131,689	-
Total for Student Financial Assistance Programs Cluster				60,235,674	-
TRIO Cluster					
TRIO Student Support Services	84.042			542,211	-
TRIO Upward Bound	84.047			1,228,864	55,161
Total for TRIO Cluster				1,771,075	55,161
Adult Education - Basic Grants to States	84.002			1,063,026	641,915
Title I Grants to Local Educational Agencies	84.010			41,082,037	39,401,945
Migrant Education State Grant Program	84.011			15,734,153	14,826,103
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013			279,262	276,454
Higher Education Institutional Aid	84.031			4,321,826	-
Federal Family Education Loan (FFEL) Program	84.032L			46,499,043	-
Impact Aid	84.041			35,515,548	-
Career and Technical Education -- Basic Grants to States	84.048			5,054,760	4,100,111
Indian Education Grants to Local Educational Agencies	84.060			134,049	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126			8,916,573	-
Rehabilitation Services Client Assistance Program	84.161			197,876	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177			296,387	277,416
Special Education-Grants for Infants and Families	84.181			1,962,644	1,718,073
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			51	-
Education for Homeless Children and Youth	84.196			176,106	154,445
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods	84.215	Association of Alaska School Boards	U215N170038	161,127	-
Twenty-First Century Community Learning Centers	84.287			5,444,066	5,121,700
Indian Education -- Special Programs for Indian Children	84.299			67,446	-
Alaska Native Educational Programs	84.356	Sealaska Heritage Institute	305-18-1923	148,887	-
Alaska Native Educational Programs	84.356			133,156	-
				282,043	-
Rural Education	84.358			6,713	-
Native Hawaiian Education	84.362			256,603	-
English Language Acquisition State Grants	84.365	Kuspuk School District	Agreement Dtd 1-18-18	26,141	-
English Language Acquisition State Grants	84.365			1,011,736	814,767
				1,037,877	814,767
Mathematics and Science Partnerships	84.366			2,635	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367			9,330,424	9,059,824
Grants for State Assessments and Related Activities	84.369			3,506,322	-
Comprehensive Literacy Development	84.371			1,673,908	1,664,993
School Improvement Grants	84.377			1,305,409	1,216,095
Strengthening Minority-Serving Institutions	84.382			423,816	-
Student Support and Academic Enrichment Program	84.424			5,180,937	4,773,536
COVID-19 - Education Stabilization Fund	84.425			5,921,593	-
COVID-19 - Education Stabilization Fund	84.425C			573,069	563,907
COVID-19 - Education Stabilization Fund	84.425D			2,973,280	2,924,400
				9,467,942	3,488,307
Language Pathways	84.U01	Sealaska Heritage Institute	540-20-2125	7,877	-
FY20 AK Project AWARE YMHFA Training (07/01/19 - 09/30/19)	84.U02		ADN 0521009	46,416	-
FY20 AK Title IV a- YMHFA Training	84.U03		ADN 0521036	114,604	-
BBC FY20 AAE Aleutian Pribilof State Grant	84.U04		ADN 07-2020-1196	26,474	-
BBC FY20 AAE State Grant	84.U05		ADN 07-2020-1197	32,563	-
FY20 Alaska Project AWARE Evaluation	84.U06		ADN 0521008	18,310	-
TPPSS--Evaluation of the ESEA Title VII, Indian Education LEA Grants Program CAEPR portion	84.U07	SRI International	PO7963 Mod 2	1,601	-
Total for U.S. Department of Education				298,891,954	122,401,901
Denali Commission					
Denali Commission Program	90.100			7,147,799	5,999,455
Total for Denali Commission				7,147,799	5,999,455
Election Assistance Commission					
Help America Vote Act Requirements Payments	90.401			331,704	-
2018 HAVA Election Security Grants	90.404			2,994,027	-
Total for Election Assistance Commission				3,325,731	-
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			3,236,648	3,227,024
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045			345,101	456,253
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045			1,779,678	1,380,130
				2,124,779	1,836,383

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Nutrition Services Incentive Program	93.053			414,505	327,757
Total for Aging Cluster				5,775,932	5,391,164
477 Cluster					
Community Services Block Grant	93.569			2,822,486	2,722,295
Total for 477 Cluster				2,822,486	2,722,295
Child Care and Development Fund (CCDF) Cluster					
Child Care and Development Block Grant	93.575	Cook Inlet Tribal Council	Contract Dtd 7/2/2019	49,360	-
Child Care and Development Block Grant	93.575			19,240,400	4,943,747
COVID-19 - Child Care and Development Block Grant	93.575			6,489,103	-
				25,778,863	4,943,747
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596			5,718,072	-
Total for Child Care and Development Fund (CCDF) Cluster				31,496,935	4,943,747
Health Center Program Cluster					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224			337	-
Total for Health Center Program Cluster				337	-
Head Start Cluster					
Head Start	93.600			136,356	-
Total for Head Start Cluster				136,356	-
Medicaid Cluster					
State Medicaid Fraud Control Units	93.775			1,412,659	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777			423,153	-
Medical Assistance Program	93.778			1,647,263,642	-
Total for Medicaid Cluster				1,649,099,454	-
Research and Development Cluster					
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			142,417	-
Oral Diseases and Disorders Research	93.121	University of Washington	UWSC11173/BPO40314	65,525	-
Injury Prevention and Control Research and State and Community Based Programs	93.136			194,843	74,172
Research on Healthcare Costs, Quality and Outcomes	93.226	AK Native Tribal Health Consortium	19-U-303196 Amd 2	5,979	-
Traumatic Brain Injury State Demonstration Grant Program	93.234			155,403	23,238
Mental Health Research Grants	93.242	University of Michigan	SbK00011482/3005729498	18,699	-
Mental Health Research Grants	93.242			883,132	155,482
				901,831	155,482
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Anchorage Community Mental Health Services	Contract Dtd 11/2/18	3,784	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Native Village of Hooper Bay	NVHPB-001 **BBO**	126,520	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			748,688	-
				878,992	-
Early Hearing Detection and Intervention	93.251			34,184	-
Alcohol Research Programs	93.273			549,980	83,845
Drug Abuse and Addiction Research Programs	93.279	University of Washington	UWSC11118/BPO39496	16,766	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283			473	-
Trans-NIH Research Support	93.310	Portland State University (PSU)	205CRE496 Amend 8	2,092	-
Trans-NIH Research Support	93.310	Portland State University (PSU)	206CRE544 Amend 4	4,299	-
Trans-NIH Research Support	93.310	Portland State University (PSU)	Sub 100121 (Yr7 on AL	103,078	-
Trans-NIH Research Support	93.310	Portland State University (PSU)	Subaward 208CRE616	357	-
Trans-NIH Research Support	93.310			3,470,535	149,973
				3,580,361	149,973
Cancer Cause and Prevention Research	93.393	Arizona State University	Subaward No 17-009	24,673	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Cancer Treatment Research	93.395			142,625	-
Cancer Research Manpower	93.398	AK Native Tribal Health Consortium	ANTHC 15-U-61682 Mod 7	2,681	-
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433			53,196	-
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	University of Kentucky	3200002810-20-072 Mod 1	122,747	-
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	University of Kentucky	PO 7800004482	23,712	-
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632			496,205	-
				642,664	-
Child Welfare Research Training or Demonstration	93.648	State University of New York	NO. 18-18-79280 Amd 4	63,259	-
Cardiovascular Diseases Research	93.837	National Jewish Health	20112502 Amend 2	27,992	-
Cardiovascular Diseases Research	93.837	National Jewish Health	ALF Dtd 6/23/20 20101905	31,540	-
				59,532	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Oregon Health & Science Univ.	1013984_UAF	18,493	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			493,789	146,604
				512,282	146,604
Allergy and Infectious Diseases Research	93.855			262,054	-
Biomedical Research and Research Training	93.859	Montana State University	G126-19-W7384	57,827	-
Biomedical Research and Research Training	93.859	Montana State University	G127-19-W7387	20,165	-
Biomedical Research and Research Training	93.859	Montana State University	G130-19-W7439	13,616	-
Biomedical Research and Research Training	93.859	Montana State University	G137-19-W7439 Amd 1	9,355	-
Biomedical Research and Research Training	93.859	Montana State University	G148-19-W7439	139	-
Biomedical Research and Research Training	93.859	Montana State University	G154-20-W8008	43,292	-
Biomedical Research and Research Training	93.859	Montana State University	G161-20-W8008	68,797	-
Biomedical Research and Research Training	93.859	Montana State University	G162-20-W8005	31,698	-
Biomedical Research and Research Training	93.859	Montana State University	G163-20-W8007	80,413	-
Biomedical Research and Research Training	93.859	Montana State University	G175-20-W8008	28,107	-
Biomedical Research and Research Training	93.859	Montana State University	G188-20-W8008	18,184	-
Biomedical Research and Research Training	93.859	Montana State University	G204-19-W7439	7,327	3,650
Biomedical Research and Research Training	93.859	Montana State University	G228-20-W8008	38,356	-
Biomedical Research and Research Training	93.859	Montana State University	G229-20-W7960	29,122	21,489
Biomedical Research and Research Training	93.859	Montana State University	G230-20-W7960	155,250	-
Biomedical Research and Research Training	93.859	Montana State University	G231-20-W7959	116,009	-
Biomedical Research and Research Training	93.859	Montana State University	G254-20-W8006	87,789	-
Biomedical Research and Research Training	93.859	Montana State University	MSU ID G139-20-W8008	24,253	-
Biomedical Research and Research Training	93.859	Northwest Indian College	Sub NWIC-SA24226-UAF	170,503	-
Biomedical Research and Research Training	93.859	Research Foundation SUNY	Sub79590/1142917 Amd 2	59,019	-
Biomedical Research and Research Training	93.859	University of Nevada, Las Vegas	GR07328	2,101	-
Biomedical Research and Research Training	93.859	University of Nevada, Las Vegas	GR09459	46,581	-
Biomedical Research and Research Training	93.859	Univ. of NM Health Science Center	3REV9	1,563	-
Biomedical Research and Research Training	93.859	University of Washington	UWSC10374/BPO30153	26,240	-
Biomedical Research and Research Training	93.859	University of Wisconsin, Oshkosh	FSA.18.001	16,729	-
Biomedical Research and Research Training	93.859			5,686,758	206,792
				6,839,193	231,931
NIAID Centers of Excellence for Influenza Research and Surveillance	93.RD	Mount Sinai School of Medicine	hsn27220140008c/coa3/8	88,597	-
Improving Science-Ethics Communication at the Nexus of Climate-Food-Water-Energy Health: Community Outreach Project that Engages Elementary School Children in the Anchorage School District	93.RD	Oak Ridge Associated Universities	Order 605150/Awardee 300	7,461	-
FY20 ACL Living Well on the Last Frontier	93.RD		ADN 0600333-1	85,618	-
FY20 Pain & Opioid Management ECHO	93.RD		ADN 0600489	44,876	-
Rural Alaska Students in One-Health Research RASOR	93.RD		G00012869	174,664	60,085
Total for Research and Development Cluster				15,530,129	925,330
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041			21,337	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042			21,133	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043			256	-
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			251,791	106,250
National Family Caregiver Support, Title III, Part E	93.052			809,144	834,625
Public Health Emergency Preparedness	93.069			3,811,025	592,661
Medicare Enrollment Assistance Program	93.071			71,246	10,000
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			564,742	154,668
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074			1,530,279	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079			33,285	-
Guardianship Assistance	93.090			1,445,348	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			208,852	-
Food and Drug Administration Research	93.103			757,619	-
Area Health Education Centers	93.107			716,211	532,165
Maternal and Child Health Federal Consolidated Programs	93.110			1,552,326	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			494,085	-
Emergency Medical Services for Children	93.127			128,306	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			69,636	-
Injury Prevention and Control Research and State and Community Based Programs	93.136			2,079,468	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150			267,063	293,886
Grants to States for Loan Repayment	93.165			815,424	-
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	93.185	National AHEC Organization	Sub3/31/18/Amd1-4/23/19	7,342	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197			301,652	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47003	73,076	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47008	139,104	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47016	25,208	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47033	2,001	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47034	393,434	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47039	436,648	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47040	106,970	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47041	100,726	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47042	710,521	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47043	52,879	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47044	3,247	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47051	8,393	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47061	225,091	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47062	447,773	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47063	2,535	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47064	71,287	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47065	239,487	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 05/09/2006-W47066	3,360	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47067	122,693	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47069	1,846	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47070	68,438	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47073	5,878	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47074	6,081	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47075	2,873	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47076	229	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47079	368,209	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47080	45,669	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47081	1,070	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	93.210	AK Native Tribal Health Consortium	MOU 10/10/2019-W47082	67,098	-
				3,731,824	-
Family Planning Services	93.217			513,246	196,500
Grants to State to Support Oral Health Workforce Activities	93.236			7,619	-
State Capacity Building	93.240			315,567	-
State Rural Hospital Flexibility Program	93.241			647,383	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			2,169,644	1,400,393
Early Hearing Detection and Intervention	93.251			239,476	59,267

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Immunization Cooperative Agreements (<i>Admin Costs</i>)	93.268			2,484,302	-
Immunization Cooperative Agreements (<i>Immunizations</i>)	93.268			9,935,376	-
				12,419,678	-
Viral Hepatitis Prevention and Control	93.270			188,644	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283			14,667	-
Small Rural Hospital Improvement Grant Program	93.301			116,782	-
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305			658,563	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314			130,237	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			1,454,436	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			2,357,235	-
				3,811,671	-
State Health Insurance Assistance Program	93.324			314,216	75,250
Behavioral Risk Factor Surveillance System	93.336			385,161	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			655,161	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			2,305,332	-
				2,960,493	-
ACL Independent Living State Grants	93.369			315,273	332,044
The State Flexibility to Stabilize the Market Grant Program	93.413			253,161	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	Association of University Centers on Disabilities	Subaward 4-20-8813	7,250	-
1332 State Innovation Waivers	93.423	Comprehensive Health Ins. Assoc.	SIWIW180004	57,436,956	57,289,271
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426			1,538,932	-
Every Student Succeeds Act/Preschool Development Grants	93.434			1,754,604	1,483,963
State Physical Activity and Nutrition (SPAN)	93.439			914,458	-
ACL Assistive Technology	93.464			486,525	483,149
Alzheimer's Disease Program Initiative (ADPI)	93.470			75,103	-
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478			64,708	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539			13,997	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556			502,969	372,511
Temporary Assistance for Needy Families	93.558	Assoc of Village Council Presidents	2019-10-TAN-01	413,454	-
Temporary Assistance for Needy Families	93.558	Assoc of Village Council Presidents	Agreement Dtd 4/8/19	796,239	-
Temporary Assistance for Needy Families	93.558			38,389,864	-
				39,599,557	-
Child Support Enforcement	93.563			17,201,647	-
Low-Income Home Energy Assistance	93.568			11,245,656	668,554
State Court Improvement Program	93.586			323,706	-
Community-Based Child Abuse Prevention Grants	93.590			412,477	359,093
Grants to States for Access and Visitation Programs	93.597			90,863	-
Chafee Education and Training Vouchers Program (ETV)	93.599			120,314	-
Adoption and Legal Guardianship Incentive Payments	93.603			683,171	-
Developmental Disabilities Basic Support and Advocacy Grants	93.630			496,878	-
Developmental Disabilities Projects of National Significance	93.631			224,274	-
Children's Justice Grants to States	93.643			68,495	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645			157,477	64,202
Foster Care Title IV-E	93.658			25,361,845	-
Adoption Assistance	93.659			27,384,052	-
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665			5,856	-
Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665			3	-
				5,859	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Social Services Block Grant	93.667			6,164,174	1,416,347
Child Abuse and Neglect State Grants	93.669			285,914	-
Child Abuse and Neglect Discretionary Activities	93.670	Ctr For Children and Family Futures	90CA1854	65,790	-
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671			687,253	648,921
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674			1,279,237	151,977
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by Prevention and Public Health Funds (PPHF)	93.735			37,917	-
Elder Abuse Prevention Interventions Program	93.747			5,442	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757			5,085	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758			277,788	-
Children's Health Insurance Program	93.767			27,372,557	-
Medicare Hospital Insurance	93.773			707,540	-
Opioid STR	93.788			4,780,241	3,169,332
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815			20,174	-
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817			64,020	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870			1,114,232	-
Medical Library Assistance	93.879	University of Washington	uwsc9122/mod3/bpo39295	28,343	-
National Bioterrorism Hospital Preparedness Program	93.889			477,256	24,471
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			3,370,685	-
Grants to States for Operation of Offices of Rural Health	93.913			251,156	-
HIV Care Formula Grants	93.917			1,534,467	595,121
HIV Prevention Activities Health Department Based	93.940			1,415,810	560,839
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946			171,735	-
Block Grants for Community Mental Health Services	93.958			1,485,451	333,520
Block Grants for Prevention and Treatment of Substance Abuse	93.959			5,265,282	6,417,805
PPHF Geriatric Education Centers	93.969	Southcentral Foundation	MOA 5/22/19 Amd 5	70,973	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			342,166	-
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981			215,655	25,699
Preventive Health and Health Services Block Grant	93.991			294,738	-
Maternal and Child Health Services Block Grant to the States	93.994			1,142,983	21,000
FDA Food Inspections	93.U01		HHSF223201810020C	577,104	-
Social Security Administration	93.U02		22620-20-1059	64,668	-
CDC NIOSH Contract	93.U03		75030118P00839	44,033	-
CDC NIOSH Contract	93.U04		75030118P00841	18,857	-
COVID-19 - DHSS COVID-19 Paid Leave & Labor	93.U05		2954000	2,219,496	-
COVID-19 - DHSS COVID-19 Commodities	93.U06		2954001	491,206	-
Total for U.S. Department of Health and Human Services				1,998,533,705	92,656,020
Corporation for National and Community Service					
State Commissions	94.003			140,689	9,528
AmeriCorps	94.006			612,255	457,094
Training and Technical Assistance	94.009			355,765	187,182
Total for Corporation for National and Community Service				1,108,709	653,804
Executive Office of the President					
High Intensity Drug Trafficking Areas Program	95.001			2,460,845	-
Total for Executive Office of the President				2,460,845	-
Social Security Administration					
Disability Insurance/SSI Cluster					
Social Security Disability Insurance	96.001			5,043,894	-
Supplemental Security Income	96.006			828,420	-
Total for Disability Insurance/SSI Cluster				5,872,314	-

STATE OF ALASKA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

By Federal Agency

Federal Program Title	Assistance Listing Number	Name of Pass-Through Organization	Grant or Other Identifying Number	Federal Expenditures	Passed through to Subrecipients
Social Security - Work Incentives Planning and Assistance Program	96.008			71,233	-
Total for Social Security Administration				5,943,547	-
U.S. Department of Homeland Security					
Research and Development Cluster					
Boating Safety Financial Assistance	97.012			3,891	-
Centers for Homeland Security	97.061			4,115,196	2,499,011
Total for Research and Development Cluster				4,119,087	2,499,011
Non-Profit Security Program	97.008			10,813	10,813
Boating Safety Financial Assistance	97.012			565,132	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023			110,073	-
COVID-19 - Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036			1,010,443	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			17,788,872	16,316,108
				18,799,315	16,316,108
Hazard Mitigation Grant	97.039	St of AK, DMVA, Homeland Security	State Grant 4257.0009	6,739	-
Hazard Mitigation Grant	97.039			3,038,542	2,029,604
				3,045,281	2,029,604
National Dam Safety Program	97.041			45,379	-
Emergency Management Performance Grants	97.042			3,253,311	945,451
State Fire Training Systems Grants	97.043			4,129	-
Assistance to Firefighters Grant	97.044			169,319	-
Cooperating Technical Partners	97.045			196,066	-
Pre-Disaster Mitigation	97.047			185,649	-
Homeland Security Grant Program	97.067			3,671,806	2,696,060
Earthquake Consortium	97.082			12,164	3,564
U.S. Coast Guard Oversight - Juneau/Kodiak	97.U01		241987PXA943	59,886	-
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	97.U02		FPNJ05003	991	-
Coast Guard	97.U03		HSCG89-16-9-0053	247,369	-
Pioneer Peak Type I Interagency Hot Shot Crew	97.U04		19FI11100100030	157,232	-
Joint Base Elmendorf-Richardson (JBER) Dept of Airforce	97.U05		JBERIAA701FY19	191,904	-
FEMA for 2018 Earthquake UAF MEF Earthquake Repairs	97.U06		590307	5,841	-
FEMA for 2018 Earthquake UAA 2018 Earthquake Response	97.U07		590308	331,624	-
FEMA for 2018 Earthquake UAF Seward MC Earthquake Repairs	97.U08		590309	8,846	-
Emergency Management SoTL & Discipline Focus Group	97.U09		G00012697	32	-
Total for U.S. Department of Homeland Security				35,191,249	24,500,611
State Justice Institute					
Strategic Initiative Grant	99.U01	National Center for State Courts	SJI-20-P-022	4,954	-
Total for State Justice Institute				4,954	-
Total Expenditures of Federal Awards				4,685,795,670	455,870,988

STATE OF ALASKA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

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 assistance listing number, formerly known as the Catalog of Federal Domestic Assistance (CFDA) number. When the assistance listing information is not available, another federal identifying number is 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, 2020.
- B. **Basis of Accounting** – The schedules were prepared using the modified accrual method of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
- C. **Basis of Presentation** - The accompanying schedule presents expenditures of federal awards for each federal financial assistance program in accordance with the Uniform Guidance. Federal program titles are reported as presented in the federal assistance listing (formerly known as the CFDA listing) 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.

STATE OF ALASKA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

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 FY2020 the State processed federal property valued at \$12,754,322 donors acquisition cost. For Uniform Guidance purposes, the donated property is valued at 22.47% of donors cost for 07/01/2019 – 09/30/2019, and 23.34% for 10/01/2019 – 06/30/2020. This is the expenditure amount shown on the schedule as \$2,946,331. The ending inventory on June 30, 2020, carried at the donors' acquisition cost was \$2,393,165. (CFDA 39.003)

Note 5: WIC Rebates

During FY2020, the Department of Health and Social Services (DHSS) earned cash rebates of \$3,435,581 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 4,638 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 FY2020 WIC 798 report, the infant formula rebates were \$3,435,580 resulting in additional clients served totaling 4,638. All other reporting requirements for the WIC 798 are the same.

Note 6: Loans

- A. **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 \$40,545,612. Claim payments in the amount of \$2,208,051 were received during the fiscal year. (CFDA 84.032L)
- B. **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, 2020, totals \$7,492,444 and is comprised of the following balances: \$5,239,556 in loans outstanding, \$2,250,897 in cash and investments, \$1,990 in administrative expenses, and \$0 in loans written off during the FY2020. The new loans disbursed in FY2020 and current year administrative expenses total \$2,415,631. (CFDA 11.307)

STATE OF ALASKA
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

C. **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 at the University under this program (CFDA 84.268) during the year ended June 30, 2020 are summarized as follows:

	<u>Amount Disbursed</u>
Direct Subsidized Loan	\$ 12,962,077
Direct Unsubsidized Loan	22,233,729
Direct PLUS Loan	2,470,558
Total:	<u><u>\$ 37,666,364</u></u>

Note 7: Unemployment Insurance

Federal participation in FY2020 Unemployment Insurance benefits was \$385,347,331 of which \$380,571,400 was funded by the federal CARES Act. Federal participation for program administration was \$26,159,970 of which \$1,593,389 was funded by the UI Emergency Administrative Grant for program administration during the pandemic. UI benefits paid by the State during FY2020 were \$199,036,531. (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, 2020, no amounts were expended by the Alaska Housing Finance Corporation in support of Department of Energy programs. (CFDA 81.041)

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THE STATE
of **ALASKA**

GOVERNOR MIKE DUNLEAVY

Department of Administration

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Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

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 audit finding does not warrant further action in accordance with 2 CFR 200.511(b)(3).

Report: **02-40013-13**

Finding Number: **32**

Fiscal Year: **2012**

Initial Finding Year: **2011**

Federal Agency: **USDHS**

State Agency: **DMVA**

CFDA: **97.036, 97.067**

Questioned Costs: **None**

Prior Audit Finding:

DAS' director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are submitted timely and accurately.

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: **33**

Fiscal Year: **2013**

Initial Finding Year: **2011**

Federal Agency: **USDHS**

State Agency: **DMVA**

CFDA: **97.036, 97.067**

Questioned Costs: **None**

Prior Audit Finding:

The Division of Administrative Services (DAS) director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act (FFATA) reports are accurately submitted.

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.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2014-025**
Fiscal Year: **2014**
Initial Finding Year: **2011**

Federal Agency: **USDHS**
State Agency: **DMVA**

CFDA: **97.036, 97.039, 97.067**
Questioned Costs: **None**

Prior Audit Finding:

The Division of Administrative Services' (DAS) director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports comply with federal reporting requirements.

Status/corrective action planned/reasons for no further action:

Repeat of finding 02-40012-12 #31, finding 02-40013-13 #32 and finding 02-40014-14 #33. Please refer to the updated response with finding 02-40012-12 #31.

Finding Number: **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 fully corrected.

Finding Number: **2015-026**
Fiscal Year: **2015**
Initial Finding Year: **2015**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.767, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

DHSS should update its policies and procedures to more clearly define a "timely" redetermination of Medicaid eligibility. DHSS should also strengthen controls around their application processing procedures to ensure all initial applications are processed within the required time frame.

Status/corrective action planned/reasons for no further action:

This audit finding was 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**

Prior Audit Finding:

DHSS should implement/enhance procedures that allow for review of manually priced claims.

Status/corrective action planned/reasons for no further action:

DHSS partially resolved the finding. The Division of Health Care Services (HCS) will continue to administer its corrective action plan with Conduent to ensure the fiscal agent reprocesses claims with pricing errors. The department anticipates this finding will be corrected in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2015-030**
Fiscal Year: **2015**
Initial Finding Year: **2015**

Prior Audit Finding:

DLWD's DAS' director should work with the department's finance office to improve accounting for UCF activity.

State Agency: **DLWD**
Financial statement finding

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2015-033**
Fiscal Year: **2015**
Initial Finding Year: **2015**

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.

Federal Agency: **USDOD**
State Agency: **DMVA**

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2016-007**
Fiscal Year: **2016**
Initial Finding Year: **2016**

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 audit finding was partially corrected. Procedures for treatment of lapsing and duplicate appropriations for governmental reserve calculations were updated for the FY2020 CAFR process. Additional procedures are being strengthened to ensure accurate calculation of the year-end draw between CBRF and GF by FY2021.

Finding Number: **2016-012**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Prior Audit Finding:

DOF's director should implement strong system configuration management controls.

State Agency: **DOA**
Financial statement finding

Status/corrective action planned/reasons for no further action:

This audit finding is partially resolved. DOF believes that verification and validation procedures are being followed and performed to the best of our ability with current staff. In order to improve going forward, we will adjust our procedures to include the following: (1) insert email documentation into the WIKI migration and (2) attempt to acquire (or assign) additional staff to provide verification, validation, and approval. The Department anticipates completion by January 2022.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2016-013**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Prior Audit Finding:

The state accountant should ensure revenues are consistently and accurately classified in the CAFR.

State Agency: **DOA**
Financial statement finding

Status/corrective action planned/reasons for no further action:

This audit finding is unresolved. DOF made various changes to the revenue process that addressed some of the issues noted in prior years; however, revenue procedures will be updated in order to fully address the revenue classification errors. DOF will update procedures to correct this finding by August 31, 2021.

Finding Number: **2016-014**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Prior Audit Finding:

The state accountant should improve procedures to accurately report capital assets.

State Agency: **DOA**
Financial statement finding

Status/corrective action planned/reasons for no further action:

This audit finding is unresolved. While DOF did make updates to the procedures that addressed some of the issues noted in prior years, certain issues still remain. DOF will address these issues by updating procedures and continuing to work with departments to properly report capital assets. DOF will update procedures to correct this finding by August 31, 2021.

Finding Number: **2016-015**
Fiscal Year: **2016**
Initial Finding Year: **2016**

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.

State Agency: **DOA**
Financial statement finding

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected. DOF worked with its contractor to automate the process of recording year-end revenue accruals related to receivables to ensure accuracy. This process was completed in July 2020.

Finding Number: **2016-017**
Fiscal Year: **2016**
Initial Finding Year: **2016**

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.

State Agency: **DOA**
Financial statement finding

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected. The FY2020 financial statement audits for all DRB retiree systems and health funds were completed timely for inclusion in the FY2020 CAFR.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2016-031**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.778, 93.767**
Questioned Costs: **Indeterminate**

Prior Audit Finding:

We recommend that the Division of Public Assistance (DPA) should continue to leverage technology and update work processes to ensure timely processing of eligibility redeterminations.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA implemented an Electronic Document Management (EDM) system and continues updating its processes and procedures. Due to the implementation of the emergency COVID-19 public health emergency protocols and temporary regulatory changes, DHSS anticipates this finding will be resolved in FY2021.

Finding Number: **2016-032**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.778, 93.767**
Questioned Costs: **\$0**

Prior Audit Finding:

We recommend that the Division of Public Assistance (DPA) provide training on new processes highlighting the importance of utilizing case notes to document income verification.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA updated its refresher training, including income calculation and verification processes. The division continues to provide agency wide training on updated work processes. The division is strengthening its case note written guidance pertaining to all avenues checked for income verification. DHSS anticipates this finding will be resolved in FY2021.

Finding Number: **2016-033**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.778, 93.767**
Questioned Costs: **Indeterminate**

Prior Audit Finding:

We recommend that the Division of Public Assistance (DPA) provide training on system changes and how to create audit trails for income verification.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA updated its refresher training, including income calculation and verification processes. The division continues to provide agency wide training on updated work processes. The division is strengthening its case note written guidance pertaining to all avenues checked for income verification. DHSS anticipates this finding will be resolved in FY2021.

Finding Number: **2016-034**
Fiscal Year: **2016**
Initial Finding Year: **2015**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **10.551, 10.561, 93.268, 93.568, 93.658, 93.767, 93.778**
Questioned Costs: **\$0**

Prior Audit Finding:

We recommend the Finance and Management Services (FMS) Deputy Director continue to develop, test, and implement procedures that would allow for the accurate preparation and reconciliation of the amounts to be reported on the SEFA.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2015-023. Please refer to the updated response on finding 2015-023.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2016-035**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **10.551, 10.561, 93.268,
93.568, 93.658, 93.767, 93.778**
Questioned Costs: **\$0**

Prior Audit Finding:

We recommend that the Department of Administration, Division of Finance (DOF) and the Department of Health and Social Services (DHSS) work together to improve information system change management controls.

Status/corrective action planned/reasons for no further action:

This audit finding is resolved in accordance with 2 CFR 200.511(b)(3).

Finding Number: **2016-038**
Fiscal Year: **2016**
Initial Finding Year: **2015**

State Agency: **DLWD**
Financial statement finding

Prior Audit Finding:

DLWD's DAS director should work with the department's finance office to improve accounting for UCF activity.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2015-030. Please refer to the updated response on finding 2015-030.

Finding Number: **2016-040**
Fiscal Year: **2016**
Initial Finding Year: **2016**

Federal Agency: **USDOL**
State Agency: **DLWD**

CFDA: **17.225**
Questioned Costs: **None**

Prior Audit Finding:

DLWD's Employment and Training Services division (DET) director should strengthen procedures to ensure that Employment and Training Administration (ETA) 227 quarterly reports are accurately and fully supported by the accounting records.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DLWD implemented an updated reconciliation in June 2019. The updated reconciliation did not fully provide support for all lines of the ETA. In February 2020, DLWD staff developed a verification report for the reconciliation of the ETA 227, however, due to the onset of the COVID-19 pandemic, it was not tested prior to the end of the fiscal year. The use of the validation report will commence in January 2021 with the submission of the fourth quarter 2020 ETA 227 report.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2016-056**
Fiscal Year: **2016**
Initial Finding Year: **2016**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:

DOTPF's ASD director should improve procedures to accurately report capital assets.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected.

Despite continued staffing shortages, and a significant delay before resumption of data entry in IRIS was allowed, DOT&PF has made significant progress in correcting errors identified by Legislative Audit (DLA) in prior years. In some cases, corrections in IRIS were not possible due to system limitations, but the Division of Finance (DOF) was made aware of these issues, and workarounds were put into place. In these instances, fixed asset modification (FM) documents were entered that explain the issue and include the attached workaround guidance from DOF.

Procedures have been written and are utilized and updated as needed. The Department's processes and procedures have been shared with DOF and DLA.

A contractor was hired to perform an analysis and identify needed corrections to fixed assets which had not yet been reviewed by Legislative Audit. The majority of the identified corrections were successfully entered into IRIS, besides those restricted by the above-mentioned IRIS system limitations.

This audit finding is anticipated to be resolved by 02/2021.

Finding Number: **2017-002**
Fiscal Year: **2017**
Initial Finding Year: **2016**

State Agency: **DOA**
Financial statement finding

Prior Audit Finding:

Procedures were inadequate to ensure Constitutional Budget Reserve Fund financial activity was accurately reported in the Comprehensive Annual Financial Report (CAFR).

Status/corrective action planned/reasons for no further action:

Repeat of finding 2016-007. Please refer to the updated response on finding 2016-007.

Finding Number: **2017-003**
Fiscal Year: **2017**
Initial Finding Year: **2016**

State Agency: **DOA**
Financial statement finding

Prior Audit Finding:

The Department of Administration has not implemented a comprehensive policy for configuration management.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2016-012. Please refer to the updated response on finding 2016-012.

Finding Number: **2017-004**
Fiscal Year: **2017**
Initial Finding Year: **2016**

State Agency: **DOA**
Financial statement finding

Prior Audit Finding:

Government-wide governmental activities revenue in the draft Statement of Activities contained numerous classification errors totaling \$230.1 million.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2016-013. Please refer to the updated response on finding 2016-013.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2020

<p>Finding Number: 2017-005 Fiscal Year: 2017 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: Multiple government-wide governmental activities capital asset errors were identified in the draft CAFR financial statements.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-014. Please refer to the updated response on finding 2016-014.</p>
<p>Finding Number: 2017-006 Fiscal Year: 2017 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: Multiple errors were identified related to the accrual of revenue and the calculation of deferred inflows of resources.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-015. Please refer to the updated response on finding 2016-015.</p>
<p>Finding Number: 2017-008 Fiscal Year: 2017 Initial Finding Year: 2017</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: Government-wide governmental activities net position related to long-term debt in the amount of \$67.3 million was not properly classified in the FY2017 draft CAFR.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> The audit finding was fully corrected. Procedures were updated in FY2020 to address this classification issue.</p>
<p>Finding Number: 2017-009 Fiscal Year: 2017 Initial Finding Year: 2017</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: Material internal control weaknesses exist with the State's new payroll system, IRIS-Human Resources Management module.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> This finding is partially resolved. Competing priorities have impeded the Division's ability to sufficiently address this finding in FY2020. DOF will require departments to take corrective actions to address this weakness. The remaining item will be resolved with the IRIS-HRM upgrade to version 4.0 scheduled to be completed by March 2022.</p>
<p>Finding Number: 2017-011 Fiscal Year: 2017 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: The financial audits of the pension and health funds were not completed timely.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-017. Please refer to the updated response on finding 2016-017.</p>

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2017-012**
Fiscal Year: **2017**
Initial Finding Year: **2017**

State Agency: **DOA**
Financial statement finding

Prior Audit Finding:

Several departments inaccurately reported federal awards expended on the FY2017 schedule of expenditures of federal awards; inaccurately reported pass-through expenditures; and subrecipient amounts were not supported by the accounting records.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. The instructions for the federal schedule have been updated and given out to departments. DOF also created a federal schedule kickoff training video for all departments that went over the Federal Reporting process. DOF will further update procedures to give clearer instructions regarding accurately reporting federal expenditures. This will be completed by June 30, 2021.

Finding Number: **2017-013**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDA, USDOT, USDOE, USDHHS**
State Agency: **DOA**

CFDA: **10.557, 10.558, 10.U08 10.U09, 20.106, 84.010, 93.563 93.659, 93.667, 93.767, 93.775, 93.777, 93.778, 93.959**
Questioned Costs: **Indeterminate**

Prior Audit Finding:

The FY2017 annual statewide cost allocation plan (SWCAP) has not been federally approved.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. Both the FY2017 and FY2018 SWCAP have been approved. The FY2019 and FY2020 have been submitted to the federal cost center approver for review and acceptance. The FY2020 SWCAP will not be reviewed and approved until the FY2019 SWCAP is fully reviewed and approved. Until the federal cost center approver can catch up with the reviews, the State will continue to be behind in obtaining current SWCAP approvals.

Finding Number: **2017-020**
Fiscal Year: **2017**
Initial Finding Year: **2017**

State Agency: **DOR**
Financial statement finding

Prior Audit Finding:

The Department of Revenue inaccurately reported federal awards expended on the department's FY2017 schedule of expenditures of federal awards.

Status/corrective action planned/reasons for no further action:

This finding is partially resolved. DOR staff developed written procedures for preparing the SEFA. The written procedures will be updated to include corrected reporting parameters and will be communicated to staff preparing the SEFA in FY2021.

Finding Number: **2017-022**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDHHS**
State Agency: **DOR**

CFDA: **93.563**
Questioned Costs: **None**

Prior Audit Finding:

The Child Support Enforcement program's quarterly financial report for September 30, 2017 contained errors.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected. Written instructions have been completed and submitted to the Division of Legislative Audit for review on 12/23/2019.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2017-030**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDOE**
State Agency: **DEED**

CFDA: **84.010**
Questioned Costs: **\$63,259**

Prior Audit Finding:

DEED did not maintain evidence that staff reviewed the amount of unexpended FY2016 Title IA federal funding, to ensure no more than 15% of each LEA's award was carried over into FY2017. Additionally, DEED did not maintain required copies or other evidence to demonstrate waivers were issued for some LEAs that had carryover funds exceeding the 15% limit.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected. The last school district with excess carry-over from FY2019 into FY2020 was approved for a waiver on 08/03/2020.

Finding Number: **2017-034**
Fiscal Year: **2017**
Initial Finding Year: **2017**

State Agency: **DHSS**
Financial statement finding

Prior Audit Finding:

DHSS inaccurately reported federal awards expended on its FY2017 schedule of expenditures of federal awards (SEFA), which resulted in over-reporting federal awards by approximately \$48 million. Additionally, pass-through amounts to other state agencies were erroneously omitted from the SEFA, and subrecipient totals for some programs were not supported by the accounting records.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. FMS Deputy Director will strengthen its written procedures manual to include steps for the reporting expenditures on the modified accrual basis when completing the report. The department anticipates this audit finding will be fully corrected in FY2021.

Finding Number: **2017-035**
Fiscal Year: **2017**
Initial Finding Year: **2015**

Federal Agencies: **USDA and USDHHS**
State Agency: **DHSS**

CFDA: **10.557, 93.659, 93.667, 93.775, 93.767, 93.777, 93.778, 93.959**
Questioned Costs:
Not determinable

Prior Audit Finding:

Procedures developed and implemented by DHSS were not adequate to enable an accurate reconciliation of program expenditure details to total expenditures presented on the SEFA.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2015-023 and finding 2016-034. Please refer to the updated response on finding 2015-023.

Finding Number: **2017-042**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

One transaction was paid at a rate which differed from what was required in the supporting schedules and regulations.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2017-043**
Fiscal Year: **2017**
Initial Finding Year: **2016**

Prior Audit Finding:

DHSS does not have consistent monitoring processes in place to review the eligibility determinations.

Federal Agency: **USDHHS**
State Agency: **DHSS**

Status/corrective action planned/reasons for no further action:

Repeat of findings 2016-031, 2016-032 and 2016-033. Please refer to the updated response on findings 2016-031, 2016-032 and 2016-033.

CFDA: **93.775, 93.777, 93.778**
Questioned Costs:
Not determinable

Finding Number: **2017-048**
Fiscal Year: **2017**
Initial Finding Year: **2015**

Prior Audit Finding:

DLWD's assessed fraud penalties were recorded as reductions to expenses rather than revenues to the fund. The fraud penalties receivable account had a negative balance and year-end transactions to clear the Unemployment Compensation Fund suspense receipts liability account were not processed.

State Agency: **DLWD**
Financial statement finding

Status/corrective action planned/reasons for no further action:

Repeat of finding 2015-030 and finding 2016-038. Please refer to the updated response on finding 2015-030.

Finding Number: **2017-052**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Prior Audit Finding:

The Department of Military and Veterans Affairs inaccurately reported pass-through expenditures for a few programs on the department's FY2017 schedule of expenditures of federal awards.

State Agency: **DMVA**
Financial statement finding

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. The Finance Officer developed written procedures over the preparation and review of the FY2020 SEFA Reports. Updated procedures will be developed and implemented for the FY2021 SEFA Reports to include a process for identifying amounts passed through to subrecipients.

Finding Number: **2017-055**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Prior Audit Finding:

Multiple DNR timesheets were not supported by the federally required OF-288 form; lacked the required written justification for hours worked in excess of 16 hours or 2:1 work-rest ratio; did not match the OF-288 timesheets; were not signed by an employee; and/or recorded additional compensation during travel status without adequate support.

Federal Agency: **USDA**
State Agency: **DNR**

Status/corrective action planned/reasons for no further action:

This audit finding is not corrected. Forestry management will be updating the CY 21 Alaska Incident Business Management Handbook to change the requirements of the OF-288, considering an electronic timesheet process, and providing training at its Spring and Fall conferences that includes an emphasis on timesheet preparation and competitive procurement practices. Forestry management is working with the federal agency to resolve questioned costs.

CFDA: **10.U08**
Questioned Costs: **\$484,065**
CFDA: **10.U09**
Questioned Costs: **None**

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2017-056**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U08**
Questioned Costs: **\$67,936**

CFDA: **10.U09**
Questioned Costs: **None**

Prior Audit Finding:

DNR billed unallowable aviation offset indirect costs to the U.S. Department of Agriculture, USFS fire suppression program.

Status/corrective action planned/reasons for no further action:

This audit finding has been partially corrected. Forestry management is working with the federal agency to resolve the questioned costs.

Finding Number: **2017-057**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U08**
Questioned Costs: **\$2,244**

CFDA: **10.U09**
Questioned Costs: **None**

Prior Audit Finding:

Some DNR timesheets for the U.S. Forest Service Fire Suppression program were inaccurately calculated.

Status/corrective action planned/reasons for no further action:

Agency Response – Department of Natural Resources: This finding is partially corrected, DNR management continues to work closely with DOA-DOPLR in coordinating policies and procedures for the timesheet process. Forestry management is working with the federal agency to resolve questioned costs.

Agency Response – Department of Administration: This audit finding was fully corrected.

Finding Number: **2017-058**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U08, 10.U09**
Questioned Costs: **None**

Prior Audit Finding:

System control deficiencies were identified during the review of DNR's emergency firefighter time system.

Status/corrective action planned/reasons for no further action:

Agency Response – Department of Natural Resources: The audit finding is partially corrected. In FY2021 Forestry management will update the employee clearance checklist. Forestry management will maintain a list of Forestry users with access to the EFF system and inform DNR-IT through the employee clearance checklist of employees' terminated access to the system. DNR management is currently looking at another payroll system option, considering the EFF system that is maintained in the state mainframe shall inevitably terminate. DNR Forestry is venturing into the DEC's CRITTS (Cost Recovery, Invoicing, and Time Tracking System). As of July 2020, selective Forestry staff have been provided access to the CRITTS test environment, to assess if the system will be a suitable structure for Forestry.

Agency Response – Department of Administration: This audit finding was fully corrected.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2017-059**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U08**
Questioned Costs: **\$186,556**
CFDA: **10.U09**
Questioned Costs: **None**

Prior Audit Finding:

DNR billed administrative overhead costs that were not identified as program expenditures in the State's accounting system. Additionally, some direct expenditures included in DNR's FY2017 bill-for-collection were not supported by the State's accounting records.

Status/corrective action planned/reasons for no further action:

The audit finding is partially corrected. Thorough review of the audit trails ensuring that all expenses are allowable costs and supporting documents are in place. Forestry management will document the procedures for processing administrative costs to ensure that expenditures are identified in the state accounting system. Forestry management will work with federal agency to resolve the remaining questioned costs of \$11,556.

Finding Number: **2017-060**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U08, 10.U09**
Questioned Costs: **None**

Prior Audit Finding:

DNR's procurement of aircraft rentals did not comply with State procurement laws.

Status/corrective action planned/reasons for no further action:

This audit finding has been fully corrected.

Finding Number: **2017-068**
Fiscal Year: **2017**
Initial Finding Year: **2016**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:

DOTPF's FY2017 capital assets reported to the Division of Finance contained significant errors.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2016-056. Please refer to the updated response on finding 2016-056.

Finding Number: **2017-073**
Fiscal Year: **2017**
Initial Finding Year: **2017**

Federal Agency: **USDOT**
State Agency: **DOTPF**

CFDA: **20.106**
Questioned Costs: **None**

Prior Audit Finding:

Multiple AIP financial reports prepared by DOTPF contained significant reporting errors.

Status/corrective action planned/reasons for no further action:

This audit finding was partially resolved. The errors from the prior year finding were corrected but current year testing identified new errors which resulted DOT&PF to re-examine the processes and procedures of the Certification Activity Tracking System reports. Incorrect formulas within the Excel workbooks mistakenly accounted for airports that were non-reportable to the analysis. DOT&PF has redeveloped and enhanced the formulas within the Excel workbooks to ensure that accurate financial data are stated. The audit finding will be fully corrected in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: 2018-001 Fiscal Year: 2018 Initial Finding Year: 2016 State Agency: DOA Financial statement finding	Prior Audit Finding: Testing of the FY2018 draft Comprehensive Annual Financial Report (CAFR) identified the year-end draw from the Constitutional Budget Reserve Fund (CBRF) to the general fund was not accurately calculated, including the repayment presentation required by Article IX, Section 17(d) of the Alaska Constitution. <u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-007 and 2017-002. Please refer to updated response on finding 2016-007.
Finding Number: 2018-002 Fiscal Year: 2018 Initial Finding Year: 2016 State Agency: DOA Financial statement finding	Prior Audit Finding: Division of Finance's (DOF) director has not developed and implemented a comprehensive policy for configuration management of its accounting and reporting systems. <u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-012 and 2017-003. Please refer to updated response on finding 2016-012.
Finding Number: 2018-003 Fiscal Year: 2018 Initial Finding Year: 2017 State Agency: DOA Financial statement finding	Prior Audit Finding: An evaluation of DOA's State payroll system controls identified several internal control weaknesses. <u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2017-009. Please refer to updated response on finding 2017-009.
Finding Number: 2018-004 Fiscal Year: 2018 Initial Finding Year: 2018 State Agency: DOA Financial statement finding	Prior Audit Finding: Internal control weaknesses were identified over logical access to DOA's State accounting system. <u>Status/corrective action planned/reasons for no further action:</u> This finding is partially resolved. Competing priorities have impeded the Division's ability to sufficiently address this finding in FY2020. DOF will work with necessary division to identify a process resolve this issue. The Department anticipates completion by April 2022.
Finding Number: 2018-005 Fiscal Year: 2018 Initial Finding Year: 2018 State Agency: DOA Financial statement finding	Prior Audit Finding: DOF's director lacks needed assurance over the Integrated Resource Information System (IRIS) contractor's internal control procedures and processes. <u>Status/corrective action planned/reasons for no further action:</u> This finding is unresolved. DOF is currently renegotiating its contract with its contractor to include the needed assurance over internal control procedures and processes. This will be resolved in January 2022.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2020

<p>Finding Number: 2018-006 Fiscal Year: 2018 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: Government-wide governmental activities revenues in the draft FY2018 Statement of Activities contained numerous classification errors.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-013 and 2017-004. Please refer to updated response on finding 2016-013.</p>
<p>Finding Number: 2018-007 Fiscal Year: 2018 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: The capital asset accounts on the draft FY2018 government-wide governmental activities Statement of Net Position and related footnote five contained multiple significant errors.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-014 and 2017-005. Please refer to updated response on finding 2016-014.</p>
<p>Finding Number: 2018-008 Fiscal Year: 2018 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: General fund revenues and deferred inflows of resources were significantly misstated in the FY2018 draft CAFR.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-015 and 2017-006. Please refer to updated response on finding 2016-015.</p>
<p>Finding Number: 2018-009 Fiscal Year: 2018 Initial Finding Year: 2017</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: DOF accountants did not properly classify net position related to long-term debt in the draft FY2018 government-wide governmental activities Statement of Net Position.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2017-008. Please refer to updated response on finding 2017-008.</p>
<p>Finding Number: 2018-010 Fiscal Year: 2018 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: The audit of the Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS) FY2018 financial statements could not be completed by an outside auditor (OA).</p> <p>Additionally, FY2018 financial statement audits for the Deferred Compensation Plan, Supplemental Benefits System, Public Employees Retirement System, Judicial Retirement System, Teachers Retirement System, and Group Health and Life Fund were received on November 21, 2018, approximately seven weeks after the audits were required to be submitted to DOF. The Retiree Health Fund audit was issued December 5, 2018, approximately nine weeks late.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2016-017 and 2017-011. Please refer to updated response on finding 2016-017.</p>

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-015**
Fiscal Year: **2018**
Initial Finding Year: **2018**

State Agency: **DOR**
Financial statement finding

Prior Audit Finding:

Revenues eligible for transfer to the Constitutional Budgetary Reserve Fund (CBRF) were not transferred during FY2018 and revenues that should have remained in the CBRF were moved to the general fund.

Status/corrective action planned/reasons for no further action:

This audit finding is unresolved. The Tax Division disagrees with this finding. We continue to rely on the legal analysis done by the Attorney General's office in 2018 which concluded that tax payments from oil and gas tax returns that are amended because of a tariff change that is the result of a settlement between a regulatory agency and pipeline owner are not to be transferred to the CBRF.

Finding Number: **2018-017**
Fiscal Year: **2018**
Initial Finding Year: **2017**

State Agency: **DOR**
Financial statement finding

Prior Audit Finding:

There was no evidence that supervisory review of DOR's Schedule of Expenditures of Federal Awards (SEFA) was performed prior to submission. In addition, DOR's instructions for SEFA preparation included report filters that were not accurate for financial reporting.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2017-020. Please refer to updated response on finding 2017-020.

Finding Number: **2018-022**
Fiscal Year: **2018**
Initial Finding Year: **2017**

State Agency: **DHSS**
Financial statement finding

Prior Audit Finding:

There was no evidence that supervisory review of DHSS' Schedule of Expenditures of Federal Awards (SEFA) was performed prior to submission to the Department of Administration (DOA). In addition, there was no evidence the federal expenditure data reported in the SEFA was verified for completeness.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2017-034. Please refer to updated response on finding 2017-034.

Finding Number: **2018-025**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDHSS**
State Agency: **DHSS**

CFDA: **93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

Testing of 60 Medicaid recipients who received Medicaid benefits during FY2018 identified eight renewal applications were not processed within 12 months as required by federal regulation. Furthermore, documentation was not available to support the recertification of one Medicaid recipient.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA implemented an Electronic Document Management (EDM) system and continues updating its processes and procedures. Due to the implemented emergency COVID-19 public health emergency protocols and temporary regulatory changes, DHSS anticipates this finding will be resolved in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-026**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Prior Audit Finding:

DHSS' information technology (IT) staff did not perform biennial system security reviews of the EIS during FY2018.

Federal Agency: **USDHSS**
State Agency: **DHSS**

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. FMS Information Technology Services continues to update the security plan. The department implemented specialized software and are addressing the results of the plans risk assessments. Agency IT resources were adversely impacted by the COVID public health emergency and were re-directed to support emergency support efforts. The department anticipates this finding will be resolved in FY2021.

CFDA: **93.775, 93.777, 93.778**
Questioned Costs: **None**

Finding Number: **2018-027**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Prior Audit Finding:

DHSS' IT staff did not properly limit user access to the eligibility system during FY2018.

Federal Agency: **USDHSS**
State Agency: **DHSS**

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. FMS Information Technology Services, in collaboration with the Director of Public Assistance, implemented automated workflow using the department Helpdesk system to request, approve, implement, and document information system access requests.

CFDA: **93.558, 93.775, 93.777, 93.778**

Questioned Costs: **None**

Prior to the state payroll conversion to the Human Resource Management (HRM) system the department had access to an ALDER report with year-to-date personnel changes and it was a critical resource relied on by the department to successfully identify employee changes in a timely and cost-effective manner. A similar report has not yet been made available by payroll services of the Department of Administration and since the department has over 3,000 employees this report is key to comply with ISP 171 section 5.4.3. Changing and Disabling/Removing User Accounts.

Other corrective action being implemented includes verification of third-party access agreements, including any memorandum of understanding; strengthening departmental policy by establishing a one-year limit with a reauthorization requirement for third party users; formalizing notification procedures and account profile selection; and pursuing the clean-up of existing accounts. The department anticipates the finding to be resolved in FY2022.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-028**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.558**

Questioned Costs: **\$1,072**
(known); likely questioned
costs exceeding \$25,000

Prior Audit Finding:

Four of the 40 TANF applications tested (10 percent) were not processed within 30 days. Additionally, 21 of 40 (53 percent) TANF recipient case files tested lacked documentation supporting the request and use of the income and benefit information through the Income Eligibility and Verification System (IEVS) for determining eligibility and benefits.

Eight eligibility errors were identified in testing a random sample of 40 FY2018 TANF recipient applications.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA continues to provide training on program requirements and is strengthening its review processes. DPA implemented an electronic document management system to automate access to case documentation and improve processing timelines of eligibility determinations and redeterminations. DHSS anticipates this finding will be resolved in FY2021.

Finding Number: **2018-030**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.558**

Questioned Costs: **None**

Prior Audit Finding:

Eight of 27 TANF cases tested (30 percent) had inaccurate information reported in the ACF-199 data file. Additionally, six of 27 TANF cases tested (22 percent) reported work participation activities in the ACF-199 data file that were inaccurate, unsupported, or unverified.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. During FY2020, DPA established a statewide case review team and have established case review guidelines to increase accurate and verified system data. However, due to the COVID-19 public health emergency, DHSS had to implement protocols and temporary regulatory changes that resulted in delays to existing work. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2018-031**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.575**

Questioned Costs: **\$6,650**
(known); likely questioned costs
exceeding \$25,000

CFDA: **93.596**

Questioned Costs: **None**

Prior Audit Finding:

Nine calculation errors (15 percent) were identified in testing 60 FY2018 CCDF program beneficiary payments. Eligibility staff of DHSS' Child Care Program Office (CCPO) and grant subrecipient staff used incorrect pay factors (seven instances) and incorrect pay information (two instances) when determining monthly earned income.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-032**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.575, 93.596**
Questioned Costs: **None**

Prior Audit Finding:

FY2018 testing of 60 CCDF program beneficiaries identified five instances (eight percent) where eligibility redeterminations were performed by CCPO or subrecipient staff prior to the minimum 12-month standard required by the federal grant.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2018-033**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.575, 93.596**
Questioned Costs: **None**

Prior Audit Finding:

DPA staff did not sufficiently monitor FY2018 subrecipients. Annual risk assessments for all six CCDF subrecipients were not performed as required by federal regulations. In addition, monitoring activities outlined in division policy and procedure manuals were not performed as required.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2018-038**
Fiscal Year: **2018**
Initial Finding Year: **2015**

State Agency: **DLWD**
Financial statement finding

Prior Audit Finding:

Multiple deficiencies in accounting for FY2018 unemployment compensation fund (UCF) activity were identified. DLWD staff did not process an FY2018 year-end transaction to clear the UCF suspense receipts liability account. In addition, DLWD staff incorrectly recorded monthly and year-end entries to the State's accounting system (IRIS) for FY2018 unemployment insurance (UI) benefit expenses, fraud penalties, benefit overpayments and allowance for doubtful accounts.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2015-030, 2016-038 and 2017-048. Please refer to updated response on finding 2015-030.

Finding Number: **2018-046**
Fiscal Year: **2018**
Initial Finding Year: **2017**

State Agency: **DMVA**
Financial statement finding

Prior Audit Finding:

DMVA staff lacks department specific written procedures for preparing the Schedule of Expenditures of Federal Awards (SEFA). Further, there was no evidence that supervisory review of DMVA's FY2018 SEFA was performed prior to submission to the Department of Administration (DOA).

Status/corrective action planned/reasons for no further action:

Repeat of finding 2017-052. Please refer to updated response on finding 2017-052.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-047**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOD**
State Agency: **DMVA**

CFDA: **12.401**
Questioned Costs: **\$46,954**

Prior Audit Finding:

DMVA's management did not ensure the State's accounting system was updated for changes made to the FFY 17 federally certified Facilities Inventory and Support Plan (FISP).

Status/corrective action planned/reasons for no further action:

The audit finding was fully corrected.

Finding Number: **2018-048**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOD**
State Agency: **DMVA**

CFDA: **12.401**
Questioned Costs: **\$1,675**

Prior Audit Finding:

Three of 60 FY2018 NGMOMP timesheets tested (five percent) were entered into the State's accounting system with incorrect coding. Three of 25 personal service adjustments tested found three adjustments (12 percent) were inaccurate. One adjustment was recorded at the funding profile level, which identifies whether an expenditure is federal or state, instead of at the program level, which allows the expenditure to be charged to the correct federal program. Two adjustment errors were related to quarterly centralized personnel plan allocations which incorrectly omitted one position in the calculation.

Status/corrective action planned/reasons for no further action:

This audit finding is fully corrected.

Finding Number: **2018-050**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOD**
State Agency: **DMVA**

CFDA: **12.401**
Questioned Costs: **None**

Prior Audit Finding:

The audit reviewed a random sample of nine procurement files and one file (11 percent) did not have documentation to support a notice of intent to award was sent to all bidders. Additionally, one judgmentally selected procurement file did not have documentation that the solicitation was publicly noticed. A review of the State's Online Public Notices System found that no public notice was issued for the solicitation. Further, a review of 18 procurement files found 14 files (78 percent) did not contain evidence that staff verified the contractor was not suspended or debarred in the federal System of Award Management (SAM).

Status/corrective action planned/reasons for no further action:

This audit finding is partially corrected. Procedures and checklists were formally implemented in November 2019. However, due to lack of oversight by supervisors, facilities maintenance office procedures and checklists were not fully enforced during FY2020. In FY2021, management will ensure supervisors provide adequate oversight and a sample of files will be reviewed by supervisors.

Finding Number: **2018-051**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDHS**
State Agency: **DMVA**

CFDA: **97.036**
Questioned Costs: **None**

Prior Audit Finding:

A review of all four FY2018 Disaster Grants program subrecipients obligating award documents (OAD) found the documents did not include all federally required information.

Status/corrective action planned/reasons for no further action:

This audit finding is fully corrected.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-053**
Fiscal Year: **2018**
Initial Finding Year: **2018**

State Agency: **DNR**
Financial statement finding

Prior Audit Finding:

DNR did not transfer to the Alaska Permanent Fund (APF) all dedicated mineral lease revenues received during FY2018.

Status/corrective action planned/reasons for no further action:

DNR disagrees with Finding 2018-053. We continue to rely on the legal analysis by the Attorney General's office, dated November 9, 2018, which concluded that the adjustments made to FY2018 deposits to the Permanent Fund were appropriate.

Finding Number: **2018-054**
Fiscal Year: **2018**
Initial Finding Year: **2018**

State Agency: **DNR**
Financial statement finding

Prior Audit Finding:

Royalty revenues eligible for transfer to the Constitutional Budgetary Reserve Fund (CBRF) were not transferred during FY2018 and revenues that should have remained in the CBRF were moved to the general fund.

Status/corrective action planned/reasons for no further action:

DNR disagrees with Finding 2018-054. We continue to rely on the legal analysis by the Attorney General's office in 2018 which concluded that payments related to the FERC settlements were not to be transferred to the CBRF. DNR was directed by the Department of Law to not send the General Fund Portion of the FERC adjustments to CBRF.

Finding Number: **2018-057**
Fiscal Year: **2018**
Initial Finding Year: **2017**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U08**
Questioned Costs: **None**

CFDA: **10.U09**
Questioned Costs: **\$154,056**

CFDA: **10.U10**
Questioned Costs: **\$8,968**

Prior Audit Finding:

Testing of FY2018 personal service expenditures (60 State personnel timesheets) charged to the USFS Fire Suppression program identified multiple instances of noncompliance including lack of the federally required OF-288 timesheets, unsigned timesheets, State timesheet hours that did not match federal timesheets, unsigned hazard pay forms, work-rest ratio violations, and unallowable compensation for meal breaks and shift differential pay on travel days. Testing of 60 emergency firefighter (EFF) timesheets identified missing employee signatures.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2017-055. Please refer to updated response on finding 2017-055.

Finding Number: **2018-058**
Fiscal Year: **2018**
Initial Finding Year: **2017**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U08, 10.U09, 10.U10**
Questioned Costs: **Indeterminate**

Prior Audit Finding:

DOA's Division of Personnel (DOP) management lacks adequate review procedures over the manual calculations necessary for processing DNR's Division of Forestry timesheets.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2017-057. Please refer to updated response on finding 2017-057.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-059**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U09**
Questioned Costs: **\$31,067**

CFDA: **10.U10**
Questioned Costs: **\$11,526**

Prior Audit Finding:

The audit identified two function (fire) codes in the State accounting system that were assigned an incorrect federal program.

Status/corrective action planned/reasons for no further action:

This audit finding is not corrected. At the end of FY2020, DNR's Support Services Division implemented a new method of fire transfers to accurately record fire expenses to the proper federal agency. The new procedure is being re-evaluated to determine if accuracy issues are due to ownership changes after re-appropriation ends or require procedural changes. Forestry management is working with the federal agency to resolve questioned costs.

Finding Number: **2018-060**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDA, USDOJ**
State Agency: **DNR**

CFDA: **10.U08, 10.U09,
10.U10, 15.U04, 15.U05,
15.U06, 15.U07**
Questioned Costs: **None**

Prior Audit Finding:

Testing a random sample of FY2018 non-personal services expenditures charged to the USFS Fire Suppression program (60 transactions) and the BLM Fire Suppression program (60 transactions) identified 10 transactions authorized by DNR's Division of Forestry staff lacking an appropriate delegation of authority.

Status/corrective action planned/reasons for no further action:

This finding is not corrected. In FY2021 the delegation forms were updated, and Forestry management will continue to provide training to staff regarding responsibilities in approving and processing transactions for payment.

Finding Number: **2018-061**
Fiscal Year: **2018**
Initial Finding Year: **2017**

Federal Agency: **USDA, USDOJ**
State Agency: **DNR**

CFDA: **10.U09, 15.U05, 15.U07**
Questioned Costs: **None**

Prior Audit Finding:

The audit identified nine aircraft rental agreements and seven emergency equipment rental agreements not in compliance with the competitive bidding process outlined in the State procurement code. In addition, the audit identified five vendors were selected without a competitive procurement process or were paid at rates higher than allowed by the contracts.

Status/corrective action planned/reasons for no further action:

This finding is partially corrected. The innovative competitive procurement process for aircraft rental offers was implemented. Forestry started with innovative competitive procurement process for emergency equipment rental agreements in CY2020 fire season and will ensure the process is followed for the CY2021 fire season. Forestry management will provide competitive procurement training at the Spring and Fall conferences.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-062**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOJ**
State Agency: **DNR**

CFDA: **15.U04, 15.U06**
Questioned Costs: **None**

CFDA: **15.U05**
Questioned Costs: **\$57,604**

CFDA: **15.U07**
Questioned Costs: **\$53,886**

Prior Audit Finding:

Testing of FY2018 personal service expenditures (60 State personnel timesheets) charged to the BLM Fire Suppression program identified multiple instances of noncompliance including lack of the federally required OF-288 timesheets, unsigned timesheets, State timesheet hours that did not match federal timesheets, unsigned hazard pay forms, work-rest ratio violations, and unallowable compensation for meal breaks and shift differential pay on travel days. Testing of 60 EFF timesheets identified missing employee signatures.

Status/corrective action planned/reasons for no further action:

This audit finding is not corrected. Forestry management will be updating the CY21 Alaska Incident Business Management Handbook to change the requirements of the OF-288, considering an electronic timesheet process, and providing training at its Spring and Fall conferences that includes an emphasis on timesheet preparation and competitive procurement practices. Forestry management is working with the federal agency to resolve questioned costs.

Finding Number: **2018-064**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOJ**
State Agency: **DFG**

CFDA: **15.605**
Questioned Costs: **\$160,075**

CFDA: **15.611**
Questioned Costs: **\$265,336**

Prior Audit Finding:

DFG's FY2018 indirect cost rate calculation contained multiple errors.

Status/corrective action planned/reasons for no further action:

This audit finding is partially corrected pending resolution of questioned costs.

Finding Number: **2018-065**
Fiscal Year: **2018**
Initial Finding Year: **2018**

Federal Agency: **USDOJ**
State Agency: **DFG**

CFDA: **15.605, 15.611**
Questioned Costs: **None**

Prior Audit Finding:

Ten of 24 covered transactions tested for suspension and debarment failed to meet federal requirements.

Status/corrective action planned/reasons for no further action:

This audit finding is partially corrected. DFG management is reevaluating the process for suspension and debarment review of vendors that are not required to go through the standard procurement process. Corrective action for updates to SAM.gov and self-certification review is still a work in progress. DFG expects to have the updated process in place and implemented by October 31, 2020.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2018-069**
Fiscal Year: **2018**
Initial Finding Year: **2016**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:

Detailed testing of DOTPF's input of FY2018 capital assets into IRIS identified numerous errors; and a comparison of DOTPF's FY2017 audited CIP and IF capital asset spreadsheets to FY2018 IRIS CIP and IF capital asset inventories identified errors.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2016-056 and 2017-068. Please refer to updated response on finding 2016-056.

Finding Number: **2018-070**
Fiscal Year: **2018**
Initial Finding Year: **2018**

State Agency: **DOTPF**
Financial statement finding

Prior Audit Finding:

The Alaska International Airport System (AIAS) FY2018 financial statement audit was issued and provided to DOF on December 12, 2018, approximately 10 weeks after the deadline established by DOF.

Status/corrective action planned/reasons for no further action:

This audit finding is partially corrected.

The Division of Finance has worked with AIAS to develop improved ALDER WTB and other reports to assist in timelier FY2020 and future audits commencement and completion.

AIAS continues coordination and exchange of required financial data with DOA to assist both parties in preparing the annual financial statements in a timely manner.

Finding Number: **2019-001**
Fiscal Year: **2019**
Initial Finding Year: **2016**

State Agency: **DOA**
Financial statement finding

Prior Audit Finding:

Testing of the FY2019 draft Comprehensive Annual Financial Report (CAFR) identified the year-end financial reporting of activity between the constitutional budget reserve fund (CBRF) and the general fund (GF) was not accurately calculated, including the repayment presentation required by Article IX, Section 17(d) of the Alaska Constitution.

Status/corrective action planned/reasons for no further action:

Repeat of findings 2016-007, 2017-002 and 2018-001. Please refer to updated response on finding 2016-007.

Finding Number: **2019-002**
Fiscal Year: **2019**
Initial Finding Year: **2016**

State Agency: **DOA**
Financial statement finding

Prior Audit Finding:

Division of Finance's director has not developed and implemented a comprehensive policy for configuration management of its accounting and reporting systems.

Status/corrective action planned/reasons for no further action:

Repeat of findings 2016-012, 2017-003 and 2018-002. Please refer to updated response on finding 2016-012.

STATE OF ALASKA

Summary Schedule of Prior Audit Findings

Fiscal Year Ended June 30, 2020

<p>Finding Number: 2019-003 Fiscal Year: 2019 Initial Finding Year: 2017</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: An evaluation of DOA's state payroll system controls identified significant internal control weaknesses.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of findings 2017-009 and 2018-003. Please refer to updated response on finding 2017-009.</p>
<p>Finding Number: 2019-004 Fiscal Year: 2019 Initial Finding Year: 2018</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: Internal control weaknesses were identified over logical access to DOA's state accounting system</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2018-004. Please refer to updated response on finding 2018-004.</p>
<p>Finding Number: 2019-005 Fiscal Year: 2019 Initial Finding Year: 2018</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: DOF's director does not require the state accounting system (IRIS) contractor to provide an independent annual assurance review of internal controls and processing.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2018-005. Please refer to updated response on finding 2018-005.</p>
<p>Finding Number: 2019-006 Fiscal Year: 2019 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: Government-wide governmental activities revenues in the draft FY2019 CAFR Statement of Activities contained numerous classification errors.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of findings 2016-013, 2017-004 and 2018-006. Please refer to updated response on finding 2016-013.</p>
<p>Finding Number: 2019-007 Fiscal Year: 2019 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: The capital asset accounts on the draft FY2019 government-wide governmental activities Statement of Net Position and related footnote five contained significant errors.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of findings 2016-014, 2017-005 and 2018-007. Please refer to updated response on finding 2016-014.</p>
<p>Finding Number: 2019-008 Fiscal Year: 2019 Initial Finding Year: 2016</p> <p>State Agency: DOA Financial statement finding</p>	<p>Prior Audit Finding: DOF does not have adequate procedures in place to accrue GF revenue in the correct fiscal year.</p> <p><u>Status/corrective action planned/reasons for no further action:</u> Repeat of findings 2016-015, 2017-006 and 2018-008. Please refer to updated response on finding 2016-015.</p>

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: 2019-009 Fiscal Year: 2019 Initial Finding Year: 2019	Prior Audit Finding: GF revenues and expenditures reported in the FY2019 draft CAFR were materially misstated.
State Agency: DOA Financial statement finding	<u>Status/corrective action planned/reasons for no further action:</u> This audit finding was fully corrected. Staff has been adequately trained, procedures have been updated, and management will not allow for any plugs to be submitted in the FY2020 draft CAFR.
Finding Number: 2019-010 Fiscal Year: 2019 Initial Finding Year: 2019	Prior Audit Finding: DOF accountants did not properly report the Alaska Energy Authority (AEA) as a major component unit in the draft FY2019 CAFR.
State Agency: DOA Financial statement finding	<u>Status/corrective action planned/reasons for no further action:</u> This audit finding was fully corrected. DOF has updated procedures for identifying major component units for CAFR reporting and will ensure they are performed timely.
Finding Number: 2019-011 Fiscal Year: 2019 Initial Finding Year: 2019	Prior Audit Finding: DOF staff completed the FY2019 draft CAFR on December 10, 2019, with known errors in multiple GF accounts exceeding one billion dollars.
State Agency: DOA Financial statement finding	<u>Status/corrective action planned/reasons for no further action:</u> This audit finding was fully corrected. In order to work towards a timely CAFR, DOF has hired a State Accountant, had DOF accountants staff attend governmental accounting training, updated procedures, and retained all permanent staff from prior year.
Finding Number: 2019-012 Fiscal Year: 2019 Initial Finding Year: 2019	Prior Audit Finding: The Alaska International Airport System's (AIAS) independent audit was issued on December 9, 2019, for inclusion in the CAFR, approximately seven weeks after the agreed upon deadline.
State Agency: DOA Financial statement finding	<u>Status/corrective action planned/reasons for no further action:</u> This audit finding was fully corrected. DOF has provided AIAS with the financial reports needed to conduct their audit in a timely manner.
Finding Number: 2019-017 Fiscal Year: 2019 Initial Finding Year: 2018	Prior Audit Finding: Revenues eligible for transfer to the constitutional budget reserve fund (CBRF) were not transferred during FY2018 and FY2019, and revenues that should have remained in the CBRF were moved to the general fund (GF).
State Agency: DOR Financial statement finding	<u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2018-015. Please refer to updated response on finding 2018-015.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-018**

Fiscal Year: **2019**

Initial Finding Year: **2019**

State Agency: **DOR**

Financial statement finding

Prior Audit Finding:

Auditors requested access to DOR oil and gas production tax-related settlement/appeal files to verify the proper usage of oil and gas production tax credit certificate amounts in the settlement of oil and gas production taxes. Auditors were denied access to the requested settlement/appeal files during the audit fieldwork period by DOR management. Consequently, auditors were unable to reasonably determine the appropriate financial statement impact of identified oil and gas production tax credit certificate issues.

Status/corrective action planned/reasons for no further action:

This audit finding is unresolved. The Tax Division disagrees with this finding. Consistent with the terms of engagement for the audit, action taken upon the legal advice provided by the Department of Law constitutes reasonable assurance that an agency has complied with the law. The closing agreements provided were signed by the Commissioner of Revenue and the Attorney General, as are all closing agreements [AS 43.05.060 and AS 43.05.070]. The signature of the Attorney General on the closing agreements constitutes reasonable assurance that the closing agreements reviewed by the Departments of Law and Revenue complied with law in the settlements. The department would have made additional closing agreements available had they been requested earlier in the process. Given the signature of the Attorney General on the closing agreements and the broad powers of the Attorney General to settle matters under AS 44.23.020(b), the requests for other settlement documents, outside of the closing agreements, to evaluate “proper usage” did not have any legitimate audit purpose and would have disclosed attorney-client privilege and attorney work product privilege information. Because these documents serve no legitimate audit purpose, the lack of the documents should not be a basis for any finding. You should confer with the Department of Law directly if you have further questions on its legal position regarding settlement documents. Subject to and without waiving any of the foregoing, the Tax Division will make its settlement files, except for any and all attorney-client communications, available for inspection by the Division of Legislative Audit upon reasonable notice.

Finding Number: **2019-019**

Fiscal Year: **2019**

Initial Finding Year: **2017**

State Agency: **DOR**

Financial statement finding

Prior Audit Finding:

DOR’s instructions for preparing the FY2019 Schedule of Expenditures of Federal Awards (SEFA) included inaccurate report filters for financial reporting which were not identified during the review process.

Status/corrective action planned/reasons for no further action:

Repeat of findings 2017-020 and 2018-017. Please refer to updated response on finding 2017-020.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-023**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOE**
State Agency: **DEED**

CFDA: **84.027, 84.173**
Questioned Costs: **None**

Prior Audit Finding:

The amount of FY2018 state financial supported reported in the federal fiscal year (FFY) 2019 Special Education Cluster (SEC) funding application was understated by \$262,883.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2019-024**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOE**
State Agency: **DEED**

CFDA: **84.027, 84.173**
Questioned Costs: **None**

Prior Audit Finding:

Seven of seven FY2019 SEC subrecipient grant award documents tested did not include the federal award date. Additional analysis determined this condition to be systemic and therefore all 54 Local Educational Agencies (LEA) awarded SEC funds in FY2019 were not notified of the federal award date.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2019-025**
Fiscal Year: **2019**
Initial Finding Year: **2019**

State Agency: **DHSS**
Financial statement finding

Prior Audit Finding:

Testing of seven DHSS FY2019 construction in progress (CIP) assets recorded into the state accounting system (IRIS) identified the following errors:

- Three assets should have been expensed as the costs did not qualify as capital assets.
- Two assets were completed in prior fiscal years, but not transferred to the correct capital asset account.

Status/corrective action planned/reasons for no further action:

This audit finding was not corrected. FMS staff turnover and program responses needed to address the COVID-19 pandemic delayed the agency's corrective action. FMS is updating its processes and procedures based on outreach to the state accountant within the Department of Administration, Division of Finance. The agency is also developing training and resources to assist staff in recording and monitoring capital assets. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2019-026**
Fiscal Year: **2019**
Initial Finding Year: **2019**

State Agency: **DHSS**
Financial statement finding

Prior Audit Finding:

DHSS's DFMS accountants did not collect or liquidate federal receivables in a timely manner and \$22.2 million in FY2019 receivables were unsupported.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. FMS has continued with its reconciliation process and anticipates resolving this finding in SFY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: 2019-027 Fiscal Year: 2019 Initial Finding Year: 2019	Prior Audit Finding: DHSS's DFMS staff recorded FY2019 expenditures to the incorrect fiscal year.
State Agency: DHSS Financial statement finding	<u>Status/corrective action planned/reasons for no further action:</u> This audit finding was fully corrected.
Finding Number: 2019-028 Fiscal Year: 2019 Initial Finding Year: 2017	Prior Audit Finding: DHSS inaccurately reported federal expenditures on the FY2019 draft Schedule of Expenditures of Federal Awards (SEFA) for four programs, collectively understating federal expenditures by approximately \$4 million.
State Agency: DHSS Financial statement finding	<u>Status/corrective action planned/reasons for no further action:</u> Repeat of findings 2017-034 and 2018-022. Please refer to updated response on finding 2017-034.
Finding Number: 2019-029 Fiscal Year: 2019 Initial Finding Year: 2019	Prior Audit Finding: Several service codes used in the cost allocation methodology DPA-11 during FY2019 were not approved in the federal Public Assistance Cost Allocation Plan (PACAP).
Federal Agency: USDA and USDHHS State Agency: DHSS	<u>Status/corrective action planned/reasons for no further action:</u> This audit finding was fully corrected.
CFDA: 10.551, 10.561, 93.767, 93.775, 93.777, 93.778 Questioned Costs: None	
CFDA: 93.558 Questioned Costs: \$102,940	
Finding Number: 2019-030 Fiscal Year: 2019 Initial Finding Year: 2019	Prior Audit Finding: Four of seven regional case reviewers in FY2019 were not consistently reviewing the minimum 75 eligibility cases per month as required by DPA procedures.
Federal Agency: USDHHS State Agency: DHSS	<u>Status/corrective action planned/reasons for no further action:</u> This audit finding was partially corrected. DPA established a statewide case review team and have implemented case review guidelines and enhanced training to increase accurate, timely, and verified case documentation. The department anticipates this finding will be resolved in FY2021.
CFDA: 93.558, 93.767, 93.775, 93.777, 93.778 Questioned Costs: None	

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-031**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDA**
State Agency: **DHSS**

CFDA: **10.551**
Questioned Costs: **\$2,261**

CFDA: **10.561**
Questioned Costs: **None**

Prior Audit Finding:

A random sample of 40 SNAP recipient cases was tested to verify benefit calculations and the adequacy of case information stored on the Eligibility Information System (EIS). Of the 40 cases, 17 (43 percent) had unsupported or inaccurate documentation (some of which had multiple errors).

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA implemented an electronic document management system; established a statewide case review team; and have created case review guidelines to increase accurate, timely, and verified case documentation. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2019-032**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDA**
State Agency: **DHSS**

CFDA: **10.551**
Questioned Costs: **None**

CFDA: **10.561**
Questioned Costs: **\$188**

Prior Audit Finding:

Three of 47 transactions tested (6 percent) recorded SNAP administrative expenditures to a funding profile with an unallowable reimbursement rate. The funding profile was established in the State accounting system with a 100 percent reimbursement rate, but the allowable matching rate for SNAP administration is 50 percent, causing all SNAP administrative transactions charged to the funding profile to be claimed at an unallowable rate.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2019-033**
Fiscal Year: **2019**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.558**
Questioned Costs: **\$165,123**

Prior Audit Finding:

Seven of 26 tested FY2019 timesheets directly charging costs to the TANF program (27 percent) did not reflect positive timekeeping and the employees did not certify that 100 percent of time was chargeable to the TANF program.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. The Divisions of Public Assistance and Health Care Services will strengthen division time keeping processes to ensure it is following the department's procedures for positive time keeping. The department anticipates this finding will be resolved in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-034**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.558**
Questioned Costs: **\$1,856**

Prior Audit Finding:

Six of 60 TANF benefit payments tested (10 percent) were not calculated accurately due to either client changes not being entered timely or incorrect data in EIS.

Status/corrective action planned/reasons for no further action:

This audit finding is partially corrected due to the amount of time needed to implement the corrective action and competing priorities in relation to the COVID-19 pandemic. The Division of Public Assistance (DPA) implemented a statewide case review team to perform timely case reviews and provide feedback to staff. The division is in the process of strengthening procedures and training aids for staff. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2019-035**
Fiscal Year: **2019**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.558, 93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

DHSS's information technology (IT) staff did not properly limit user access to the eligibility system during FY2019.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-027. Please refer to updated response on finding 2018-027.

Finding Number: **2019-036**
Fiscal Year: **2019**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.558**
Questioned Costs: **\$32,757**

Prior Audit Finding:

Forty-seven of 60 TANF recipient case files tested lacked documentation supporting the request and use of income and benefit information through the Income Eligibility and Verification System (IEVS) and other data exchanges for determining eligibility and benefits.

When testing a random sample of 60 FY2019 TANF recipient cases, errors were identified in 19 cases (27 percent).

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-028. Please refer to updated response on finding 2018-028.

Finding Number: **2019-037**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.558**
Questioned Costs: **None**

Prior Audit Finding:

The ACF-196R TANF financial report for the FFY2018 grant award misreported expenditures for the quarter ending March 31, 2019. Expenditures totaling \$1,159,311 were reported on the filed ACF-196R report as administrative costs, on line 22A, but should have been reported as childcare expenditures, on line 11A.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. FMS is strengthening its supervisory procedures to ensure federal reports are accurate and complete. DHSS anticipates the finding to be resolved in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-038**
Fiscal Year: **2019**
Initial Finding Year: **2018**

Prior Audit Finding:

Seventeen of 60 TANF cases tested (28 percent) had inaccurate information reported in the ACF-199 data file.

Federal Agency: **USDHHS**
State Agency: **DHSS**

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-030. Please refer to updated response on finding 2018-030.

CFDA: **93.558**
Questioned Costs: **None**

Finding Number: **2019-039**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Prior Audit Finding:

Six of 10 (60 percent) child support non-cooperation alerts tested were not processed in accordance with TANF program requirements. Specifically, three were not assessed a noncooperation penalty and three did not have penalties assessed in a timely manner.

Federal Agency: **USDHHS**
State Agency: **DHSS**

Status/corrective action planned/reasons for no further action:

This audit finding is partially corrected. The Division of Public Assistance (DPA) is strengthening its procedures; however, experienced delays in full implementation due to the COVID-19 public health emergency that also required implementation of emergency protocols and temporary regulatory changes. The Department anticipates this finding will be resolved in FY2021.

CFDA: **93.558**
Questioned Costs: **\$2,616**

Finding Number: **2019-040**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Prior Audit Finding:

The Foster Care Title IV-E Programs quarterly financial report (CB-496) for the quarter ending March 31, 2019, incorrectly reported the number of pre-placement candidates. In Part 1, Section E, Line 51, DHSS staff incorrectly reported 356 as the number of pre-placement candidates instead of the required monthly average which totaled 119.

Federal Agency: **USDHHS**
State Agency: **DHSS**

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

CFDA: **93.658**
Questioned Costs: **None**

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-041**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.767, 93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

During FY2019, Division of Health Care Services (DHCS) management intentionally disregarded State and federal regulations and overrode internal controls designed to prevent unallowable costs, unallowable activities, and fraud by waiving preauthorization requirements and bypassing system edits for over 800 Medicaid/CHIP providers.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. The Division of Health Care Services initiated the Golden Ticket pilot program during FY2019 with the intention to reduce administrative burden. The initiative included internal controls to reduce the risk of abuse with specific performance criteria for participation; continuation of the same supporting documentation required for the prior authorization process; post service reviews; and the exclusion of several services (Medications; Durable Medical Equipment; Long-Term Care; Waiver Services; Behavioral Health; and Transportation). Only 5% of the providers met specific performance criteria and early in FY2020 the DHCS management re-assessed the program with the result that it was terminated due to a lack of measurable administrative benefits and the existence of regulatory concerns. Prior to issues raised through the statewide audit, the providers were given advance notice that the agency was terminating the pilot program on December 31st of 2019. This finding was resolved during FY2020.

Finding Number: **2019-042**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.767, 93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

Review of FY2019 dental claims identified likely over-utilization of dental services for individuals under the age of 22.

Status/corrective action planned/reasons for no further action:

DHSS partially corrected the finding. The Division of Health Care Services (HCS) tightened its internal controls on dental providers with questionable utilization practices while still processing the claims within existing regulations. The COVID-19 pandemic has resulted in delays in completing phase 2 in regard to the additional dental regulations increasing controls on over-utilized or mis-used dental services. The department anticipates this finding will be resolved in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-043**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777**
Questioned Costs: **None**

CFDA: **93.778**
Questioned Costs: **\$768,156**

CFDA: **93.767**
Questioned Costs: **\$1,889**

Prior Audit Finding:

DHSS staff claimed federal reimbursement for unallowable behavioral health and other psychiatric observation costs.

Status/corrective action planned/reasons for no further action:

DHSS did not correct the finding. The Division of Health Care Services completed and implemented the necessary system updates in FY2020 to comply with the state plan requirements for observation costs. A partial refund of both FY2019 and FY2020 questioned costs occurred in FY2020. A subsequent claims analysis performed in FY2021 identified outstanding claims not yet corrected with additional questioned costs to be refunded during FY2021. DHSS anticipates the finding to be resolved in FY2021.

Finding Number: **2019-044**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.767, 93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

During FY2019, DHCS procedures for documenting and verifying “received through” claims reprocessed at 100 percent federal medical assistance percentage (FMAP) were inadequate to ensure the State was processing the Medicaid/CHIP Indian Health Service (IHS)/Tribal facility care coordination claims in accordance with federal guidance.

Status/corrective action planned/reasons for no further action:

DHSS did not concur with finding and is awaiting a response from CMS.

Finding Number: **2019-045**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777**
Questioned Costs: **None**

CFDA: **93.778**
Questioned Costs: **\$734,310**

Prior Audit Finding:

DHCS staff paid Medicaid claims for six patients at St. Elias Hospital that received an inappropriate level of care using an unallowable rate during FY2019.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-046**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777**
Questioned Costs: **None**

CFDA: **93.778**
Questioned Costs: **\$3,300,960**

Prior Audit Finding:

Thirty-three Medicaid recipients that had claims for medical services reprocessed during FY2019 at a 100 percent FMAP were judgmentally selected for testing. Auditors found reprocessed claims for three of the 33 Medicaid recipients were not supported by MMIS and one recipient did not qualify for 100 percent FMAP.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. The Division of Health Care Services (HCS) updated and implemented the changes to its processes and procedures. It will strengthen the procedures to increase supervisory reviews to ensure the processes are completely followed. DHSS anticipates this finding will be resolved in FY2021.

Finding Number: **2019-047**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777**
Questioned Costs: **None**

CFDA: **93.778**
Questioned Costs: **Known questioned costs of \$20,187; and likely questioned costs exceeding \$25,000**

Prior Audit Finding:

Testing of hospital presumptive eligibility (HPE) recipients for the month of October 2018 found DPA staff did not review 14 of 23 related Medicaid applications timely (within 45 days) during the recipients' HPE coverage period. Delays in completing the reviews ranged from 35 to 182 days.

In addition, one of the 23 applicants was approved for Medicaid, but DPA was unable to locate the application.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2019-048**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777**
Questioned Costs: **None**

CFDA: **93.778**
Questioned Costs: **Known questioned costs of \$873; and likely questioned costs exceeding \$25,000**

Prior Audit Finding:

A random sample of 35 Medicaid recipients that also received Supplemental Security Income (SSI) was tested for Medicaid eligibility. Testing found DPA staff did not redetermine Medicaid eligibility for one recipient after identifying the recipient's SSI was suspended. Medicaid benefits continued for 11 months until the benefits were discontinued.

Further, no documentation was maintained to demonstrate that Medicaid eligibility for those SSI recipients that also receive Adult Public Assistance (APA) was automatically renewed within EIS during FY2019.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA is monitoring daily all alerts, including those that are SSI-related, and they are being acted on by designated workers in each office. However, the implementation of the agency's plan is still in progress, delayed by multiple program priorities with the COVID-19 pandemic. The work order is being developed for the programming changes that will create a list of SSI recipients whose benefits were renewed via batch and the finding is anticipated to be resolved in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-049**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHSS**
State Agency: **DHSS**

CFDA: **93.767, 93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

Certain details related to this control weakness and the relevant audit criteria are being withheld from this report to prevent the weakness from being exploited. Pertinent details have been communicated to agency management in a separate confidential document.

An FY2019 examination of the Alaska Resource for Integrated Eligibility Services (ARIES) system controls concluded DHSS staff did not maintain, in all material respects, effective internal controls for ARIES

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA and FMS IT continue to collaborate on multiple courses of corrective action. During FY2020, the department was able to partially implement some of the corrective action to resolve the finding, including implementing the electronic document management solution which automated the program document management; migrating the ARIES servicers to encrypted volumes; and addressing IT staffing vacancies. However, Agency IT resources were adversely impacted by the COVID public health emergency and were re-directed to support emergency support efforts. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2019-050**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777**
Questioned Costs: **None**

CFDA: **93.767**
Questioned Costs: **\$500,214**

CFDA: **93.778**
Questioned Costs: **\$1,889,928**

Prior Audit Finding:

Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations.

Testing for eligibility found DPA staff were not processing applications timely and were not consistently performing eligibility determinations when required.

Multiple eligibility determinations may be evaluated for each case. Therefore, some cases may have multiple errors

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA implemented an electronic document management system and has updated its processes and procedures to increase accurate and timely eligibility renewals. DPA continues addressing its backlog of applications. The department anticipates this finding will be resolved in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-051**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777**
Questioned Costs: **None**

CFDA: **93.767**
Questioned Costs: **\$458,393**

CFDA: **93.778**
Questioned Costs: **\$2,340,443**

Prior Audit Finding:

Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations.

Testing of DPA eligibility determinations found errors; some cases may have multiple errors.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DPA established a statewide case review team to identify case corrections, track statewide trends and recognize training opportunities. Additionally, DPA continues refresher training to increase accurate, timely, and verified eligibility determinations. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2019-052**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHSS**
State Agency: **DHSS**

CFDA: **93.767, 93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

Two hundred seventy-five Medicaid and 40 CHIP recipient case files randomly selected from a universe of 77,825 recipients with claims paid from July 1, 2018, through March 31, 2019, were tested for eligibility. Collectively, the case file testing included a review of 663 eligibility determinations.

Testing found errors in the written notices sent by DPA to Medicaid and CHIP recipients regarding eligibility decisions.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. The DPA Statewide Case Reviewer team and local leadership will continuously review the notices to ensure accuracy and due process. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2019-053**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.767, 93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

Sixty Medicaid/CHIP providers were randomly selected for testing compliance with Medicaid provider eligibility requirements (30 low risk providers and 30 moderate or high-risk providers). Four of 30 moderate or high-risk providers tested (13 percent) had a combination of errors in revalidating provider eligibility due to the timing of required screening activities.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. HCS strengthened its procedures through additional clarification from CMS pertaining to screening requirements and processes. The division is developing a corrective action plan with its fiscal agent combined with regular meetings to ensure outstanding deficiencies are being addressed. The department anticipates this finding will be resolved in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-054**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.767, 93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

A random sample of 60 providers enrolled in Medicaid and CHIP were tested for compliance with federal provider eligibility requirements. Thirty-nine of 60 had been enrolled Medicaid/CHIP providers for at least five years and subject to revalidation. Twenty-six of the 39 providers did not meet the five-year revalidation time requirement.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. HCS updated and/or developed processes and procedures for the quarterly quality review and business license check. The division also prepared checklists for provider applications and a five-year revalidation forecast and enterprise tracking log. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2019-055**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

DHSS DHCS Surveillance and Utilization Review Unit's (SUR) procedures for conducting utilization of care and services reviews were not sufficient to ensure management directives for utilization reviews were effectively carried out in compliance with federal requirements.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. HCS updated and/or developed processes and procedures for the conducting utilization of care and service reviews to support business processes including Analyzing Provider Profiles; Provider Case Selection; Recommending Case Action; and Internal Controls for Case Related Activities. The division also added federal citations to the written procedures as the authority under which the SUR unit operates and is intending to comply. The department anticipates this finding will be resolved in FY2021.

Finding Number: **2019-056**
Fiscal Year: **2019**
Initial Finding Year: **2018**

Federal Agency: **USDHHS**
State Agency: **DHSS**

CFDA: **93.775, 93.777, 93.778**
Questioned Costs: **None**

Prior Audit Finding:

DHSS's IT staff did not conduct a risk analysis or perform a biennial system security review of the EIS.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-026. Please refer to updated response on finding 2018-026.

Finding Number: **2019-058**
Fiscal Year: **2019**
Initial Finding Year: **2015**

State Agency: **DLWD**
Financial statement finding

Prior Audit Finding:

DLWD accounting staff incorrectly recorded an FY2019 year-end transaction to clear the Unemployment Compensation Fund (UCF) suspense liability account balance.

Status/corrective action planned/reasons for no further action:

Repeat of findings 2015-030, 2016-038, 2017-048 and 2018-038. Please refer to updated response on finding 2015-030.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-059**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOL**
State Agency: **DLWD**

CFDA: **17.225**
Questioned Costs: **None**

Prior Audit Finding:

Two of two quarterly Employment and Training Administration (ETA) 227 Overpayment Detection and Recovery Activities reports tested, for quarters ending June 30, 2019, and March 31, 2019, were not fully supported by the accounting records.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected. DLWD implemented an updated reconciliation in June 2019. The updated reconciliation did not fully provide support for all lines of the ETA. In February 2020, DLWD staff developed a verification report for the reconciliation of the ETA 227, however, due to the onset of the COVID-19 pandemic, it was not tested prior to the end of the fiscal year. The use of the validation report will commence in January 2021 with the submission of the fourth quarter 2020 ETA 227 report.

Finding Number: **2019-060**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOL**
State Agency: **DLWD**

CFDA: **17.225**
Questioned Costs: **None**

Prior Audit Finding:

Three of three ETA 2112 monthly reports tested (September 2018, October 2018 and January 2019) did not accurately report benefit payment activity.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2019-061**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOL**
State Agency: **DLWD**

CFDA: **17.225**
Questioned Costs: **None**

Prior Audit Finding:

DLWD staff submitted the 2018 annual Federal Unemployment Tax Act (FUTA) 940 certification with all tax fields incorrectly reporting zero.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2019-063**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDHHS**
State Agency: **DCCED**

CFDA: **93.423**
Questioned Costs: **None**

Prior Audit Finding:

The FY2019 grant award issued to the 1332 State Innovation Waiver's sole subrecipient contained an inaccurate grantee name, conflicting award amounts, and was missing the unique subrecipient number and federal award date.

Status/corrective action planned/reasons for no further action:

This finding is fully corrected.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-065**
Fiscal Year: **2019**
Initial Finding Year: **2017**

State Agency: **DMVA**
Financial statement finding

Prior Audit Finding:

DMVA inaccurately reported federal expenditures, amounts passed through to subrecipients, and inter-agency transfers on the FY2019 draft Schedule of Expenditures of Federal Awards (SEFA) for one program. Further, there was no evidence to show that supervisory review of the SEFA was performed prior to submission to the Department of Administration (DOA).

Status/corrective action planned/reasons for no further action:

Repeat of findings 2017-052 and 2018-046. Please refer to updated response on finding 2017-052.

Finding Number: **2019-066**
Fiscal Year: **2019**
Initial Finding Year: **2018**

State Agency: **DNR**
Financial statement finding

Prior Audit Finding:

DNR did not transfer to the Alaska Permanent Fund (APF) all dedicated mineral lease revenues received during FY2018 and FY2019.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-053. Please refer to updated response on finding 2018-053.

Finding Number: **2019-067**
Fiscal Year: **2019**
Initial Finding Year: **2018**

State Agency: **DNR**
Financial statement finding

Prior Audit Finding:

Royalty revenues eligible for transfer to the constitutional budget reserve fund (CBRF) were not transferred during FY2018 and FY2019, and revenues that should have remained in the CBRF were moved to the GF.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-054. Please refer to updated response on finding 2018-054.

Finding Number: **2019-068**
Fiscal Year: **2019**
Initial Finding Year: **2017**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U07, 10.U09**
Questioned Costs: **None**

CFDA: **10.U08**
Questioned Costs: **\$141,624**

Prior Audit Finding:

Testing of FY2019 personal service expenditures (60 State personnel timesheets) charged to the USFS Fire Suppression program identified multiple instances of noncompliance, including lack of the federally required OF-288 timesheets; state timesheet hours that did not match federal timesheets; incorrect fire codes recorded on timesheets or fire codes that did not match the federal timesheets; work-rest ratio violations; unallowable compensation for meal breaks, shift differential pay, standby pay, and hazard pay on travel days; and an unsigned timesheet.

Testing of 60 emergency firefighter (EFF) timesheets identified missing employee signatures and work-rest ratio violations.

Status/corrective action planned/reasons for no further action:

Repeat of findings 2017-055 and 2018-057. Please refer to updated response on finding 2017-055.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-069**
Fiscal Year: **2019**
Initial Finding Year: **2018**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U09**
Questioned Costs: **None**

CFDA: **10.U07**
Questioned Costs: **\$53**

CFDA: **10.U08**
Questioned Costs: **\$153,379**

Prior Audit Finding:

The audit identified five function (fire) codes in the state accounting system that were assigned incorrect federal programs.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-059. Please refer to updated response on finding 2018-059.

Finding Number: **2019-070**
Fiscal Year: **2019**
Initial Finding Year: **2018**

Federal Agency: **USDA**
State Agency: **DNR**

CFDA: **10.U07, 10.U09**
Questioned Costs: **None**

CFDA: **10.U08**
Questioned Costs: **\$216**

Prior Audit Finding:

Testing a random sample of FY2019 non-personal service expenditures charged to the USFS Fire Suppression program (60 transactions) identified 24 instances of noncompliance with procedures.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-060. Please refer to updated response on finding 2018-060.

Finding Number: **2019-071**
Fiscal Year: **2019**
Initial Finding Year: **2018**

Federal Agency: **USDOJ**
State Agency: **DNR**

CFDA: **15.U04**
Questioned Costs: **None**

CFDA: **15.U05**
Questioned Costs: **\$7,032**

CFDA: **15.U06**
Questioned Costs: **\$520,066**

Prior Audit Finding:

Testing a sample of 94 (85 randomly selected and nine judgmentally selected) FY2019 non-personal services expenditure transactions charged to the BLM Fire Suppression program identified 17 instances of noncompliance with procedures.

Status/corrective action planned/reasons for no further action:

Repeat of finding 2018-060. Please refer to updated response on finding 2018-060.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: 2019-072 Fiscal Year: 2019 Initial Finding Year: 2018 Federal Agency: USDOJ State Agency: DNR CFDA: 15.U04 Questioned Costs: None CFDA: 15.U05 Questioned Costs: \$174,990 CFDA: 15.U06 Questioned Costs: \$33,265	Prior Audit Finding: Testing of FY2019 personal service expenditures (78 State personnel timesheets) charged to the BLM Fire Suppression program identified multiple instances of noncompliance, including lack of the federally required OF-288 timesheets; state timesheet hours that did not match federal timesheets; incorrect fire codes recorded on timesheets or fire codes that did not match the federal timesheets; work-rest ratio violations; unallowable compensation for meal breaks, shift differential pay, standby pay, and hazard pay on travel days; unsupported hazard pay; and an unsigned timesheet. Testing of 67 EFF timesheets identified missing employee signatures and an incorrect fire code recorded on the timesheet. <u>Status/corrective action planned/reasons for no further action:</u> Repeat of finding 2018-062. Please refer to updated response on finding 2018-062.
Finding Number: 2019-075 Fiscal Year: 2019 Initial Finding Year: 2019 State Agency: DFG Financial statement finding	Prior Audit Finding: DFG incorrectly recorded two building assets in the state accounting system (IRIS). <u>Status/corrective action planned/reasons for no further action:</u> Audit finding was fully corrected.
Finding Number: 2019-076 Fiscal Year: 2019 Initial Finding Year: 2019 Federal Agency: EPA State Agency: DEC CFDA: 66.202 Questioned Costs: Indeterminate	Prior Audit Finding: Three of 40 randomly selected non-personal service expenditure payments totaling \$133,234 made to the Alaska Native Tribal Health Consortium (ANTHC) were processed by DEC's Division of Water (DOW) staff without confirming the expenditures were allowable. <u>Status/corrective action planned/reasons for no further action:</u> This audit finding was partially corrected. During SFY2020 DEC updated the agreement templates with ANTHC to include the requirement for detailed general ledger reports to be submitted for DEC review prior to payment and occasionally/as needed DEC will also require full support. Once this language is finalized, amended agreements will be issued and fully implemented during SFY2021.
Finding Number: 2019-077 Fiscal Year: 2019 Initial Finding Year: 2019 Federal Agency: EPA State Agency: DEC CFDA: 66.202 Questioned Costs: None	Prior Audit Finding: DEC's Division of Administrative Services (DAS) and DOW's Village Safe Water (VSW) program staff did not consistently adhere to State procurement laws and federal suspension and debarment requirements. <u>Status/corrective action planned/reasons for no further action:</u> This audit finding was not corrected. During SFY2020 DEC DAS and DOW created a combined group to review all VSW Procurement policies and procedures to identify areas where clarity, additional resources or trainings is needed. DEC will complete these updates and fully implement them during SFY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: 2019-078 Fiscal Year: 2019 Initial Finding Year: 2019 Federal Agency: EPA State Agency: DEC CFDA: 66.202 Questioned Costs: None	Prior Audit Finding: Two of four randomly selected EPA Disadvantage Business Enterprise (DBE) 5700-52A Utilization forms submitted by DEC to EPA during FY2019 contained inaccurate expenditure amounts for construction activities. <u>Status/corrective action planned/reasons for no further action:</u> This audit finding was partially corrected. During SFY2020 DEC updated internal procedures to make this reporting process more automated. This new method will be used when creating the SFY2021 DBE reports.
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Finding Number: 2019-079 Fiscal Year: 2019 Initial Finding Year: 2019 Federal Agency: EPA State Agency: DEC CFDA: 66.202 Questioned Costs: Indeterminate	Prior Audit Finding: DOW staff did not perform sufficient monitoring activities over FY2019 subrecipients. Risk assessments for all five Remote Maintenance Worker (RMW) subrecipients and the sole VSW subrecipient were not performed as required by federal regulations. Additionally, RMW program staff were not provided with sufficient expenditure support by subrecipients to verify that subaward costs were in accordance with federal regulations and grant requirements. <u>Status/corrective action planned/reasons for no further action:</u> This audit finding was partially corrected. During SFY2020 DEC created Risk Assessment policy and procedures and a Risk assessment form used during the application review and awarding process. DEC is also in the process of updating the agreement templates to require detailed ledgers be submitted for DEC review prior to payment and occasionally/as needed DEC will require full detail be submitted. The frequency of full detail will depend on the results of the Risk Assessment performed. This will be fully implemented during SFY2021.
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Finding Number: 2019-080 Fiscal Year: 2019 Initial Finding Year: 2016 State Agency: DOTPF Financial statement finding	Prior Audit Finding: Detailed testing of DOTPF's input of FY2019 capital assets into the state accounting system (IRIS) identified errors. <u>Status/corrective action planned/reasons for no further action:</u> Repeat of findings 2016-056, 2017-068 and 2018-069. Please refer to updated response on finding 2016-056.
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STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-081**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOT**
State Agency: **DOTPF**

CFDA: **20.219, 20.224**
Questioned Costs: **None**

CFDA: **20.106**
Questioned Costs: **\$26,151**

CFDA: **20.205**
Questioned Costs: **\$84,179**

Prior Audit Finding:

Testing a random sample of 60 indirect cost charges identified an error in the application of the FY2019 approved indirect cost rate, which resulted in DOTPF claiming federal reimbursement for indirect costs in excess of the federally approved rate for FY2019.

Status/corrective action planned/reasons for no further action:

This audit finding was fully corrected.

Finding Number: **2019-082**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOT**
State Agency: **DOTPF**

CFDA: **20.205, 20.219, 20.224**
Questioned Costs: **None**

Prior Audit Finding:

Nine of 35 FHWA construction project files tested (26 percent) did not demonstrate that contractors complied with prevailing wage requirements. Specifically, eight project files did not include signed statements of compliance for all certified payrolls. Additionally, the weekly certified payrolls for one project were submitted a month after the project was completed.

Status/corrective action planned/reasons for no further action:

DOTPF is working with the Department of Labor to implement the AASHTOWare Project Civil Rights and Labor Module (AWP-CRL). This module will provide a web-based platform where contractors will submit certified payroll for all contracts awarded after January 1, 2021. AWP-CRL requires contractors to sign a statement of compliance before their payroll will be accepted. This system will be able to track and report on certified payroll submissions to assist staff in determining if certified payroll has been submitted in a timely manner. This system will automate some of the processes and remove some of the human error. This audit finding will be corrected in January 2021.

Finding Number: **2019-083**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOT**
State Agency: **DOTPF**

CFDA: **20.205, 20.219, 20.224**
Questioned Costs: **None**

Prior Audit Finding:

Five of 25 FHWA funded construction projects tested (20 percent) lacked sufficient evidence to demonstrate that qualified personnel performed materials testing.

Status/corrective action planned/reasons for no further action:

This audit finding was partially corrected.

The AASHTOWare construction management systems was updated to automatically include inspectors' qualifications for each material test and guidance was formulated and submitted to staff. There may be older projects not yet completed that did not get automatically updated and needs to be updated manually. This audit finding will be fully corrected in FY2021.

STATE OF ALASKA
Summary Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2020

Finding Number: **2019-086**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOE**
State Agency: **U of A**

CFDA: **84.007, 84.033, 84.063, 84.268, 84.379**
Questioned Costs: **None**

Prior Audit Finding:

Three (two from University of Alaska Southeast and one from University of Alaska Anchorage) out of 50 Common Origination and Disbursement system (COD) disbursements tested were not reported within the required 15 days to COD.

Status/corrective action planned/reasons for no further action:

Corrected for the University of Alaska-Anchorage. See current year finding for the University of Alaska-Southeast. The Financial Aid Offices have established reporting timeframes within the separate offices. University of Alaska-Anchorage has an established twice-weekly loan and grant origination and disbursement reporting schedule to Common Origination and Disbursement website, adjusted during peak periods and to include ad hoc reporting on key dates such as payment deadlines, end of semester and end of award year. University of Alaska-Southeast was short-staffed, and some COD disbursements were not reported within 15 days to COD.

The University of Alaska-Southeast will establish at least once a week loan and grant origination and disbursement reporting schedule to Common Origination and Disbursement website.

Finding Number: **2019-087**
Fiscal Year: **2019**
Initial Finding Year: **2019**

Federal Agency: **USDOE**
State Agency: **U of A**

CFDA: **84.007, 84.033, 84.063, 84.268, 84.379**
Questioned Costs: **None**

Prior Audit Finding:

One student (University of Alaska Fairbanks) out of 40 students tested was not reported to the National Student Loan Data System (NSLDS) within the required timeframe.

Status/corrective action planned/reasons for no further action:

Corrected. The incident noted for University of Alaska-Fairbanks Registrar's Office has established a reporting timeframe that provides for timely reporting of student status changes.

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SECTION IV – CORRECTIVE ACTION PLAN

SECTION IV – CORRECTIVE ACTION PLAN



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Administration

AMANDA HOLLAND, ACTING COMMISSIONER

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May 24, 2021

Kris Curtis, CPA, CISA
Legislative Auditor
Legislative Budget and Audit Committee
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

RECEIVED

MAY 24 2021

LEGISLATIVE AUDIT

Dear Ms. Curtis:

RE: FY 2020 Confidential Preliminary Audit, Department of Administration (DOA)

This is in response to Recommendations in the FY 2020 State of Alaska Audit.

Single Audit Corrective Action Plan

Finding: 2020-001 – Testing of the FY 20 draft Comprehensive Annual Financial Report (CAFR) identified that the year-end financial reporting of activity between the Constitutional Budget Reserve Fund (CBRF) and the general fund was not accurately calculated, including the repayment presentation required by Article IX, Section 17(d) of the Alaska Constitution.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will ensure procedures are updated to accurately report CBRF financial activity, including the presentation of the repayment required by Article IX, Section 17(d) of the Alaska Constitution.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2021.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-002 – Division of Finance’s (DOF) director has not developed and implemented a comprehensive configuration management policy for State’s accounting system (IRIS). Additionally the configuration management policy for ALDER, the State’s reporting system, is not being followed.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

As DOF goes through the IRIS system upgrade process, controls and procedures will be developed and properly documented. DOF will procure a standardized configuration change ticketing system to ensure all changes are documented as being tested, approved, and placed into production.

Completion Date (list anticipated completion date):

Anticipated completion date is July 1, 2022.

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Single Audit Corrective Action Plan

Finding: 2020-003 – An evaluation of DOA’s State payroll system controls identified significant control weaknesses.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

The internal control weaknesses noted will be resolved with the IRIS-HRM upgrade to version 4.0 scheduled to be completed by January 2022.

Completion Date (list anticipated completion date):

Anticipated completion date is January 2022.

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Single Audit Corrective Action Plan

Finding: 2020-004 – Internal control weaknesses were identified over logical access to DOA's State accounting system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance disagrees with this finding.

Corrective Action (corrective action planned):

Our action is dependent on one of two actions, the employee removal from our statewide directory (LDAP/DSGW) or the processing of the separation by DOP Payroll. Some agencies will notify us of an employee's separation as directed in the Employment Clearance Form that all employees are required to sign when separating from State Service but this is not done consistently which leaves us as dependent on the action in the DSGW or by Payroll to be notified about an employee separation. We make every effort to remove access from IRIS as soon as we receive notification of the separation.

In regard to the second issue noted in the finding, the system control available is already in place. Only those employees given appropriate security access can make direct table changes. The segregation of duties and evidence of review is a department responsibility.

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-005 – DOF’s director does not require the IRIS contractor to provide an independent annual assurance review of internal controls and processing.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF is currently renegotiating its contract with its contractor to include the needed assurance over internal control procedures and processes. The new maintenance agreement will be negotiated with the version 4.0 upgrade and implantation. The go live date is scheduled to be January 2022.

Completion Date (list anticipated completion date):

Anticipated completion date is January 2022.

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Single Audit Corrective Action Plan

Finding: 2020-006— Government-wide governmental activities revenues in the draft FY 20 CAFR Statement of Activities contained several classification errors.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

Accounting Services will update procedures and reports to include all areas of difficulty found during the FY20 CAFR audit. Staff permitting, the same accountant will perform these functions for the FY21 CAFR and will apply the changes necessary to correct the changes noted in FY20. If it is not possible for the same staff to perform the duties, the Accounting Services supervisor will assist in the performance and review of the procedures.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2021.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-007 – The capital asset accounts on the draft FY 20 government-wide governmental activities Statement of Net Position and related CAFR footnote five contained significant errors.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

Capital asset procedures will be reviewed by the State Accountant to ensure capital assets are reported correctly. Various analytical reviews will be included in the procedures to help mitigate errors that occurred during FY20.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2021.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-008 – A net other postemployment benefits (OPEB) asset was misreported in the draft FY 20 CAFR as a net OPEB liability.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

Procedures will be updated and reviewed by the State Accountant to address the errors noted. Additional reviews will be included in the procedures to help mitigate errors that occurred during FY20.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2021.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-009 – DOF accountants did not properly identify the Unemployment Compensation Fund as a major enterprise fund in the FY 20 CAFR.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

Accounting Services has updated the calculation spreadsheet to correct the issue going forward in order to properly identify major component units for CAFR reporting.

Completion Date (list anticipated completion date):

Completion date was February 19, 2021.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-010 – The State’s general fund reported the FY 20 amount appropriated from the CBRF to the Alaska Energy Authority’s (AEA) power cost equalization endowment fund (PCEF) as required by Chapter 1, SSSLA 2019, sec. 17(a) differently than reported by AEA by over \$1 billion. Further, the State’s general fund reported the FY 20 year-end sweep from the PCEF to repay the CBRF differently than AEA by over \$1 billion.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will update our procedures to correctly report the PCE sweep per guidance given from GASB.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2021.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-011 – Federal Coronavirus Aid, Relief, and Economic Security Act funds received in FY 20 were misclassified in the draft CAFR.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will update procedures in order to accurately report CARES Act funds going forward.
DOF will verify advances against the amounts reported in outside audited financial statements and work with departments to accurately report unearned revenue.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2021.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-012 – DOA's Office of Information Technology accounting staff have not reconciled the Information Services Fund asset tracking system to the State accounting system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

OIT agrees with the finding.

Corrective Action (corrective action planned):

OIT is currently working on the reconciliation of assets between IRIS and FASGOV and has isolated the discrepancy which requires a full inventory of assets in the ISF to be completed in order to prepare a journal entry to record correction. OIT has prepared a multi-year reconciliation worksheet between CAFR and our internal asset inventory listing (FASGOV/IRIS).

SATS, a section under OIT, has added COMSHOP- an inventory program - and is working through programming and governance while actively working a site-by-site inventory. This initiative started in May 2019 and SATS/ALMR has since moved departments in FY21.

OIT staff will enter/remove the assets in FASGOV once identified and complete the correct transaction in IRIS to reduce the asset value for either OIT or if identified as SATS/ALMR the asset will transfer in IRIS to correct entity.

In addition, we expect to leverage ServiceNow, called AlaskaNow, as an asset tracking software for IT. OIT is currently working on a division reorganization which encompasses an asset management program. The reorganization encompasses 3 phases where implementation of the asset management program is planned to be rolled out during phase 3, FY23 first quarter and we will discontinue to the use of FASGOV and going forward reconcile assets between our asset tracking software AlaskaNow and IRIS.

Completion Date (list anticipated completion date):

October 2022

Agency Contact (name of person responsible for corrective action):

Colin Amundson – Chief Workforce and Finance Officer

Single Audit Corrective Action Plan

Finding: 2020-013 – During FY 20, Division of Finance management did not provide adequate training to support State agencies' use of the Alaska Data Enterprise Reporting (ALDER) 2.0 system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance partially agrees with this finding.

Corrective Action (corrective action planned):

DOF provided ALDER training workshops for both DOF staff and finance, procurement, and human resource management personnel in the departments. The workshops are available online as a resource for people who could not attend in-class sessions and when review is needed for in-class participants. DOF will add to the inventory of training videos to create a comprehensive library of content.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2022.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-014 – ALDER system backups were not routinely performed.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

The issues noted were partly due to migration activities that were performed that will no longer be an issue going forward. ALDER staff will implement some changes to the procedures that will refine the process and result in less conflicts.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2021.

Agency Contact (name of person responsible for corrective action):

Hans Zigmund

Single Audit Corrective Action Plan

Finding: 2020-015 – The Department of Administration's (DOA) DOF completed the FY 20 draft CAFR on December 9, 2020.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

DOF will advocate for a proper staffing model and sufficient financial resources. DOF needs a staffing and funding model that will allow for a dedicated financial reporting section separate and apart from other accounting services duties, the hiring of multiple CPAs, a certified information systems auditor, and continuing professional education.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2022.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-016 – During FY 20, \$16.4 million of general funds were disbursed to the University of Alaska without legal authorization.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance agrees with this finding.

Corrective Action (corrective action planned):

This payment was appropriately reported in the Comprehensive Annual Financial Report; however, there was a timing issue which caused the payment to be issued twenty-four hours before the effective date of the budget authority. DOF will update our procedures to clarify how advances are made when crossing fiscal years.

Completion Date (list anticipated completion date):

Anticipated completion date is June 30, 2021.

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Single Audit Corrective Action Plan

Finding: 2020-017 – During FY 20, DOA inappropriately transferred \$1.7 million of expenditures from an operating appropriation to a capital appropriation without sufficient verification that the expenditures complied with the purpose of the capital appropriation.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Division of Finance disagrees with this finding.

Corrective Action (corrective action planned):

DOF requested a term-year extension for appropriation number 022407909 in accordance with AS 37.25.020. DOF's stance is that the costs for the IRIS upgrade are not distinguishable from the statewide administrative systems replacement costs.

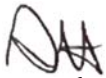
Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Mallorie Fagerstrom

Sincerely,



Amanda Holland
Acting Commissioner
Department of Administration

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THE STATE
of **ALASKA**

GOVERNOR MIKE DUNLEAVY

Department of Law

OFFICE OF THE ATTORNEY GENERAL

1031 W. 4th Avenue, Suite 200
Anchorage, AK 99501
Main: 907 269-5100
Fax: 907 276-3697

May 12, 2021

RECEIVED

MAY 12 2021

LEGISLATIVE AUDIT

Kris Curtis, CPA
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Re: *Confidential Preliminary Audit Report, Department of Law, FY2020
Statewide Single Audit*

Dear Ms. Curtis:

Thank you for the opportunity to respond to the preliminary audit report finding issued in the letter dated April 30, 2021.

The department agrees with Finding No. 2020-018, and is taking corrective action steps as prescribed in the attached Single Audit Corrective Action Plan.

If you should have additional questions, please feel free to contact me at 907-269-5100.

Sincerely,

A handwritten signature in blue ink, appearing to read "Greg R. Taylor".

Greg R. Taylor
Attorney General



May 12, 2021

Single Audit Corrective Action Plan

Finding: 2020-018 – One potential Department of Law shortfall was identified for FY 20.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The department agrees with this finding.

Corrective Action (corrective action planned):

The department will review FY2020 revenue sources to determine whether there are any outstanding amounts to be collected. Further, the department will analyze the ability to cover the overage from current year funds based on FY2020 general fund lapse in order to reduce any potential ratification to the extent possible.

Department procedures for FY2021 forward will involve verification of revenue authority and collectability thereof, including communication with other state agencies as necessary. Correcting budget documents will be prepared and placed in final status during the reappropriation period.

Completion Date (list anticipated completion date):

October 31, 2021

Agency Contact (name of person responsible for corrective action):

Torrey Jacobson, Finance Officer (907) 465-5427



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Revenue

Office of the Commissioner

PO Box 110400
Juneau, Alaska 99811-0400
Main: 907.465.2300

May 5, 2021

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
333 Willoughby Avenue, 6th Floor
PO Box 113300
Juneau, AK 99811-3300

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MAY 05 2021

LEGISLATIVE AUDIT

Dear Ms. Curtis:

Please find attached the Department of Revenue's responses to the Division of Legislative Audit's findings with respect to the FY2020 Comprehensive Annual Financial Report.

Sincerely,

Lucinda Mahoney

Lucinda Mahoney
Commissioner

Single Audit Corrective Action Plan

Finding: 2020-019 – Revenues eligible for transfer to the Constitutional Budgetary Reserve Fund (CBRF) were not transferred during fiscal years 2018, 2019, and 2020. Revenues that should have remained in the CBRF were moved to the general fund.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Tax Division disagrees with this finding. We continue to rely on the legal analysis done by the Attorney General's office in 2018 which concluded that payments related to the FERC settlements were not to be transferred to the CBRF.

Corrective Action (corrective action planned):

N/A

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Colleen M Glover, Tax Division Director

Single Audit Corrective Action Plan

Finding: 2020-020 – Auditors requested access to Department of Revenue (DOR) oil and gas production tax-related settlement/appeal files to verify the proper usage of oil and gas production tax credit certificate amounts in the settlement of oil and gas production taxes. Auditors were denied access to the requested settlement/appeal files during the audit fieldwork by DOR management. Consequently, auditors were unable to reasonably determine the appropriate financial statement impact of identified oil and gas production tax credit certificate issues.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Tax Division disagrees with this finding. The Tax Division has supplied all requested documents except two documents that are attorney-client communications. Subject to and without waiving any of the foregoing, the Tax Division will and has made its settlement files, except for any and all attorney-client communications, available for inspection by the Division of Legislative Audit upon reasonable notice.

Consistent with the terms of engagement for the audit, action taken upon the legal advice provided by the Department of Law constitutes reasonable assurance that an agency has complied with the law. The closing agreements provided were signed by the Commissioner of Revenue, and the Attorney General, as are all closing agreements [AS 43.05.060 and AS 43.05.070]. The signature of the Attorney General on the closing agreements constitutes reasonable assurance that the closing agreements reviewed by the Departments of Law and Revenue complied with law in the settlements. Given the signature of the Attorney General on the closing agreements and the broad powers of the Attorney General to settle matters under AS 44.23.020(b), the requests for other settlement documents, outside of the closing agreements, to evaluate “proper usage” did not have any legitimate audit purpose and would have disclosed attorney-client privilege and attorney work product privilege information. Because these documents serve no legitimate audit purpose, the lack of the documents should not be a basis for any finding.

Corrective Action (corrective action planned):

N/A

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Colleen M Glover, Tax Division Director

Single Audit Corrective Action Plan

Finding: 2020-021 – DOR staff preparing the FY 20 Schedule of Expenditures of Federal Awards did not follow the department's procedures and the procedures were not updated to correct inaccurate report filters identified during the FY 19 audit. Additionally, DOR staff could not provide evidence of supervisory review.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DOR Agrees with this finding

Corrective Action (corrective action planned):

DOR will properly update procedures to include accurate filters and a supervisory review step.

Completion Date (list anticipated completion date):

March 15, 2021

Agency Contact (name of person responsible for corrective action):

Brian Fechter, Administrative Services Director

Single Audit Corrective Action Plan

Finding: 2020-022 – Two potential DOR shortfalls were identified for FY 20.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Department of Revenue Partially agrees with the finding. For Appropriation R200 – Child Support Services Division, in BFY2019, during the BFY2018 reappropriation period, previous Departmental staff at that time were given incorrect guidance to apply federal revenues against the oldest receivables first, rather than applying those revenues to the appropriate budget fiscal year (BFY). This caused BFY2018 budget to be over-collected in the form of Federal funds and the BFY2019 to be under-collected. The process for applying federal revenues against receivables accruing to the proper fiscal year has been corrected moving forward.

The Department disagrees that a shortfall exists in the R700 appropriation. All outstanding revenue has been received from the APFC, however, there is a purely technical/timing issue related to when those cash receipts were applied against outstanding receivables and the finalization of a FY2020 receivable document in the state accounting system.

Corrective Action (corrective action planned):

None Necessary – all outstanding items have been corrected moving forward.

Completion Date (list anticipated completion date):

N/A – Completed

Agency Contact (name of person responsible for corrective action):

Brian Fechter, Administrative Services Director



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Education
& Early Development**

OFFICE OF THE COMMISSIONER

801 West Tenth Street, Suite 200
P.O. Box 110500
Juneau, Alaska 99811-0500
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TTY/TDD: 907.465.2815
Fax: 907.465.4156

May 14, 2021

Kris Curtis, Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

MAY 19 2021

LEGISLATIVE AUDIT

Dear Ms. Curtis:

The Department of Education & Early Development (DEED) appreciates the opportunity to respond to the audit recommendations in the preliminary audit report for the State of Alaska, Statewide Single Audit for the Fiscal Year Ended June 30, 2020.

Enclosed are the corrective action plan forms for each of the two findings addressed in the confidential preliminary audit report.

The department appreciates these being brought to our attention and we welcome the opportunity to correct them and ensure compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Johnson".

Dr. Michael Johnson
Commissioner

Enclosure

Single Audit Corrective Action Plan

Finding: 2020-023 – Testing of FY 20 access to the Grants Management System for 16 state agency user roles identified six user roles affecting five individuals that lacked documented approval. Specifically, five user roles were changed for four individuals prior to documented approval and one new user was added with no state user access agreement on file.

Questioned Costs: None

CFDA Number: 84.010; 84.011; 84.425C; 84.425D

CFDA Title: Title I Grants to Local Educational Agencies; Migrant Education State Grant Program; Governor’s Emergency Education Relief (GEER) Fund – COVID-19; Elementary and Secondary School Emergency Relief (ESSER) Fund – COVID-19

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The department agrees with Finding 2020-023.

Corrective Action (corrective action planned):

As soon as the department was made aware of the documentation deficiencies, updated GMS user agreements were obtained for four of the five identified employees. The fifth employee, who had no user agreement, no longer needed access and was deactivated. All roles that had been assigned were necessary for each individual’s duties at the time they were assigned.

The user who added the individuals identified in March 2020 did not follow established department procedure for adding GMS users and their ability to add users was terminated.

The individuals identified in January 2021 were appropriately assigned additional approval roles for the new CARES Act program, however the documentation of that approval was missed in the rush to get the COVID-19 federal relief funding to school districts. No action was taken other than to obtain updated user agreements.

No additional procedures are considered necessary.

Completion Date (list anticipated completion date):

March 18, 2020 and January 4, 2021

Agency Contact (name of person responsible for corrective action):

Heidi Teshner, Division Director

Single Audit Corrective Action Plan

Finding: 2020-024 – Department of Education and Early Development management could not provide evidence that an authorized employee reviewed the June 30, 2020, Federal Funding Accountability and Transparency Act reports for the GEER fund and ESSER fund awards before submission.

Questioned Costs: None

CFDA Number: 84.425C; 84.425D

CFDA Title: GEER Fund; ESSER Fund

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The department agrees with Finding 2020-024.

Corrective Action (corrective action planned):

While review of the FFATA reporting did occur, retaining documentation of the review was overlooked. The department's Finance Officer will ensure that written approval of the report is saved in the same location as the report submittal, regardless of how approval is received.

Completion Date (list anticipated completion date):

January 6, 2021

Agency Contact (name of person responsible for corrective action):

Heidi Teshner, Division Director

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THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Health and Social Services

OFFICE OF THE COMMISSIONER

Anchorage

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MAY 19 2021

LEGISLATIVE AUDIT

May 19, 2021

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RE: Confidential Preliminary Audit Report, Department of Health and Social Services (DHSS), State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2020

Dear Ms. Curtis,

The Department of Health and Social Services (DHSS) appreciates the opportunity to review and provide responses to the associated findings and recommendations as shared in the annual preliminary audit report.

Furthermore, DHSS management is noting that several of the repeat findings are the direct result of redirecting agency resources to mitigate the public health threat posed by the COVID-19 pandemic that occurred during the second half of FY2020 and has continued into FY2021. While the progress the department has made in fixing existing findings has been slow and frequently hindered during the pandemic, DHSS has continued to address the concerns raised by the Division of Legislative Audit.

Finding: 2020-025 – During FY 20, the Department of Health and Social Services' (DHSS) Division of Finance and Management Services accountants did not collect or liquidate \$33 million of federal receivables in a timely manner and did not provide adequate evidence to show the amounts were collectible.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with this recommendation.

Corrective Action (corrective action planned):

Finance and Management Services (FMS) did prioritize the reconciliation of federal programs with older receivables dating back to 2016 in accordance with its existing corrective action plan. Due to the complexity of the reconciliation process and extensive coordination process with multiple federal agencies the department anticipated this finding may not be completed until FY2021. While FMS has been challenged by both staff turnover and a public health emergency it is on track to complete the corrective action necessary to correct the finding in FY2021.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-026 – DHSS inaccurately reported federal expenditures on the FY 20 draft Schedule of Expenditures of Federal Awards for four programs, collectively understating the federal expenditures by approximately \$29.6 million.

Questioned Costs: None

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with this finding.

Corrective Action (corrective action planned):

FMS has discussed the state's written procedures with the Division of Finance to address the lack of clarity pertaining to the basis of accounting and is strengthening the department's written procedures to further clarify to ensure the SEFA is prepared correctly.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-027 – Three of 16 DHSS funding profile changes tested during FY 20 (19 percent) lacked evidence of the change being reviewed and approved by an individual with the appropriate authority other than the requester or person making the change (commonly referred to as segregation of duties).

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding.

Corrective Action (corrective action planned):

In SFY2020 DHSS continued to strengthen its internal controls by limiting access to the IRIS structure tables and developing a monthly quality assurance report to validate all structure setup is accurate. It also initiated the expansion to all federal programs the existing processes and templates used to support IRIS table updates for the federal open entitlement programs. The department also self-reported IRIS security concerns to the single state auditors when it was discovered that all state employees with certain security permissions have access and the ability to make changes to other departments structure tables, including funding profiles.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-028 – The Division of Public Assistance (DPA) paid \$13.1 million to approximately 400 child care facilities using Coronavirus Relief Fund (CRF) monies without verifying the facilities were impacted by the COVID-19 public health emergency.

Questioned Costs: \$13,098,612

CFDA Number: 21.019

CFDA Title: CRF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS does not agree with the finding.

The department collaborated internally with program subject matter experts and externally with its federal partners in determining the best course of action to provide time sensitive assistance to the childcare industry during the public health emergency to ensure documented childcare providers received capacity building payments and increase availability to essential workers on the front lines. The state's operating budget for FY2020 was not developed or implemented to include capacity building payments to maintain essential childcare services during a national public health emergency. In accordance with title 2 CFR 200.303 the agency relied on internal controls by utilizing existing processes and system documentation, in addition to federal guidance that was made available at the time the payments were issued (1). The department relied on the most cost-effective processes to comply with the new federal funding received to accomplish the objectives of both the state and funding source. The proposed finding under the section titled "context" includes statements that the state failed to obtain applications or enter into grant agreements, however, this does not mean the state failed to implement internal controls. Additionally, the federal guidance available at the time of payment and later expanded on does not require applications or grants (2). The state implemented this program using an alternate course of action determined to be a better fit to respond to the public health emergency that was occurring at that time which also resulted in fewer delays in issuance; broader distribution; and less expense to administer. Any delays in issuing these payments may have resulted in fewer childcare resources for essential workers, such as health care staff; police; firefighters; grocery store employees; and other similar front line workers.

Footnote:

- (1) The US OMB FY2020 Compliance Supplement Addendum issued in December 2020 states in section 8 page 2 third paragraph "When evaluating a non-federal entity's compliance, auditors must consider provisions of federal statutes, regulations, and the terms and conditions of federal awards. However, auditors may also consider guidance documents in effect during the period to understand the program requirements. An auditor may conclude whether the non-federal entity is in compliance with a type of compliance requirement based on consideration of applicable implementing guidance in effect at the time of the activity or transaction."
- (2) The federal guidance and FAQs published between 04/22/20 and the revised federal register dated 01/15/21.

Corrective Action (corrective action planned):

N/A

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-029 – Two of 28 FY 20 timesheets tested that directly charged costs to the Temporary Assistance for Needy Families (TANF) program did not reflect positive timekeeping and the employee did not accurately certify that 100 percent of time was chargeable to the federal program. Additionally, one of two FY 20 Children's Health Insurance Program (CHIP) timesheets tested that directly charged costs to CHIP did not reflect positive timekeeping.

Questioned Costs: CFDA 93.558: \$55,474; CFDA 93.767: \$7,266

CFDA Number: 93.558; 93.767

CFDA Title: TANF; CHIP

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the recommendation.

Corrective Action (corrective action planned):

The Divisions of Public Assistance and Health Care Services are strengthening division time keeping processes to ensure they are following the department's procedures for positive time keeping and the accurate completion of the biannual certification form when applicable.

Completion Date (list anticipated completion date):

DHSS anticipates the finding will be resolved in SFY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-030 – Nine of 60 FY 20 TANF benefit payments tested (15 percent) were not calculated accurately due to client changes not entered timely or incorrect data in the Eligibility Information System (EIS).

Questioned Costs: 93.558: \$1,855

CFDA Number: 93.558

CFDA Title: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

During FY2020 the Division of Public Assistance (DPA) implemented a statewide case review team to perform timely case reviews and provide feedback to staff. However, delays associated with the COVID-19 pandemic hindered the agency in fully completing its corrective action plan. The division is in the process of strengthening procedures and updating training aids for staff. It is also in the process of implementing a workflow management team that will ensure client changes are being addressed in a timely manner.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2022.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-031 – DPA management could not provide evidence that staff reviewed and verified information from control reports used to monitor TANF benefits issued through electronic benefit transfer cards.

Questioned Costs: None

CFDA Number: 93.558

CFDA Title: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

DPA is re-assessing and strengthening its internal controls including updating the retention schedules to ensure availability of the TANF EBT issuance reports. The agency is also moving towards tracking and retaining the verified control reports electronically instead of through hard copy maintenance.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-032 – DHSS's information technology (IT) staff did not properly limit user access to the eligibility system during FY 20.

Questioned Costs: None

CFDA Number: 93.558; 93.775, 93.777, 93.778

CFDA Title: TANF; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the recommendation.

Corrective Action (corrective action planned):

FMS IT services, in collaboration with DPA, implemented automated workflow using the department Helpdesk system to request, approve, implement, and document information system access requests.

Prior to the state payroll conversion to the Human Resource Management (HRM) system the department had access to an ALDER report with year-to-date personnel changes and it was a critical resource relied on by the department to successfully identify employee changes in a timely and cost-effective manner. A similar report has not yet been made available by payroll services of the Department of Administration (DOA) and since the department has over 3,000 employees this report is key to comply with ISP 171 section 5.4.3. Changing and Disabling/Removing User Accounts.

Other corrective action being implemented includes verification of third-party access agreements, including any memorandum of understanding (MOU); strengthening departmental policy by establishing a one-year limit with a reauthorization requirement for third party users; formalizing notification procedures and account profile selection; and pursuing the clean-up of existing accounts.

The department has consistently asserted that it has internal controls associated with the generic accounts required for testing due to system limitations.

Completion Date (list anticipated completion date):

DHSS anticipates the finding will be resolved in SFY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-033 – Twenty-eight of 58 TANF recipient case files tested lacked documentation supporting the request and use of income and benefit information through the Income Eligibility and Verification System, and other data exchanges necessary for determining eligibility and benefits.

Further, when testing a random sample of 58 FY 20 TANF recipient cases, eligibility errors were identified in 18 cases.

Questioned Costs: CFDA 93.558: \$21,575

CFDA Number: 93.558

CFDA Title: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the recommendation.

Corrective Action (corrective action planned):

DPA continues to provide training on program requirements and is strengthening its review processes. DPA implemented an electronic document management system to automate access to case documentation and improve processing timelines of eligibility determinations and redeterminations.

Completion Date (list anticipated completion date):

DHSS anticipates the finding will be resolved in SFY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-034 – DPA management did not maintain adequate internal controls over the review and compilation of data used to support compliance with the following Earmarking requirement: the percent of families receiving TANF assistance for more than 60 countable months does not exceed 20 percent.

Questioned Costs: None

CFDA Number: 93.558

CFDA Title: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

DPA is strengthening its procedures to include documenting the review process that is performed for accuracy and updating the reconciliation process with EIS for the number of countable monthly TANF benefit payments.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2022.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-035 – The ACF-196R TANF financial report for the FFY 19 grant award misreported expenditures for the quarter ending March 31, 2020. Expenditures totaling \$1,566,788 were reported on the filed ACF-196R report as prevention of out-of-wedlock pregnancies expenditures, on line 18, but should have been reported as expenditures for services for children and youth, on line 17.

Questioned Costs: None

CFDA Number: 93.558

CFDA Title: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the recommendation.

Corrective Action (corrective action planned):

FMS is strengthening its supervisory procedures to ensure federal reports are accurate and complete.

Completion Date (list anticipated completion date):

DHSS anticipates the finding will be resolved in SFY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-036 – Twenty-three of 104 FY 20 TANF cases tested (22 percent) had inaccurate information reported in the ACF-199 data file.

Questioned Costs: None

CFDA Number: 93.558

CFDA Title: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

During FY2020 DPA established a statewide case review team and have established case review guidelines to increase accurate and verifiable data. However, due to the COVID-19 public health emergency, the corrective action plan was delayed due to competing priorities to implement protocols and temporary regulatory changes. The agency also plans to have its Research and Analysis Team review the queries used to pull the data for the ACF-199 file to determine the reason for the inaccuracies, and created new queries as needed to remedy the finding.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2022.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-037 –DPA management did not implement adequately designed internal controls to prevent, or detect and correct, noncompliance with the Special Tests and Provisions requirements for Child Support Non-Cooperation, Penalty for Refusal to Work, and Penalty for Failure to Comply with Work Verification Plan.

Questioned Costs: None

CFDA Number: 93.558

CFDA Title: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

The Division of Public Assistance (DPA) is re-assessing and strengthening the internal controls ensuring compliance with the special test and provision requirements.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2022.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-038 – In March of 2020, DPA suspended the assessment of penalties for noncompliance with the Special Tests and Provisions requirements of Child Support Non-Cooperation and Penalty for Refusal to Work without obtaining an amendment to the State's approved TANF plan.

Questioned Costs: Indeterminate

CFDA Number: 93.558

CFDA Title: TANF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

DPA is reaching out to its federal partner agency to ascertain whether it may submit a TANF state plan amendment retroactive to March 2020 to suspend penalties for the special tests and provision requirements in response to the COVID-19 pandemic. The COVID-19 pandemic required the agency to implement a number of program changes for multiple programs at the same time to ensure services to vulnerable populations were not disrupted, while it also transitioned its workforce to a teleworking paradigm.

Completion Date (list anticipated completion date):

DHSS resolved the finding during SFY2020.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-039 – During FY 20, Division of Health Care Services (DHCS) management intentionally disregarded State and federal regulations and overrode internal controls designed to prevent unallowable costs, unallowable activities, and fraud by waiving preauthorization requirements and bypassing system edits for over 750 Medicaid/CHIP providers through December 31, 2019.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding as written.

Corrective Action (corrective action planned):

The Division of Health Care Services (DHCS) initiated the Golden Ticket pilot program during FY2019 with the intention to reduce administrative burden. The initiative included internal controls to reduce the risk of abuse with specific performance criteria for participation; continuation of the same supporting documentation required for the prior authorization process; post service reviews; and the exclusion of several services (Medications; Durable Medical Equipment; Long-Term Care; Waiver Services; Behavioral Health; and Transportation). Only five percent of the providers met specific performance criteria and early in FY2020 the DHCS management re-assessed the program with the result that it was terminated due to a lack of measurable administrative benefits and the existence of regulatory concerns. Prior to issues raised through the statewide audit, the providers were given advance notice that the agency was terminating the pilot program on December 31, 2019. This finding was resolved during FY2020.

Completion Date (list anticipated completion date):

DHSS resolved the finding during SFY2020.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-040 – Review of FY 20 dental claims identified likely overutilization of dental services for individuals under the age of 21.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

The Division of Health Care Services (HCS) tightened its internal controls on dental providers with questionable utilization practices while still processing the claims within existing regulations. The COVID-19 pandemic has resulted in delays in completing phase 2, in regard to the additional dental regulations increasing controls on over-utilized or mis-used dental services.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-041 – DHSS staff claimed federal reimbursement for unallowable behavioral health and other psychiatric observation costs.

Questioned Costs: CFDA 93.778: \$136,086

CFDA Number: 93.775, 93.777, 93.778

CFDA Title: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

The Division of Health Care Services completed and implemented the necessary system updates in FY20 to comply with the state plan requirements for observation costs. A partial refund of both FY19 and FY20 questioned costs occurred in FY20. A subsequent claims analysis performed in FY21 identified outstanding claims not yet corrected with additional questioned costs that were refunded during FY21.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-042 – DHCS procedures for documenting and verifying “received through” claims reprocessed at the 100 percent federal medical assistance percentage were inadequate to ensure the State processed the Medicaid/CHIP Indian Health Service/Tribal facility care coordination claims in accordance with federal guidance.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS does not agree with the finding.

The Alaska Department of Health and Social Services implemented the SHO Letter 16-002 requirements through a collaborative process with the Centers for Medicare and Medicaid Services; Indian Health Services; and the Alaska Tribal Health Organizations utilizing much of the existing framework and procedures to meet the requirements identified by the State Health Official (SHO) Letter 16-002 issued on February 26, 2016.

The department continues to disagree with the finding issued in the SFY 2019 single state audit (CIN# A-10-20-60655 finding #2019-044) for the reasons outlined in the agency’s response dated 03/16/2020 and published in section IV of the audit report. It also disagrees with additional findings made in the FY2020 single state audit.

Referrals or Requests for Services

The State Health Official letter 16-002 does not stipulate that the referral from a Tribal Health Organization (THO) to a non-IHS/Tribal provider must be oral or in writing, nor does it require a specific format to be verified. CMS allows states the flexibility to design and define a process that verifies the referral process. DHCS uses the THOs’ attestation that they verified referrals either in writing or verbally. DHCS will continue to permit verbal referrals by THOs to non-IHS/Tribal providers in accordance with the SHO memo.

The State is not obligated or allowed to review THOs’ electronic health records (EHR) system to audit attestations. This would be in direct conflict with State and Tribal relations in partnering on tribal reclaiming efforts and could cause HIPAA compliance violations. The Tribes have told the State that they will not allow EHR access to staff outside their organization.

The referral verification request form serves as the attestation from the THOs that they verified the referral in their system. It is the evidence that DHCS uses to verify that referrals exist and that the exchange of records occurred between the THO and non-IHS provider. As documented in DHCS’ tribal reclaiming process, requests for referrals are sent to the THOs on a quarterly basis to verify referrals for services to non-IHS/Tribal providers. THO contacts are provided training on how to utilize the form and when to provide a ‘yes’ answer to the questions which indicates whether a referral exists, and exchange of records occur.

THOs submit their completed Referral Verification Request form by electronic submission. The forms are lengthy and may exceed a thousand claims. The electronic method of transmission is in use to reduce the administrative burden and increase efficiency for the THOs and the state.

Corrective Action (corrective action planned):

N/A

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-043 –DHSS incorrectly reprocessed and received additional federal reimbursement for 103 medical claims.

Questioned Costs: CFDA 93.778: \$1,007,134

CFDA Number: 93.775, 93.777, 93.778

CFDA Title: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

The Division of Health Care Services (HCS) updated and implemented the changes to its processes and procedures. The agency is also strengthening the procedures to increase supervisory reviews to ensure the processes are completely followed.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-044 –DHSS staff did not maintain, in all material respects, effective internal controls for the Alaska Resources for Integrated Eligibility Services system during FY 20.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the recommendation.

Corrective Action (corrective action planned):

DPA and FMS IT continue to collaborate on multiple courses of corrective action. During FY2020, the department was able to partially implement some of the corrective action to resolve the finding, including implementing the electronic document management solution which automated the program document management; migrating the ARIES servicers to encrypted volumes; and addressing IT staffing vacancies. However, Agency IT resources were adversely impacted by the COVID public health emergency and were re-directed to support emergency priorities.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-045 – Forty Medicaid and 25 CHIP recipients with paid medical claims during FY 20 were randomly selected for eligibility testing. Auditors found DPA staff did not process applications in a timely manner or redetermine eligibility when required for 27.5 percent of Medicaid cases tested and 36 percent of CHIP cases tested.

Questioned Costs: CFDA 93.767: Known questioned costs \$7,951, likely questioned costs exceed \$25,000. CFDA 93.778: \$109,317

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with this finding.

Corrective Action (corrective action planned):

DPA implemented an electronic document management system and has updated its processes and procedures to increase accurate and timely eligibility renewals. Additionally, the department has procured an Asset Verification System (AVS) to aid the agency in making the process more streamlined, timely, and efficient. The department does not concur with the questioned costs because the amounts include clients eligible for services.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-046 – Forty Medicaid and 25 CHIP recipients with paid medical claims during FY 20 were randomly selected for eligibility testing. Auditors found inaccurate eligibility determinations by DPA staff for 32.5 percent of Medicaid cases tested and 40 percent of CHIP cases tested.

Questioned Costs: CFDA 93.767: Known questioned costs \$81,377. CFDA 93.778: Known questioned costs \$24,400, likely questioned costs exceed \$25,000.

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the recommendation.

Corrective Action (corrective action planned):

DPA offers refresher trainings to staff via DPA's Staff Development and Training website. The division has also implemented a Statewide Case Review Team to perform timely case reviews and provide valuable feedback to both new and seasoned staff. The team is being monitored by a lead reviewer that identifies case corrections, tracks statewide trends, and recognizes training opportunities. The lead reviewer will also provide this information to the Staff Development and Training team to modify agency training.

During SFY2020 OCS strengthened its internal controls through changes in its organization and supervision of eligibility staff.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-047 – Five of 40 Medicaid recipients (13 percent) and four of 25 CHIP recipients (16 percent) tested were sent written eligibility notices that contained inconsistent or incorrect information such as eligibility period, application date, and countable income.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with this finding.

Corrective Action (corrective action planned):

During SFY2020 the DPA Statewide Case Reviewer team and local leadership had been tasked to review notices to ensure accuracy and due process and the division updated the Administrative Manual to outline requirements to include certification periods and eligibility information in notices to clients.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-048 – Testing of twenty Medicaid presumptively eligible recipients that submitted an application to DPA for non-temporary Medicaid during a hospital presumptive eligibility (HPE) period found:

- Three recipients did not have an eligibility decision made by DPA staff during the HPE period and the eligibility period was not extended.
- Six recipients were denied eligibility by DPA staff but the HPE period was not ended in a timely manner.

Additionally, during testing of a CHIP presumptively eligible recipient, auditors identified a systematic control deficiency relevant to Medicaid. The recipient was denied non-temporary eligibility by DPA and the eligibility period was ended. However, the eligibility record in the Medicaid Management Information System was not updated and the recipient continued to be eligible for medical benefits through the end of the HPE period.

Questioned Costs: CFDA 93.778: Known questioned costs \$1,530, likely questioned costs exceed \$25,000.

CFDA Number: 93.775, 93.777, 93.778

CFDA Title: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with this recommendation.

Corrective Action (corrective action planned):

The Division of Public Assistance (DPA) is strengthening its presumptive eligibility training including developing HPE-related job aids and ensuring the availability of refresher training for staff. Additionally, the department is assessing the cost benefits associated with developing and implementing program updates to the Medicaid Management Information System (MMIS) as opposed to alternative actions to mitigate changes to the HPE period.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-049 – Eight of 70 Medicaid/CHIP providers tested were not screened in accordance with federal eligibility requirements.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

HCS strengthened its procedures through additional clarification from CMS pertaining to screening requirements and processes. The division is developing a corrective action plan with its fiscal agent combined with regular meetings to ensure outstanding deficiencies are being addressed. HCS and fiscal agent policies and procedures are undergoing a thorough review to ensure alignment between organizations, and to confirm compliance with State and Federal provider enrollment regulations. Additional quality assurance reviews are also now being performed by both the fiscal agent and division quality control staff.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2022.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-050 – DHSS has not implemented an effective statewide surveillance and utilization control program to safeguard against unnecessary or inappropriate use of Medicaid services.

Questioned Costs: None

CFDA Number: 93.775, 93.777, 93.778

CFDA Title: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

HCS updated and/or developed processes and procedures for the conducting utilization of care and service reviews to support business processes including Analyzing Provider Profiles; Provider Case Selection; Recommending Case Action; and Internal Controls for Case Related Activities. The division also added federal citations to the written procedures as the authority under which the SUR unit operates. The division continues to update business processes and is increasing supervisory reviews to ensure they are being followed.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-051 – DHSS's IT staff did not conduct a risk analysis or perform a biennial system security review of DPA's EIS during FY 20.

Questioned Costs: None

CFDA Number: 93.775, 93.777, 93.778

CFDA Title: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS concurs with the recommendation.

Corrective Action (corrective action planned):

The Finance and Management Services Information Technology team implemented specialized software and were addressing the results of the plan's risk assessments during FY2020. However, prior to completing its corrective action the agency IT resources were re-directed to emergency support efforts created by the COVID public health emergency.

Completion Date (list anticipated completion date):

DHSS anticipates the finding will be resolved in SFY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-052 – DHSS did not adequately investigate referrals of recipients who reported discrepancies with the types, dates, or amounts of services paid by Medicaid or who reported not receiving services paid by Medicaid.

Questioned Costs: None

CFDA Number: 93.767; 93.775, 93.777, 93.778

CFDA Title: CHIP; Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS agrees with the recommendation.

Corrective Action (corrective action planned):

DHCS is strengthening its existing procedures for evaluating EOMB discrepancies and follow up protocol to support new EOMB functionality released in late FY2020. DHCS is also working with contractor staff to ensure that appropriate data points/information is collected and reported during the EOMB process.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2022.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-053 – DHSS staff did not perform standard surveys of five long-term care facilities during FY 20 in a timely manner.

Questioned Costs: None

CFDA Number: 93.775, 93.777, 93.778

CFDA Title: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding.

Corrective Action (corrective action planned):

DHCS has stabilized its staffing levels to reduce the number of vacant positions. It has also strengthened the processes associated with monitoring in accordance with federal requirements, including continuing to prioritize the completion of corrective action plans to demonstrate compliance prior to completing the recertification.

Completion Date (list anticipated completion date):

DHSS anticipates this finding will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-054 – A Medicaid system defect allowed outpatient claims without a procedure code in the first claim line to bypass National Correct Coding Initiative (NCCI) system edits from October 2013 until January 2020.

Questioned Costs: None

CFDA Number: 93.775, 93.777, 93.778

CFDA Title: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially concurs with the finding.

Corrective Action (corrective action planned):

DHCS continues to closely monitor both the fiscal agent's processing and enterprise functionality to ensure compliance with federal requirements. When defects are identified through testing and/or analysis, DHCS has processes in place to solution and implement corrective action. The NCCI edit corrections were identified and corrected prior to being identified or reported by this audit.

Completion Date (list anticipated completion date):

DHSS resolved the finding during SFY2020.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-055 – The contract between DHSS and its fiscal agent lacked the required elements related to confidentiality and use of non-public NCCI edit files.

Questioned Costs: None

CFDA Number: 93.775, 93.777, 93.778

CFDA Title: Medicaid Cluster

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS does not concur with the finding.

DHSS takes the federal confidentiality requirements very seriously, however, in consultation with its legal counsel it respectfully does not agree with the auditor's interpretation of the issue. The auditor's opinion is not supported as a matter of law for two reasons: (1) contract drafting principles do not require the level of specificity that is being requested and (2) the NCCI language was not required when the original contract was signed. Specifically, federal regulations regarding the administration of the Medicaid program are extensive, detailed, and change continually. It is not reasonable to incorporate each change or outline the entirety of federal Medicaid code into the contract and/or amendment. Second, the auditors are imposing a legal requirement on DHSS that did not exist until years after the original contract was signed. As with our first point, it is unrealistic to amend a contract every single time a new requirement is adopted. Ultimately, the

contract with the fiscal agent and all following amendments have been reviewed and approved by the Centers of Medicare and Medicaid Services (CMS). Given that approval, there is no outstanding issue that needs to be addressed.

Corrective Action (corrective action planned):

N/A

Completion Date (list anticipated completion date):

N/A

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Finding: 2020-056 – Five potential shortfalls were identified for FY 20.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DHSS partially agrees with the finding. The department agrees that \$69,786 is in shortfall and a ratification request is pending. The cause of the shortfall is associated with a name change of the vendor and re-establishment of a corresponding BFY2016 encumbrance.

Corrective Action (corrective action planned):

DHSS will prepare and submit a ratification request in accordance with the state's procedures for the \$69,786 shortfall. The cause of the shortfall is associated with a name change of the vendor and re-establishment of a corresponding BFY2016 encumbrance. The remaining variance totaling \$6,157,424 is anticipated to be resolved by the end of FY2021 through a multi-year revenue reconciliation related to several federal programs and financial systems.

Completion Date (list anticipated completion date):

The department anticipates this will be resolved in FY2021.

Agency Contact (name of person responsible for corrective action):

Sylvan Robb, Assistant Commissioner

Please contact Linnea Osborne at 907-465-6333 if you have any questions or concerns.

Sincerely,



Adam Crum
Commissioner

CC: Sylvan Robb, Assistant Commissioner
Albert E. Wall, Deputy Commissioner
Clinton Lasley, Deputy Commissioner
Shawnda O'Brien, Director, Division of Public Assistance
Renee Gayhart, Director, Division of Health Care Services
Marian Sweet, Deputy Director
Linnea Osborne, DHSS Accountant V
Scott McCutcheon, DHSS IT Manager
Shonda Belknap, DHSS Finance Officer
Amy Burke, DHSS Grants and Contract Manager



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Labor and
Workforce Development**

Office of the Commissioner

PO Box 111149
Juneau, Alaska 99811
Main: 907.465.2700

May 20, 2021

Ms. Kris Curtis
Legislative Auditor
Alaska State Legislature
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
MAY 20 2021
LEGISLATIVE AUDIT

Dear Ms. Curtis:

This letter accompanies the Department of Labor and Workforce Development (DLWD) corrective action plan for findings noted in the Division of Legislative Audit Confidential FY 20 Statewide Single Audit Report.

As requested, enclosed with this letter is a standardized corrective action plan for each finding on agency letterhead.

Thank you for the opportunity to respond.

Sincerely,

A handwritten signature in cursive script, reading "Tamika L. Ledbetter".

Dr. Tamika L. Ledbetter
Commissioner



Single Audit Corrective Action Plan

Finding: 2020-057 – During FY 20, Department of Labor and Workforce Development (DLWD) accounting staff incorrectly recorded monthly and year-end Unemployment Compensation Fund transactions in the State's accounting system. Additionally, DLWD accounting staff did not ensure federal revenues were properly reported in the FY 20 draft Comprehensive Annual Financial Report.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD partially agrees with the finding.

Corrective Action (corrective action planned):

The Division of Employment and Training services will ensure that the policies and procedures within the DLWD will be updated to include overpayment activity that is not reported in the subsystem-general reports to ensure accuracy of the UI transactions.

DLWD partially agrees in relation to IRIS revenue codes. These revenue rollups have consistently rolled up in the same way with no issues in prior years. DLWD uses the department revenue code to classify these revenues in the correct categories. The Division of Finance (DOF) has completed the work for the UI fund for years and there is an assumption that their policies and procedures would have noted this for reporting purposes as well as having the general knowledge that various revenue types exist. DLWD is fully aware of this and is taking over UI fund accounting for the Comprehensive Annual Financial Report (AFR) for future years. ASD will ensure that this is documented in the DOLWD procedures for completing the UI fund for AFR when they are drafted in collaboration with DOF.

Completion Date (list anticipated completion date):

October 31, 2021

Agency Contact (name of person responsible for corrective action):

Rachel Paguio, Chief Financial Officer – Primary
Eric Demoulin – Division Operations Manager
Dan DeBartolo, Administrative Services Director



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Single Audit Corrective Action Plan

Finding: 2020-058 – DLWD staff materially underreported federal expenditures on the FY 20 Schedule of Expenditures of Federal Awards (SEFA) for one program. Additionally, the note to the SEFA disclosing the amount of federal participation in FY 20 Unemployment Insurance benefits contained significant errors.

Questioned Costs: None

Agency Agreement (state whether your agency agrees or disagrees with the finding):
DLWD agrees with the finding.

Corrective Action (corrective action planned):

Policies and procedures are updated to clearly specify that all expenses are reported correctly. DLWD wants to note that all expenses were accounted for; however, recognize the error in segregating these expenses on the cumulative CFDA and reporting them in the notes section.

Completion Date (list anticipated completion date):

April 30, 2021.

Agency Contact (name of person responsible for corrective action):

Rachel Paguio, Chief Financial Officer – Primary
Eric Demoulin – Division Operations Manager
Dan DeBartolo, Administrative Services Director



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Single Audit Corrective Action Plan

Finding: 2020-059 – DLWD subsystem user accounts selected for testing in FY 20 lacked documentation showing management approval.

Questioned Costs: None

CFDA Number: 17.225

CFDA Title: Unemployment Insurance (UI) – COVID-19

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding.

Corrective Action (corrective action planned):

DLWD has created and implemented a form for management approval of FastUI user access as part of all new UI employee onboarding.

Completion Date (list anticipated completion date):

April 30, 2021

Agency Contact (name of person responsible for corrective action):

Clifford Napier, Assistant Director, Unemployment Insurance, Division of Employment and Training Services



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Single Audit Corrective Action Plan

Finding: 2020-060 – A comparison of pandemic unemployment assistance claims from February 1, 2020, through June 30, 2020, to Department of Corrections (DOC) inmate population data for the same time period found 48 benefits improperly paid to individuals in DOC custody who were unavailable for work.

Questioned Costs: \$275,567

CFDA Number: 17.225

CFDA Title: UI – COVID-19

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding

Corrective Action (corrective action planned):

DLWD is working with the FAST contractor to establish an incarceration cross match for the PUA program.

Completion Date (list anticipated completion date):

April 30, 2021

Agency Contact (name of person responsible for corrective action):

James Danner, Data Processing Liaison Manager, Division of Employment and Training Services
David Harwell, Benefits Payment Control Technical Manager, Unemployment Insurance, Division of Employment and Training Services



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Single Audit Corrective Action Plan

Finding: 2020-061 – Three of 60 unemployment payments tested were provided to ineligible claimants. Two were not eligible due to missing quarterly test claims and one was not eligible because the claimant was eligible for and received pandemic extended unemployment compensation benefits.

Questioned Costs: \$7,153

CFDA Number: 17.225

CFDA Title: UI – COVID-19

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding

Corrective Action (corrective action planned):

In May of 2020, AK DOL worked with FAST to correct the processing of the UI Extract file from the UI mainframe to ensure that going forward there must be a UI test claim in place for the quarter the PUA weeks are being claimed and that any claimant flagged as eligible from the UI system be denied PUA weeks if the claimant filed for them.

Completion Date (list anticipated completion date):

May 30, 2020

Agency Contact (name of person responsible for corrective action):

James Danner, Data Processing Liaison Manager, Division of Employment and Training Services



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Single Audit Corrective Action Plan

Finding: 2020-062 – DLWD supporting documentation was not retained for FY 20 Employment and Training Administration (ETA) form 2208A quarterly reports.

Questioned Costs: None

CFDA Number: 17.225

CFDA Title: UI; UI – COVID-19

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding

Corrective Action (corrective action planned):

Retain the detailed backup from the Time Distribution system (TD) used to produce the quarterly UI-3 (ETA 2208A). Currently the quarter ending 12/31/2020 TD backup was retained as of 1/26/2021. TD backup will continue to be retained for each final quarterly UI-3 submitted.

Completion Date (list anticipated completion date):

January 26, 2021

Agency Contact (name of person responsible for corrective action):

Virginia Calloway, Chief of Employment Services Tax, Division of Employment and Training Services



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Single Audit Corrective Action Plan

Finding: 2020-063 – One of three FY 20 ETA-2112 monthly reports tested was not accurate.

Questioned Costs: None

CFDA Number: 17.225

CFDA Title: UI; UI – COVID-19

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding

Corrective Action (corrective action planned):

Procedures were updated to ensure accurate reporting. June ETA 2112 will be revised to correct Line 31 of the Benefit Payment Account column.

Completion Date (list anticipated completion date):

May 31, 2021

Agency Contact (name of person responsible for corrective action):

Rosen Gambala, Accountant IV, Division of Employment and Training Services
Erin, Heist, Administrative Operations Manager II, Division of Employment and Training Services



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Single Audit Corrective Action Plan

Finding: 2020-064 – Audits performed by DLWD's Benefit Payment Control Audit and Recovery unit were not reviewed for accuracy during FY 20.

Questioned Costs: None

CFDA Number: 17.225

CFDA Title: UI; UI – COVID-19

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD agrees with the finding

Corrective Action (corrective action planned):

During FY 20, Benefit Payment Control Audit and Recovery hired a new supervisor. Prior to the new supervisor being completely trained workload increased significantly due to COVID-19. When workload returns to a manageable level, reviewing audits performed by staff will resume.

Completion Date (list anticipated completion date):

October 1, 2021

Agency Contact (name of person responsible for corrective action):

David Harwell, Benefits Payment Control Technical Manager, Unemployment Insurance, Division of Employment and Training Services



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Single Audit Corrective Action Plan

Finding: 2020-065 – Control deficiencies were identified in a DLWD information technology system.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DLWD Agrees with the finding.

Corrective Action (corrective action planned):

The Administrative Services Division, Data Processing has since implemented a process that forces an outage and patching every Wednesday in concurrence with the OIT network outage window. This ensures compliance with required patching schedules and timeframes.

Completion Date (list anticipated completion date):

8/11/2020

Agency Contact (name of person responsible for corrective action):

Paul Hegg, Department Technology Officer



THE STATE
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GOVERNOR MIKE DUNLEAVY

**Department of Commerce, Community,
and Economic Development**

OFFICE OF THE COMMISSIONER
Anchorage Office

550 West Seventh Avenue, Suite 1535
Anchorage, Alaska 99501
Main: 907.269.8100
Fax: 907.269.8125

May 21, 2021

Kris Curtis
Director
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811

RECEIVED

MAY 21 2021

LEGISLATIVE AUDIT

Dear Ms. Curtis,

The Department of Commerce, Community, and Economic Development (DCCED) is in receipt of the confidential preliminary audit for the FY2020 Statewide Single Audit.

DCCED agrees with the findings identified and corrective action has already been taken. Context for these findings and corrective actions put into place are addressed in DCCED's Single Audit Corrective Action Plan.

If you have any further questions, please contact the DCCED Administrative Services Director, Micaela Fowler, at Micaela.Fowler@alaska.gov.

Sincerely,

DocuSigned by:
A handwritten signature in cursive script that reads "Julie Anderson".
7F6EA7D5288C407...
Julie Anderson
Commissioner

Single Audit Corrective Action Plan

Finding: 2020-066 – The Department of Commerce, Community, and Economic Development Division of Community and Regional Affairs’ staff did not identify all federally required information on FY 20 Coronavirus Relief Fund (CRF) grant subaward documents or conduct risk assessments of CRF subrecipients.

Questioned Costs: None

CFDA Number: 21.019

CFDA Title: CRF

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Department of Commerce, Community, and Economic Development agrees with the finding.

Corrective Action (corrective action planned):

DCRA staff were tasked through the Legislative Budget & Audit process with rapid deployment of resources to local governments impacted by the Covid-19 pandemic. In an effort to distribute funding necessary for communities to purchase Personal Protective Equipment (PPE), deploy telework solutions, and address community medical needs, CRF risk assessments were conducted after distribution of funding rather than prior to. Similarly, the US Treasury had not yet assigned a CFDA number for CRF funds when distributions began. After one was assigned, DCRA input it into agreements.

Completion Date (list anticipated completion date):

Corrective actions to resolve this finding were put into place prior to the finding being made.

Agency Contact (name of person responsible for corrective action):

Micaela Fowler, Administrative Services Director



THE STATE
of **ALASKA**

GOVERNOR MICHAEL J. DUNLEAVY

Department of Natural Resources

OFFICE OF THE COMMISSIONER

550 West 7th Avenue, Suite 1400
Anchorage, AK 99501-3561
Main: 907.269-8431
Fax: 907-269-8918

May 13, 2021

RECEIVED

MAY 14 2021

LEGISLATIVE AUDIT

Kris Curtis, CPA, CISA
Legislative Auditor
Legislative Budget and Audit
PO Box 113300
Juneau, AK 99811-3300

Re: FY2020 Statewide Single Audit, Department of Natural Resources (DNR),
Confidential Preliminary Audit response.

Dear Ms. Curtis,

Thank you for the opportunity to provide a written response to the Preliminary State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2020. The Corrective Action Plans for the findings below are attached.

Finding No. 2020-067	Mineral Lease Transfers
Finding No. 2020-068	Royalty Revenue Transfers
Finding No. 2020-069	Funding Profiles
Finding No. 2020-070	Land Assets
Finding No. 2020-071	SEFA Overstated
Finding No. 2020-072	BLM Non-Personal Services
Finding No. 2020-073	BLM Personal Services
Finding No. 2020-074	Incorrect Function Code
Finding No. 2020-075	Emergency Equipment Rental
Finding No. 2020-076	Shortfalls

Sincerely,

A handwritten signature in blue ink, appearing to read "Corri Feige".

Corri Feige, Commissioner
Department of Natural Resources



Single Audit Corrective Action Plan

Finding: 2020-067 – The Department of Natural Resources (DNR) did not transfer to the Alaska Permanent Fund all dedicated mineral lease revenues received during FY 18 and FY 19.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR disagrees with this finding.

Corrective Action (corrective action planned):

DNR continues to rely on the legal analysis by the Attorney General's office, dated November 9, 2018, which concluded that the adjustments made to FY2018 and FY2019 deposits to the Permanent Fund were appropriate.

Completion Date (list anticipated completion date):

November 9, 2018

Agency Contact (name of person responsible for corrective action):

Cheri Lowenstein, Director of Support Services

Single Audit Corrective Action Plan

Finding: 2020-068 – Royalty revenues eligible for transfer to the Constitutional Budget Reserve Fund (CBRF) were not transferred during FY 18, FY 19, and FY 20, and revenues that should have remained in the CBRF were moved to the general fund.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR disagrees with this finding.

Corrective Action (corrective action planned):

DNR continues to rely on the legal analysis by the Attorney General's office, dated April 11, 2019, which concluded that payments related to FERC settlements were not to be transferred to the CBRF.

Completion Date (list anticipated completion date):

April 11, 2019

Agency Contact (name of person responsible for corrective action):

Cheri Lowenstein, Director of Support Services

Single Audit Corrective Action Plan

Finding: 2020-069 – Ten of 18 DNR funding profile changes tested during FY 20 (56 percent) lacked evidence of review and approval by an individual with the appropriate authority other than the requester or person making the change (commonly referred to as segregation of duties).

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding.

Corrective Action (corrective action planned):

There was a change in the Finance Officer position in February 2020. When the change occurred, the new Finance Officer tightened internal controls over direct table updates and now all funding profiles are modified using a CAM or CAS document. By processing a document, we can now track who requested the change, who input the change, and who approved the change. In situations where a direct table update is the only option to make a change, DNR has implemented forms to identify who requested the change, who input the change, and who approved the change.

Completion Date (list anticipated completion date):

June 2020

Agency Contact (name of person responsible for corrective action):

June Gotschall, Finance Officer

Single Audit Corrective Action Plan

Finding: 2020-070 – DNR staff did not record FY 20 land additions or deletions in IRIS, the State accounting system. DNR staff could not provide sufficient support to allow an audit adjustment to correctly report the FY 20 land activity.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding.

Corrective Action (corrective action planned):

DNR is in the process of reconciling the land management system to IRIS.

Completion Date (list anticipated completion date):

June 30, 2021

Agency Contact (name of person responsible for corrective action):

June Gotschall, Finance Officer

Single Audit Corrective Action Plan

Finding: 2020-071 – Support Services Division staff overstated, by \$18.4 million, the Federal Emergency Management Assistance's Fire Management Assistance Grant program (FMAG) expenditures in the FY 20 Schedule of Expenditures of Federal Awards (SEFA). Additionally, the FMAG program Catalog of Federal Domestic Assistance number and title were incorrectly reported. Based on clarification provided by the federal awarding agency, the errors were corrected by agency staff and expenditures were accurately presented in the FY 20 statewide SEFA.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with the finding.

Corrective Action (corrective action planned):

DNR has in place a procedure to complete and review the SEFA. DNR follows the Division of Finance (DOF) procedures to prepare. Following procedures were not discussed during the audit process and DNR was not provided the opportunity to respond to this concern.

Prior to the turnover, fire transfers were completed based on estimated amounts for State incurred FEMA costs instead of according to an approved cost apportionment. At the beginning of Fiscal Year 2020 the Calendar Year 2019 Fire Transfer occurred in the amount of \$9.8 million. The estimated amounts have historically been reported on the SEFA. Other expenditures on the SEFA, involved \$8.5m in FEMA expenditures billed to DNR by the United States Forest Service. The \$8.5m was reported because the Master Agreement outlines that a certain degree of accuracy (amounts over 25k) is required in the payables billing process.

For Fiscal Year FY2020 DNR did not do the fire transfer for Calendar Year 2019, because DNR realized that estimated costs would not be considered Federal Costs.

DNR agrees the amounts should not have been reported based on the clarification received from FEMA. DNR has updated the procedures to only report amounts based on PW's. DNR has concerns that prior year SEFA's reflect future year FEMA expenditures. It can take up to 5 years before the expenditures will be recognized.

Completion Date (list anticipated completion date):

9/30/2020

Agency Contact (name of person responsible for corrective action):

June Gotschall, Finance Officer

Single Audit Corrective Action Plan

Finding: 2020-072 – Testing a random sample of 60 FY 20 non-personal service expenditure transactions charged to the Bureau of Land Management (BLM) Fire Suppression program identified four transactions approved by staff that did not have the appropriate level of approval authority, one transaction coded to an incorrect fire code, and two transactions not supported by contract rates.

Questioned Costs: CFDA 15.U09: \$2,313

CFDA Number: 15.U09

CFDA Title: BLM Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding

Corrective Action (corrective action planned):

DNR Support Services Division (SSD) recently issued new approving authorization forms. The DOF shall revise all staff's standing approval delegations, based on each level of capacity. DOF, in close coordination with SSD Procurement are updating the procurement procedures for the fire suppression cooperative agreements and will be included in the on-going updates for the 2021 AIBMH.

The questioned cost under this audit finding will be identified and adjusted as needed on the next cross-billing to BLM.

Completion Date (list anticipated completion date):

December 31, 2021

Agency Contact (name of person responsible for corrective action):

Joel Del Rosario, Administrative Operations Manager
Tim Dabney, Division Operations Manager

Single Audit Corrective Action Plan

Finding: 2020-073 – Testing of FY 20 personal services expenditures (61 State personnel timesheets) charged to the BLM Fire Suppression program identified multiple instances of noncompliance, including lack of federally required OF-288 timesheets or Crew Time Reports (CTR); State timesheet hours that did not match federal timesheets or CTRs; work-rest ratio violations; unallowable compensation for meal breaks, standby, or hazard pay on travel days; incorrect fires charged; hazard pay charged to incorrect fires; an unsigned timesheet; and a missing timesheet.

Testing of 25 emergency firefighter timesheets identified missing signatures and work-rest ratio violations.

Questioned Costs: CFDA 15.U09: \$18,298

CFDA Number: 15.U09

CFDA Title: BLM Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding

Corrective Action (corrective action planned):

Department of Natural Resources (DNR), Division of Forestry (DOF) in coordination with its interagency federal partners recently executed the 2020-2025 Alaska Master Cooperative Wildland Fire Management and Stafford Act Response Agreement delineating that the agency-approved timesheet shall suffice in lieu of the federally required OF-288 and CTR. DOF Management continue to update standing division policies and shall include personnel training as an agenda item in the division's biannual meetings, to provide in depth training relating to compensations associated to meal breaks, standby or hazard pays. In the past year, there have been significant personnel turnover in the division, and with some relatively new hires not having acquired the necessary training is likely. Close coordination with the Department of Administration (DOA), Division of Personnel (DOP) is currently being initiated to institute personnel training.

Completion Date (list anticipated completion date):

December 31, 2021

Agency Contact (name of person responsible for corrective action):

Joel Del Rosario, Administrative Operations Manager
Tim Dabney, Division Operations Manager

Single Audit Corrective Action Plan

Finding: 2020-074 – The audit identified one function code that recorded fire costs to an incorrect federal program.

Questioned Costs: CFDA 15.U09: \$27,538

CFDA Number: 15.U09

CFDA Title: BLM Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR partially agrees with this finding.

Corrective Action (corrective action planned):

In FY2020 DNR transferred expenditures from the General Fund Appropriation to the Federal Appropriation. Costs were moved based on estimated amounts to account for funding sources in the state accounting system. Transfers are a separate process from billing federal agencies. Once all costs have been identified and agreed to with the cooperative agencies, a true up of expenditures through the Master Agreement Billing process would catch the questioned costs and they would not be billed to the federal agency. DNR has changed its transfer process and going forward will transfer costs once the true up occurs.

Completion Date (list anticipated completion date):

06/30/2021

Agency Contact (name of person responsible for corrective action):

June Gotschall, Finance Officer

Single Audit Corrective Action Plan

Finding: 2020-075 – The audit identified 112 FY 20 emergency equipment rental agreements that were not in compliance with the competitive bid process outlined in the State procurement code. In addition, the audit identified five FY 20 vendors were utilized without a competitive procurement process or paid at unsupported contract rates.

Questioned Costs: None

CFDA Number: 15.U09

CFDA Title: BLM Fire Suppression

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR agrees with this finding

Corrective Action (corrective action planned):

As DOF prepares for the 2021 fire season, intermediate procurement procedures are being developed between DOF and SSD Procurement section, these will be distributed to the division staff in the statewide Spring Operations meeting. DOF is cognizant of the emergency procurement statute section 36.30.310 and shall abide as applicable.

As part of DOF's long term goal, the current Online Application System (OLAS) will be enhanced and include parameters in enforcing competitive procurement process.

A documented checklist will be developed in DOF as a statewide guide in reviewing contract invoices, to ensure that the due rates ascribed in the cooperative agreements are accurately inferred to.

Completion Date (list anticipated completion date):

December 31, 2021

Agency Contact (name of person responsible for corrective action):

Joel Del Rosario, Administrative Operations Manager
Tim Dabney, Division Operations Manager

Single Audit Corrective Action Plan

Finding: 2020-076 – Three potential DNR shortfalls were identified for FY 20.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

DNR Agrees with this finding.

Corrective Action (corrective action planned):

On an annual basis, Support Services Division will review all terminated appropriations to determine if shortfalls exist prior to the appropriation terminating and will take corrective action to correct the shortfall. DNR is working with Military and Veterans' Affairs to resolve the billing issues.

Completion Date (list anticipated completion date):

12/31/2021

Agency Contact (name of person responsible for corrective action):

June Gotschall, Finance Officer

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THE STATE
of **ALASKA**

GOVERNOR MICHAEL J. DUNLEAVY

Department of Corrections

OFFICE OF THE COMMISSIONER

PO BOX 112000
Juneau, Alaska 99811-2000
Main: 907-465-3480
Fax: 907-465-3315

May 6, 2021

Ms. Kris Curtis, CPA
Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

RECEIVED

MAY 18 2021

LEGISLATIVE AUDIT

Dear Ms. Curtis,

Thank you for the opportunity to respond to the preliminary confidential report dated April 30, 2021 regarding the FY2020 Statewide Single Audit, Department of Corrections (DOC). Please find our response associated with Finding: 2020-077 attached.

Thank you,

A handwritten signature in blue ink, appearing to read "Nancy A. Dahlstrom".

Nancy A. Dahlstrom
Commissioner

Single Audit Corrective Action Plan

Finding: 2020-077 – One potential Department of Corrections shortfall was identified for FY 20.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

The Department of Corrections (DOC) partially agrees with this finding.

Corrective Action (corrective action planned):

The DOC agrees that there was a delay in collecting the revenues identified, however, the department continued to coordinate with the Department of Administration, Division of Finance and the Department of Health & Social Services to reestablish the appropriation and collect the identified revenues in full. No use of unauthorized general funds were used.

Completion Date (list anticipated completion date):

As of March 31, 2021 all revenues have been collected in full.

Agency Contact (name of person responsible for corrective action):

April Wilkerson, Director Administrative Services
Casey Bluhm, Accountant V



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Transportation and
Public Facilities

OFFICE OF THE COMMISSIONER
John MacKinnon, Commissioner

P.O. Box 112500
Juneau, Alaska 99811-2500
Main: 907.465.3900
dot.alaska.gov

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MAY 24 2021

LEGISLATIVE AUDIT

May 21, 2020

Kris Curtis, Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

This letter is in response to the findings contained in the confidential preliminary audit report on State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2020. The department's responses and corrective action plan for each finding contained in the Division of Legislative's Audit preliminary audit report for Fiscal Year 2020 are outlined below.

Finding No. 2020-078: Detailed testing of the Department of Transportation and Public Facilities' (DOTPF) input of FY 20 capital assets into the State accounting system, IRIS, identified the following errors:

- Twenty-three of 97 projects tested from DOTPF's construction in progress (CIP) inventory listing were recorded incorrectly;
- Land acquisitions and disposals were not recorded by DOTPF;
- Sixteen of 55 expensed projects tested should have been capitalized as CIP or infrastructure;
- Two projects were incorrectly updated with values related to different projects; and
- Two duplicate assets were identified.

Department response: Agree.

In FY21 the department instituted the following procedures to address these deficiencies.

- *In November, 2020, the department undertook a comprehensive reconciliation of project expenditures to fixed asset recordings. This reconciliation involved all projects that have had financial activity in the IRIS system. The purpose of this reconciliation was to identify the full scope of process and capitalization criteria inconsistencies and deficiencies.*
- *In January 2021, financial staff met with project control staff in all regions to discuss these deficiencies and proposed procedural solutions and criteria clarification.*
- *In February 2021, project control staff was tasked with providing criteria-based information for all existing projects in IRIS to ensure standardized asset vs expense criteria is applied to all projects, and final inspection information is gathered for all projects placed in service. Responses are due March 31.*
- *In March 2021, a standardized asset vs expense criteria questionnaire response was added to the department's required documentation for all new projects.*
- *In April 2021, the department will be reviewing responses, and using the information obtained to update structural data in IRIS for each project to enable standardized reporting.*

"Keep Alaska Moving through service and infrastructure."

- *Through June 2021, the department will be developing and implementing standardized reporting, and identifying and processing all adjustments required to bring fixed asset valuations to the correct inception-to-date amounts for all projects.*

Completion Date: September 30, 2021
Agency Contact: Geri Henricksen, CIP Accountant

Finding No. 2020-079: The Alaska International Airport System's independent audit was issued on January 21, 2021, for inclusion in the Comprehensive Annual Financial Report, approximately 14 weeks after the agreed upon deadline.

Department response: Agree.

The Alaska International Airport System controller will ensure staffing and contractual prerequisite conditions required to meet annual audit completion deadlines are established and timely met.

Completion Date: September 30, 2021
Agency Contact: Keith Day, CPA AIAS Controller

Finding No. 2020-080: Nine of 60 FY 20 Airport Improvement Program (AIP) timesheets tested (15 percent) did not support the data recorded in IRIS.

Questioned Costs: \$558

CFDA Number: 20.106

CFDA Name: AIP

Department response: Agree.

The Priority 99 Overflow Process identifies situations where timesheets (CH5 documents) are not processing due to overspent budgets. Timesheets with incorrect phase codes (e.g. T02000 instead of T02FA1) are occasionally identified during this process and corrected on the CH5 document accounting lines. Procedures for correcting CH5 documents in cases such as these were updated in March 2021 to include instruction for staff to contact regional staff to confirm the phase change and have the original hard copy timesheets updated with a note reflecting the correction.

Completion Date: March 2021
Agency Contact: Christina Zepp, CIP Accountant

Finding No. 2021-081: Two of 26 funding profiles tested (eight percent) were set up incorrectly in IRIS.

Questioned Costs: None

CFDA Number: 20.106

CFDA Name: AIP

Department response: Partially Agree.

Please see the following responses regarding the two funding profiles tested as well as the department's internal control review procedures.

Funding profile did not match the grant agreement reimbursement rate

Funding profile PN0486, funding priorities 15 and 16 represent the cost accounting elements associated with federal award number 3-02-0026-021-2020. Funding profile PN0486 was established in May 2020 with a 93.75% federal reimbursement rate instead of a 100% federal reimbursement rate. The region identified this error and took corrective action before costs were charged. These funding priorities were then modified in June 2020, increasing funding line 1 [federal] to 100% and decreasing funding line 2 [match] to 0%. These modifications processed before the end of Fiscal Year 2020.

Funding profile had a rate in IRIS but not a grant agreement with the Federal Aviation Administration (FAA)

FAA programs are initially established with a design phase code and funding profile in advance of receiving a grant agreement. The design funding profile is established as “NO GRANT” at this time. Procedures are in place to suspend an IRIS program code from billing until the department receives the grant agreement after construction is approved to begin.

Internal control review procedures

FAA grant agreements have historically been awarded with a 93.75% federal reimbursement rate. DOT&PF used this precedent when creating the billable and match percentages on funding profiles for programs in advance of receiving the grant. The FAA increased the federal reimbursement rate to 100% for grants approved during FFY2020. This unexpected change in the federal reimbursement rate creates a discrepancy between percentages on the original funding profile lines and the grant agreement. DOT&PF has procedures in place to ensure that funding profiles are added or updated accordingly after the grant agreement is received:

- Cost accounting elements (e.g. program, phase, funding profile, funding priority, and funding line) are added through CAM documents. These documents go through two levels of review—regional project control office and HQ Grants Projects office—before being approved.
- The IRIS program number is “suspended for reimbursement” if the FAA grant agreement is not received.
- If the FAA grant agreement is awarded with a different reimbursement rate (e.g. 100% instead of 93.75%), then the HQ Grants & Projects office works with the region to take corrective action. For example...
 1. A new funding priority is added to the funding profile with the correct federal reimbursement rate.
 2. Expenses, along with any encumbrances, are moved from the original funding priority to the new funding priority.
 3. The budget is reduced to \$0.00 in the original funding priority.

Completion Date: June 30, 2020

Agency Contact: Geri Henricksen, CIP Accountant

Finding No. 2020-082: Four of seven tested 5100-126 reports (57 percent) did not tie to support, resulting in an understatement of reported revenues. The one 5100-127 report tested had multiple lines in error. Additionally, all tested reports lacked evidence of review.

Questioned Costs: None

CFDA Number: 20.106

CFDA Title: AIP

Department response: Agree.

To address the errors identified with reporting, the department reviewed processes and procedures. The reporting team was expanded to three staff, to include a preparer, a supervisory level (Accountant III or higher) review and approval, and staff member (Accountant IV or higher) level review and approval. Parameters on ALDER reports were corrected, mathematical control totals were added to spreadsheets to maintain data integrity. Updated procedures which were utilized for the reports for the Fiscal Year Ending June 30, 2020.

Completion Date: FY 2021
Agency Contact: Christina Zepp, Finance Officer

Finding No. 2020-083: Two of 11 Federal Aviation Administration (FAA) funded projects tested (18 percent) did not demonstrate that contractors had complied with prevailing wage rate requirements. Specifically, one FAA funded project had multiple certified payrolls that were not received or not retained by DOTPF. Additionally, multiple Statements of Compliance were not complete for one FAA funded project.

Questioned Costs: None

CFDA Number: 20.106

CFDA Title: AIP

Department response: Agree.

DOT&PF, in coordination with the Department of Labor, has implemented the AASHTOWare Project Civil Rights and Labor Module (AWP-CRL). This module provides a web-based platform where contractors submit certified payroll for all contracts awarded after January 1, 2021. AWP-CRL requires contractors to electronically sign a statement of compliance before their payroll will be accepted. The state of compliance certificate will accompany the payroll. This system can track and report on certified payroll submissions to assist staff in determining if certified payroll has been submitted in a timely manner. This corrective action was implemented in January 2021.

Completion Date: January 01, 2021
Agency Contact: Carolyn Morehouse, Director

Finding No. 2020-084: Two of 40 non-personal service transactions tested (five percent) reimbursed subrecipients for expenditures that did not meet federal cost principles.

Questioned Costs: None

CFDA Number: 20.509

CFDA Title: Formula Grants for Rural Areas (FGRA)

Department response: Agree.

The Division of Program Development Transit Office has determined additional training in review of expenditures for compliance with federal regulation is the most appropriate solution for this finding.

Completion Date: FY 2021
Agency Contact: Debbi Howard, Program Manager

Finding No. 2020-085: DOTPF's Division of Program Development (DPD) does not have a formal process for managing user access to the BlackCat system.

Questioned Costs: None

CFDA Number: 20.509

CFDA Title: Formula Grants for Rural Areas (FGRA)

Department response: Agree.

The Division of Program Development Transit Office will develop procedures for annual review of users to be held prior to submittal of applications for annual grant funding and will work with Panther/BlackCat to provide more manager authorizations.

*Completion Date: September 2021
Agency Contact: Debbi Howard, Program Manager*

Finding No. 2020-086: An FGRA subrecipient did not disclose to DPD, in writing, a conflict of interest.

Questioned Costs: None

CFDA Number: 20.509

CFDA Title: FGRA

Department response: Agree.

The Division of Program Development Transit Office will develop a process that includes a Conflict of Interest statement in the subrecipient grant application process. All sub grantees will be required to complete a Conflict of Interest statement.

*Completion Date: FY 2021
Agency Contact: Debbi Howard, Program Manager*

Finding No. 2020-087: During FY 20, DOTPF accounting staff did not recoup overpayments related to improper Alaska Marine Highway System employee payroll advances.

Department response: Agree.

The department has amended the process for review and reconciliation of payroll advances and has limited the use of this practice. During FY20, the department coordinated with the Department of Administration, Division of Personnel to determine steps to recover outstanding balances owed by employees and allowability of recovery in different circumstances. It was determined that certain due diligence steps in recovering monies from employees were not documented as having been completed. The department will be working with the Department of Law to confirm the resulting legal standing and expects to proceed with final action to begin recovery or write off unrecoverable amounts by 6/30/2021.

*Completion Date: June 30, 2021
Agency Contact: Christina Zepp, Finance Officer*

The Department of Transportation & Public Facilities appreciates the opportunity to respond to the Preliminary State of Alaska Single Audit for the Fiscal Year Ended June 30, 2020 and looks forward to working with you on making improvements in FY21.

Sincerely,

A handwritten signature in blue ink, appearing to read 'John MacKinnon', with a large, stylized initial 'J'.

John MacKinnon
Commissioner

cc: Dom Pannone, Administrative Services Director
Geri Henricksen, CIP Accountant

Single Audit Corrective Action Plan

Finding: 2020-078 – Detailed testing of the Department of Transportation and Public Facilities’ (DOTPF) input of FY 20 capital assets into the State accounting system, IRIS, identified the following errors:

- Twenty-three of 97 projects tested from DOTPF’s construction in progress (CIP) inventory listing were recorded incorrectly;
- Land acquisitions and disposals were not recorded by DOTPF;
- Sixteen of 55 expensed projects tested should have been capitalized as CIP or infrastructure;
- Two projects were incorrectly updated with values related to different projects; and
- Two duplicate assets were identified.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

In FY21 the department instituted the following procedures to address these deficiencies.

- In November, 2020, the department undertook a comprehensive reconciliation of project expenditures to fixed asset recordings. This reconciliation involved all projects that have had financial activity in the IRIS system. The purpose of this reconciliation was to identify the full scope of process and capitalization criteria inconsistencies and deficiencies.
- In January 2021, financial staff met with project control staff in all regions to discuss these deficiencies and proposed procedural solutions and criteria clarification.
- In February 2021, project control staff was tasked with providing criteria-based information for all existing projects in IRIS to ensure standardized asset vs expense criteria is applied to all projects, and final inspection information is gathered for all projects placed in service. Responses are due March 31.
- In March 2021, a standardized asset vs expense criteria questionnaire response was added to the department’s required documentation for all new projects.
- In April 2021, the department will be reviewing responses, and using the information obtained to update structural data in IRIS for each project to enable standardized reporting.
- Through June 2021, the department will be developing and implementing standardized reporting, and identifying and processing all adjustments required to bring fixed asset valuations to the correct inception-to-date amounts for all projects.

Completion Date (list anticipated completion date):

FY21

Agency Contact (name of person responsible for corrective action):

Geri Henriksen, CIP Accountant

Single Audit Corrective Action Plan

Finding: 2020-079 – The Alaska International Airport System’s independent audit was issued on January 21, 2021, for inclusion in the Comprehensive Annual Financial Report, approximately 14 weeks after the agreed upon deadline.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The Alaska International Airport System controller will ensure staffing and contractual prerequisite conditions required to meet annual audit completion deadlines are established and timely met.

Completion Date (list anticipated completion date):

September 30, 2021

Agency Contact (name of person responsible for corrective action):

Keith Day, CPA
AIAS Controller

Single Audit Corrective Action Plan

Finding: 2020-080 – Nine of 60 FY 20 Airport Improvement Program (AIP) timesheets tested (15 percent) did not support the data recorded in IRIS.

Questioned Costs: \$558

CFDA Number: 20.106

CFDA Title: AIP

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The Priority 99 Overflow Process identifies situations where timesheets (CH5 documents) are not processing due to overspent budgets. Timesheets with incorrect phase codes (e.g. T02000 instead of T02FA1) are occasionally identified during this process and corrected on the CH5 document accounting lines. Procedures for correcting CH5 documents in cases such as these were updated in March 2021 to include instruction for staff to contact regional staff to confirm the phase change and have the original hard copy timesheets updated with a note reflecting the correction.

Completion Date (list anticipated completion date):

March 31, 2021

Agency Contact (name of person responsible for corrective action):

Christina Zepp, CIP Accountant

Single Audit Corrective Action Plan

Finding: 2020-081 – Two of 26 funding profiles tested (eight percent) were set up incorrectly in IRIS.

Questioned Costs: None

CFDA Number: 20.106

CFDA Title: AIP

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Partially Agree

Corrective Action (corrective action planned):

Please see the following responses regarding the two funding profiles tested as well as the department's internal control review procedures.

Funding profile did not match the grant agreement reimbursement rate

Funding profile PN0486, funding priorities 15 and 16 represent the cost accounting elements associated with federal award number 3-02-0026-021-2020. Funding profile PN0486 was established in May 2020 with a 93.75% federal reimbursement rate instead of a 100% federal reimbursement rate. The region identified this error and took corrective action before costs were charged. These funding priorities were then modified in June 2020, increasing funding line 1 [federal] to 100% and decreasing funding line 2 [match] to 0%. These modifications processed before the end of Fiscal Year 2020.

Funding profile had a rate in IRIS but not a grant agreement with the Federal Aviation Administration (FAA)

FAA programs are initially established with a design phase code and funding profile in advance of receiving a grant agreement. The design funding profile is established as "NO GRANT" at this time. Procedures are in place to suspend an IRIS program code from billing until the department receives the grant agreement after construction is approved to begin.

Internal control review procedures

FAA grant agreements have historically been awarded with a 93.75% federal reimbursement rate. DOT&PF used this precedent when creating the billable and match percentages on funding profiles for programs in advance of receiving the grant. The FAA increased the federal reimbursement rate to 100% for grants approved during FFY2020. This unexpected change in the federal reimbursement rate creates a discrepancy between percentages on the original funding profile lines and the grant agreement. DOT&PF has procedures in place to ensure that funding profiles are added or updated accordingly after the grant agreement is received:

- Cost accounting elements (e.g. program, phase, funding profile, funding priority, and funding line) are added through CAM documents. These documents go through two levels of review—regional project control office and HQ Grants Projects office—before being approved.
- The IRIS program number is "suspended for reimbursement" if the FAA grant agreement is not received.

- If the FAA grant agreement is awarded with a different reimbursement rate (e.g. 100% instead of 93.75%), then the HQ Grants& Projects office works with the region to take corrective action. For example...
 1. A new funding priority is added to the funding profile with the correct federal reimbursement rate.
 2. Expenses, along with any encumbrances, are moved from the original funding priority to the new funding priority.
 3. The budget is reduced to \$0.00 in the original funding priority.

Completion Date (list anticipated completion date):

June 30, 2020

Agency Contact (name of person responsible for corrective action):

Geri Henricksen, CIP Accountant

Single Audit Corrective Action Plan

Finding: 2020-082 – Four of seven tested 5100-126 reports (57 percent) did not tie to support, resulting in an understatement of reported revenues. The one 5100-127 report tested had multiple lines in error. Additionally, all tested reports lacked evidence of review.

Questioned Costs: None

CFDA Number: 20.106

CFDA Title: AIP

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

To address the errors identified with reporting, the department reviewed processes and procedures. The reporting team was expanded to three staff, to include a preparer, a supervisory level (Accountant III or higher) review and approval, and staff member (Accountant IV or higher) level review and approval. Parameters on ALDER reports were corrected, mathematical control totals were added to spreadsheets to maintain data integrity. Updated procedures which were utilized for the reports for the Fiscal Year Ending June 30, 2020.

Completion Date (list anticipated completion date):

FY21

Agency Contact (name of person responsible for corrective action):

Christina Zepp, Finance Officer

Single Audit Corrective Action Plan

Finding: 2020-083 – Two of 11 Federal Aviation Administration (FAA) funded projects tested (18 percent) did not demonstrate that contractors had complied with prevailing wage rate requirements. Specifically, one FAA funded project had multiple certified payrolls that were not received or not retained by DOTPF. Additionally, multiple Statements of Compliance were not complete for one FAA funded project.

Questioned Costs: None

CFDA Number: 20.106

CFDA Title: AIP

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

DOT&PF, in coordination with the Department of Labor, has implemented the AASHTOWare Project Civil Rights and Labor Module (AWP-CRL). This module provides a web-based platform where contractors submit certified payroll for all contracts awarded after January 1, 2021. AWP-CRL requires contractors to electronically sign a statement of compliance before their payroll will be accepted. The state of compliance certificate will accompany the payroll. This system can track and report on certified payroll submissions to assist staff in determining if certified payroll has been submitted in a timely manner. This corrective action was implemented in January 2021.

Completion Date (list anticipated completion date):

01/01/2021

Agency Contact (name of person responsible for corrective action):

Carolyn Morehouse, Director

Single Audit Corrective Action Plan

Finding: 2020-084 – Two of 40 non-personal service transactions tested (five percent) reimbursed subrecipients for expenditures that did not meet federal cost principles.

Questioned Costs: None

CFDA Number: 20.509

CFDA Title: Formula Grants for Rural Areas (FGRA)

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The Division of Program Development Transit Office has determined additional training in review of expenditures for compliance with federal regulation is the most appropriate solution for this finding.

Completion Date (list anticipated completion date):

FY21

Agency Contact (name of person responsible for corrective action):

Debbi Howard, Program Manager

Single Audit Corrective Action Plan

Finding: 2020-085 – DOTPF’s Division of Program Development (DPD) does not have a formal process for managing user access to the BlackCat system.

Questioned Costs: None

CFDA Number: 20.509

CFDA Title: FGRA

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The Division of Program Development Transit Office will develop procedures for annual review of users to be held prior to submittal of applications for annual grant funding and will work with Panther/BlackCat to provide more manager authorizations.

Completion Date (list anticipated completion date):

September 2021

Agency Contact (name of person responsible for corrective action):

Debbi Howard, Program Manager

Single Audit Corrective Action Plan

Finding: 2020-086 – An FGRA subrecipient did not disclose to DPD, in writing, a conflict of interest.

Questioned Costs: None

CFDA Number: 20.509

CFDA Title: FGRA

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The Division of Program Development Transit Office will develop a process that includes a Conflict of Interest statement in the subrecipient grant application process. All sub grantees will be required to complete a Conflict of Interest statement.

Completion Date (list anticipated completion date):

FY21

Agency Contact (name of person responsible for corrective action):

Debbi Howard, Program Manager

Single Audit Corrective Action Plan

Finding: 2020-087 – During FY 20, DOTPF accounting staff did not recoup overpayments related to improper Alaska Marine Highway System employee payroll advances.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The department has amended the process for review and reconciliation of payroll advances and has limited the use of this practice. During FY20, the department coordinated with the Department of Administration, Division of Personnel to determine steps to recover outstanding balances owed by employees and allowability of recovery in different circumstances. It was determined that certain due diligence steps in recovering monies from employees were not documented as having been completed. The department will be working with the Department of Law to confirm the resulting legal standing and expects to proceed with final action to begin recovery or write off unrecoverable amounts by 6/30/2021.

Completion Date (list anticipated completion date):

June 30, 2021

Agency Contact (name of person responsible for corrective action):

Christina Zepp, Finance Officer

Single Audit Corrective Action Plan

Finding: 2020-088 – One potential DOTPF shortfall was identified for FY 20.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Partially agree

Corrective Action (corrective action planned):

The department has reviewed the appropriation and resolved the potential shortfall. In FY17, an erroneous budgetary transaction recorded an artificial reduction to available funding in the appropriation. This erroneous transaction was not detected and corrected at the time because the appropriation was not in shortfall status, despite the artificial reduction. However, recent write-offs of minor uncollectable receivable amounts in the appropriation reduced revenue enough to create a potential shortfall. After review of the appropriation budget and erroneous transaction, the department processed budgetary transactions to remove the artificial reduction, which resolved the potential shortfall.

Completion Date (list anticipated completion date):

March 2021

Agency Contact (name of person responsible for corrective action):

Christina Zepp, Finance Officer



May 4, 2021

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MAY 05 2021

LEGISLATIVE AUDIT

Legislative Auditor
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RE: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2020

I have reviewed the findings and recommendations in the above referenced confidential preliminary audit report and appreciate the opportunity to respond. Alaska Aerospace concurs with the finding. Please see the attached Single Audit Corrective Plan Action.

Attachment: Finding 2020-01 Corrective Action Plan

Sincerely,

DocuSigned by:

Robert P. McCoy

Dr. Robert McCoy

Chair, AAC Board of Directors



Single Audit Corrective Action Plan

Finding: 2020-089 – The Alaska Aerospace Corporation's independent audit was issued on January 21, 2021 and provided for inclusion in the Comprehensive Annual Financial Report, approximately 14 weeks after the agreed upon deadline.

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

AAC competitively sourced and activated an easier to use accounting system in November 2020. This system is functioning across the accounting domain except for the depreciation module which will be completed in the upcoming weeks. This will allow for quicker turnaround of audit requirements and a more streamlined year close process.

An additional senior level audit accounting staff member was recruited in April 2021 with a start date of 1 June 2021. This position will provide more staff capacity to assist in audit, financial reporting, and corporate financial management.

Completion Date (list anticipated completion date):

06/30/21

Agency Contact (name of person responsible for corrective action):

Shanna Marie Bloom

May 20, 2021

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, Alaska 99811-3300

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MAY 24 2021

LEGISLATIVE AUDIT

Dear Kris,

Please find below the REVISED Alaska Energy Authority (AEA) response the Legislative Audit Finding 2020-090 and Single Audit Corrective Action Plan.

Single Audit Corrective Action Plan-

Finding: 2020-090:

The Alaska Energy Authority (AEA) reported the FY 20 amount appropriated from the Constitutional Budget Reserve Fund (CBRF) to AEA's power cost equalization endowment fund (PCEF) as required by Chapter 1, SSSLA 2019, sec. 17(a), differently than the State's general fund by over \$1 billion. Further, AEA reported the FY 20 year-end sweep from the PCEF to repay the CBRF differently than the State's general fund by over \$1 billion. The differences in reporting were not addressed in a timely manner.

Agency Agreement:

AEA agrees it was a time-consuming process to reach a consensus regarding the presentation of the \$1 billion dollar sweep entries in AEA's FY2020 financial statements, issued October 26, 2020 and accepted by the AEA Board of Directors on October 28, 2020. It is important to note that AEA worked with Division of Finance (DOF) prior to the issuance of its financial statements and there was no indication or communication that the \$1 billion dollar sweep presentation provided a discrepancy. Furthermore, AEA's audited financial statements were issued with an unmodified opinion and no identified findings. AEA was not provided formal written notice of this issue until December 11th (received December 16th); however, AEA actively worked to resolve this matter starting in November of 2020, when AEA was first made aware of a possible discrepancy. AEA consistently found no justification to change the financial statement presentation or to reissue the financial statements, as was communicated to the parties in several correspondences. An agreement between all parties involved (Legislative Audit, DOF, AEA, and BDO) was not reached until the technical inquiry with the Governmental Accounting Standards Board (GASB) provided guidance, which resulted in an agreement that AEA would not reissue their financial statements. Because all parties agreed to a GASB technical inquiry, the timeliness of addressing this matter cannot be solely with AEA.

AEA has knowledgeable staff and utilizes the technical expertise of their independent auditors as deemed appropriate for unusual and significant transactions.

AEA agrees that improved communications are needed to resolve differences in a timely manner (recommendation in memo dated March 5, 2021 referenced above).

Corrective Action:

AEA is committed to working closely with Division of Finance during the FY2021 audit and preparation of financial statements to help ensure that accurate financial reporting is achieved.

Completion Date:

As noted in the corrective action plan, AEA will improve communications starting with FY2021 audit.

Agency Contact:

Dona Keppers, Chief Financial Officer; and
Salina Bearden, AEA Controller

If you have any questions or concerns please contact me.

Respectfully,



J. Dana Pruhs
Board Chairman

Cc: Alaska Energy Authority Board of Directors
Curtis Thayer, Executive Director
Hans Zigmund, Director, Division of Finance

May 3, 2021

Kris Curtis, CPA, CISA
Legislative Auditor
333 Willoughby Ave, 6th Floor
PO Box 113300
Juneau, AK 99811-3300

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MAY 03 2021

LEGISLATIVE AUDIT

Re: Single Audit Corrective Action Plan

Ms. Curtis:

Attached are Alaska Housing Finance Corporation's responses to Legislative Audit's Single Audit Corrective Action request. These responses were presented to AHFC's Audit Committee on October 21, 2020 as part of the annual external audit communications.

Should you need any additional information regarding this matter please feel free to contact me.

Sincerely,



Bryan Butcher, CEO/Executive Director
Alaska Housing Finance Corporation

Single Audit Corrective Action Plan

Finding: 2020-091 – During our testing of the HUD-50058-MTW reports, there were six instances out of the sample of 60 reports in which the reports were not submitted within the 60-calendar day requirement to HUD through the Public and Indian Housing Information Center.

Questioned Costs: None

CFDA Number: 14.881

CFDA Title: Moving to Work Demonstration (MTW)

Agency Agreement (state whether your agency agrees or disagrees with the finding):

AHFC agrees with this finding.

Corrective Action (corrective action planned):

The Public Housing Department changed the timeline of the report submission to a bi-weekly schedule. Additionally, staff were instructed to generate a report that shows which HUD-50058 MTW files comprise a submission.

Completion Date (list anticipated completion date):

October 2, 2020

Agency Contact (name of person responsible for corrective action):

Bryan Butcher, CEO/Executive Director AHFC

Single Audit Corrective Action Plan

Finding: 2020-092 – During our testing of Housing Quality inspections, one instance out of the sample of 60 inspections tested was noted in which there was no documentation to support the inspection occurring.

Questioned Costs: None

CFDA Number: 14.881

CFDA Title: MTW

Agency Agreement (state whether your agency agrees or disagrees with the finding):

AHFC agrees with this finding.

Corrective Action (corrective action planned):

Public Housing Department (PHD) staff were trained to pull a report that allows them to track inspections that have not been completed. Additionally, PHD Management conducted a special training for its voucher program supervisors on how to run a monthly HQS Inspection Report to ensure that staff are aware of this new procedure.

Completion Date (list anticipated completion date):

October 2, 2020

Agency Contact (name of person responsible for corrective action):

Bryan Butcher, CEO/Executive Director AHFC

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Myron J. Dosch, CPA
Chief Finance Officer
Phone: (907) 450-8079
Fax: (907) 450-8071
myron.dosch@alaska.edu



UNIVERSITY
of ALASKA
Many Traditions One Alaska

209 D Butrovich Building
2025 Yukon Drive
P.O. Box 756540
Fairbanks, AK 99775-6540

May 17, 2021

Kris Curtis
Legislative Auditor
Alaska State Legislature

Dear Ms. Curtis,

Per your request dated April 30, 2021, please see the enclosed University of Alaska FY2020 Corrective Action Plan.

Please contact me if you have any questions.

Sincerely,

DocuSigned by:

9887BE7788E64B9...
Myron J. Dosch

RECEIVED

MAY 18 2021

LEGISLATIVE AUDIT

Single Audit Corrective Action Plan

Finding: 2020-093 – We noted 2 (both from University of Alaska Southeast (UAS)) out of 19 Common Origination and Disbursement (COD) disbursements tested, were not reported within the required 15 days to COD.

Questioned Costs: None

CFDA Number: 84.063; 84.268

CFDA Title: Federal Pell Grant Program; Federal Direct Loans

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

The incident(s) noted for University of Alaska Southeast (UAS) were due to staff turnover resulting in inconsistent reporting during an isolated timeframe. The Financial Aid Offices have established reporting timeframes within the separate offices.

University of Alaska Southeast established at least once a week loan and grant origination and disbursement reporting schedule to Common Origination and Disbursement website.

Completion Date (list anticipated completion date):

Completed

Agency Contact (name of person responsible for corrective action):

Janelle Cook, UAS Financial Aid Director at 907-796-6257

Single Audit Corrective Action Plan

Finding: 2020-094 – During our testing of the reports, we noted the University of Alaska Anchorage's report did not include the number of students awarded emergency grants at the institution. Additionally, we noted the report for UAS used an incorrect estimated number of students eligible to receive Emergency Financial Aid Grants.

Questioned Costs: None

CFDA Number: 84.425E

CFDA Title: HEERF COVID-19 Student Aid Portion

Agency Agreement (state whether your agency agrees or disagrees with the finding):

Agree

Corrective Action (corrective action planned):

University of Alaska Anchorage (UAA) will continue to ensure all required content is on UAA's website. As UAA has fully expended the student portion of CARES 18004(a)(1), UAA Office of Financial Aid is posting on UAA's website that this is the final report, due April 10, 2021. University of Alaska Southeast (UAS) will carefully review the reports to ensure accuracy.

Completion Date (list anticipated completion date):

Completed. This was an isolated occurrence and UAA has been in compliance since the first 45 day report, posted on July 10, 2020 covering the May 1-June 30th timeframe.

UAS – In advance of every report going forward.

Agency Contact (name of person responsible for corrective action):

Shauna Grant, UAA Financial Aid Director at 907-786-6170.
Lori Klein, UAS Vice Chancellor of Enrollment Management and Student Affairs at 907-796-6057
Janelle Cook UAS Financial Aid Director at 907-796-6257

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@akleg.gov

May 25, 2021

Members of the Legislative Budget
and Audit Committee:

Agency responses to audit findings are included in the corrective action plan in Section IV of this report.

Generally, the agencies concur with the findings. There are, however, responses to 16 of the findings which we believe warrant further auditor comments as shown below.

Finding No. 2020-004

We have reviewed the Department of Administration's (DOA) response and nothing in the response persuaded us to revise the finding. DOA is responsible for maintaining adequate internal controls over access to the State of Alaska accounting system (IRIS), thus we reiterate the recommendation that the agency strengthen controls over logical access to the accounting system.

Finding No. 2020-017

We have reviewed DOA's response and nothing in the response persuaded us to revise the finding. DOA states that the FY 12 appropriation's term year was extended and that the cost for FY 20 IRIS upgrade and operating costs were allowable costs of the FY 12 appropriation. In rebuttal, we emphasize that the FY 12 appropriation budget documents clearly define allowable costs and the costs highlighted in the finding were not allowable uses of the FY 12 appropriation. Further, extension of an appropriation's term year does not change its purpose.

Finding No. 2020-019

We have reviewed the Department of Revenue's (DOR) response and nothing in the response persuaded us to revise the finding. Legal analyses concerning the finding provided by both the Department of Law and the Legislative Division of Legal Services

in FY 18 were reviewed and considered during the audit. The Legislative analysis was rooted in a plain reading of the constitution and concluded that the monies should be deposited into the Constitutional Budget Reserve Fund (CBRF). DOR did not provide new information to consider during the FY 20 audit. The Legislative Legal Services analysis continues to support audit conclusions. We reaffirm our conclusion that DOR staff failed to transfer to the CBRF all eligible monies and reclassified revenues as general funds that should have remained in the CBRF.

Finding No. 2020-020

We have reviewed DOR's response and nothing in the response persuaded us to revise the finding. DOR management asserts that the attorney general's signature on the closing agreements constitutes legal assurance that DOR has complied with the law as it applies to the application of tax credits in a settlement. Further, management states that any additional documentation requested by the auditors has no legitimate audit purpose.

As the independent auditor for the State of Alaska, we cannot simply rely on management's interpretation of their own compliance with a law. Rather, we must independently examine all evidence to determine our agreement or disagreement with management's position or assertion.

Limiting auditors' access to information constitutes a limitation on the audit scope in violation of AS 24.20.271. Further, it raises an audit concern that management is purposely preventing auditors from discovering information. Without access to the full appeal/settlement files we are unable to independently confirm DOR's compliance with state law and unable to determine whether the financial statements are free from misstatement.

Finding No. 2020-022

We have reviewed DOR's response and nothing in the response persuaded us to revise the finding. The appropriations cited in the finding were identified in IRIS as being in shortfall as of April 7, 2021.

Finding No. 2020-027

We have reviewed the Department of Health and Social Services' (DHSS) response and nothing in the response persuaded us to revise the finding. Auditors found that the monthly quality assurance reports noted in the agency's corrective action plan were not consistently reviewed during FY 20.

Finding No. 2020-028

We have reviewed DHSS's response and nothing in the response persuaded us to revise the finding. DHSS management states it collaborated with its federal partners and issued the capacity-building payments under existing processes and system documentation. However, the federal partner referenced was not the federal award agency. Further, the capacity-building payment processes did not exist prior to the pandemic and the processes did not include determining whether the beneficiaries were impacted by the pandemic.

Finding No. 2020-042

We have reviewed DHSS's response and nothing in the response persuaded us to revise the finding. We reiterate that DHSS's Division of Health Care Services director should strengthen procedures for documenting which medical claims and recipients qualify for 100 percent federal reimbursement by including procedures to obtain evidence of referrals, services provided, and care coordination.

Finding No. 2020-045

We have reviewed DHSS's response and nothing contained in the response led us to revise the finding. DHSS management disagreed with the auditors' calculation of questioned costs, but did not assert that the department complied with the federal regulations cited as criteria for the findings. Questioned costs are defined by Title 45 CFR 75.2, which states:

Questioned cost means a cost that is questioned by the auditor because of an audit finding:

- (a) Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a Federal award, including for funds used to match Federal funds;*
- (b) Where the costs, at the time of the audit, are not supported by adequate documentation; or*
- (c) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.*

Based on Uniform Guidance, benefits paid associated with the findings are reported as questioned costs. We reaffirm the finding.

Finding No. 2020-055

We have reviewed DHSS's response and nothing contained in the response led us to revise the finding. Management lists several arguments as to why it is not reasonable to comply with the federal requirement. Given that management disagrees with the

federal regulation, we leave the evaluation of management's arguments to the federal award agency.

Finding No. 2020-056

We have reviewed DHSS's response and nothing contained in the response persuaded us to revise the finding. We reiterate that Division of Finance and Management Services' (DFMS) director should take measures to resolve the shortfalls, including collecting remaining revenue if applicable. The DFMS director should also improve procedures over billing and monitoring revenue collections to prevent future revenues shortfalls.

Finding No. 2020-057

We have reviewed DLWD's response and nothing contained in the response persuaded us to revise the finding. DLWD management assumed Division of Finance (DOF) was aware that various revenue types exist and would report the federal revenues correctly. However, we highlight that the specific federal funds received by the Unemployment Compensation Fund were a new revenue source for FY 20 which made it less likely that DOF staff would correctly identify the federal revenues for reporting purposes.

Finding No. 2020-067

We have reviewed the Department of Natural Resources' (DNR) response and note that the Department of Law's FY 18 legal analysis was reviewed and considered during the audit period, as was the legal analysis conducted by the Division of Legislative Audit's independent legal counsel. In FY 18, Legislative Audit's legal counsel analysis and the review conducted by audit staff concluded that all revenues contained in AS 37.13.010(a)(2) are validly dedicated as an exception to the anti-dedication clause and expressly permitted by the Permanent Fund Amendment to the Alaska Constitution. DNR did not provide new information to change our position on this issue during the FY 20 audit. The legal analysis performed in FY 18 continues to support current year audit conclusions. We reaffirm our conclusion that the AS 37.13.010(a)(2) monies that were not deposited into the Alaska Permanent Fund are not available for general use and should be recognized as a liability in the general fund.

Finding No. 2020-068

We have reviewed DNR's response and nothing in the response persuaded us to revise the finding. Legal analyses provided by both the Department of Law and the Legislative Division of Legal Services in FY 18 were reviewed and considered during the audit. The Legislative analysis was rooted in a plain reading of the constitution and concluded that the monies should be deposited into the CBRF. DNR did not provide new information to change our position on this issue during the FY 20 audit. The Legislative Legal Services analysis continues to support current year audit conclusions. We

reaffirm the conclusion that DNR's staff did not deposit all eligible revenues in the CBRF.

Finding No. 2020-074

We have reviewed DNR's response and nothing in the response persuaded us to revise the finding. It is unclear why DNR management partially agrees to the finding based on their corrective action plan. DNR's corrective action plan addresses the recommendation to develop and implement procedures to ensure only the correct fire costs are transferred to the applicable Fire Suppression Programs. DNR's management indicates the funds were not included in the federal billing, which is correct; however, the expenditures were reported on the Schedule of Expenditures for Federal Awards under an incorrect federal program. We reaffirm our finding.

Finding No. 2020-081

We have reviewed the Department of Transportation and Public Facilities' (DOTPF) response and nothing in the response persuaded us to revise the finding. The noted errors were identified and communicated to DOTPF staff by the audit team before the noted corrective action was taken.

In summary, we reaffirm the findings and recommendations presented in this report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kris Curtis', with a stylized flourish at the end.

Kris Curtis, CPA, CISA
Legislative Auditor

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SECTION V - APPENDICES

SECTION V - APPENDICES

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
<u>Alaska Commission on Post Secondary Education</u>						
COVID-19 - Coronavirus Relief Fund	USTreas	21.019	COVID Relief Funds - CARES Act		45,493	
Total For Alaska Commission on Post Secondary Education					45,493	
<u>Alaska Energy Authority</u>						
Rural Business Development Grant	USDA	10.351	RP 529040791		8,469	
Wood Utilization Assistance	USDA	10.674	DG or CA 11100106		200,863	48,957
Biomass System Performance Grant	USDA	10.U01	JV 11261975		1,088	
State Clean Diesel Grant Program	EPA	66.040	DS-01J36001		157,932	137,803
State Clean Diesel Grant Program	EPA	66.040	DS-01J63901		7,140	3,360
State Energy Program	ERGY	81.041	DE-EE0008280		320,227	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	ERGY	81.117	DE-EE0003946		2,840	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	ERGY	81.117	DE-EE0007352		15,184	
State Energy Program Special Projects	ERGY	81.119	DE-EE0008618		104,684	
Electricity Research, Development and Analysis	ERGY	81.122	DE-OE0000795		26,932	26,932
Denali Commission Program	DC	90.100	Various		7,007,552	5,999,455
Total For Alaska Energy Authority					7,852,911	6,216,507
<u>Alaska Housing Finance Corporation</u>						
Very Low to Moderate Income Housing Loans	USDA	10.410			21,370,450	
Mortgage Insurance Homes	HUD	14.117			13,592,413	
Section 8 Housing Assistance Payments Program	HUD	14.195		S8PBC	2,282,878	
Emergency Solutions Grant Program	HUD	14.231			253,501	234,991
Home Investment Partnerships Program	HUD	14.239			1,543,579	1,543,579
Housing Opportunities for Persons with AIDS	HUD	14.241			614,940	584,836
Section 8 Moderate Rehabilitation Single Room Occupancy	HUD	14.249		S8PBC	579,156	492,311
Continuum of Care Program	HUD	14.267			821,721	799,572
Housing Trust Fund	HUD	14.275			1,716,769	1,716,769
Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities	HUD	14.326			93,550	85,249
Public and Indian Housing Indian Loan Guarantee Program	HUD	14.865			3,327,058	
Section 8 Housing Choice Vouchers	HUD	14.871		HVC	2,295,635	
Mainstream Vouchers	HUD	14.879		HVC	114,977	
Moving to Work Demonstration Program	HUD	14.881			46,864,165	
Family Self-Sufficiency Program	HUD	14.896			266,493	
COVID-19 - Coronavirus Relief Fund	USTreas	21.019			219,628	24,340
Veterans Housing Guaranteed and Insured Loans	USDVA	64.114			23,957,826	
Weatherization Assistance for Low-Income Persons	ERGY	81.042			1,867,354	1,670,852
Low-Income Home Energy Assistance	USDHHS	93.568	06HSSINT		735,047	668,554
Total for Alaska Housing Finance Corporation					122,517,140	7,821,053

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
<u>Alaska Industrial Development and Export Authority</u>						
Federal Transit Capital Investment Grants	USDOT	20.500	AK-2017-028	FTC	1,540,291	
Total For Alaska Industrial Development and Export Authority					1,540,291	
<u>Alaska State Council on the Arts</u>						
Promotion of the Arts Partnership Agreements	NEA	45.025	17335/NEAART		580,153	301,100
Total for Alaska State Council on the Arts					580,153	301,100
<u>Alaska Student Loan Corporation</u>						
Federal Family Education Loan (FFEL) Program	USDOE	84.032L			46,499,043	
Total For Alaska Student Loan Corporation					46,499,043	0
<u>Alaska Seafood Marketing Institute</u>						
Market Access Program	USDA	10.601	MAP-2018-ASMI		3,736,729	
Agricultural Trade Promotion Program	USDA	10.618	ATP-2019-ASMI		1,780,371	
Cochran Fellowship Program-International Training- Foreign Participant	USDA	10.962	Order 12315118P0103		108,960	
Total for Alaska Seafood Marketing Institute					5,626,060	-
<u>Alaska Court System / Alaska Judicial Council</u>						
Drug Court Discretionary Grant Program	USDOJ	16.585	2016-DC-BX-0066		85,833	
State Court Improvement Program	USDHHS	93.586	1801AKSCID		28,742	
State Court Improvement Program	USDHHS	93.586	1801AKSCIP		40,335	
State Court Improvement Program	USDHHS	93.586	1801AKSCIT		55,217	
State Court Improvement Program	USDHHS	93.586	1901AKSCID		62,505	
State Court Improvement Program	USDHHS	93.586	1901AKSCIP		75,169	
State Court Improvement Program	USDHHS	93.586	1901AKSCIT		61,738	
Grants to States for Access and Visitation Programs	USDHHS	93.597	1802AKSAVP		13,238	
Grants to States for Access and Visitation Programs	USDHHS	93.597	1902AKSAVP		77,625	
Child Abuse and Neglect Discretionary Activities	USDHHS	93.670	90CA1854		65,790	
Strategic Initiative Grant	SJI	99.U01	SJI-20-P-022		4,954	
Total for Alaska Court System / Alaska Judicial Council					571,146	-
<u>Department of Commerce, Community and Economic Development</u>						
Schools and Roads - Grants to States	USDA	10.665	National Forest Receipts	FSRC	8,850,761	8,850,761
Economic Adjustment Assistance	USDOC	11.307	SBED	EDC	7,492,444	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	HUD	14.228	B14DC020001, B15DC020001, B16DC020001, B17DC020001, B18DC020001, B19DC020001		4,204,651	4,084,395
Payments in Lieu of Taxes	USDOI	15.226	Payments in Lieu of Taxes		11,508,342	11,508,342
National Petroleum Reserve - Alaska	USDOI	15.439	National Petroleum Reserve Alaska Impact Mitigation		8,465,584	8,465,584

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Highway Planning and Construction	USDOT	20.205	RSA2598006, RSA2592600	HPCC	27,935	27,935
COVID-19 - Coronavirus Relief Fund	USTreas	21.019	Coronavirus Relief Fund, CARESA, CARESC, CARESD		44,734,315	36,756,727
Congressionally Mandated Projects	EPA	66.202	XP01J48801, 08RS80037, 08RS90025, 08RS90082		949,588	1,962,908
Multipurpose Grants to States and Tribes	EPA	66.204	UICP2X		48,003	
State Underground Water Source Protection	EPA	66.433	UICP20		118,000	
Denali Commission Program	DC	90.100	01487, 01584		12,278	
The State Flexibility to Stabilize the Market Grant Program	USDHHS	93.413	INSTFLXFED		253,161	
1332 State Innovation Waivers	USDHHS	93.423	SIWIW180004		57,436,956	57,289,271
Community Services Block Grant	USDHHS	93.569	G18B1AKCOSR, G1901AKCOSR	C477	2,822,486	2,722,295
State Commissions	CNCS	94.003	16CAHAK001		140,689	9,528
AmeriCorps	CNCS	94.006	16CAHAK001, 19CAHAK001		612,255	457,094
Training and Technical Assistance	CNCS	94.009	16TAHAK001, 19TAHAK001		355,765	187,182
Community Assistance Program State Support Services Element (CAP-SSSE)	USDHS	97.023	EMS-2017-RX-0003, EMS-2018-CA-00022		110,073	
Cooperating Technical Partners	USDHS	97.045	EMS-2017-CA-00001, EMS-2016-CA-0005		133,755	
Total for Department of Commerce, Community and Economic Development					148,277,041	132,322,022
<u>Department of Environmental Conservation</u>						
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025			180,315	
Water and Waste Disposal Systems for Rural Communities	USDA	10.760			3,613,905	521,426
NOAA NMFS	USDOC	11.U01	2019-IASI-004		35,004	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	USDOD	12.113			1,663,357	
Environmental Quality and Protection	USDOJ	15.236	LC15AC00143-0001		17,683	
Clean-up Contaminated Sites in Alaska	USDOT	20.U01	DTFAWN-15-A-80000		152,619	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	EPA	66.034	PM01J54101		249,561	
Congressionally Mandated Projects	EPA	66.202			10,423,887	1,146,449
Multipurpose Grants to States and Tribes	EPA	66.204	AA01J25201		126,205	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419	I0J37901		328,891	
State Public Water System Supervision	EPA	66.432	F00087217		1,929,956	
Water Quality Management Planning	EPA	66.454	C601J48201		72,568	
Capitalization Grants for Clean Water State Revolving Funds	EPA	66.458	CS-02000119/W49199	CWFC	8,778,754	8,778,754
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005816/W49598	DWFC	16,405	16,405

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005817/W49599	DWFC	166,240	166,240
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005818/W49601	DWFC	3,722,801	2,698,708
Capitalization Grants for Drinking Water State Revolving Funds	EPA	66.468	FS-98005819/W49602	DWFC	3,461,591	840,324
Beach Monitoring and Notification Program Implementation Grants	EPA	66.472	CU01J34901		212,750	
Performance Partnership Grants	EPA	66.605			5,328,755	309,226
Environmental Information Exchange Network Grant Program and Related Assistance	EPA	66.608	OS83546601		51,497	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	EPA	66.802	V00J85603		127,757	
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	EPA	66.804	L00087518		277,002	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA	66.805	LS01J49801		400,593	
Superfund State and Indian Tribe Core Program Cooperative Agreements	EPA	66.809	VC97055515		124,429	
State and Tribal Response Program Grants	EPA	66.817	RP00J26107		1,048,148	
Targeted Airshed Grant Program	EPA	66.956	TA-01J66001/A48598		112,071	
LUST Trust Cost Recovery	EPA	66.U01	LUST Trust Cost Recovery		119,832	
Long-Term Surveillance and Maintenance	ERGY	81.136	LM0000402		114,045	
Food and Drug Administration Research	USDHHS	93.103	U18FD006198		757,619	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47003		73,076	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47008		139,104	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47016		25,208	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47033		2,001	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47034		393,434	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47039		436,648	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47040		106,970	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47041		100,726	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47042		710,521	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47043		52,879	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47044		3,247	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47051		8,393	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47061		225,091	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47062		447,773	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47063		2,535	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47064		71,287	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47065		239,487	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 05/09/2006-W47066		3,360	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47067		122,693	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47069		1,846	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47070		68,438	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47073		5,878	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47074		6,081	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47075		2,873	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47076		229	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47079		368,209	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47080		45,669	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47081		1,070	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements	USDHHS	93.210	MOU dated 10/10/2019 - W47082		67,098	
FDA Food Inspections	USDHHS	93.U01	HHSF223201810020 C		577,104	
U.S. Coast Guard Oversight - Juneau/Kodiak	USDHS	97.U01	241987PXA943		59,886	
Total for Department of Environmental Conservation					47,983,054	14,477,532

Department of Education and Early Development

Trade Mitigation Program Eligible Recipient Agency Operational Funds	USDA	10.178	TEFERA		124,000	124,000
Trade Mitigation Program Eligible Recipient Agency Operational Funds (Food Commodities)	USDA	10.178	TEFERA		3,752,471	3,752,471
CACFP Training Grants	USDA	10.536	CACFPTRAIN		18,246	5,083
School Breakfast Program	USDA	10.553	CHILDN	CNC	8,508,105	8,236,610
COVID-19 - School Breakfast Program	USDA	10.553	CHILDN	CNC	610,780	538,255
National School Lunch Program (Food Commodities)	USDA	10.555	CHILDN	CNC	3,114,137	3,114,137
National School Lunch Program	USDA	10.555	CHILDN	CNC	24,650,779	24,043,869
COVID-19 - National School Lunch Program	USDA	10.555	CHILDN	CNC	1,599,415	1,445,092

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Child and Adult Care Food Program (Food Commodities)	USDA	10.558	CAACFP & CHILDN		15,246	15,246
COVID-19 - Child and Adult Care Food Program	USDA	10.558	CAACFP & CHILDN		1,448,181	1,448,181
Child and Adult Care Food Program	USDA	10.558	CAACFP & CHILDN		6,323,237	6,190,409
Summer Food Service Program for Children (Food Commodities)	USDA	10.559	CHILDN	CNC	5,100	5,100
Summer Food Service Program for Children	USDA	10.559	CHILDN	CNC	1,040,334	911,593
COVID-19 - Summer Food Service Program for Children	USDA	10.559	CHILDN	CNC	15,617,544	15,617,544
State Administrative Expenses for Child Nutrition	USDA	10.560	CNMEAL & SAESAE		1,679,597	334,141
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	USDA	10.568	TEAFAP	FDC	71,000	71,000
Emergency Food Assistance Program (Administrative Costs)	USDA	10.568	TEAFAP	FDC	416,920	397,321
Emergency Food Assistance Program (Food Commodities)	USDA	10.569	TEAFAP	FDC	2,119,195	2,119,195
COVID-19 - Emergency Food Assistance Program (Food Commodities)	USDA	10.569	TEAFAP	FDC	327,478	327,478
Child Nutrition Discretionary Grants Limited Availability	USDA	10.579	ART2AR & CERTGR & CNPEQU		90,797	78,706
Fresh Fruit and Vegetable Program	USDA	10.582	FRESHF		1,424,741	1,333,501
Science	NASA	43.001	NASAML		159	
Promotion of the Humanities Division of Preservation and Access	NEH	45.149	NEHGRT		64,888	
Grants to States	IMLS	45.310	LSTAGR		729,964	597,561
Urban Waters Small Grants	EPA	66.440	LEADTE		2,162	
Title I Grants to Local Educational Agencies	USDOE	84.010	TITLE1		41,082,037	39,401,945
Migrant Education State Grant Program	USDOE	84.011	MIGRNT		15,734,153	14,826,103
Title I State Agency Program for Neglected and Delinquent Children and Youth	USDOE	84.013	TITL1D		279,262	276,454
Special Education Grants to States	USDOE	84.027	SPEVIB	SEC	36,074,304	33,869,814
Impact Aid	USDOE	84.041	Fund 3289		35,515,548	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	VOCAED		4,862,527	4,047,262
Indian Education Grants to Local Educational Agencies	USDOE	84.060	INDEDU		134,049	
Rehabilitation Services Client Assistance Program	USDOE	84.161	CLASSP		197,876	
Special Education Preschool Grants	USDOE	84.173	SPEDPR	SEC	1,102,233	941,242
Education for Homeless Children and Youth	USDOE	84.196	HMLESS		176,106	154,445
Twenty-First Century Community Learning Centers	USDOE	84.287	21STCE		5,444,066	5,121,700
Rural Education	USDOE	84.358	RURLOW & RURSMA		6,713	
English Language Acquisition State Grants	USDOE	84.365	TITLE3		1,011,736	814,767
Mathematics and Science Partnerships	USDOE	84.366	MATHSC		2,635	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	USDOE	84.367	TITL2A		9,330,424	9,059,824
Grants for State Assessments and Related Activities	USDOE	84.369	STATEA		3,506,322	
Comprehensive Literacy Development	USDOE	84.371	AKLITE		1,673,908	1,664,993

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
School Improvement Grants	USDOE	84.377	SCHOOL		1,305,409	1,216,095
Student Support and Academic Enrichment Program	USDOE	84.424	TITLE4		5,180,937	4,773,536
COVID-19 - Education Stabilization Fund	USDOE	84.425C	GEERFG		573,069	563,907
COVID-19 - Education Stabilization Fund	USDOE	84.425D	ESSERF		2,973,280	2,924,400
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	AKAWAR		685,562	421,851
Every Student Succeeds Act/Preschool Development Grants	USDHHS	93.434	PKDGRT		1,754,604	1,483,963
Head Start	USDHHS	93.600	HEADCO	HEAD	136,356	
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	USDHHS	93.981	CDCPHE		215,655	25,699
Total for Department of Education and Early Development					242,713,247	192,294,493

Department of Fish and Game

National Fish and Wildlife Foundation	USDA	10.683	0801.19.063644		26,077	
Soil and Water Conservation	USDA	10.902	68-3A75-18-065		13,351	
Regional Conservation Partnership Program	USDA	10.932	COOP 20-099		8,214	
Regional Conservation Partnership Program	USDA	10.932	MOU 2015-003		3,158	
Miscellaneous U.S. Forest Service	USDA	10.U02	12010919P0030		10,247	
Miscellaneous U.S. Forest Service	USDA	10.U03	12010920P0021		5,040	
Miscellaneous U.S. Forest Service	USDA	10.U04	14-CS-11100400-021		66,685	66,685
Miscellaneous U.S. Forest Service	USDA	10.U05	AG-0116-P-14-0012		1,375	
Bipartisan Budget Act of 2018	USDOC	11.022	NA19NMF0220002/20-48G		14,163	
Bipartisan Budget Act of 2018	USDOC	11.022	NA19NMF0220002/20-49G		379,804	
Interjurisdictional Fisheries Act of 1986	USDOC	11.407	NA18NMF4070301		188,924	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	NA16NMR4270251		639	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	NA17NMF4270236		17,740	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	NA17NMF4270241		81,618	
Pacific Fisheries Data Program	USDOC	11.437	Multiple Awards		3,099,706	
Pacific Fisheries Data Program	USDOC	11.437	NA15NMF452002/ 16-107G		(21)	
Pacific Fisheries Data Program	USDOC	11.437	NA18NMF4370300/ 19-46G		106,047	
Pacific Fisheries Data Program	USDOC	11.437	NA18NMF4370300/ 19-86G		21,067	
Pacific Fisheries Data Program	USDOC	11.437	NA18NMF4370300/ 20-16G		1,955,566	
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	USDOC	11.438	Multiple Awards		10,306,858	1,429,196
Marine Mammal Data Program	USDOC	11.439	NA16NMF4390029		785,487	20,775
Marine Mammal Data Program	USDOC	11.439	NA18NMF4390042		32,149	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Marine Mammal Data Program	USDOC	11.439	NA18NMF4390164/COOP 19-106		6,585	
Marine Mammal Data Program	USDOC	11.439	NA19NMF4390084		193,937	
Marine Mammal Data Program	USDOC	11.439	NA19NMF4390124/COOP 20-018		583	
Regional Fishery Management Councils	USDOC	11.441	2017-2/ IHP 17-075		24,870	
Regional Fishery Management Councils	USDOC	11.441	2018-2/ COOP 20-013		55,000	
Regional Fishery Management Councils	USDOC	11.441	LIA 2019-2/ COOP 20-014		55,000	
Regional Fishery Management Councils	USDOC	11.441	LIA 2020-2/ COOP 20-096		13,750	
Unallied Science Program	USDOC	11.472	Multiple Awards		735,012	42,988
Unallied Science Program	USDOC	11.472	NA15NMF4720173/1618		2	
Unallied Science Program	USDOC	11.472	NA15NMF4720173/1621		193	
Unallied Science Program	USDOC	11.472	NA15NMF4720173/1622		66,050	
Unallied Science Program	USDOC	11.472	NA15NMF4720173/1707		12,328	
Unallied Science Program	USDOC	11.472	NA15NMF4720173/1708		61,991	
Unallied Science Program	USDOC	11.472	NA15NMF4720173/1713		49,291	
Unallied Science Program	USDOC	11.472	NA15NMF4720173/1715		261,537	
Unallied Science Program	USDOC	11.472	NA17NMF4720051		20,000	
Unallied Science Program	USDOC	11.472	NA17NMF4720289/1803		17,631	
Unallied Science Program	USDOC	11.472	NA17NMF4720289/1820		43,998	
Miscellaneous NOAA	USDOC	11.U02	1305M318PNFFS0025P19001		45,907	
Miscellaneous NOAA	USDOC	11.U03	1305M318PNFFS0133		30,497	
Miscellaneous NOAA	USDOC	11.U04	1305M320PNFFS0242		13,168	
Miscellaneous NOAA	USDOC	11.U05	1333MF18PNFFS0243		21,120	
Miscellaneous NOAA	USDOC	11.U06	PUA 04-ABWJ-252		16,197	
Miscellaneous NOAA	USDOC	11.U07	WE-133F-14-SE-4018		150	
Basic and Applied Scientific Research	USDOD	12.300	N00014-16-1-3019		420,707	
Legacy Resource Management Program	USDOD	12.632	W911KB-19-2-5203		62,200	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	0801.16.049830/COOP 16-093		42,041	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	0801.19.063356/COOP 19-151		24,569	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	L16AC00121		23,605	
Challenge Cost Share	USDOI	15.238	L15AC00223		55,078	
Sport Fish Restoration	USDOI	15.605	Multiple Awards	F&WC	18,512,188	
Fish and Wildlife Management Assistance	USDOI	15.608	Multiple Awards		576,356	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	Multiple Awards	F&WC	32,068,063	1,026,893

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Cooperative Endangered Species Conservation Fund	USDOI	15.615	F16AP00695		76,855	
Cooperative Endangered Species Conservation Fund	USDOI	15.615	F19AP00643		15,669	15,669
Cooperative Endangered Species Conservation Fund	USDOI	15.615	F19AP00644		3,951	
Clean Vessel Act	USDOI	15.616	F15AP01007		33,717	
Clean Vessel Act	USDOI	15.616	F19AF00482		9,689	9,689
State Wildlife Grants	USDOI	15.634	Multiple Awards		2,775,076	172,125
Alaska Subsistence Management	USDOI	15.636	COOP 19-036		11,859	
Alaska Subsistence Management	USDOI	15.636	Multiple Awards		1,945,742	5,981
Migratory Bird Joint Ventures	USDOI	15.637	F18AC00894		394	
Alaska Migratory Bird Co-Management Council	USDOI	15.643	F17AC00179		107,584	
Migratory Bird Monitoring, Assessment and Conservation	USDOI	15.655	F20AP00037		300	
NFWF-USFWS Conservation Partnership	USDOI	15.663	0801.19.063346		12,883	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G19AC00026		36,500	
Rivers, Trails and Conservation Assistance	USDOI	15.921	P15AC01761		2,675	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	Multiple Awards		178,531	
Miscellaneous Fish & Wildlife Service	USDOI	15.U01	1011309084		480,000	
Miscellaneous Fish & Wildlife Service	USDOI	15.U02	G15AC00012		1,412	
Miscellaneous Fish & Wildlife Service	USDOI	15.U03	M12PC00005		68,368	
Miscellaneous Fish & Wildlife Service	USDOI	15.U04	M13PC00015		64,455	
Geosciences	NSF	47.050	RSA4590716/ P0499011	R&DC	55,359	
Health Watersheds Consortium Grant Program	EPA	66.441	E18-32		9,991	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	USDHS	97.U02	FPNJ05003		991	
Total for Department of Fish and Game					76,545,499	2,790,001
Department of Health and Social Services						
Supplemental Nutrition Assistance Program	USDA	10.551		SNAP	185,806,547	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557			16,829,325	5,829,234
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561		SNAP	14,649,630	670,426
Commodity Supplemental Food Program	USDA	10.565		FDC	217,022	205,071
Commodity Supplemental Food Program (Food Commodities)	USDA	10.565		FDC	803,053	803,053
WIC Farmers' Market Nutrition Program (FMNP)	USDA	10.572			173,437	
Senior Farmers Market Nutrition Program	USDA	10.576			80,067	73,174
ARRA-WIC Grants To States (WGS)	USDA	10.578	WISA-09-AK-01		354,267	
Juvenile Justice and Delinquency Prevention	USDOJ	16.540			288,056	108,201
Harold Rogers Prescription Drug Monitoring Program	USDOJ	16.754			356,203	
Second Chance Act Reentry Initiative	USDOJ	16.812			81,700	
COVID-19 - Coronavirus Relief Fund	USTreas	21.019			41,654,372	64,000
Department of Veterans Affairs	USDVA	64.U01	BAA000016974536		1,145,576	
Special Education-Grants for Infants and Families	USDOE	84.181			1,962,644	1,718,073

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	USDHHS	93.041			21,337	
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	USDHHS	93.042			21,133	
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	USDHHS	93.043			256	
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	USDHHS	93.044		AC	3,236,648	3,227,024
Special Programs for the Aging, Title III, Part C, Nutrition Services	USDHHS	93.045		AC	1,779,678	1,380,130
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	USDHHS	93.045		AC	345,101	456,253
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	USDHHS	93.048			251,791	106,250
National Family Caregiver Support, Title III, Part E	USDHHS	93.052			809,144	834,625
Nutrition Services Incentive Program	USDHHS	93.053		AC	414,505	327,757
Public Health Emergency Preparedness	USDHHS	93.069			3,811,025	592,661
Medicare Enrollment Assistance Program	USDHHS	93.071			71,246	10,000
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	USDHHS	93.074			1,530,279	
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	USDHHS	93.079			33,285	
Guardianship Assistance	USDHHS	93.090			1,445,348	
Affordable Care Act (ACA) Personal Responsibility Education Program	USDHHS	93.092			208,852	
Maternal and Child Health Federal Consolidated Programs	USDHHS	93.110			1,075,724	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	USDHHS	93.116			494,085	
Emergency Medical Services for Children	USDHHS	93.127			128,306	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	USDHHS	93.130			44,573	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136			2,079,468	
Projects for Assistance in Transition from Homelessness (PATH)	USDHHS	93.150			267,063	293,886
Grants to States for Loan Repayment	USDHHS	93.165			815,424	
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	USDHHS	93.197			301,652	
Family Planning Services	USDHHS	93.217			513,246	196,500
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	USDHHS	93.224		HCC	337	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Grants to State to Support Oral Health Workforce Activities	USDHHS	93.236			7,619	
State Capacity Building	USDHHS	93.240			315,567	
State Rural Hospital Flexibility Program	USDHHS	93.241			647,383	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243			1,484,082	978,542
Early Hearing Detection and Intervention	USDHHS	93.251			239,476	59,267
Immunization Cooperative Agreements (Admin Costs)	USDHHS	93.268			2,484,302	
Immunization Cooperative Agreements (Immunizations)	USDHHS	93.268			9,935,376	
Viral Hepatitis Prevention and Control	USDHHS	93.270			188,644	
Centers for Disease Control and Prevention Investigations and Technical Assistance	USDHHS	93.283			14,667	
Small Rural Hospital Improvement Grant Program	USDHHS	93.301			116,782	
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	USDHHS	93.305			658,563	
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	USDHHS	93.314			130,237	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	USDHHS	93.323			2,336,369	
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	USDHHS	93.323			1,454,436	
State Health Insurance Assistance Program	USDHHS	93.324			314,216	75,250
Behavioral Risk Factor Surveillance System	USDHHS	93.336			385,161	
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	USDHHS	93.354			2,304,942	
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	USDHHS	93.354			655,161	
ACL Independent Living State Grants	USDHHS	93.369			315,273	332,044
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	USDHHS	93.426			1,538,932	
State Physical Activity and Nutrition (SPAN)	USDHHS	93.439			914,458	
Alzheimer's Disease Program Initiative (ADPI)	USDHHS	93.470			75,103	
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	USDHHS	93.478			64,708	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	USDHHS	93.539			13,997	
MaryLee Allen Promoting Safe and Stable Families Program	USDHHS	93.556			502,969	372,511
Temporary Assistance for Needy Families	USDHHS	93.558			38,389,864	
Low-Income Home Energy Assistance	USDHHS	93.568			10,510,609	
Child Care and Development Block Grant	USDHHS	93.575		CCC	19,240,400	4,943,747
COVID-19 - Child Care and Development Block Grant	USDHHS	93.575		CCC	6,489,103	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Community-Based Child Abuse Prevention Grants	USDHHS	93.590			412,477	359,093
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	USDHHS	93.596		CCC	5,718,072	
Chafee Education and Training Vouchers Program (ETV)	USDHHS	93.599			120,314	
Adoption and Legal Guardianship Incentive Payments	USDHHS	93.603			683,171	
Developmental Disabilities Basic Support and Advocacy Grants	USDHHS	93.630			496,878	
Developmental Disabilities Projects of National Significance	USDHHS	93.631			224,274	
Children's Justice Grants to States	USDHHS	93.643			68,495	
Stephanie Tubbs Jones Child Welfare Services Program	USDHHS	93.645			157,477	64,202
Foster Care Title IV-E	USDHHS	93.658			25,361,845	
Adoption Assistance	USDHHS	93.659			27,384,052	
Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	USDHHS	93.665			3	
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	USDHHS	93.665			5,856	
Social Services Block Grant	USDHHS	93.667			6,164,174	1,416,347
Child Abuse and Neglect State Grants	USDHHS	93.669			158,050	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	USDHHS	93.674			882,583	151,977
State Public Health Approaches for Ensuring Quitline Capacity - Funded in part by Prevention and Public Health Funds (PPHF)	USDHHS	93.735			37,917	
Elder Abuse Prevention Interventions Program	USDHHS	93.747			5,442	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	USDHHS	93.758			277,788	
Children's Health Insurance Program	USDHHS	93.767			27,372,557	
Medicare Hospital Insurance	USDHHS	93.773			707,540	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare Medical Assistance Program	USDHHS	93.777		MC	423,153	
Opioid STR	USDHHS	93.778		MC	1,647,263,642	
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	USDHHS	93.788			4,769,019	3,169,332
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	USDHHS	93.815			20,174	
Maternal, Infant and Early Childhood Home Visiting Grant	USDHHS	93.817			64,020	
National Bioterrorism Hospital Preparedness Program	USDHHS	93.870			1,114,232	
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	USDHHS	93.889			458,083	24,471
Grants to States for Operation of Offices of Rural Health	USDHHS	93.898			3,370,685	
HIV Care Formula Grants	USDHHS	93.913			251,156	
HIV Prevention Activities Health Department Based	USDHHS	93.917			1,534,467	595,121
	USDHHS	93.940			1,415,810	560,839

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	USDHHS	93.946			171,735	
Block Grants for Community Mental Health Services	USDHHS	93.958			1,485,451	333,520
Block Grants for Prevention and Treatment of Substance Abuse	USDHHS	93.959			5,265,282	6,417,805
Sexually Transmitted Diseases (STD) Prevention and Control Grants	USDHHS	93.977			342,166	
Preventive Health and Health Services Block Grant	USDHHS	93.991			294,738	
Maternal and Child Health Services Block Grant to the States	USDHHS	93.994			1,058,923	21,000
Social Security Administration	USDHHS	93.U02	22620-20-1059		64,668	
CDC NIOSH Contract	USDHHS	93.U03	75030118P00839		44,033	
CDC NIOSH Contract	USDHHS	93.U04	75030118P00841		18,857	
Total for Department of Health and Social Services					2,151,499,063	36,771,386
<u>Department of Labor and Workforce Development</u>						
Federal State Cooperative Program for Populations Estimates (FSCPE)	USDOC	11.U08	1333LB19C0000004		9,343	
Labor Force Statistics	USDOL	17.002	LFSTAT		573,889	
Compensation and Working Conditions	USDOL	17.005	BLSOSH		101,815	
Employment Service/Wagner-Peyser Funded Activities	USDOL	17.207	DEI0ES, ONESTP, WAGPEY	ESC	4,941,777	
Unemployment Insurance	USDOL	17.225	REEMPL, UI0000, UIADDL, UIDUAA, UIDUAB, UI Trust Fund		228,305,920	
COVID-19 - Unemployment Insurance	USDOL	17.225	UI Trust, UIPEUC, UIPUA0, UIEMRG		382,237,912	
Senior Community Service Employment Program	USDOL	17.235	SCSEP0		1,374,447	50,077
Trade Adjustment Assistance	USDOL	17.245	TAA000		127,458	
WIOA Adult Program	USDOL	17.258	WIOAAD	WIAC	3,518,706	199,152
WIOA Youth Activities	USDOL	17.259	WIOAYO	WIAC	3,821,233	1,788,687
H-1B Job Training Grants	USDOL	17.268	WIAAME		377,457	176,834
Reentry Employment Opportunities	USDOL	17.270	FBONDS		20,410	
Work Opportunity Tax Credit Program (WOTC)	USDOL	17.271	WOTC00		30,977	
Temporary Labor Certification for Foreign Workers	USDOL	17.273	LABCER		40,099	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	USDOL	17.277	AEQDWG, WIANEG, TETDWG		1,529,540	557,355
WIOA Dislocated Worker Formula Grants	USDOL	17.278	WIOADW	WIAC	5,856,123	
WIOA Dislocated Worker National Reserve Demonstration Grants	USDOL	17.280	OPIOID		515,317	150,766
Apprenticeship USA Grants	USDOL	17.285	APPUSA		631,381	300,616
Occupational Safety and Health State Program	USDOL	17.503	23G001		1,258,133	
Consultation Agreements	USDOL	17.504	21D001		669,378	
Jobs for Veterans State Grants	USDOL	17.801	DVOP00, LVER00	ESC	738,411	
Adult Education - Basic Grants to States	USDOE	84.002	ABE000		892,505	641,915
Federal Pell Grant Program	USDOE	84.063	PELLGR	SFAC	162,717	
Rehabilitation Services Vocational Rehabilitation Grants to States	USDOE	84.126	BASSUP		8,909,045	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	USDOE	84.177	ILOBLN		296,387	277,416
Supported Employment Services for Individuals with the Most Significant Disabilities	USDOE	84.187	SUPEMP, SEMPYO		51	
Federal Direct Student Loans	USDOE	84.268	DIRLON	SFAC	79,342	
COVID-19 - Education Stabilization Fund	USDOE	84.425	CHEERF		35,719	
Denali Commission Program	DC	90.100	Denali		14,345	
ACL Assistive Technology	USDHHS	93.464	ASTECH		486,525	483,149
Social Security Disability Insurance	SSA	96.001	SSDINS	DISSIC	5,043,894	
Supplemental Security Income	SSA	96.006	SSIREI	DISSIC	828,420	
Total for Department of Labor and Workforce Development					653,428,676	4,625,967

Department of Military and Veterans' Affairs

Meteorologic and Hydrologic Modernization Development	USDOC	11.467	20NOAA		589,068	44,956
National Guard Military Operations and Maintenance (O&M) Projects	USDOD	12.401	SRM		16,423,142	
National Guard ChalleNGe Program	USDOD	12.404	50AMYA		4,075,607	
Interagency Hazardous Materials Public Sector Training and Planning Grants	USDOT	20.703	20HMEP		98,761	
Veterans Transportation Project	USDVA	64.035	6TRANS		188,934	180,466
Contract	USDVA	64.U02	V101 (223C) P-5801		127,035	
Denali Commission Program	DC	90.100	2DCCR2016		15,111	
Non-Profit Security Program	USDHS	97.008	19NSGP		10,813	10,813
COVID-19 - Disaster Grants-Public Assistance (Presidentially Declared Disasters)	USDHS	97.036	DRF - PA		1,010,443	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS	97.036	DRF - PA		17,788,872	16,316,108
Hazard Mitigation Grant	USDHS	97.039	DRF - HM		3,038,542	2,029,604
Emergency Management Performance Grants	USDHS	97.042	20EMPG		3,253,311	945,451
Pre-Disaster Mitigation	USDHS	97.047	200PDM		185,649	
Homeland Security Grant Program	USDHS	97.067	20SHSP		3,671,806	2,696,060
Earthquake Consortium	USDHS	97.082	19EHRP		12,164	3,564
Coast Guard	USDHS	97.U03	HSCG89-16-9-0053		247,369	
Total for Department of Military and Veterans' Affairs					50,736,627	22,227,022

Department of Natural Resources

Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025			151,720	
Market Protection and Promotion	USDA	10.163			5,409	
Specialty Crop Block Grant Program - Farm Bill	USDA	10.170			186,026	
Organic Certification Cost Share Programs	USDA	10.171			9,718	
Technical Assistance for Specialty Crops Program	USDA	10.604			170,435	
Cooperative Forestry Assistance	USDA	10.664			4,022,961	367,935
Forest Health Protection	USDA	10.680			26,240	
Good Neighbor Authority	USDA	10.691			23,409	
State & Private Forestry Hazardous Fuel Reduction Program	USDA	10.697			112,134	
Research Joint Venture and Cost Reimbursable Agreements	USDA	10.707			949,395	
Plant Materials for Conservation	USDA	10.905			25,463	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Young Growth for Southeast - Challenge Cost Share Agreement	USDA	10.U06	15CS11100106809		513,922	
United States Forest Service Fire Suppression CY2018	USDA	10.U08	15FI11100100016		135	
United States Forest Service Fire Suppression CY2019	USDA	10.U09	15-FI-11100100-016		304,446	
Forestry Inventory Analysis	USDA	10.U10	2016JV11261919028		577,272	
Shell Egg Surveillance	USDA	10.U11	AMS1225A3266		308	
Oha Wake Island	USDOD	12.U01	MP 397600		257	
Cultural and Paleontological Resources Management	USDOI	15.224			88,424	
Environmental Quality and Protection	USDOI	15.236	L18AC00019		287,120	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	USDOI	15.250	S19AP20020		314,338	
Abandoned Mine Land Reclamation (AMLR)	USDOI	15.252			1,140,404	
Federal Oil and Gas Royalty Management State and Tribal Coordination	USDOI	15.427			70,375	
Fish and Wildlife Management Assistance	USDOI	15.608			76,177	
Wildlife Without Borders-Mexico	USDOI	15.641	F18AP0039-0001-0000		636,988	
National Wildlife Refuge System Enhancements	USDOI	15.654	P16AC01267		800	
U.S. Geological Survey Research and Data Collection	USDOI	15.808			692,119	
National Cooperative Geologic Mapping	USDOI	15.810	G19AC00159		127,351	
National Geological and Geophysical Data Preservation	USDOI	15.814			38,875	
Volcano Hazards Program Research and Monitoring	USDOI	15.818			2,549,179	
Historic Preservation Fund Grants-In-Aid	USDOI	15.904			689,760	157,797
Outdoor Recreation Acquisition, Development and Planning	USDOI	15.916			441,965	410,948
National Maritime Heritage Grants	USDOI	15.925	P16AP00269		26,776	24,997
Cultural Resources Management	USDOI	15.946	P19AC00783		17,140	
National Ground-Water Monitoring Network	USDOI	15.980	G16AC00076		7,187	
Water Use and Data Research	USDOI	15.981	G17AC00003		22,131	
Seeds of Success	USDOI	15.U05	140L6318A0005		22,455	
Archaeological Records Sharing, Maintenance, and Development	USDOI	15.U06	140L6319P0038		12,606	
Data Development for Tribal Resilience	USDOI	15.U07	A19AP00202-0001		46	
Bureau of Land Management Fire suppression CY2019	USDOI	15.U09	BLMAK2015002/BLM AK2015002		29,644,997	
American President Lines LTD (APL) Yard Busking River	USDOI	15.U10	NOAA15NRD01-0004		5,701	
Recreational Trails Program	USDOT	20.219		HPCC	1,221,362	429,133
Federal Lands Access Program	USDOT	20.224	6905671950008	HPCC	31,323	
Glen Highway Cultural Resources Survey	USDOT	20.U02	DTFH7013E000026		61	
Community Snow Observations: A Citizen Science Campaign to Validate Snow Remote Sensing Products	NASA	43.U01	80NSSC18M0100		181,455	
Computer and Information Science and Engineering	NSF	47.070	1831770/SCON0000 0137	R&DC	20,077	
Regional Wetland Program Development Grants	EPA	66.461	01J38201		327	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Environmental Information Exchange Network Grant Program and Related Assistance	EPA	66.608	OS-83647001-0		24,610	
Denali Commission Program	DC	90.100	01562-00		98,513	
Boating Safety Financial Assistance	USDHS	97.012	3319FAS190102		565,132	
National Dam Safety Program	USDHS	97.041			45,379	
Cooperating Technical Partners	USDHS	97.045			62,311	
Pioneer Peak Type I Interagency Hot Shot Crew	USDHS	97.U04	19FI11100100030		157,232	
Joint Base Elmendorf-Richardson (JBER) Dept of Airforce	USDHS	97.U05	JBERIAA701FY19		191,904	
Total for Department of Natural Resources					46,591,850	1,390,810
<u>Department of Administration</u>						
Crime Victim Compensation	USDOJ	16.576	2018V1GX0004		322	
Crime Victim Compensation	USDOJ	16.576	2019V1GX0007		91,683	
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	2018V3GX0069		203,237	
Juvenile Mentoring Program	USDOJ	16.726	AK10754-18-0719-M1		10,220	
Juvenile Mentoring Program	USDOJ	16.726	AK10755-18-0719-M1		10,156	
Commercial Driver's License Program Implementation Grant	USDOT	20.232	FM-CDL-0237-16-01-00		199,889	
Donation of Federal Surplus Personal Property	GSA	39.003			2,946,331	
Total for Department of Administration					3,461,838	-
<u>Department of Corrections</u>						
Residential Substance Abuse Treatment for State Prisoners	USDOJ	16.593	2019-J2-BX-0021		135,770	
State Criminal Alien Assistance Program	USDOJ	16.606	2019-H0367-AK-AP		107,717	
Second Chance Act Reentry Initiative	USDOJ	16.812	2018-CZ-BX-0030		366,600	
Total for Department of Corrections					610,087	-
<u>Department of Revenue</u>						
Child Support Enforcement	USDHHS	93.563	APPRs 04S100FED, 04S913005, 04S917071		17,201,647	
Total for Department of Revenue					17,201,647	-
<u>Department of Transportation and Public Facilities</u>						
Cooperative Forest Road Agreements	USDA	10.705			1,256,423	
COVID-19 - Airport Improvement Program	USDOT	20.106	3-02-0000-026-2020		9,942,200	
COVID-19 - Airport Improvement Program	USDOT	20.106	3-02-0000-027-2020		8,263,316	
Airport Improvement Program	USDOT	20.106			139,137,187	
Highway Research and Development Program	USDOT	20.200			71,738	
Highway Planning and Construction	USDOT	20.205		HPCC	638,808,220	4,388,727
Highway Training and Education	USDOT	20.215			157,963	
Motor Carrier Safety Assistance	USDOT	20.218		FMCSA	1,255,233	
Federal Lands Access Program	USDOT	20.224		HPCC	4,057,367	
Performance and Registration Information Systems Management	USDOT	20.231			(1)	
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	USDOT	20.237		FMCSA	(595)	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Consolidated Rail Infrastructure and Safety Improvements	USDOT	20.325			8,313	
Federal Transit Capital Investment Grants	USDOT	20.500		FTC	893,647	28,280
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	USDOT	20.505			298,570	280,825
COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	USDOT	20.509	AK-2020-020-00		6,634,118	
Formula Grants for Rural Areas and Tribal Transit Program	USDOT	20.509			7,915,989	6,454,753
Enhanced Mobility of Seniors and Individuals with Disabilities	USDOT	20.513		TSPC	137,260	127,471
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	USDOT	20.526		FTC	(156,204)	
State and Community Highway Safety	USDOT	20.600		HSC	4,598,157	2,448,876
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	USDOT	20.608			(295,221)	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	USDOT	20.614			84,414	
National Priority Safety Programs	USDOT	20.616		HSC	1,131,372	242,739
Payments for Small Community Air Service Development	USDOT	20.930			750,000	
Total for Department of Transportation and Public Facilities					824,949,466	13,971,671
<u>Department of Public Safety</u>						
State and Local Implementation Grant Program	USDOC	11.549	0210-S1-80-02		378	
National Marine Fisheries Joint Enforcement Agreement	USDOC	11.U09	AK JEA2019		1,001,953	
Sexual Assault Services Formula Program	USDOJ	16.017	2015-KF-AX-0027		6,266	6,266
Sexual Assault Services Formula Program	USDOJ	16.017	2017-KF-AX-0037		4,932	
Sexual Assault Services Formula Program	USDOJ	16.017	2018-KF-AX-0055		364,557	345,986
Sexual Assault Services Formula Program	USDOJ	16.017	2019-KF-AX-0055		4,518	
COVID-19 - Coronavirus Emergency Supplemental Funding Program	USDOJ	16.034	2020-VD-BX-0214		595,690	81,484
Missing Children's Assistance	USDOJ	16.543	FY 2017-18 ICAC		32,513	
Missing Children's Assistance	USDOJ	16.543	FY 2018-19 ICAC		9,798	
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554	2017-RU-BX-K022		197,068	
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554	2018-RU-BX-K023		291,244	
National Criminal History Improvement Program (NCHIP)	USDOJ	16.554	2019-RU-BX-K010		211,058	
Crime Victim Assistance	USDOJ	16.575	2016-VA-GX-0020		38,576	20,000
Crime Victim Assistance	USDOJ	16.575	2017-VA-GX-0002		3,007,685	2,776,237
Crime Victim Assistance	USDOJ	16.575	2018-V2-GX-0019		5,332,151	5,191,146
Violence Against Women Formula Grants	USDOJ	16.588	2017-WF-AX-0052		205,727	19,012
Violence Against Women Formula Grants	USDOJ	16.588	2018-WF-AX-0041		542,262	226,980
Violence Against Women Formula Grants	USDOJ	16.588	2019-WF-AF-0041		45,063	
Project Safe Neighborhoods	USDOJ	16.609	2018-GP-BX-0020		195	
Special Data Collection and Statistical Studies	USDOJ	16.734	2017-MU-CX-K050		69,799	
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ	16.738	2017-DJ-BX-0056		139,767	22,738
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ	16.738	2018-DJ-BX-0235		544,634	146,727

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ	16.738	2018-DS-BX-0001		42,916	
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ	16.738	2019-DS-BX-0002		27,827	
DNA Backlog Reduction Program	USDOJ	16.741	2018-DN-BX-0058		143,287	
DNA Backlog Reduction Program	USDOJ	16.741	2019-DN-BX-0116		194,254	
Paul Coverdell Forensic Sciences Improvement Grant Program	USDOJ	16.742	2018-CD-BX-0024		54,912	
Paul Coverdell Forensic Sciences Improvement Grant Program	USDOJ	16.742	2019-CD-BX-0054		101,025	
Edward Byrne Memorial Competitive Grant Program	USDOJ	16.751	2018-XT-BX-0020		35,396	
NICS Act Record Improvement Program	USDOJ	16.813	2016-NS-BX-K08		461,338	
NICS Act Record Improvement Program	USDOJ	16.813	2016-NS-BX-K08		83,497	
Emergency Federal Law Enforcement Assistance Grant	USDOJ	16.824	2019-EL-BX-002		4,245	
National Sexual Assault Kit Initiative	USDOJ	16.833	2016-AK-BX-K006		229,632	
National Sexual Assault Kit Initiative	USDOJ	16.833	2017-AK-BX-0003		86,220	
Comprehensive Opioid, Stimulant, and Substance Abuse Program	USDOJ	16.838	2018-AR-BX-K183		637	
Equitable Sharing Program	USDOJ	16.922			482,904	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	USDHHS	93.671	1801-AK-FV-PS		17,030	17,908
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	USDHHS	93.671	1901-AK-FV-PS		664,996	631,013
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	USDHHS	93.671	2001-AK-FV-PS		5,227	
High Intensity Drug Trafficking Areas Program	EOP	95.001	G18-AK-00-01A		1,915,712	
High Intensity Drug Trafficking Areas Program	EOP	95.001	G19-AK-00-01A		545,133	
State Fire Training Systems Grants	USDHS	97.043	2018-GR-00-002		4,129	
Assistance to Firefighters Grant	USDHS	97.044	2017-FZ-00-023		169,319	
Total for Department of Public Safety					17,915,470	9,485,497
<u>Department of Law</u>						
Innovations in Community-Based Crime Reduction	USDOJ	16.817	2019-MU-BX0008		142,358	
State Medicaid Fraud Control Units	USDHHS	93.775	2001AK5050	MC	1,412,659	
Total for Department of Law					1,555,017	-
<u>Office of the Governor</u>						
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	EEOC	30.002			229,000	
Help America Vote Act Requirements Payments	EAC	90.401			331,704	
2018 HAVA Election Security Grants	EAC	90.404			2,994,027	
Total for Office of the Governor					3,554,731	-
<u>University of Alaska</u>						
Agricultural Research Basic and Applied Research	USDA	10.001	DAA3-17-63601-2	R&DC	49,323	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00011678	R&DC	294	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00012425	R&DC	7,442	
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025	G00012940	R&DC	19,811	
Federal-State Marketing Improvement Program	USDA	10.156	G00011111	R&DC	16,541	
Cooperative Forestry Research	USDA	10.202	G00011475	R&DC	236,010	
Cooperative Forestry Research	USDA	10.202	G00012825	R&DC	167,237	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00011472	R&DC	175,970	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00011473	R&DC	53,722	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00012484	R&DC	539,887	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA	10.203	G00012485	R&DC	37,493	
Sustainable Agriculture Research and Education	USDA	10.215	201207-517	R&DC	10,526	
Sustainable Agriculture Research and Education	USDA	10.215	G178-19-W7506	R&DC	23,986	
Higher Education - Institution Challenge Grants Program	USDA	10.217	G00013334	R&DC	2,243	
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	USDA	10.226	G00012945		21,883	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA	10.228	G00011680	R&DC	366,510	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA	10.228	G00012426	R&DC	125,957	37,872
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA	10.228	G00012962	R&DC	581,689	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA	10.228	G00013118	R&DC	79,215	
Homeland Security Agricultural	USDA	10.304	201603794-05 / A17-0222-S002		30,586	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	G00011446	R&DC	45,680	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	G00011677	R&DC	15,023	
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	G00012036	R&DC	343,342	78,772
Agriculture and Food Research Initiative (AFRI)	USDA	10.310	MA1403	R&DC	125,686	
Women and Minorities in Science, Technology, Engineering, and Mathematics Fields	USDA	10.318	G00012592		42,326	
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	USDA	10.328	Blk 246-SB-002, P0050479		19,114	
Crop Protection and Pest Management Competitive Grants Program	USDA	10.329	G00011759		71,924	
Rural Business Development Grant	USDA	10.351	G00012306		11,434	
Rural Business Development Grant	USDA	10.351	G00012307		22,993	
Rural Business Development Grant	USDA	10.351	G00012826		50,329	
Cooperative Extension Service	USDA	10.500	S19108		39,498	
Cooperative Extension Service	USDA	10.500	A00-0983-S050		1,067	
Cooperative Extension Service	USDA	10.500	G00009635		19,659	
Cooperative Extension Service	USDA	10.500	G00010434		278	
Cooperative Extension Service	USDA	10.500	G00010436		46	
Cooperative Extension Service	USDA	10.500	G00010812		1,496	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Cooperative Extension Service	USDA	10.500	G00011476		22,816	
Cooperative Extension Service	USDA	10.500	G00011477		32,017	
Cooperative Extension Service	USDA	10.500	G00011536		173,836	
Cooperative Extension Service	USDA	10.500	G00011670		53,770	
Cooperative Extension Service	USDA	10.500	G00011760		14,723	
Cooperative Extension Service	USDA	10.500	G00012001		183,240	
Cooperative Extension Service	USDA	10.500	G00012339		36,920	
Cooperative Extension Service	USDA	10.500	G00012382		170,226	23,980
Cooperative Extension Service	USDA	10.500	G00012483		740,372	
Cooperative Extension Service	USDA	10.500	G00012488		55,112	
Cooperative Extension Service	USDA	10.500	G00013005		77,016	
Cooperative Extension Service	USDA	10.500	G00013254		279,607	
Cooperative Extension Service	USDA	10.500	Sub C00059381-9		10,097	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557	ADN 0600318		38,996	
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557	PO 3409022914		15,641	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	604-271-19002	SNAP	6,381	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	10.561	604-271-20004	SNAP	127,164	
Foreign Market Development Cooperator Program	USDA	10.600	G00011027	R&DC	314	
Forestry Research	USDA	10.652	G00010799	R&DC	6,714	
Cooperative Forestry Assistance	USDA	10.664	G00012793	R&DC	336	
Rural Development, Forestry, and Communities	USDA	10.672	R1514	R&DC	1,186	
Forest Health Protection	USDA	10.680	G00010956	R&DC	179,423	
Forest Health Protection	USDA	10.680	G00011011	R&DC	67,822	
Forest Health Protection	USDA	10.680	G00011012	R&DC	5,241	
Forest Health Protection	USDA	10.680	G00012085	R&DC	25,014	
Forest Health Protection	USDA	10.680	G00012979	R&DC	9,421	
Forest Health Protection	USDA	10.680	G00013440	R&DC	5,233	
National Fish and Wildlife Foundation	USDA	10.683	0801.19.063412 Mod 1		65,133	
Partnership Agreements	USDA	10.699	G00009966	R&DC	42,265	
Partnership Agreements	USDA	10.699	G00010250	R&DC	22,471	
Partnership Agreements	USDA	10.699	G00011502	R&DC	3,386	
Partnership Agreements	USDA	10.699	G00011510	R&DC	2,757	
Partnership Agreements	USDA	10.699	G00011514	R&DC	16,970	15,460
Partnership Agreements	USDA	10.699	G00011656	R&DC	3,853	
Partnership Agreements	USDA	10.699	G00012884	R&DC	1,812	
Rural Cooperative Development Grants	USDA	10.771	G00012436	R&DC	57,975	
Rural Cooperative Development Grants	USDA	10.771	G00013116	R&DC	120,599	
Cofiring wood pellets with coal at electrical generating facilities in Alaska	USDA	10.RD	G00009612	R&DC	9,177	
Critical zone measurements in the perhumid coastal temperate rainforest of Southeast Alaska	USDA	10.RD	G00009615	R&DC	42,567	
Wicking Fabric	USDA	10.RD	G00010854	R&DC	1,351	
Clay mineralogy and soil development across lithologic sequences in the perhumid coastal temperate rainforest of southeast Alaska	USDA	10.RD	G00012096	R&DC	50,071	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Sulzer Portage Deer Project	USDA	10.RD	G00012627	R&DC	8,212	
Hydrologic Controls on Watershed Biogeochemistry	USDA	10.RD	G00012838	R&DC	29,314	
Alaska Coastal Rainforest Center Director Support	USDA	10.RD	G00012882	R&DC	46,577	
Investigating the influence of watershed variability on biogeochemistry and meta-food web dynamics in Southeast Alaskan streams.	USDA	10.RD	G00013346	R&DC	7,020	
CYFAR Professional Development and Technical Assistance Center	USDA	10.RD	Pending	R&DC	2,552	
Ocean Exploration	USDOC	11.011	G00010360	R&DC	1,011,931	
Ocean Exploration	USDOC	11.011	G00010432	R&DC	8,549	
Ocean Exploration	USDOC	11.011	G00010463	R&DC	1,856	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	G00009871	R&DC	557,167	242,655
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H0025-02	R&DC	2,505	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-50 Pending	R&DC	6,003	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-51 Pending	R&DC	92,603	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-52 Pending	R&DC	5,914	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-64 Pending	R&DC	74,910	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-66 Pending	R&DC	27,832	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-89	R&DC	10,679	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2400-92	R&DC	16,275	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2404-00 H2400-91 Pending	R&DC	139,148	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2407 H2400-96	R&DC	215,316	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2430	R&DC	5,955	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2431 H2448	R&DC	249,367	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2432 Pending	R&DC	51,955	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2433 H2447-01 Pending	R&DC	93,960	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2435	R&DC	32,771	
Integrated Ocean Observing System (IOOS)	USDOC	11.012	H2444	R&DC	32,498	
Cluster Grants	USDOC	11.020	G00010263	R&DC	116,027	
Cluster Grants	USDOC	11.020	G00013051	R&DC	67,107	
Economic Development Technical Assistance	USDOC	11.303	G00011688		159,780	
Economic Adjustment Assistance	USDOC	11.307	G00011949	EDC	6,335	
Economic Adjustment Assistance	USDOC	11.307	G00012832	EDC	33,964	
Sea Grant Support	USDOC	11.417	G00009215	R&DC	214,895	
Sea Grant Support	USDOC	11.417	G00011636	R&DC	16,567	11,512
Sea Grant Support	USDOC	11.417	G00011685	R&DC	15,205	15,302
Sea Grant Support	USDOC	11.417	G00011687	R&DC	54,280	54,303
Sea Grant Support	USDOC	11.417	G00011936	R&DC	1,151,441	11,084
Sea Grant Support	USDOC	11.417	G00012628	R&DC	35,631	
Sea Grant Support	USDOC	11.417	G00012930	R&DC	1,222	
Sea Grant Support	USDOC	11.417	G00013224	R&DC	23,010	
Sea Grant Support	USDOC	11.417	KFS 5653840 PO 364393	R&DC	499	
Sea Grant Support	USDOC	11.417	Sub No UWSC11373 BPO 42844	R&DC	7,414	
Coastal Zone Management Administration Awards	USDOC	11.419	3004636440 Amend 3	R&DC	202,646	65,180

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Coastal Zone Management Administration Awards	USDOC	11.419	Subaward 3004540567	R&DC	3,628	
Coastal Zone Management Estuarine Research Reserves	USDOC	11.420	G00012231	R&DC	146,910	
Coastal Zone Management Estuarine Research Reserves	USDOC	11.420	G00012970	R&DC	596,227	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00010941	R&DC	1,159	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00011658	R&DC	103,928	35,414
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00012330	R&DC	55,811	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC	11.427	G00012331	R&DC	8,778	
Climate and Atmospheric Research	USDOC	11.431	G00011055	R&DC	962,741	29,999
Climate and Atmospheric Research	USDOC	11.431	G00011763	R&DC	70,743	
Climate and Atmospheric Research	USDOC	11.431	G00012170	R&DC	146,103	
Climate and Atmospheric Research	USDOC	11.431	G00012377	R&DC	119,194	55,907
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	USDOC	11.432	G00008751	R&DC	399,494	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	USDOC	11.432	G-02325-01	R&DC	63,001	
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	USDOC	11.438	1195951	R&DC	24,985	
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	USDOC	11.438	ADN 1120594	R&DC	297	
Marine Mammal Data Program	USDOC	11.439	G00010776	R&DC	77,761	1,269
Marine Mammal Data Program	USDOC	11.439	G00010872	R&DC	136,537	
Marine Mammal Data Program	USDOC	11.439	G00011752	R&DC	22,721	
Marine Mammal Data Program	USDOC	11.439	G00012352	R&DC	12,270	
Marine Mammal Data Program	USDOC	11.439	G00012936	R&DC	46,291	
Marine Mammal Data Program	USDOC	11.439	G00012997	R&DC	75,294	
Marine Mammal Data Program	USDOC	11.439	G00013057	R&DC	41,016	
Weather and Air Quality Research	USDOC	11.459	G00012380	R&DC	93,029	
Meteorologic and Hydrologic Modernization Development	USDOC	11.467	20NOAA-GY19		206,387	
Unallied Science Program	USDOC	11.472	1501	R&DC	26,209	
Unallied Science Program	USDOC	11.472	1607	R&DC	40,798	
Unallied Science Program	USDOC	11.472	1608	R&DC	56,139	
Unallied Science Program	USDOC	11.472	1612	R&DC	112,892	
Unallied Science Program	USDOC	11.472	1616	R&DC	17,642	
Unallied Science Program	USDOC	11.472	1703	R&DC	93,937	
Unallied Science Program	USDOC	11.472	1707	R&DC	16,253	
Unallied Science Program	USDOC	11.472	1710	R&DC	12,547	
Unallied Science Program	USDOC	11.472	1713	R&DC	16,372	
Unallied Science Program	USDOC	11.472	1715	R&DC	24,901	
Unallied Science Program	USDOC	11.472	1719	R&DC	7,836	
Unallied Science Program	USDOC	11.472	1720	R&DC	44,877	
Unallied Science Program	USDOC	11.472	1902	R&DC	52,575	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Unallied Science Program	USDOC	11.472	1908	R&DC	22,605	
Unallied Science Program	USDOC	11.472	1912	R&DC	313	
Unallied Science Program	USDOC	11.472	1913	R&DC	41,020	
Unallied Science Program	USDOC	11.472	1426C	R&DC	83,390	
Unallied Science Program	USDOC	11.472	1427C	R&DC	825	
Unallied Science Program	USDOC	11.472	1702-00	R&DC	17,187	
Unallied Science Program	USDOC	11.472	1702-90	R&DC	29	
Unallied Science Program	USDOC	11.472	1710-90	R&DC	11,958	
Unallied Science Program	USDOC	11.472	17-71-03	R&DC	173,613	
Unallied Science Program	USDOC	11.472	17-71-05	R&DC	24,600	
Unallied Science Program	USDOC	11.472	17-71-06	R&DC	153,273	
Unallied Science Program	USDOC	11.472	1802 / F8802-00	R&DC	105,149	
Unallied Science Program	USDOC	11.472	1806-02	R&DC	10,704	
Unallied Science Program	USDOC	11.472	1811 / F8811-00	R&DC	13,742	
Unallied Science Program	USDOC	11.472	1812-02	R&DC	25,048	
Unallied Science Program	USDOC	11.472	1907A	R&DC	10,986	
Unallied Science Program	USDOC	11.472	A98-00A	R&DC	47,762	
Unallied Science Program	USDOC	11.472	Contract 17-71-01 Amd 3	R&DC	59,431	
Unallied Science Program	USDOC	11.472	G00011586	R&DC	76,282	
Unallied Science Program	USDOC	11.472	G00012363	R&DC	2,162	
Unallied Science Program	USDOC	11.472	G00012819	R&DC	195,910	
Unallied Science Program	USDOC	11.472	L36-00A	R&DC	25,974	
Unallied Science Program	USDOC	11.472	L37-00A	R&DC	111,979	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	USDOC	11.478	1004101 UAA Mod 1	R&DC	59,196	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	USDOC	11.478	1004101 UAF	R&DC	5,295	
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	USDOC	11.478	G00011684	R&DC	140,297	46,004
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	USDOC	11.478	Sub UWSC11435 BPO 43310	R&DC	18,203	
Manufacturing Extension Partnership	USDOC	11.611	G00012795		355,954	
Minority Business Resource Development	USDOC	11.802	G00012454		86,966	
Regional Climate Services Support in the Western Region	USDOC	11.RD	663.7070.01	R&DC	11,220	
Technical review of Yukon River Canadian-origin Chinook salmon Interim Management Escapement Goal	USDOC	11.RD	AC-1902	R&DC	22,296	
NOAA NESDIS JPSS PGRR HLPG GINA Contract	USDOC	11.RD	G00012703	R&DC	471,079	
Procurement Technical Assistance For Business Firms	USDOD	12.002	G00012106		10,433	
Procurement Technical Assistance For Business Firms	USDOD	12.002	G00012809		596,277	
Basic and Applied Scientific Research	USDOD	12.300	1120042	R&DC	61,425	
Basic and Applied Scientific Research	USDOD	12.300	090955-16969	R&DC	14,621	
Basic and Applied Scientific Research	USDOD	12.300	A101266	R&DC	66,534	
Basic and Applied Scientific Research	USDOD	12.300	G00010732	R&DC	114,794	
Basic and Applied Scientific Research	USDOD	12.300	G00010779	R&DC	31,875	
Basic and Applied Scientific Research	USDOD	12.300	G00011426	R&DC	45,104	
Basic and Applied Scientific Research	USDOD	12.300	G00011467	R&DC	575,130	9,292

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Basic and Applied Scientific Research	USDOD	12.300	G00011625	R&DC	169,114	
Basic and Applied Scientific Research	USDOD	12.300	G00012114	R&DC	85,396	
Basic and Applied Scientific Research	USDOD	12.300	G00012201	R&DC	297,449	
Basic and Applied Scientific Research	USDOD	12.300	G00012676	R&DC	1,889,924	
Basic and Applied Scientific Research	USDOD	12.300	G00012738	R&DC	364,807	
Basic and Applied Scientific Research	USDOD	12.300	G00012747	R&DC	170,611	
Basic and Applied Scientific Research	USDOD	12.300	G00013193	R&DC	422,559	
Basic and Applied Scientific Research	USDOD	12.300	MA1429	R&DC	140,805	
Navy Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance	USDOD	12.335	G00013328	R&DC	4,828	
DOD, NDEP, DOTC-STEM Education Outreach Implementation	USDOD	12.560	G00013222	R&DC	10,423	
Economic Adjustment Assistance for State Governments	USDOD	12.617	G00012911		263,097	
Basic, Applied, and Advanced Research in Science and Engineering	USDOD	12.630	Agreement Signed 10/15/18	R&DC	8,844	
Basic, Applied, and Advanced Research in Science and Engineering	USDOD	12.630	G00013052	R&DC	1,589,478	373,011
Legacy Resource Management Program	USDOD	12.632	G00012593	R&DC	58,680	
Legacy Resource Management Program	USDOD	12.632	G00012817	R&DC	83,370	
Air Force Defense Research Sciences Program	USDOD	12.800	12602015167	R&DC	34,508	
Air Force Defense Research Sciences Program	USDOD	12.800	G00011753	R&DC	57,383	
Research and Technology Development	USDOD	12.910	AWD-102938-G2	R&DC	104,878	
Fort Greely Seismic Monitoring System	USDOD	12.RD	B638696	R&DC	107,764	
Arctic Gravity Data Acquisition and Processing	USDOD	12.RD	G00010982	R&DC	12,308	
Cultural Resource Support, Wake Island, HI, and AK TO0013	USDOD	12.RD	G00011147	R&DC	23,451	
NACT Proposal for HDTRA1-17-R-003: Waveform Operations & Maintenance	USDOD	12.RD	G00011364	R&DC	3,345,836	
Estimation of Uncertainties of Full Moment Tensors	USDOD	12.RD	G00011447	R&DC	48,638	
Eagle / Bird Risk	USDOD	12.RD	G00011486	R&DC	2,456	
MGT Species Beluga Whale - All Waters But SixMile	USDOD	12.RD	G00011765	R&DC	6,258	
MGT Habitat Gravel Pit Reclamation Plan JBER	USDOD	12.RD	G00011767	R&DC	25,149	
Natural Resource Management Support Wildlife	USDOD	12.RD	G00011770	R&DC	207,905	
Statistical Oversight/Bird MGT	USDOD	12.RD	G00011810	R&DC	54	
North Slope Coastal Erosion	USDOD	12.RD	G00011821	R&DC	214,115	49,840
Archaeology Survey and Cultural Resources Survey and Evaluation	USDOD	12.RD	G00012104	R&DC	114,895	
Management Species, Bat Survey	USDOD	12.RD	G00012105	R&DC	10,402	
Resilience of boreal ecosystems assessed using high-frequency records of dissolved organic matter and nitrate in streams	USDOD	12.RD	G00012163	R&DC	214,850	
Mgt Species, Beluga Whale Prey-All Waters but Sixmile, Mgt Species Beluga Whale Prey Sixmile	USDOD	12.RD	G00012208	R&DC	121,678	
Chernofski Harbom-Mutton Cove Archaeological Excavation, Mapping and Survey	USDOD	12.RD	G00012250	R&DC	345,187	
Tricolored Blackbird at Edwards Air Force Base, California	USDOD	12.RD	G00012392	R&DC	75,271	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
OASD(NCB/TRAC) UARC for Research and Development in the Geophysical Detection of Nuclear Proliferation - ADMINISTRATION	USDOD	12.RD	G00012416	R&DC	284,690	
OASD(NCB/TRAC) UARC for Research and Development in the Geophysical Detection of Nuclear Proliferation - GAP	USDOD	12.RD	G00012417	R&DC	74,161	
POA53-CESU 18-06 Mgt. Invasive Species, Ironwood Trees, Bellows Air Force Station, Oahu	USDOD	12.RD	G00012422	R&DC	314,347	
Asbestos Lead Database Development Kadena Air Base, Japan	USDOD	12.RD	G00012435	R&DC	60,446	
UARC FIXED FEE ALL	USDOD	12.RD	G00012569	R&DC	19,930	
Management, Species, Salmon Otter Lake Drainage	USDOD	12.RD	G00012810	R&DC	133,988	
Management Species, Bat Survey	USDOD	12.RD	G00012890	R&DC	11,705	
GDNF UARC Task Order #4	USDOD	12.RD	G00013000	R&DC	362,386	
GDNF UARC Support for DTRA NACT - #1	USDOD	12.RD	G00013017	R&DC	117,474	7,183
Mgt, Species, Beluga Whale Prey , All waters but Sixmile	USDOD	12.RD	G00013036	R&DC	118,545	
MGT, Habitat, Forest Resources (FXSBOS14819)	USDOD	12.RD	G00013070	R&DC	5,399	
Army Collection Curation	USDOD	12.RD	G00013072	R&DC	5,053	
Management Species, Invasive Species--Multi Plant Species	USDOD	12.RD	G00013113	R&DC	6,431	
MGT Habitat Winter Moose Browse, JBER	USDOD	12.RD	G00013133	R&DC	3,351	
Habitat Management & Mission Vulnerability, JBER Alaska	USDOD	12.RD	G00013306	R&DC	2,436	
Step Up to STEM	USDOD	12.RD	PO 19001676 (FY19)	R&DC	57,413	
Eielson Air Force Base Base-wide Groundwater Hydrology Model	USDOD	12.RD	PO 02002160 (PM: Cody Black)	R&DC	91,701	
Resiliency and Vulnerability of Boreal Forest Habitat to the Interaction of Climate and Fire Disturbance across DoD Lands of Interior Alaska	USDOD	12.RD	Subagreement 1003724-03	R&DC	15,645	
Cultural and Paleontological Resources Management	USDOI	15.224	G00010342		5,882	
Cultural and Paleontological Resources Management	USDOI	15.224	G00012232		1,297,721	
Cultural and Paleontological Resources Management	USDOI	15.224	G00012769		91	
Recreation and Visitor Services	USDOI	15.225	G00010465	R&DC	5,409	
Recreation and Visitor Services	USDOI	15.225	G00011811	R&DC	65,092	8,445
Invasive and Noxious Plant Management	USDOI	15.230	G00011761	R&DC	139,847	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00010869	R&DC	53,900	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00011038	R&DC	4,348	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00011064	R&DC	14,306	
Fish, Wildlife and Plant Conservation Resource Management	USDOI	15.231	G00011643	R&DC	58,476	
Joint Fire Science Program	USDOI	15.232	G00010940	R&DC	279,381	
Joint Fire Science Program	USDOI	15.232	G00011008	R&DC	93,113	
Joint Fire Science Program	USDOI	15.232	PO U000112610	R&DC	14,960	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Rangeland Resource Management	USDOI	15.237	G00011567	R&DC	656	
Challenge Cost Share	USDOI	15.238	G00009440		230	
Wildlife Resource Management	USDOI	15.247	G00013110	R&DC	22	
Alaska Coastal Marine Institute	USDOI	15.421	G00010804	R&DC	77,644	
Alaska Coastal Marine Institute	USDOI	15.421	G00011399	R&DC	28,847	
Alaska Coastal Marine Institute	USDOI	15.421	G00011468	R&DC	49,033	
Alaska Coastal Marine Institute	USDOI	15.421	G00011494	R&DC	15,861	
Alaska Coastal Marine Institute	USDOI	15.421	G00012804	R&DC	132,207	
Alaska Coastal Marine Institute	USDOI	15.421	G00012922	R&DC	88,553	
Alaska Coastal Marine Institute	USDOI	15.421	G00013015	R&DC	32,794	
Alaska Coastal Marine Institute	USDOI	15.421	G00013101	R&DC	7,050	
Alaska Coastal Marine Institute	USDOI	15.421	G00013326	R&DC	110,209	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	A91-99A	R&DC	237,228	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00011630	R&DC	132,499	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00011755	R&DC	194,901	48,679
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00011764	R&DC	363,112	56,331
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00012601	R&DC	133,444	86,400
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00012861	R&DC	84,986	
Bureau of Ocean Energy Management (BOEM) Environmental Studies (ES)	USDOI	15.423	G00013079	R&DC	122,073	
Fish and Wildlife Management Assistance	USDOI	15.608	G00012563	R&DC	66,128	
Fish and Wildlife Management Assistance	USDOI	15.608	G00012876	R&DC	19,019	
Fish and Wildlife Management Assistance	USDOI	15.608	G00013092	R&DC	37,957	
Fish and Wildlife Management Assistance	USDOI	15.608	G00013210	R&DC	721	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	1120079	F&WC	56,153	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	1120093	F&WC	99,381	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	1188193	F&WC	131,213	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	1199174	F&WC	147,512	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	ADN 1199107/1120111 Amd 1/ALF	F&WC	26,201	
Wildlife Restoration and Basic Hunter Education	USDOI	15.611	ADN 1199193	F&WC	30,817	
Coastal	USDOI	15.630	G00010673	R&DC	39,785	
State Wildlife Grants	USDOI	15.634	1120080	R&DC	45,206	
State Wildlife Grants	USDOI	15.634	1199060	R&DC	6,528	
State Wildlife Grants	USDOI	15.634	ADN 1120045	R&DC	75,000	
State Wildlife Grants	USDOI	15.634	ADN 1120173-1	R&DC	37,692	
Endangered Species Recovery Implementation	USDOI	15.657	G00011794		248,089	
Cooperative Landscape Conservation	USDOI	15.669	G00008889	R&DC	585	
Cooperative Landscape Conservation	USDOI	15.669	G00010051	R&DC	51,863	
Cooperative Landscape Conservation	USDOI	15.669	G00011801	R&DC	28,038	
Adaptive Science	USDOI	15.670	G00013166	R&DC	50,512	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Youth Engagement, Education, and Employment	USDOI	15.676	G00011066	R&DC	27,788	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00011035	R&DC	22,337	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00011087	R&DC	3,962	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00011724	R&DC	1,671	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00012433	R&DC	1,253	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00012715	R&DC	7,601	
Cooperative Ecosystem Studies Units	USDOI	15.678	G00013393	R&DC	2,858	
Assistance to State Water Resources Research Institutes	USDOI	15.805	G00010680	R&DC	104,625	93
Earthquake Hazards Program Assistance	USDOI	15.807	G00011714	R&DC	396,200	
Earthquake Hazards Program Assistance	USDOI	15.807	G00012198	R&DC	48,493	
Earthquake Hazards Program Assistance	USDOI	15.807	G00012462	R&DC	1,246,790	
Earthquake Hazards Program Assistance	USDOI	15.807	G00012763	R&DC	28,556	
Earthquake Hazards Program Assistance	USDOI	15.807	G00013181	R&DC	24,449	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00009924	R&DC	345,620	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00011070	R&DC	47,971	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00011181	R&DC	59,966	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00011629	R&DC	7,157	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00012424	R&DC	20,068	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00012915	R&DC	40,391	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00012988	R&DC	30,705	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00013084	R&DC	1,306,703	
U.S. Geological Survey Research and Data Collection	USDOI	15.808	G00013220	R&DC	244,343	
National Cooperative Geologic Mapping	USDOI	15.810	G00012765	R&DC	16,639	
National Cooperative Geologic Mapping	USDOI	15.810	G00013372	R&DC	8,347	
Cooperative Research Units	USDOI	15.812	G00009974	R&DC	238	
Cooperative Research Units	USDOI	15.812	G00010146	R&DC	10,912	
Cooperative Research Units	USDOI	15.812	G00010836	R&DC	22,187	
Cooperative Research Units	USDOI	15.812	G00010998	R&DC	50,087	5,750
Cooperative Research Units	USDOI	15.812	G00011043	R&DC	345,607	
Cooperative Research Units	USDOI	15.812	G00011201	R&DC	26,096	
Cooperative Research Units	USDOI	15.812	G00012045	R&DC	476,033	
Cooperative Research Units	USDOI	15.812	G00012245	R&DC	20,715	
Cooperative Research Units	USDOI	15.812	G00012246	R&DC	29,870	
Cooperative Research Units	USDOI	15.812	G00012345	R&DC	45,053	
Cooperative Research Units	USDOI	15.812	G00012950	R&DC	59,943	
Cooperative Research Units	USDOI	15.812	G00012968	R&DC	35,964	
Cooperative Research Units	USDOI	15.812	G00013324	R&DC	10,976	
Cooperative Research Units	USDOI	15.812	G00013325	R&DC	13,623	
Cooperative Research Units	USDOI	15.812	G00013350	R&DC	13,333	
National Geospatial Program: Building The National Map	USDOI	15.817	G00012414	R&DC	32,297	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
National Geospatial Program: Building The National Map	USDOI	15.817	G00012606	R&DC	113,359	
Volcano Hazards Program Research and Monitoring	USDOI	15.818	G00012109	R&DC	2,127,271	32,759
National and Regional Climate Adaptation Science Centers	USDOI	15.820	G00011635	R&DC	1,241,035	22,050
National and Regional Climate Adaptation Science Centers	USDOI	15.820	G00011711	R&DC	75,104	
National and Regional Climate Adaptation Science Centers	USDOI	15.820	G00012554	R&DC	82,788	
National and Regional Climate Adaptation Science Centers	USDOI	15.820	G00012725	R&DC	58,840	
Natural Resource Stewardship	USDOI	15.944	G00012798		52,264	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00008929	R&DC	63,164	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009573	R&DC	1,722	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00009840	R&DC	19,003	16,173
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010410	R&DC	248	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010444	R&DC	2,777	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010464	R&DC	9,000	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010766	R&DC	17,473	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010892	R&DC	37,223	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00010965	R&DC	394	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011013	R&DC	6,804	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011036	R&DC	8,338	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011075	R&DC	39,546	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011078	R&DC	3,324	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011081	R&DC	37,286	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011097	R&DC	9,085	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011115	R&DC	5,069	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011117	R&DC	12,198	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011256	R&DC	13,474	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011444	R&DC	36,627	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011516	R&DC	14,012	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011599	R&DC	17,445	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011653	R&DC	73,041	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00011806	R&DC	92,026	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00012182	R&DC	68,283	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00012401	R&DC	40,350	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00012780	R&DC	28,661	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00012905	R&DC	4,436	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00013002	R&DC	22,592	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00013026	R&DC	34,711	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00013028	R&DC	45,316	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00013041	R&DC	25,760	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00013126	R&DC	47,833	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00013189	R&DC	1,048	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00013349	R&DC	293	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	G00013364	R&DC	3,246	
Cooperative Research and Training Programs – Resources of the National Park System	USDOI	15.945	PO NT54189/54133-A/RSP-17095	R&DC	4,495	
Landsat And The Cryosphere: Tracking Interactions Between Ice, Snow, and the Earth System	USDOI	15.RD	1556116 / PO 1000986155	R&DC	26,896	
NNA TMonitoring for Early Detection of Harmful Species in Kachemarak 1: Collaborative Research: Tracking and Improving Dynamic Understanding of 3D Changes in Sea Ice: Integrating Computer Vision and Machine Learning with Observations and Model Simulation	USDOI	15.RD	ADN 1120123	R&DC	94,517	
StateView Program Development and Operations for the State of Alaska	USDOI	15.RD	AV18-AK-01	R&DC	11,360	
Evaluation of nearshore communities and habitats Ecological Process in Lower Cook Inlet	USDOI	15.RD	G00010161	R&DC	2,475	
140M0118Q0042 Arctic Ocean Circulation Model	USDOI	15.RD	G00012273	R&DC	1,990	
ANWR Snow Training	USDOI	15.RD	G00012353	R&DC	11,510	
Alaska Terrestrial AIM Task Order AK-2 Revised - Greater Moose's Tooth and Willow Oil and Gas Development Areas	USDOI	15.RD	G00012423	R&DC	265,129	
Applying Climate Change Modeling to Local Agricultural Planning and Adaptation in Alaska	USDOI	15.RD	G00012556	R&DC	53,313	
FWS Mig Birds CESU Spring/Summer 2019	USDOI	15.RD	G00012583	R&DC	6,460	
BLM Alaska - Seeds of Success 2019	USDOI	15.RD	G00013107	R&DC	51,672	
BLM-AK NCL CESU Attempting to Identify Impacts of the White River Ash on Human-Land use in the Steese National Conservation Area	USDOI	15.RD	G00013355	R&DC	561	
BLM VIIRS Image Svc	USDOI	15.RD	G00013403	R&DC	873	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
SNAP data for Iguigig Climate Planning	USDOJ	15.RD	Service Agreement 2019-01	R&DC	10,000	
Native Village of Unalakleet's Feasibility Study to Assess the Establishment of a Regional Norton Sound LiDAR Data Collection Project as a Self-Sustaining Program (Planning for Subsistence Management in Changing Conditions)(NVUFS)	USDOJ	15.RD	UAF-ACUASI 2019 SOW NVUFS	R&DC	20,002	
State Justice Statistics Program for Statistical Analysis Centers	USDOJ	16.550	G00013152		45,729	
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	ADN 1220514	R&DC	6,844	
Crime Victim Assistance/Discretionary Grants	USDOJ	16.582	D2019012074	R&DC	697	
Juvenile Mentoring Program	USDOJ	16.726	4-H NMP10	R&DC	28,094	
Juvenile Mentoring Program	USDOJ	16.726	4-H NMP9	R&DC	44,748	
Second Chance Act Reentry Initiative	USDOJ	16.812	DTD 07/08/2019	R&DC	47,929	
National Sexual Assault Kit Initiative	USDOJ	16.833	19-17SAKI-01/ADN1219043	R&DC	102,925	
Evaluation of Alaska Department of Corrections Statewide Recidivism Reduction Strategic Plan	USDOJ	16.U01	ADN 2020013		57,202	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	USDOL	17.277	Contract dated 8/16/18 ADN 795506		407	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	USDOL	17.277	Document No. PO3: TBD		249,994	
Mine Health and Safety Grants	USDOL	17.600	G00012634		153,585	
Valdez ABE Region VI FY20	USDOL	17.U01	ADN 07-2020		61,990	
Air Transportation Centers of Excellence	USDOT	20.109	G00012354	R&DC	21,196	
Air Transportation Centers of Excellence	USDOT	20.109	G00012357	R&DC	58,002	
Air Transportation Centers of Excellence	USDOT	20.109	G00012993	R&DC	4,699	
Air Transportation Centers of Excellence	USDOT	20.109	G00013267	R&DC	1,075	
Highway Planning and Construction	USDOT	20.205	ADN 2508020	HPCC	18,229	
Highway Planning and Construction	USDOT	20.205	ADN 2508039	HPCC	22,568	
Highway Planning and Construction	USDOT	20.205	ADN 2508045	HPCC	9,614	
Highway Planning and Construction	USDOT	20.205	ADN 2578042, Amd #1	HPCC	6,406	
Highway Planning and Construction	USDOT	20.205	ADN 2578043 / 2598026 Amend 1	HPCC	4,365	
University Transportation Centers Program	USDOT	20.701	G00009212	R&DC	259,989	219,064
University Transportation Centers Program	USDOT	20.701	G00011341	R&DC	1,051,650	677,675
University Transportation Centers Program	USDOT	20.701	UWSC10217 BPO28344	R&DC	172,608	
Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	USDOT	20.724	G00012600	R&DC	85,370	
Science	NASA	43.001	517705	R&DC	49,535	
Science	NASA	43.001	0059586 (414333-1)	R&DC	6,602	
Science	NASA	43.001	05762-01	R&DC	22,797	
Science	NASA	43.001	1(GG015418) / PO G13877	R&DC	16,980	
Science	NASA	43.001	124027-5100419	R&DC	15,373	
Science	NASA	43.001	1820-204-2010726 NNX15AL71G	R&DC	5,183	
Science	NASA	43.001	2015000929 02250-01 NNX15AL12A	R&DC	50,819	
Science	NASA	43.001	2090 G XA211	R&DC	13,051	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Science	NASA	43.001	52681-Z6031201	R&DC	49,011	
Science	NASA	43.001	61534-02/ PO 242447 / 250817	R&DC	50,439	
Science	NASA	43.001	A101348	R&DC	77,846	
Science	NASA	43.001	A2-0039-S001	R&DC	16,612	
Science	NASA	43.001	G00007728	R&DC	1,093,836	
Science	NASA	43.001	G00009317	R&DC	93,387	
Science	NASA	43.001	G00010378	R&DC	23,606	10,848
Science	NASA	43.001	G00010424	R&DC	42,540	
Science	NASA	43.001	G00010462	R&DC	41,271	
Science	NASA	43.001	G00010570	R&DC	883,644	62,351
Science	NASA	43.001	G00010587	R&DC	489,977	55,225
Science	NASA	43.001	G00010794	R&DC	20,183	
Science	NASA	43.001	G00010867	R&DC	127,102	
Science	NASA	43.001	G00010957	R&DC	661	
Science	NASA	43.001	G00010976	R&DC	325,835	
Science	NASA	43.001	G00011095	R&DC	6,430	
Science	NASA	43.001	G00011177	R&DC	55,908	
Science	NASA	43.001	G00011218	R&DC	204,106	
Science	NASA	43.001	G00011251	R&DC	9,487	
Science	NASA	43.001	G00011459	R&DC	142,184	39,418
Science	NASA	43.001	G00011589	R&DC	758,197	263,323
Science	NASA	43.001	G00011762	R&DC	12,545	
Science	NASA	43.001	G00011775	R&DC	178,136	14,561
Science	NASA	43.001	G00012010	R&DC	222,499	31,403
Science	NASA	43.001	G00012039	R&DC	420,730	262,845
Science	NASA	43.001	G00012074	R&DC	66,789	
Science	NASA	43.001	G00012081	R&DC	110,428	47,338
Science	NASA	43.001	G00012209	R&DC	62,126	10,345
Science	NASA	43.001	G00012223	R&DC	25,717	
Science	NASA	43.001	G00012236	R&DC	106,536	15,191
Science	NASA	43.001	G00012257	R&DC	27,138	
Science	NASA	43.001	G00012265	R&DC	147,149	18,382
Science	NASA	43.001	G00012348	R&DC	55,619	
Science	NASA	43.001	G00012383	R&DC	9,130,078	44,231
Science	NASA	43.001	G00012706	R&DC	20,432	
Science	NASA	43.001	G00012732	R&DC	151,133	
Science	NASA	43.001	G00012739	R&DC	389	
Science	NASA	43.001	G00012796	R&DC	47,714	7,350
Science	NASA	43.001	G00012806	R&DC	94,415	
Science	NASA	43.001	G00012813	R&DC	86,172	
Science	NASA	43.001	G00012818	R&DC	29,593	
Science	NASA	43.001	G00012852	R&DC	22,048	2,152
Science	NASA	43.001	G00012894	R&DC	41,474	
Science	NASA	43.001	G00012967	R&DC	15,846	
Science	NASA	43.001	G00013009	R&DC	32,682	
Science	NASA	43.001	G00013068	R&DC	24,187	
Science	NASA	43.001	G00013093	R&DC	58,342	
Science	NASA	43.001	G00013122	R&DC	54,403	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Science	NASA	43.001	G00013192	R&DC	59,113	75
Science	NASA	43.001	G00013293	R&DC	12,763	
Science	NASA	43.001	G00013301	R&DC	1,786	
Science	NASA	43.001	G00013424	R&DC	645	
Science	NASA	43.001	KK1831	R&DC	37,826	
Science	NASA	43.001	Sub 1554201 / PO 1000686852	R&DC	1,305	
Science	NASA	43.001	Sub 61488-01/PO 250553/260352	R&DC	32,021	
Science	NASA	43.001	Subcontract No. 1615131	R&DC	51,269	
Science	NASA	43.001	Subcontract No. 1616581	R&DC	238,809	
Space Operations	NASA	43.007	G00011430	R&DC	72,468	
Office of Stem Engagement (OSTEM)	NASA	43.008	G00010074	R&DC	434,111	29,938
Office of Stem Engagement (OSTEM)	NASA	43.008	G00010306	R&DC	25,242	
Office of Stem Engagement (OSTEM)	NASA	43.008	G00010332	R&DC	71,253	
Office of Stem Engagement (OSTEM)	NASA	43.008	G00011044	R&DC	158,611	
Office of Stem Engagement (OSTEM)	NASA	43.008	G00012645	R&DC	69,082	
Office of Stem Engagement (OSTEM)	NASA	43.008	G00012874	R&DC	174,271	
Office of Stem Engagement (OSTEM)	NASA	43.008	G00013295	R&DC	124,959	2,147
Space Technology	NASA	43.012	G00011594	R&DC	17,282	
UAF Scope of Work for "Imaging Arctic Methane Plumes"	NASA	43.RD	1572960	R&DC	210,946	
Volatiles Transport in Lunar Regolith Parameters Study Using the COUPi Discrete Element Method Model	NASA	43.RD	121078 FG3ZN CLIN 1	R&DC	39,234	
Promotion of the Humanities Federal/State Partnership	NEH	45.129	M19-0002 Mod 2		2,830	
Promotion of the Humanities Division of Preservation and Access	NEH	45.149	G00011786		4,943	
Promotion of the Humanities Division of Preservation and Access	NEH	45.149	G00012712		7,390	
Promotion of the Humanities Public Programs	NEH	45.164	G00011495		119,476	
Kobuk River Collection Rehousing and Stabilization	IMLS	45.U01	G00013065		36,015	
Engineering	NSF	47.041	G00011741	R&DC	487,288	
Engineering	NSF	47.041	G00011988	R&DC	130,181	
Engineering	NSF	47.041	G00012113	R&DC	73,387	
Engineering	NSF	47.041	G00012356	R&DC	125,900	
Engineering	NSF	47.041	G00012405	R&DC	29,027	
Engineering	NSF	47.041	G00012512	R&DC	55,223	
Engineering	NSF	47.041	G00013022	R&DC	40,009	
Mathematical and Physical Sciences	NSF	47.049	G00008669	R&DC	9,262	
Mathematical and Physical Sciences	NSF	47.049	G00010960	R&DC	9,222	
Mathematical and Physical Sciences	NSF	47.049	G00011705	R&DC	110,367	
Mathematical and Physical Sciences	NSF	47.049	G00012172	R&DC	71,774	
Mathematical and Physical Sciences	NSF	47.049	G00012904	R&DC	9,180	
Mathematical and Physical Sciences	NSF	47.049	GA-2019-09923 Mod 2	R&DC	16,210	
Geosciences	NSF	47.050	100026	R&DC	5,135	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Geosciences	NSF	47.050	1003870-UAF/PO P325595	R&DC	16,758	
Geosciences	NSF	47.050	150124-0001-43 Amend 3	R&DC	29,503	
Geosciences	NSF	47.050	3(GG01470)/G14014	R&DC	7,357	
Geosciences	NSF	47.050	43B(GG009393) / G11492	R&DC	90,846	
Geosciences	NSF	47.050	5696-UAF-NSF-5369	R&DC	38,309	
Geosciences	NSF	47.050	5814-UAF-NSF-5369	R&DC	17,916	
Geosciences	NSF	47.050	ARCUS NSF ID 1304316	R&DC	13,084	
Geosciences	NSF	47.050	FY2017-072	R&DC	36,670	
Geosciences	NSF	47.050	G00004196	R&DC	5,346	
Geosciences	NSF	47.050	G00008287	R&DC	91,918	
Geosciences	NSF	47.050	G00008872	R&DC	117,960	5,335
Geosciences	NSF	47.050	G00008977	R&DC	47,286	
Geosciences	NSF	47.050	G00009051	R&DC	38,993	
Geosciences	NSF	47.050	G00009052	R&DC	176,839	6,858
Geosciences	NSF	47.050	G00009161	R&DC	212,666	
Geosciences	NSF	47.050	G00009230	R&DC	71,510	
Geosciences	NSF	47.050	G00009374	R&DC	296,435	
Geosciences	NSF	47.050	G00009513	R&DC	85,533	
Geosciences	NSF	47.050	G00009585	R&DC	1,209,475	627,636
Geosciences	NSF	47.050	G00009620	R&DC	42,736	
Geosciences	NSF	47.050	G00009624	R&DC	21,612	
Geosciences	NSF	47.050	G00009641	R&DC	10,462	
Geosciences	NSF	47.050	G00009823	R&DC	6,028	
Geosciences	NSF	47.050	G00009926	R&DC	132,410	
Geosciences	NSF	47.050	G00009989	R&DC	31,247	
Geosciences	NSF	47.050	G00009990	R&DC	21,415	
Geosciences	NSF	47.050	G00010054	R&DC	86,001	73,883
Geosciences	NSF	47.050	G00010085	R&DC	107,057	
Geosciences	NSF	47.050	G00010124	R&DC	45,012	
Geosciences	NSF	47.050	G00010199	R&DC	30,779	3,188
Geosciences	NSF	47.050	G00010236	R&DC	202,559	
Geosciences	NSF	47.050	G00010246	R&DC	85,172	
Geosciences	NSF	47.050	G00010283	R&DC	173,688	
Geosciences	NSF	47.050	G00010310	R&DC	9,653	
Geosciences	NSF	47.050	G00010316	R&DC	57,765	
Geosciences	NSF	47.050	G00010317	R&DC	21,255	
Geosciences	NSF	47.050	G00010318	R&DC	241,837	57,708
Geosciences	NSF	47.050	G00010340	R&DC	118,298	
Geosciences	NSF	47.050	G00010363	R&DC	229,600	26,006
Geosciences	NSF	47.050	G00010364	R&DC	16,165	
Geosciences	NSF	47.050	G00010368	R&DC	26,067	
Geosciences	NSF	47.050	G00010371	R&DC	158,434	
Geosciences	NSF	47.050	G00010386	R&DC	454	
Geosciences	NSF	47.050	G00010391	R&DC	349,270	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Geosciences	NSF	47.050	G00010449	R&DC	31,270	9,384
Geosciences	NSF	47.050	G00010551	R&DC	43,917	
Geosciences	NSF	47.050	G00010687	R&DC	43,620	
Geosciences	NSF	47.050	G00010730	R&DC	127,393	
Geosciences	NSF	47.050	G00010750	R&DC	3,972	
Geosciences	NSF	47.050	G00010809	R&DC	54,558	
Geosciences	NSF	47.050	G00010824	R&DC	22,306	
Geosciences	NSF	47.050	G00010856	R&DC	40,460	
Geosciences	NSF	47.050	G00010893	R&DC	169,114	
Geosciences	NSF	47.050	G00010949	R&DC	80,201	
Geosciences	NSF	47.050	G00010953	R&DC	104,801	
Geosciences	NSF	47.050	G00010954	R&DC	94,384	
Geosciences	NSF	47.050	G00010955	R&DC	81,298	
Geosciences	NSF	47.050	G00010966	R&DC	12,359	
Geosciences	NSF	47.050	G00011024	R&DC	99,003	
Geosciences	NSF	47.050	G00011025	R&DC	92,836	
Geosciences	NSF	47.050	G00011033	R&DC	183,422	
Geosciences	NSF	47.050	G00011071	R&DC	22,830	
Geosciences	NSF	47.050	G00011184	R&DC	11,988	
Geosciences	NSF	47.050	G00011190	R&DC	6,354	
Geosciences	NSF	47.050	G00011203	R&DC	5,160	
Geosciences	NSF	47.050	G00011217	R&DC	103,697	
Geosciences	NSF	47.050	G00011245	R&DC	146,789	16,388
Geosciences	NSF	47.050	G00011254	R&DC	82,824	
Geosciences	NSF	47.050	G00011277	R&DC	4,180	
Geosciences	NSF	47.050	G00011281	R&DC	124,013	13,743
Geosciences	NSF	47.050	G00011351	R&DC	87,672	
Geosciences	NSF	47.050	G00011387	R&DC	104,361	
Geosciences	NSF	47.050	G00011471	R&DC	92,079	
Geosciences	NSF	47.050	G00011538	R&DC	23,412	
Geosciences	NSF	47.050	G00011557	R&DC	122,822	
Geosciences	NSF	47.050	G00011592	R&DC	84,036	77,192
Geosciences	NSF	47.050	G00011603	R&DC	75,712	
Geosciences	NSF	47.050	G00011608	R&DC	45,203	
Geosciences	NSF	47.050	G00011626	R&DC	35,817	
Geosciences	NSF	47.050	G00011627	R&DC	114,436	
Geosciences	NSF	47.050	G00011674	R&DC	97,858	
Geosciences	NSF	47.050	G00011691	R&DC	13,229	
Geosciences	NSF	47.050	G00011702	R&DC	26,848	
Geosciences	NSF	47.050	G00011704	R&DC	98,506	
Geosciences	NSF	47.050	G00011706	R&DC	98,723	
Geosciences	NSF	47.050	G00011707	R&DC	367,385	5,149
Geosciences	NSF	47.050	G00011708	R&DC	19,550	
Geosciences	NSF	47.050	G00011709	R&DC	1,011,787	222,596
Geosciences	NSF	47.050	G00011773	R&DC	78,855	
Geosciences	NSF	47.050	G00011789	R&DC	12,892	
Geosciences	NSF	47.050	G00011862	R&DC	53,070	
Geosciences	NSF	47.050	G00011900	R&DC	184,274	35,018
Geosciences	NSF	47.050	G00011993	R&DC	89,406	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Geosciences	NSF	47.050	G00011994	R&DC	4,757	
Geosciences	NSF	47.050	G00012050	R&DC	3,522	
Geosciences	NSF	47.050	G00012061	R&DC	160,520	
Geosciences	NSF	47.050	G00012071	R&DC	26,015	
Geosciences	NSF	47.050	G00012080	R&DC	62,074	11,637
Geosciences	NSF	47.050	G00012124	R&DC	7,432	
Geosciences	NSF	47.050	G00012125	R&DC	305	
Geosciences	NSF	47.050	G00012127	R&DC	827,607	
Geosciences	NSF	47.050	G00012169	R&DC	92,211	
Geosciences	NSF	47.050	G00012178	R&DC	8,212,473	
Geosciences	NSF	47.050	G00012185	R&DC	150,533	
Geosciences	NSF	47.050	G00012261	R&DC	430,161	
Geosciences	NSF	47.050	G00012282	R&DC	39,905	
Geosciences	NSF	47.050	G00012291	R&DC	130,554	
Geosciences	NSF	47.050	G00012292	R&DC	43,422	
Geosciences	NSF	47.050	G00012294	R&DC	329,112	86,069
Geosciences	NSF	47.050	G00012305	R&DC	64,059	
Geosciences	NSF	47.050	G00012316	R&DC	11,529	
Geosciences	NSF	47.050	G00012318	R&DC	82,457	
Geosciences	NSF	47.050	G00012325	R&DC	18,410	
Geosciences	NSF	47.050	G00012326	R&DC	34,014	
Geosciences	NSF	47.050	G00012355	R&DC	88,829	
Geosciences	NSF	47.050	G00012360	R&DC	160,361	26,211
Geosciences	NSF	47.050	G00012365	R&DC	278,197	
Geosciences	NSF	47.050	G00012366	R&DC	117,012	
Geosciences	NSF	47.050	G00012428	R&DC	13,775	
Geosciences	NSF	47.050	G00012523	R&DC	406	
Geosciences	NSF	47.050	G00012609	R&DC	428,333	
Geosciences	NSF	47.050	G00012623	R&DC	4,650	
Geosciences	NSF	47.050	G00012635	R&DC	186,863	
Geosciences	NSF	47.050	G00012671	R&DC	165,407	
Geosciences	NSF	47.050	G00012684	R&DC	4,901	
Geosciences	NSF	47.050	G00012708	R&DC	77,781	
Geosciences	NSF	47.050	G00012709	R&DC	29,899	
Geosciences	NSF	47.050	G00012721	R&DC	55,974	
Geosciences	NSF	47.050	G00012727	R&DC	116,569	
Geosciences	NSF	47.050	G00012728	R&DC	36,850	
Geosciences	NSF	47.050	G00012740	R&DC	179,566	
Geosciences	NSF	47.050	G00012766	R&DC	43,548	
Geosciences	NSF	47.050	G00012772	R&DC	112,121	
Geosciences	NSF	47.050	G00012799	R&DC	6,105	
Geosciences	NSF	47.050	G00012850	R&DC	43,057	24,055
Geosciences	NSF	47.050	G00012851	R&DC	29,878	
Geosciences	NSF	47.050	G00012853	R&DC	8,997	
Geosciences	NSF	47.050	G00012865	R&DC	44,430	
Geosciences	NSF	47.050	G00012875	R&DC	18,229	1,850
Geosciences	NSF	47.050	G00012891	R&DC	42,138	
Geosciences	NSF	47.050	G00012892	R&DC	26,712	
Geosciences	NSF	47.050	G00012895	R&DC	40,269	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Geosciences	NSF	47.050	G00012907	R&DC	10,997	5,179
Geosciences	NSF	47.050	G00012917	R&DC	29,807	
Geosciences	NSF	47.050	G00012927	R&DC	40,039	
Geosciences	NSF	47.050	G00012939	R&DC	173,068	
Geosciences	NSF	47.050	G00012976	R&DC	75,336	
Geosciences	NSF	47.050	G00012989	R&DC	5,914	
Geosciences	NSF	47.050	G00012990	R&DC	61,518	
Geosciences	NSF	47.050	G00012991	R&DC	182,137	12,995
Geosciences	NSF	47.050	G00013003	R&DC	4,648	
Geosciences	NSF	47.050	G00013004	R&DC	26,723	
Geosciences	NSF	47.050	G00013016	R&DC	34,916	
Geosciences	NSF	47.050	G00013095	R&DC	159,584	
Geosciences	NSF	47.050	G00013159	R&DC	41,163	5,834
Geosciences	NSF	47.050	G00013232	R&DC	1,422	
Geosciences	NSF	47.050	G00013252	R&DC	1,786	
Geosciences	NSF	47.050	G00013282	R&DC	587	
Geosciences	NSF	47.050	G00013323	R&DC	47,594	
Geosciences	NSF	47.050	G00013378	R&DC	18,316	
Geosciences	NSF	47.050	S000076-NSF	R&DC	2,816	
Geosciences	NSF	47.050	S000079-NSF	R&DC	29,006	
Geosciences	NSF	47.050	Subaward S2089C-B	R&DC	178,988	
Geosciences	NSF	47.050	Pend			
Geosciences	NSF	47.050	Subaward 83568-11156	R&DC	24,400	
Geosciences	NSF	47.050	Subaward 107294	R&DC	4,746	
Geosciences	NSF	47.050	Subaward 06-UAF-SAGE	R&DC	12,813	
Geosciences	NSF	47.050	UTA17-000312	R&DC	126,856	
Computer and Information Science and Engineering	NSF	47.070	G00012388	R&DC	13,766	
Biological Sciences	NSF	47.074	G00009162	R&DC	50,349	
Biological Sciences	NSF	47.074	G00009175	R&DC	6,871	
Biological Sciences	NSF	47.074	G00009439	R&DC	122,215	36,064
Biological Sciences	NSF	47.074	G00009579	R&DC	6,898	
Biological Sciences	NSF	47.074	G00010215	R&DC	38,482	
Biological Sciences	NSF	47.074	G00010296	R&DC	4,367	
Biological Sciences	NSF	47.074	G00010309	R&DC	6,574	
Biological Sciences	NSF	47.074	G00010627	R&DC	18,780	
Biological Sciences	NSF	47.074	G00010660	R&DC	65,769	3,572
Biological Sciences	NSF	47.074	G00010881	R&DC	9,204	
Biological Sciences	NSF	47.074	G00010947	R&DC	142,189	
Biological Sciences	NSF	47.074	G00011029	R&DC	175,791	
Biological Sciences	NSF	47.074	G00011031	R&DC	35,574	
Biological Sciences	NSF	47.074	G00011192	R&DC	78,947	10,824
Biological Sciences	NSF	47.074	G00011285	R&DC	1,025,260	
Biological Sciences	NSF	47.074	G00011334	R&DC	23,731	
Biological Sciences	NSF	47.074	G00011640	R&DC	232,711	83,114
Biological Sciences	NSF	47.074	G00012225	R&DC	88,718	
Biological Sciences	NSF	47.074	G00012255	R&DC	104,426	
Biological Sciences	NSF	47.074	G00012317	R&DC	70,264	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Biological Sciences	NSF	47.074	G00012978	R&DC	40,330	
Biological Sciences	NSF	47.074	GR103377(CON-80001343)	R&DC	3,523	
Biological Sciences	NSF	47.074	KFS 5648630 & PO 331023	R&DC	72,211	
Biological Sciences	NSF	47.074	Subaward No 000519741-001	R&DC	9,634	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00008951	R&DC	2,250	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00011686	R&DC	29,610	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00011690	R&DC	5,736	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00012112	R&DC	100,510	
Social, Behavioral, and Economic Sciences	NSF	47.075	G00012773	R&DC	63,670	
Education and Human Resources	NSF	47.076	G00009373	R&DC	1,094	
Education and Human Resources	NSF	47.076	G00009659	R&DC	179,528	
Education and Human Resources	NSF	47.076	G00010485	R&DC	101,489	
Education and Human Resources	NSF	47.076	G00011478	R&DC	452,281	
Education and Human Resources	NSF	47.076	G00011558	R&DC	147,252	
Education and Human Resources	NSF	47.076	G00011679	R&DC	268,686	22,987
Education and Human Resources	NSF	47.076	G00012235	R&DC	124,313	
Education and Human Resources	NSF	47.076	G00012287	R&DC	235,699	
Education and Human Resources	NSF	47.076	G00012320	R&DC	259,857	
Education and Human Resources	NSF	47.076	G00012364	R&DC	235,959	65,620
Education and Human Resources	NSF	47.076	G00012407	R&DC	57,343	
Education and Human Resources	NSF	47.076	G00012432	R&DC	85,922	
Education and Human Resources	NSF	47.076	G00012791	R&DC	49,729	
Education and Human Resources	NSF	47.076	G00013114	R&DC	9,809	
Education and Human Resources	NSF	47.076	G00013136	R&DC	17,663	
Education and Human Resources	NSF	47.076	Subaward UAA-1	R&DC	14,100	
Polar Programs	NSF	47.078	1928794	R&DC	32,831	
Polar Programs	NSF	47.078	G00007957	R&DC	6,668	
Polar Programs	NSF	47.078	G00008643	R&DC	101,103	
Polar Programs	NSF	47.078	G00010915	R&DC	3,166,091	
Polar Programs	NSF	47.078	G00013300	R&DC	4,504	
Polar Programs	NSF	47.078	G00013302	R&DC	27,451	
Polar Programs	NSF	47.078	G00013303	R&DC	22,321	
Polar Programs	NSF	47.078	G00013314	R&DC	28,169	
Office of International Science and Engineering	NSF	47.079	67449315 / PO 10372986	R&DC	206,533	
Office of International Science and Engineering	NSF	47.079	G00013018	R&DC	95,717	1,702
Integrative Activities	NSF	47.083	16-S10 Amend 3	R&DC	74,056	
Integrative Activities	NSF	47.083	G00011742	R&DC	41,364	
Integrative Activities	NSF	47.083	G00011772	R&DC	736,187	
Integrative Activities	NSF	47.083	G00012260	R&DC	3,358,972	
Integrative Activities	NSF	47.083	G00012286	R&DC	125,063	
Integrative Activities	NSF	47.083	G00012427	R&DC	14,075	
Integrative Activities	NSF	47.083	G00012925	R&DC	263,962	82,802
Integrative Activities	NSF	47.083	G00013156	R&DC	58,908	
Integrative Activities	NSF	47.083	G00013160	R&DC	1,685	
Integrative Activities	NSF	47.083	G00013162	R&DC	6,615	
NSF IPA Burns	NSF	47.RD	G00011633	R&DC	197,157	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
NSF Assignment Agreement for Roman Makarevich	NSF	47.RD	G00012605	R&DC	47,496	
Hill IPA Assignment	NSF	47.RD	G00013429	R&DC	67,727	
PFISR OPERATIONS AND MAINTENANCE SUPPORT	NSF	47.RD	Sub 35444 (AGS-1840962)	R&DC	405,321	
Small Business Development Centers	SBA	59.037	G00012412		497,655	
Small Business Development Centers	SBA	59.037	G00013171		72,775	
COVID-19 - Small Business Development Centers	SBA	59.037	G00013367		57,422	
State Indoor Radon Grants	EPA	66.032	200002794		8,711	
Congressionally Mandated Projects	EPA	66.202	ADN 18190062/18200091 Amd 1	R&DC	20,877	27,752
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419	ADN 18180117 / 18190149	R&DC	100,806	
Regional Wetland Program Development Grants	EPA	66.461	G00011793	R&DC	17,983	
Regional Wetland Program Development Grants	EPA	66.461	G00013248	R&DC	21,698	
Performance Partnership Grants	EPA	66.605	ACWA-19-05	R&DC	15,066	
Performance Partnership Grants	EPA	66.605	ADN 18190125 Amd 2	R&DC	58,602	
Environmental Information Exchange Network Grant Program and Related Assistance	EPA	66.608	G00013104	R&DC	12,611	
Environmental Education Grants	EPA	66.951	G00012442		51,305	14,003
Office of Science Financial Assistance Program	ERGY	81.049	4000116073	R&DC	811,691	
Office of Science Financial Assistance Program	ERGY	81.049	083570-15976	R&DC	63,402	
Office of Science Financial Assistance Program	ERGY	81.049	G00011748	R&DC	106,583	
Office of Science Financial Assistance Program	ERGY	81.049	G00012276	R&DC	185,201	30,273
Office of Science Financial Assistance Program	ERGY	81.049	G00012986	R&DC	346,839	53,475
Office of Science Financial Assistance Program	ERGY	81.049	G00013317	R&DC	18,215	
Renewable Energy Research and Development	ERGY	81.087	2018-09	R&DC	75,887	
Renewable Energy Research and Development	ERGY	81.087	G00012815	R&DC	464,938	
Renewable Energy Research and Development	ERGY	81.087	G0152A-A	R&DC	14,023	
Renewable Energy Research and Development	ERGY	81.087	UWSC11792 / BPO 47431	R&DC	42,992	
Fossil Energy Research and Development	ERGY	81.089	G00012073	R&DC	420,162	
Fossil Energy Research and Development	ERGY	81.089	G00012107	R&DC	1,968,180	1,628,498
Fossil Energy Research and Development	ERGY	81.089	G-050-96 / FY20-XCL-226	R&DC	3,059	
Fossil Energy Research and Development	ERGY	81.089	PO US001-0000770541	R&DC	8,262	
Nuclear Energy Research, Development and Demonstration	ERGY	81.121	NO. 9F-60169	R&DC	137,654	
Advanced Research Projects Agency - Energy	ERGY	81.135	A007310601	R&DC	3,060	
Advanced Research Projects Agency - Energy	ERGY	81.135	G00012044	R&DC	369,645	287,562
Advanced Research Projects Agency - Energy	ERGY	81.135	Sub: A101410 PN: 11091506	R&DC	11,730	
Soil organic carbon stocks in ice wedge polygons, Barrow	ERGY	81.RD	3F-31801	R&DC	15,749	
ARM Lead Mentor: Appendix B-1	ERGY	81.RD	8F-30200	R&DC	56,270	
ARM Lead Mentor 2019	ERGY	81.RD	9F-60243	R&DC	51,395	
INL Consultation Assistance	ERGY	81.RD	Contract No. 226920	R&DC	392	
DOE IPA For Larry Hinzman	ERGY	81.RD	G00013445	R&DC	28,538	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
UAF 2018/19 participation in REAP's "Wind for Schools (WfS) Wind Application Center (WAC) Operation and Technical Support Plan for Alaska"	ERGY	81.RD	INEacep19-056	R&DC	654	
Predictive Model for Arctic Coastal Erosion	ERGY	81.RD	PO 1854541	R&DC	91,337	
ARM North Slope of Alaska/Adjacent Arctic Ocean Site Operations Technical Support Contract Instrument Support Specialist (FY18)	ERGY	81.RD	PO 1854849	R&DC	185,085	
UAF participation in: "Resilient Alaskan Distribution system Improvements using Automation, Network analysis, Control, and Energy storage"	ERGY	81.RD	Standard Research Cont. 197572	R&DC	83,101	
ARM Lead Mentor for Solid Precipitation Measurement on the North Slope of Alaska	ERGY	81.RD	Sub 7F-30142	R&DC	63,164	
Interdisciplinary Research for Arctic Coastal Environments (INTERFACE)	ERGY	81.RD	Sub Co No. 585557	R&DC	262,531	
HiLAT: Investigating the role of Arctic sea ice decline on high-latitude ocean and sea ice	ERGY	81.RD	Sub 522699 BA 534219	R&DC	105,997	
Adult Education - Basic Grants to States	USDOE	84.002	ADN 795504		1,710	
Adult Education - Basic Grants to States	USDOE	84.002	No. PO3 TBD		101,300	
Adult Education - Basic Grants to States	USDOE	84.002	Project No. 2020-05 Amd 1		67,511	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	E00001020	SFAC	228,300	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	G00012775	SFAC	558,822	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	G00012776	SFAC	252,500	
Federal Supplemental Educational Opportunity Grants	USDOE	84.007	G00012841	SFAC	49,371	
Special Education Grants to States	USDOE	84.027	ADN 0521049	SEC	78,802	
Special Education Grants to States	USDOE	84.027	ADN 0590042	SEC	1,412	
Higher Education Institutional Aid	USDOE	84.031	G00009754		327,145	
Higher Education Institutional Aid	USDOE	84.031	G00009882		568,041	
Higher Education Institutional Aid	USDOE	84.031	G00009921		249,185	
Higher Education Institutional Aid	USDOE	84.031	G00010459		725,439	
Higher Education Institutional Aid	USDOE	84.031	G00010483		471,828	
Higher Education Institutional Aid	USDOE	84.031	G00010511		483,473	
Higher Education Institutional Aid	USDOE	84.031	G00010531		535,159	
Higher Education Institutional Aid	USDOE	84.031	G00011059		474,690	
Higher Education Institutional Aid	USDOE	84.031	G00012419		423,712	
Higher Education Institutional Aid	USDOE	84.031	G00013075		63,154	
Federal Work-Study Program	USDOE	84.033	E00001025	SFAC	34,915	
Federal Work-Study Program	USDOE	84.033	E00001027	SFAC	256,282	
Federal Work-Study Program	USDOE	84.033	G00012839	SFAC	55,590	
TRIO Student Support Services	USDOE	84.042	G00010281	TRIOC	238,371	
TRIO Student Support Services	USDOE	84.042	G00010384	TRIOC	303,840	
TRIO Upward Bound	USDOE	84.047	G00011700	TRIOC	300,921	
TRIO Upward Bound	USDOE	84.047	G00011701	TRIOC	279,302	
TRIO Upward Bound	USDOE	84.047	G00012335	TRIOC	648,641	55,161
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0521032B Amd 2		101,020	52,849

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0521034		1,779	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0521035		18,465	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0590037		161	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0590086		7,877	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	ADN 0590038		100	
Career and Technical Education -- Basic Grants to States	USDOE	84.048	EL 19.156.01			
Career and Technical Education -- Basic Grants to States	USDOE	84.048	EL 20.157.01		62,831	
Federal Pell Grant Program	USDOE	84.063	E00001019	SFAC	6,269,292	
Federal Pell Grant Program	USDOE	84.063	G00012777	SFAC	12,445,841	
Federal Pell Grant Program	USDOE	84.063	G00012842	SFAC	1,304,866	
Federal Pell Grant Program	USDOE	84.063	G00013419	SFAC	739,783	
Rehabilitation Services Vocational Rehabilitation Grants to States	USDOE	84.126	ADN 0720201066		7,528	
Innovative Approaches to Literacy, Full-service Community Schools; and Promise Neighborhoods	USDOE	84.215	U215N170038		161,127	
Federal Direct Student Loans	USDOE	84.268		SFAC	20,961,937	
Federal Direct Student Loans	USDOE	84.268		SFAC	13,060,553	
Federal Direct Student Loans	USDOE	84.268		SFAC	3,643,874	
Indian Education -- Special Programs for Indian Children	USDOE	84.299	G00012458		67,446	
Alaska Native Educational Programs	USDOE	84.356	305-18-1923		148,887	
Alaska Native Educational Programs	USDOE	84.356	G00010470		77,658	
Alaska Native Educational Programs	USDOE	84.356	G00010476		32,144	
Alaska Native Educational Programs	USDOE	84.356	G00010501		23,354	
Native Hawaiian Education	USDOE	84.362	G00012390		256,603	
English Language Acquisition State Grants	USDOE	84.365	Agreement Dtd 1-18-18		26,141	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00012157	SFAC	86,367	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00012174	SFAC	7,504	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE	84.379	G00012893	SFAC	37,818	
Strengthening Minority-Serving Institutions	USDOE	84.382	G00011088		423,816	
COVID-19 - Education Stabilization Fund	USDOE	84.425	ADN 0521115		9,162	
COVID-19 - Education Stabilization Fund	USDOE	84.425	E00001030		1,033,326	
COVID-19 - Education Stabilization Fund	USDOE	84.425	G00013340		107,762	
COVID-19 - Education Stabilization Fund	USDOE	84.425	G00013347		2,198,072	
COVID-19 - Education Stabilization Fund	USDOE	84.425	G00013377		1,130,485	
COVID-19 - Education Stabilization Fund	USDOE	84.425	G00013386		1,033,325	
COVID-19 - Education Stabilization Fund	USDOE	84.425	G00013402		186,469	
COVID-19 - Education Stabilization Fund	USDOE	84.425	G00013425		187,273	
Language Pathways	USDOE	84.U01	540-20-2125		7,877	
FY20 AK Project AWARE YMHFA Training (July 1, 2019 to September 30, 2019)	USDOE	84.U02	ADN 0521009		46,416	
FY20 AK Title IV a- YMHFA Training	USDOE	84.U03	ADN 0521036		114,604	
BBC FY20 AAE Aleutian Pribilof State Grant	USDOE	84.U04	ADN 07-2020-1196		26,474	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
BBC FY20 AAE State Grant	USDOE	84.U05	ADN 07-2020-1197		32,563	
FY20 Alaska Project AWARE Evaluation	USDOE	84.U06	ADN 0521008		18,310	
TPPSS--Evaluation of the ESEA Title VII, Indian Education LEA Grants Program CAEPR portion	USDOE	84.U07	PO7963 Mod 2		1,601	
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	USDHHS	93.048	G00010269	R&DC	142,417	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	USDHHS	93.073	G00009671		13,152	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	USDHHS	93.073	G00012411		273,647	37,109
Birth Defects and Developmental Disabilities - Prevention and Surveillance	USDHHS	93.073	G00012481		277,943	117,559
Area Health Education Centers	USDHHS	93.107	G00007653		712,211	532,165
Area Health Education Centers	USDHHS	93.107	G00013446		4,000	
Maternal and Child Health Federal Consolidated Programs	USDHHS	93.110	G00006655		476,602	
Oral Diseases and Disorders Research	USDHHS	93.121	UWSC11173 / BPO 40314	R&DC	65,525	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	USDHHS	93.130	ADN 06004051		25,063	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS	93.136	ADN 0600218-2	R&DC	194,843	74,172
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects	USDHHS	93.185	Sub Dtd 3/31/18, Amd 1 04/23/19		7,342	
Research on Healthcare Costs, Quality and Outcomes	USDHHS	93.226	19-U-303196 Amd 2	R&DC	5,979	
Traumatic Brain Injury State Demonstration Grant Program	USDHHS	93.234	G00012183	R&DC	155,403	23,238
Mental Health Research Grants	USDHHS	93.242	G00011624	R&DC	883,132	155,482
Mental Health Research Grants	USDHHS	93.242	SUBK00011482 / PO 3005729498	R&DC	18,699	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0590053	R&DC	452	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0600329-1	R&DC	150,174	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0600336	R&DC	20,391	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0600614	R&DC	114,491	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0690233	R&DC	45	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	ADN 0690334	R&DC	108	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	Contract Dtd 11/2/18	R&DC	3,784	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	G00011053	R&DC	187,736	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	G00011057	R&DC	106,664	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	G00011084	R&DC	168,627	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	USDHHS	93.243	NVHPB-001 **BBO**	R&DC	126,520	
Early Hearing Detection and Intervention	USDHHS	93.251	ADN 0600219-1	R&DC	34,184	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Alcohol Research Programs	USDHHS	93.273	G00010333	R&DC	369,133	61,345
Alcohol Research Programs	USDHHS	93.273	G00012452	R&DC	180,847	22,500
Drug Abuse and Addiction Research Programs	USDHHS	93.279	UWSC111118 / BPO39496	R&DC	16,766	
Centers for Disease Control and Prevention Investigations and Technical Assistance	USDHHS	93.283	G00011902	R&DC	473	
Trans-NIH Research Support	USDHHS	93.310	205CRE496 Amend 8	R&DC	2,092	
Trans-NIH Research Support	USDHHS	93.310	206CRE544 Amend 4	R&DC	4,299	
Trans-NIH Research Support	USDHHS	93.310	G00009789	R&DC	64,577	48,835
Trans-NIH Research Support	USDHHS	93.310	G00009790	R&DC	49,504	
Trans-NIH Research Support	USDHHS	93.310	G00009791	R&DC	3,263	
Trans-NIH Research Support	USDHHS	93.310	G00012782	R&DC	789,628	32,495
Trans-NIH Research Support	USDHHS	93.310	G00012783	R&DC	661,895	
Trans-NIH Research Support	USDHHS	93.310	G00012784	R&DC	1,901,668	68,643
Trans-NIH Research Support	USDHHS	93.310	Subaward 208CRE616	R&DC	357	
Trans-NIH Research Support	USDHHS	93.310	Subaward 100121 (Yr7 on AL	R&DC	103,078	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	USDHHS	93.323	ADN 00600759		20,866	
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	USDHHS	93.354	ADN TBN RSA dtd 12/10/18		390	
Cancer Cause and Prevention Research	USDHHS	93.393	Subaward No 17-009	R&DC	24,673	
Cancer Treatment Research	USDHHS	93.395	G00012233	R&DC	142,625	
Cancer Research Manpower	USDHHS	93.398	ANTHC 15-U-61682 Mod 7	R&DC	2,681	
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	USDHHS	93.421	Subaward Agreement 4-20-8813		7,250	
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	USDHHS	93.433	G00011453	R&DC	53,196	
Temporary Assistance for Needy Families	USDHHS	93.558	2019-10-TAN-01		413,454	
Temporary Assistance for Needy Families	USDHHS	93.558	Agreement Dtd 4/8/19		796,239	
Child Care and Development Block Grant	USDHHS	93.575	Contract Dtd 7/2/2019	CCC	49,360	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS	93.632	3200002810-20-072 Mod 1	R&DC	122,747	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS	93.632	G00012308	R&DC	496,205	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS	93.632	PO 7800004482	R&DC	23,712	
Child Welfare Research Training or Demonstration	USDHHS	93.648	NO. 18-18-79280 Amd 4	R&DC	63,259	
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN 0600359-1		22,568	
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN 0600392-1		2,734	
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN 0600507-1		98,156	
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN 0680282		4,402	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Child Abuse and Neglect State Grants	USDHHS	93.669	ADN 0690337		4	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	USDHHS	93.674	ADN 0600481-1		328,870	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	USDHHS	93.674	ADN 0690180		67,784	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	USDHHS	93.757	ADN 06-9-0329 / GAE 190003791		5,085	
Opioid STR	USDHHS	93.788	RSA 0690342		11,222	
Cardiovascular Diseases Research	USDHHS	93.837	20112502 Amend 2	R&DC	27,992	
Cardiovascular Diseases Research	USDHHS	93.837	ALF Dtd 6/23/20 \$3.5K 20101905	R&DC	31,540	
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	1013984_UAF	R&DC	18,493	
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011116	R&DC	57,758	1,904
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011134	R&DC	379,979	144,700
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS	93.847	G00011666	R&DC	56,052	
Allergy and Infectious Diseases Research	USDHHS	93.855	G00010652	R&DC	262,054	
Biomedical Research and Research Training	USDHHS	93.859	3REV9	R&DC	1,563	
Biomedical Research and Research Training	USDHHS	93.859	FSA.18.001	R&DC	16,729	
Biomedical Research and Research Training	USDHHS	93.859	G00008221	R&DC	31,953	
Biomedical Research and Research Training	USDHHS	93.859	G00009658	R&DC	589,722	37,098
Biomedical Research and Research Training	USDHHS	93.859	G00010301	R&DC	145,265	78,237
Biomedical Research and Research Training	USDHHS	93.859	G00011264	R&DC	47,529	
Biomedical Research and Research Training	USDHHS	93.859	G00012744	R&DC	1,783,352	
Biomedical Research and Research Training	USDHHS	93.859	G00012834	R&DC	3,088,937	91,457
Biomedical Research and Research Training	USDHHS	93.859	G126-19-W7384	R&DC	57,827	
Biomedical Research and Research Training	USDHHS	93.859	G127-19-W7387	R&DC	20,165	
Biomedical Research and Research Training	USDHHS	93.859	G130-19-W7439	R&DC	13,616	
Biomedical Research and Research Training	USDHHS	93.859	G137-19-W7439 Amend 1	R&DC	9,355	
Biomedical Research and Research Training	USDHHS	93.859	G148-19-W7439	R&DC	139	
Biomedical Research and Research Training	USDHHS	93.859	G154-20-W8008	R&DC	43,292	
Biomedical Research and Research Training	USDHHS	93.859	G161-20-W8008	R&DC	68,797	
Biomedical Research and Research Training	USDHHS	93.859	G162-20-W8005	R&DC	31,698	
Biomedical Research and Research Training	USDHHS	93.859	G163-20-W8007	R&DC	80,413	
Biomedical Research and Research Training	USDHHS	93.859	G175-20-W8008	R&DC	28,107	
Biomedical Research and Research Training	USDHHS	93.859	G188-20-W8008	R&DC	18,184	
Biomedical Research and Research Training	USDHHS	93.859	G204-19-W7439	R&DC	7,327	3,650
Biomedical Research and Research Training	USDHHS	93.859	G228-20-W8008	R&DC	38,356	
Biomedical Research and Research Training	USDHHS	93.859	G229-20-W7960	R&DC	29,122	21,489
Biomedical Research and Research Training	USDHHS	93.859	G230-20-W7960	R&DC	155,250	
Biomedical Research and Research Training	USDHHS	93.859	G231-20-W7959	R&DC	116,009	
Biomedical Research and Research Training	USDHHS	93.859	G254-20-W8006	R&DC	87,789	
Biomedical Research and Research Training	USDHHS	93.859	GR07328	R&DC	2,101	
Biomedical Research and Research Training	USDHHS	93.859	GR09459	R&DC	46,581	
Biomedical Research and Research Training	USDHHS	93.859	MSU ID G139-20-W8008	R&DC	24,253	

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020
By State Agency

Federal Program Title	Federal Agency	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Passed Through to Subrecipients
Biomedical Research and Research Training	USDHHS	93.859	Sub 79590/1142917	R&DC	59,019	
Biomedical Research and Research Training	USDHHS	93.859	Amend 2			
Biomedical Research and Research Training	USDHHS	93.859	Subaward NWIC-SA24226-UAF	R&DC	170,503	
Biomedical Research and Research Training	USDHHS	93.859	UWSC10374 / BPO30153	R&DC	26,240	
Medical Library Assistance	USDHHS	93.879	Sub NO. UWSC9122 MOD3 BPO39295		28,343	
National Bioterrorism Hospital Preparedness Program	USDHHS	93.889	ADN 0600711		19,173	
PPHF Geriatric Education Centers	USDHHS	93.969	MOA eff. 5/22/19 Amd 5		70,973	
Maternal and Child Health Services Block Grant to the States	USDHHS	93.994	ADN 0600153-1		84,060	
COVID-19 - DHSS COVID-19 Paid Leave & Labor	USDHHS	93.U05	2954000		2,219,496	
COVID-19 - DHSS COVID-19 Commodities	USDHHS	93.U06	2954001		491,206	
FY20 ACL Living Well on the Last Frontier	USDHHS	93.RD	ADN 0600333-1	R&DC	85,618	
FY20 Pain & Opioid Management ECHO	USDHHS	93.RD	ADN 0600489	R&DC	44,876	
Rural Alaska Students in One-Health Research RASOR	USDHHS	93.RD	G00012869	R&DC	174,664	60,085
NIAID Centers of Excellence for Influenza Research and Surveillance	USDHHS	93.RD	HHSN27220140008C /COA 3, AMD 8	R&DC	88,597	
Improving Science-Ethics Communication at the Nexus of Climate-Food-Water-Energy Health: Community Outreach Project that Engages Elementary School Children in the Anchorage School District	USDHHS	93.RD	Order 605150 / Awardee No. 300	R&DC	7,461	
Social Security - Work Incentives Planning and Assistance Program	SSA	96.008	G00010324		71,233	
Boating Safety Financial Assistance	USDHS	97.012	G00012464	R&DC	3,891	
Hazard Mitigation Grant	USDHS	97.039	State Grant No. 4257.0009		6,739	
Centers for Homeland Security	USDHS	97.061	G00009634	R&DC	4,115,196	2,499,011
FEMA for 2018 Earthquake UAF MEF Earthquake Repairs	USDHS	97.U06	590307		5,841	
FEMA for 2018 Earthquake UAA 2018 Earthquake Response	USDHS	97.U07	590308		331,624	
FEMA for 2018 Earthquake UAF Seward MC Earthquake Repairs	USDHS	97.U08	590309		8,846	
Emergency Management SoTL & Discipline Focus Group	USDHS	97.U09	G00012697		32	
Total for University of Alaska					213,540,120	11,175,927
Total Federal Financial Assistance					4,685,795,670	455,870,988

ABBREVIATIONS

A

AAC	Alaska Administrative Code <i>or</i> Alaska Aerospace Corporation
AAM	Alaska Administrative Manual
ACF	Administration for Children and Families
ACS	Alaska Court System
ACT	Alaska Community Transit
ADP	Automated Data Processing
AEA	Alaska Energy Authority
AGDC	Alaska Gasline Development Corporation
AHCC	Alaska Housing Capital Corporation
AHFC	Alaska Housing Finance Corporation
AI	American Indian
AIAS	Alaska International Airport System
AIDEA	Alaska Industrial Development and Export Authority
AIDS	Acquired Immunodeficiency Virus Syndrome
AIP	Airport Improvement Program
AK	Alaska
ALDER	Alaska Data Enterprise Reporting
AMBBA	Alaska Municipal Bond Bank Authority
AMHS	Alaska Marine Highway System
AMHTA	Alaska Mental Health Trust Authority
AN	Alaska Native
ANTHC	Alaska Native Tribal Health Consortium
APA	Adult Public Assistance
APF	Alaska Permanent Fund
APFC	Alaska Permanent Fund Corporation
ARRC	Alaska Railroad Corporation
ARHCT	Alaska Retiree Healthcare Trust
ARIES	Alaska's Resource for Integrated Eligibility Services
ARMB	Alaska Retirement Management Board
ARNG	Army National Guard
AS	Alaska Statute
ASCA	Alaska State Council on the Arts
ASD	Administrative Services Director

ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Institute
ASPIB	Alaska State Pension Investment Board
B	
BARTS	Benefit Audit Reporting and Tracking System
BFY	Budget Fiscal Year
BLM	Bureau of Land Management
BPC	Benefit Payment Control
C	
CAFR	Comprehensive Annual Financial Report
CARES	Coronavirus Aid, Relief, and Economic Security
CB-496	Foster Care Title IV-E Programs Quarterly Financial Report
CBR	Constitutional Budget Reserve
CBRF	Constitutional Budget Reserve Fund
CCDF	Child Care and Development Fund
CCPO	Child Care Program Office
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CHIP	Children's Health Insurance Program
CIP	Construction in Progress
CISA	Certified Information Systems Auditor
CMS	Centers for Medicare and Medicaid Services
COD	Common Origination and Disbursement System
COP	Certificate of Participation
COVID-19	Coronavirus Disease 2019
CPA	Certified Public Accountant
CRF	Coronavirus Relief Fund
CTR	Crew Time Report
D	
DAS	Division of Administrative Services
DBE	Disadvantage Business Enterprise
DBUL	Defined Benefit Unfunded Liability
DCCED	Department of Commerce, Community, and Economic Development

DCP	Deferred Compensation Plan
DCRA	Division of Community and Regional Affairs
DEC	Department of Environmental Conservation
DEED	Department of Education and Early Development
DETS	Division of Employment and Training Services
DFG	Department of Fish and Game
DFMS	Division of Finance and Management Services
DHCS	Division of Health Care Services
DHSS	Department of Health and Social Services
DLA	Division of Legislative Audit
DLWD	Department of Labor and Workforce Development
DMVA	Department of Military and Veterans' Affairs
DNR	Department of Natural Resources
DOA	Department of Administration
DOC	Department of Corrections
DOF	Division of Finance
DOP	Division of Personnel
DOR	Department of Revenue
DOTPF	Department of Transportation and Public Facilities
DOW	Division of Water
DPA	Division of Public Assistance
DPD	Division of Program Development
DPS	Department of Public Safety
DRB	Division of Retirement and Benefits

E

EBT	Electronic Benefit Transfer
EFF	Emergency Firefighter
EGWP	Employer Group Waiver Plan
EIS	Eligibility Information Services
EOMB	Explanation of Medical Benefits
EPA	U.S. Environmental Protection Agency
ESEA	Elementary and Secondary Education Act
ESSER	Elementary and Secondary School Emergency Relief
ET	Eligibility Technician
ETA	Employment and Training Administration

F

FAA	Federal Aviation Administration
FAIN	Federal Award Identification Number
FERC	Federal Energy and Regulatory Commission
FFATA	Federal Funding Accountability and Transparency Act
FFELP	Federal Family Education Loan Program
FFY	Federal Fiscal Year
FGRA	Formula Grants for Rural Areas
FHWA	Federal Highway Administration
FISP	Facilities Inventory and Support Plan
FMAG	Fire Management Assistance Grant
FMAP	Federal Medical Assistance Percentage
FMS	Finance and Management Services
FPUC	Federal Pandemic Unemployment Compensation
FSS	Finance and Support Services
FUTA	Federal Unemployment Tax Act
FX	Foreign Currency
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement
GeFONSI	General Fund and Other Non-Segregated Investments
GEER	Governor's Emergency Education Relief
GF	General Fund
GMS	Grants Management System
GOV	Office of the Governor

H

HHS	Health and Human Services
HPCC	Highway Planning and Construction Cluster
HPE	Hospital Presumptive Eligibility
HQS	Housing Quality Standards
HRA	Healthcare Reimbursement Arrangement Plan

I

IAF	International Airport Fund
IBNR	Incurred But Not Reported
IEVS	Income Eligibility and Verification System
IHS	Indian Health Service
IRIS	Integrated Resource Information System
ISF	Information Services Fund
ISP	Information Security Policy
IT	Information Technology

J

JRS	Judicial Retirement System
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L

LAW	Department of Law
LEA	Local Education Agency
LIBOR	London Interbank Offered Rate
LLC	Limited Liability Company

M

MAGI	Modified Adjusted Gross Income
MD&A	Management's Discussion and Analysis
MFCU	Medicaid Fraud Control Unit
MII	Medicaid Integrity Institute
MMIS	Medicaid Management Information System
MOU	Memorandum of Understanding
MSA	Master Settlement Agreement and Final Judgment
MTW	Moving to Work Demonstration

N

NAV	Net Asset Value
NCCI	National Correct Coding Initiative
NGMOMP	National Guard Military Operations and Maintenance Project
NGNMRS	National Guard and Alaska Naval Militia Retirement System
NIST	National Institute of Standards and Technology
NOAA	National Oceanic and Atmospheric Administration

NRSRO	Nationally Recognized Statistical Rating Organization
NSLDS	National Student Loan Data System
NTSC	Northern Tobacco Securitization Corporation
O	
OA	Outside Auditor
OAD	Obligating Award Document
OAH	Office of Administrative Hearings
OCS	Office of Children's Services
OIT	Office of Information Technology
O&M	Operations and Maintenance
OMB	Office of Management and Budget
OPEB	Other Post-Employment Benefits
P	
PACAP	Public Assistance Cost Allocation Plan
PCEF	Power Cost Equalization Endowment Fund
PERS	Public Employees' Retirement System
PERS-DB	PERS – Defined Benefit
PERS-DCR	PERS – Defined Contribution Retirement Plan
PEUC	Pandemic Extended Unemployment Compensation
PIC	Public and Indian Housing Information Center
P.O.	Post Office
PPHF	Prevention and Public Health Fund
PRPA	Postretirement Pension Adjustment
PUA	Pandemic Unemployment Assistance
PVE	Petroleum Violation Escrow
R	
RCA	Regulatory Commission of Alaska
RHF	Retiree Health Fund
RLF	Revolving Loan Fund
RMP	Retiree Medical Plan
RMW	Remote Maintenance Worker
RSA	Reimbursable Service Agreement

S

SAM	System of Award Management
SBRF	Statutory Budget Reserve Fund
SBS	Supplemental Benefits System
SEC	Special Education Cluster
SEFA	Schedule of Expenditures of Federal Awards
SFAC	Student Financial Assistance Cluster
SHO	State Health Official
SIC	Synthetic Investment Contract
SIFMA	Securities Industry and Financial Markets Association
SLA	Session Laws of Alaska
SNAP	Supplemental Nutrition Assistance Program
SOA	State of Alaska
SSA	Social Security Administration <i>or</i> Social Security Act
SSD	Support Services Division
SSI	Supplemental Security Income
STD	Sexually Transmitted Disease
SUR	Surveillance and Utilization Review Unit
SWCAP	Statewide Cost Allocation Plan

T

TANF	Temporary Assistance for Needy Families
TAPS	Trans-Alaska Pipeline System
THO	Tribal Health Organization
TRS	Teachers' Retirement System
TRS-DB	TRS – Defined Benefits
TRS-DCR	TRS – Defined Contribution Retirement Plan
TSR	Tobacco Settlement Revenue

U

UA	University of Alaska
UAA	University of Alaska Anchorage
UAAL	Unfunded Actuarial Accrued Liabilities
UAS	University of Alaska Southeast
UCF	Unemployment Compensation Fund
UI	Unemployment Insurance

U.S.	United States
USDA	U.S. Department of Agriculture
USDHHS	U.S. Department of Health and Human Services
USDHS	U.S. Department of Homeland Security
USDOD	U.S. Department of Defense
USDOE	U.S. Department of Education
USDOI	U.S. Department of the Interior
USDOL	U.S. Department of Labor
USDOT	U.S. Department of Transportation
USED	U.S. Department of Education
USFS	U.S. Forest Service
USHUD	U.S. Department of Housing and Urban Development

V

VSW	Village Safe Water
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W

WIC	Women, Infants, and Children
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