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

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February 28, 2011

Honorable Members of the
Alaska State Legislature

The Honorable Sean Parnell
Governor
State of Alaska

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

We are pleased to transmit the Single Audit of the State of Alaska for the fiscal year ended June 30, 2010. The audit was conducted in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States, and complies with the federal Single Audit Act Amendments of 1996 and the related *OMB Circular A-133* issued by the U.S. Office of Management and Budget.

The report includes an opinion on the basic financial statements of the State of Alaska for FY 10, recommendations on financial and compliance matters, and required auditor's reports on internal controls and compliance, and the Schedule of Expenditures of Federal Awards.

The findings and recommendations included in this report are organized by department and include prior financial/compliance findings not fully corrected by the departments. Our FY 09 Single Audit contained 25 recommendations; this report presents a total of 30 recommendations, eight of which were presented at least in part last year. Included in this year's recommendations are four recommendations made to Alaska Housing Finance Corporation whose audit was performed by other auditors. With your active support and encouragement, we hope to continue seeing improvement in the implementation of these recommendations by the state agencies.

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

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

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

Pat Davidson, CPA
Legislative Auditor

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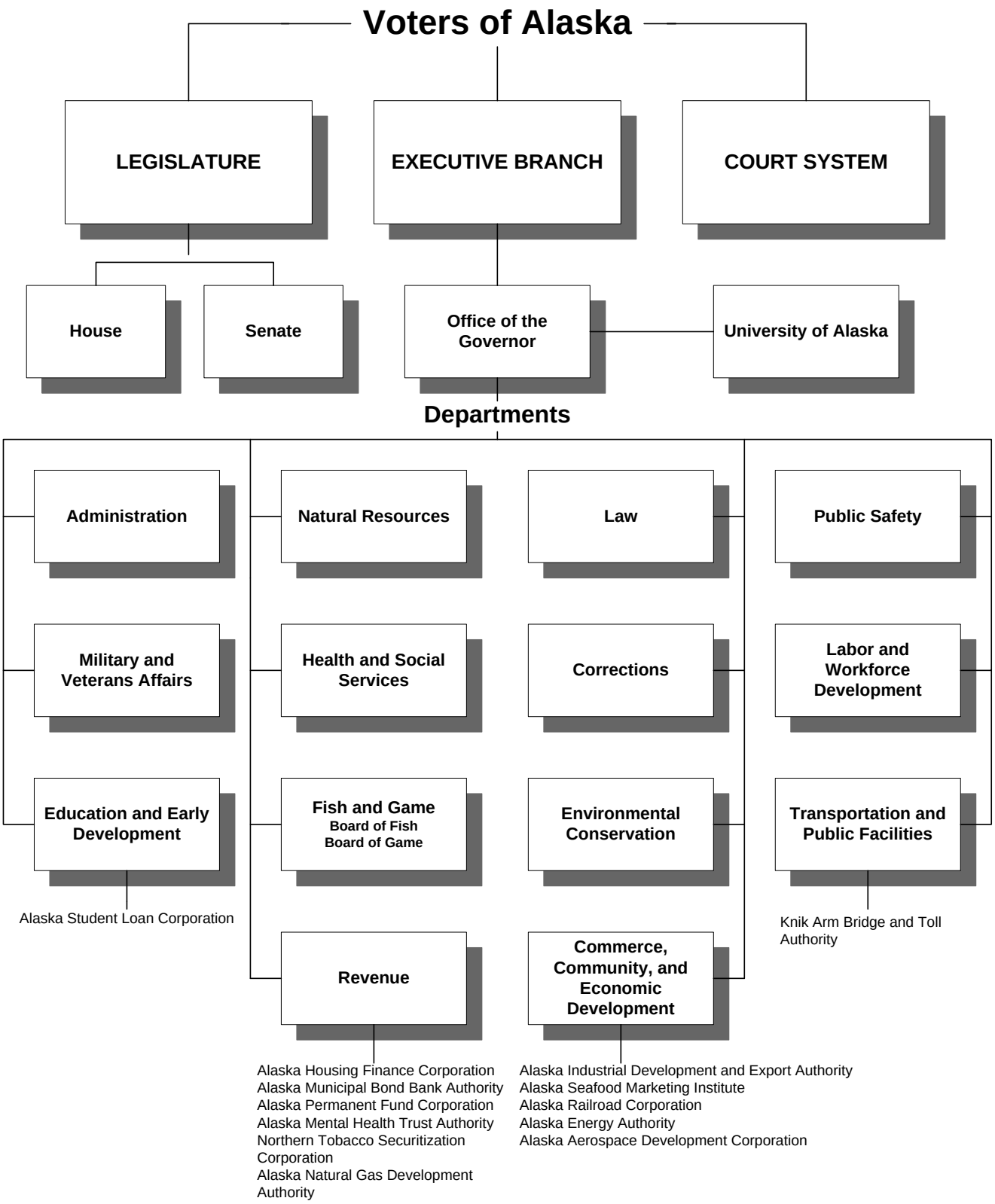
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Law
Public Safety
Military and Veterans Affairs
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Corrections
Labor and Workforce Development
Education and Early Development
Fish and Game
Board of Fish
Board of Game
Environmental Conservation
Transportation and Public Facilities
Alaska Student Loan Corporation
Knik Arm Bridge and Toll Authority
Revenue
Commerce, Community, and Economic Development
Alaska Housing Finance Corporation
Alaska Municipal Bond Bank Authority
Alaska Permanent Fund Corporation
Alaska Mental Health Trust Authority
Northern Tobacco Securitization Corporation
Alaska Natural Gas Development Authority
Alaska Industrial Development and Export Authority
Alaska Seafood Marketing Institute
Alaska Railroad Corporation
Alaska Energy Authority
Alaska Aerospace Development Corporation

SECTION I – AUDITOR'S REPORT AND FINANCIAL STATEMENT

ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
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Independent Auditor's Report

Members of the Legislative Budget
and Audit Committee:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of and for the fiscal year ended June 30, 2010, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Alaska's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alaska Permanent Fund, the Fiduciary Funds – Pension and Other Employee Benefit Trust Funds, and one discretely presented component unit: the Alaska Mental Health Trust Authority. Those financial statements reflect total assets, net assets and revenues of the indicated opinion units:

Opinion Unit	Percent of Assets	Percent of Net Assets/ Fund Balance	Percent of Revenues
Governmental Activities	61%	61%	32%
Aggregate Discretely Presented Component Units	4%	8%	4%
Major Funds: Alaska Permanent Fund	100%	100%	100%
Aggregate Remaining Fund Information: Fiduciary Funds	86%	88%	83%

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Certain entities of the State of Alaska were not audited in accordance with *Government Auditing Standards*.

These entities include: the Alaska Municipal Bond Bank Authority (a discretely presented component unit), and the Supplemental Benefit System, Public Employees Retirement System and Teachers Retirement System (fiduciary funds). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1F to the financial statements, effective July 1, 2009, the State of Alaska changed its method of reporting fund balance classifications to reflect the adoption of *Governmental Accounting Standards Board, Statement 54: Fund Balance Reporting and Governmental Fund Type Classifications.*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2010, on our consideration of the State of Alaska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Pat Davidson, CPA
Legislative Auditor

December 10, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the preceding pages of this report, and the financial statements that follow.

Financial Highlights

Government-wide

- The assets of the State exceeded its liabilities at the close of FY 10 by $56.4 billion (net assets). Of this amount, $6.2 billion is invested in capital assets, $33.5 billion is restricted for various purposes, and unrestricted net assets are $16.7 billion. Unrestricted net assets may be used to meet the State's ongoing obligations to citizens and creditors.
- The State's total net assets increased by $4.8 billion as a result of this year's operations. This increase is primarily attributable to interest and investment gains compared to losses in the previous year.

Fund level

- Beginning in FY 10 the State implemented GASB Statement 54, which provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with nonspendable, restricted, and unrestricted balances. Additional information on the State's fund balances can be found in Note 1 in the notes to the basic financial statements.
- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of $49.8 billion, with $16.8 billion unrestricted (includes committed, assigned, and unassigned), $32.6 billion nonspendable, and $406 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes $32.0 billion of the Alaska Permanent Fund principal with the remaining related to nonspendable assets such as inventory, compensating balances, advances and prepaid items, and the principal of other nonmajor permanent funds.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was a surplus of $15.2 billion. This is an increase of $2.0 billion from FY 09. The increase is mainly attributable to investment gains.

Long-term debt

- As a result of this year's activity, the State's total long-term debt decreased by $86 million (3 percent). The key factors in this decrease include general obligation bonds, revenue bonds, and claims and judgments. The State of Alaska did not issue new general obligation bonds or revenue bonds during FY 10; therefore, the decrease is based on regular pay down of the debt. The claims and judgment decrease is related to a final judgment of $82 million by the Alaska Supreme Court in FY 10.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

As mentioned earlier, the State has only two major governmental funds, the Alaska Permanent Fund and the General Fund. Together these two funds represent 96.5 percent of total government-wide cash and investments and 86.5 percent of total government-wide net assets (excluding component units). The governmental funds financial statements present detail on each

of these funds, with summarized information on all other governmental funds. In addition, detail for each of the nonmajor governmental funds is available in combining statements elsewhere in this report.

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

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

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

The proprietary fund financial statements are statement numbers 1.21 through 1.23. The International Airports Fund is a major enterprise fund of the State of Alaska. The International Airports Fund is 9.7 percent of total government-wide liabilities (excluding component units). The proprietary funds financial statements present detail on this fund with summarized information on all other proprietary funds. In addition, detail for each of the nonmajor proprietary funds is provided in the combining statements elsewhere in this report.

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

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

Notes to the Basic Financial Statements

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

Additional Required Supplementary Information

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

Other Supplementary Information

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

Government-wide Financial Analysis

As noted earlier, net assets should serve over time as a useful indicator of a government's financial position. State assets exceeded liabilities by $56.4 billion at the close of the most recent fiscal year (see table below). By far the largest portion of the State's net assets (59 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 ($32.0 billion) may not be spent.

The remainder of the State's net assets (41 percent) represents amounts invested in capital assets net of related debt ($6.2 billion), resources that are subject to external restrictions of how they may be used ($1.5 billion), and unrestricted net assets of $16.7 billion, of which $1.2 billion is within the Alaska Permanent Fund.

Net Assets
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Current and Other Noncurrent Assets	$ 54,280	$ 50,338	$ 1,109	$ 1,188	$ 55,389	$ 51,526
Capital Assets	6,237	6,063	1,244	1,173	7,481	7,236
Total Assets	60,517	56,401	2,353	2,361	62,870	58,762
Long-term Liabilities	1,958	2,024	573	593	2,531	2,617
Other Liabilities	3,887	4,451	18	22	3,905	4,473
Total Liabilities	5,845	6,475	591	615	6,436	7,090
Net Assets:						
Invested in Capital Assets, Net of Related Debt	5,430	5,293	766	706	6,196	5,999
Restricted	32,819	30,008	679	712	33,498	30,720
Unrestricted	16,423	14,625	317	328	16,740	14,953
Total Net Assets	$ 54,672	$ 49,926	$ 1,762	$ 1,746	$ 56,434	$ 51,672

The net assets of governmental activities increased $4,746 million and business-type activities increased $16 million as a result of this year's operations. The increase for governmental activities is primarily due to interest and investment gains compared to losses in the previous year. The increase in business-type activities is primarily due to the increase in operating grants.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during FY 10.

Changes in Net Assets

(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Revenues						
Program Revenues						
Charges for Services	$ 2,563	$ 2,629	$ 291	$ 286	$ 2,854	$ 2,915
Operating Grants	1,913	1,489	100	19	2,013	1,508
Capital Grants	591	634	84	79	675	713
General Revenues						
Taxes	3,601	4,335	-	-	3,601	4,335
Interest and Investment Income/(Loss)	4,529	(6,461)	(13)	(11)	4,516	(6,472)
Payments In from Component Units	40	26	-	-	40	26
Other Revenues	70	129	11	6	81	135
Total Revenues	13,307	2,781	473	379	13,780	3,160
Expenses						
General Government	423	515	-	-	423	515
Alaska Permanent Fund Dividend	817	2,016	-	-	817	2,016
Education and University	2,093	2,058	-	-	2,093	2,058
Health and Human Services	2,262	2,068	-	-	2,262	2,068
Law and Justice	241	270	-	-	241	270
Public Protection	697	609	-	-	697	609
Natural Resources	343	295	-	-	343	295
Development	319	386	2	2	321	388
Transportation	1,135	960	-	-	1,135	960
Intergovernmental	178	232	-	-	178	232
Debt Service	48	43	-	-	48	43
Loans	-	-	5	4	5	4
Unemployment Compensation	-	-	340	200	340	200
Airports	-	-	115	117	115	117
Total Expenses	8,556	9,452	462	323	9,018	9,775
Excess (Deficiency) of Revenues						
Over Expenditures	4,751	(6,671)	11	56	4,762	(6,615)
Transfers	(5)	(14)	5	14	-	-
Special Items NPO/OPEB Writeoff	-	126	-	4	-	130
Change in Net Assets	4,746	(6,559)	16	74	4,762	(6,485)
Net Assets - Beginning of Year	49,926	55,883	1,746	1,678	51,672	57,561
Prior Period Adjustment	-	(2)	-	(4)	-	(6)
Changes in Accounting Principles	-	604	-	(2)	-	602
Net Assets - End of Year	$ 54,672	$ 49,926	$ 1,762	$ 1,746	$ 56,434	$ 51,672

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 $49.8 billion, an increase of $4.4 billion in comparison with the prior year. This increase is from the Alaska Permanent Fund investment gains.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of $10.4 billion, and $4.8 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an assigned fund balance of $1.2 billion, and the remaining nonmajor governmental funds had committed fund balances of $419 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 ($32.0 billion), and other items that are nonspendable, such as inventory, compensating balances, advances and prepaid items, and principal ($593 million), and amounts restricted for a variety of other purposes ($406 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 $15.2 billion, while total fund balance reached $15.5 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 180 percent of total General Fund expenditures, while total fund balance represents 185 percent of that same amount.

The fund balance of the State's General Fund increased by $1.2 billion during the current fiscal year. The key factor in this increase is investment gains.

There was no appropriated borrowing from the Constitutional Budget Reserve Fund during the fiscal year. In FY 09 $402 million was transferred to the Constitutional Budget Reserve Fund to repay it in full; however, it was immediately appropriated back to the General Fund on July 1, 2009. In FY 10 this amount was appropriated from the General Fund to pay off the Constitutional Budget Reserve Fund in full.

General Fund revenues for FY 10 were $8.8 billion, an increase of $618 million compared to revenues of $8.2 billion for FY 09. Revenues by source for FY 10 are compared to FY 09 in the following schedule (in millions):

Revenue Source	FY 10	Percent	FY 09	Percent
Taxes	$ 3,578.9	40.7%	$ 4,311.3	52.7%
Rents and Royalties	1,548.0	17.6%	1,559.8	19.1%
Interest and Investment Income/(Loss)	925.1	10.5%	(145.2)	-1.8%
Federal	2,394.1	27.2%	2,088.4	25.5%
Miscellaneous	356.6	4.0%	370.6	4.5%
Total Revenue	$ 8,802.7	100.0%	$ 8,184.9	100.0%

The primary component of this revenue increase is interest and investment income compared to losses in the previous year. Federal revenues also increased by $306 million.

Alaska Permanent Fund

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

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

- **Nonspendable Fund Balances:** The nonspendable fund balances, or principal, include all historical contributions and appropriations, which are the main body of the fund. At June 30, 2010, this amounted to $31.6 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: $11.9 billion in dedicated mineral revenues; $12.7 billion of fund realized earnings transferred to principal for inflation proofing; $6.9 billion in additional deposits approved by special legislative appropriation, and $153 million in settlement earnings (*State v. Amerada Hess, et al.*).

  A portion of accumulated unrealized appreciation on invested assets is also part of the nonspendable fund balances (see 2009 Attorney General Opinion, June 16; AG file number: JU 2009-200-509). The portion of the unrealized appreciation at the end of the fiscal year allocated to principal amounted to $420.8 million.

- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation, consist of the realized earnings of the fund and a portion of accumulated unrealized appreciation. From inception through June 30, 2010, realized earnings have amounted to $37.0 billion. Of this amount $18.4 billion has been paid out for dividends, $12.7 billion has been transferred to principal for inflation proofing, $4.3 billion has been added to principal by special appropriation, $0.4 billion has been paid out to the General Fund, and $1.2 billion remains in the fund at June 30, 2010 in the realized earnings account. The portion of the unrealized appreciation at the end of the fiscal year allocated to the assigned fund balance amounted to $15.9 million.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a $2.6 billion increase in appropriations (or 18 percent) and can be briefly summarized as follows:

- $1,219.0 million allocated to education
- $518.9 million allocated to transportation
- $286.2 million allocated to public protection
- The balance is allocated across several expenditure functions.

Of this overall increase in appropriated expenditures, $456.4 million was funded out of an increase in interagency receipts, which represent purchases between departments, and $241.2 million was funded out of an increase in federal grants in aid, which is predominantly related to revenues received under the American Recovery and Reinvestment Act of 2009. The remaining increase was funded with money available within the General Fund.

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

Capital Assets and Debt Administration

Capital assets. The State's investment (net of related debt) in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to $6.2 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 10 totaled $346 million for governmental activities and $47 million for business-type activities.

Capital Assets
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Land	$ 823	$ 797	$ 30	$ 30	$ 853	$ 827
Buildings	1,115	1,080	746	547	1,861	1,627
Equipment	440	447	29	25	469	472
Infrastructure	2,499	2,370	362	342	2,861	2,712
Construction in Progress	1,359	1,369	77	229	1,436	1,598
Total Capital Assets	$ 6,236	$ 6,063	$ 1,244	$ 1,173	$ 7,480	$ 7,236

In FY 10, buildings and infrastructure increased $234 million and $149 million respectively. These increases are attributable to large capital budgets in recent years. Additional information on the State's capital assets can be found in Note 5 in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the State had total bonded debt outstanding of $1,478 million. Of this amount, $490 million was general obligation bonds, and $988 million of revenue bonds payable comprised of $371 million issued by the Northern Tobacco Securitization Corporation (NTSC), $55 million of sport fishing revenue bonds, and $562 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 $562 million are International Airports revenue bonds secured solely by specified revenue sources. The general obligation, NTSC, and sport fishing bonds are reported as governmental activities debt, and the International Airports bonds are reported as business-type activities debt.

Long-term Debt
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Revenue Bonds Payable	$ 426	$ 430	$ 562	$ 583	$ 988	$ 1,013
General Obligation Debt	490	520	-	-	490	520
Capital Leases Payable	410	411	-	-	410	411
Deferred Revenues and Advances	302	286	4	4	306	290
Certificates of Participation	46	52	-	-	46	52
Compensated Absences	154	144	4	4	158	148
Claims and Judgments	75	135	1	-	76	135
Pollution Remediation	53	43	2	1	55	44
Other Noncurrent Liabilities	1	3	-	1	1	4
Net Pension Obligation	1	-	-	-	1	-
Total	$ 1,958	$ 2,024	$ 573	$ 593	$ 2,531	$ 2,617

The State's total debt decreased by $86 million (3 percent) as a result of this year's operations. The State of Alaska did not issue new general obligation bonds or revenue bonds during FY 10; therefore, the decrease is based on regular pay down of the debt. The claims and judgment decrease is related to a final judgment of $82 million by the Alaska Supreme Court in FY 10.

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

Significant Facts

State petroleum revenues were relatively stable from FY 09 to FY 10. The weighted average production tax rate was slightly lower; however, this rate was applied to wellhead value of $68.89 per barrel. In FY 09 $62.02 per barrel average was realized.

Another significant factor affecting revenues was an increase of $11.0 billion in interest and investment income between FY 09 and FY 10. The majority of this amount is from investment gains in the Alaska Permanent Fund. The fund experienced a total fund return of 11.7% for FY 10. However, the overall fiscal year gains were not enough to fully recover the losses incurred by the fund in FY 09 and FY 08.

During FY 10 the Alaska Retirement Management Board settled a lawsuit against its former actuary, Mercer, regarding claims of professional malpractice, breach of contract and unfair trade practices in advising the State on management of the Alaska Public Employees' Retirement System and the Alaska Teachers' Retirement System. The settlement agreement amounts to $500 million in exchange for dismissal of the lawsuit. The amount allocated to the Public Employees' Retirement System was $359 million after legal fees were deducted and the amount allocated to the Teachers' Retirement System was $44 million after legal fees were deducted. Legal fees totaled $97 million.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 10 was 8.3 percent, which is higher than the average unemployment rate for FY 09 of 7.4 percent. Alaska's five year average (2006 to 2010) was 6.9 percent. The United States unemployment rate for FY 10 was 9.8 percent.

- The State's major source of unrestricted revenue for the General Fund is petroleum related, which accounted for 57 percent of total revenue, with federal revenue making up another 27 percent, and the balance coming from other sources. As a result, the State's budget is structured around these two revenue sources. During the fiscal year the price per barrel increased, resulting in slightly lower tax rate and ultimate decrease of $719 million in petroleum revenues. Federal funds are generally restricted for use in federal programs and therefore do not provide resources for balancing the State budget.

- FY 10 crude oil and natural gas liquids production for the Alaska North Slope and Cook Inlet averaged 648 thousand barrels per day. This is 35 thousand barrels per day less than in the prior year. FY 10 production, compared to peak production of 2.049 million barrels per day in FY 88, has declined by 68 percent.

- The State of Alaska FY 10 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 ($1,305/resident) was paid to each qualifying Alaskan for a total of $817 million.

Requests for Information

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

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BASIC

FINANCIAL STATEMENTS

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STATE OF ALASKA **STATEMENT 1.01**

Statement of Net Assets
Government-wide
June 30, 2010
(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 50,394,119	$ 577,650	$ 50,971,769	$ 2,188,171
Accounts Receivable - Net	524,326	27,781	552,107	47,068
Interest and Dividends Receivable	110,840	25,562	136,402	35,831
Internal Balances	45,013	(45,013)	-	
Due from Primary Government	-	-	-	27,406
Due from Component Units	78,389	-	78,389	26,905
Due from Other Governments	455,784	13,224	469,008	45,256
Loans, Notes, and Bonds Receivable	21,158	383,252	404,410	4,099,246
Inventories	20,614	-	20,614	27,036
Repossessed Property	-	696	696	300
Net Investment in Direct Financing Leases	-	-	-	305,995
Investments in Projects, Partnerships, or Corporations	-	3,780	3,780	81,372
Securities Lending Collateral	2,598,126	-	2,598,126	27,447
Restricted Assets	3,860	119,601	123,461	1,953,795
Deferred Outflows	-	-	-	127,899
Other Assets	27,701	2,614	30,315	85,837
Capital Assets:				
Equipment, Net of Depreciation	440,414	29,809	470,223	291,531
Buildings, Net of Depreciation	1,115,159	746,073	1,861,232	770,730
Infrastructure, Net of Depreciation	2,499,184	361,542	2,860,726	759,842
Land / Right-of-Way	823,035	29,738	852,773	81,708
Construction in Progress	1,359,257	76,912	1,436,169	146,735
Total Assets	60,516,979	2,353,221	62,870,200	11,130,110
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,274,742	6,456	1,281,198	115,555
Obligations Under Securities Lending	2,598,126	-	2,598,126	27,447
Due to Primary Government	-	-	-	85,039
Due to Component Units	2,482	-	2,482	26,770
Due to Other Governments	386	4,074	4,460	1,176
Interest Payable	11,568	6,668	18,236	33,964
Derivative Instruments	-	-	-	130,267
Other Current Liabilities	2	524	526	203,925
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences and Pollution Remediation	161,600	4,356	165,956	4,617
Unearned and Deferred Revenue	43,290	4,175	47,465	9,542
Notes, Bonds, and Leases Payable	64,664	7,040	71,704	358,931
Other Long-term Debt	-	-	-	3,043
Other Noncurrent Liabilities	966	-	966	122
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences and Pollution Remediation	120,854	2,336	123,190	3,784
Unearned and Deferred Revenue	258,897	-	258,897	448,558
Notes, Bonds, and Leases Payable	1,306,296	554,966	1,861,262	4,209,091
Other Long-term Debt	-	-	-	7,830
Other Noncurrent Liabilities	1,089	155	1,244	30,053
Total Liabilities	5,844,962	590,750	6,435,712	5,699,714
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	5,429,469	765,841	6,195,310	1,341,499
Restricted for:				
Permanent Funds				
Nonexpendable	32,408,388	-	32,408,388	330,023
Expendable	10,997	-	10,997	88,511
Education	27,164	-	27,164	357,467
Development	307,582	-	307,582	39,209
Unemployment Compensation	-	264,904	264,904	-
Health and Human Services	17,814	378,469	396,283	-
Debt Service	43,086	25,619	68,705	645,589
Other Purposes	4,175	10,267	14,442	41,925
Unrestricted	16,423,342	317,371	16,740,713	2,586,173
Total Net Assets	$ 54,672,017	$ 1,762,471	$ 56,434,488	$ 5,430,396

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

STATE OF ALASKA **STATEMENT 1.02**
Statement of Activities
Government-wide
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	$ 423,411	$ 10,706	$ 51,504	$ 4,475
Alaska Permanent Fund Dividend	817,162	-	-	-
Education	1,688,586	3,277	237,420	1,169
University	404,071	10	485	-
Health and Human Services	2,261,984	41,816	1,210,587	45,578
Law and Justice	241,021	10,604	21,943	251
Public Protection	696,937	160,851	69,572	19,955
Natural Resources	342,556	2,278,392	77,590	18,622
Development	319,268	1,264	84,879	3,142
Transportation	1,135,249	54,746	129,852	486,310
Intergovernmental Revenue Sharing	177,531	-	28,608	-
Debt Service	48,377	1,320	97	12,008
Total Governmental Activities	8,556,153	2,562,986	1,912,537	591,510
Business-type Activities:				
Loans	5,062	16,372	584	18,987
Unemployment Compensation	339,964	168,524	95,694	-
Airports	114,885	105,441	2,895	65,183
Development	1,984	1,068	767	-
Total Business-type Activities	461,895	291,405	99,940	84,170
Total Primary Government	$ 9,018,048	$ 2,854,391	$ 2,012,477	$ 675,680
Component Units:				
University of Alaska	$ 786,696	$ 164,264	$ 228,794	$ 8,982
Alaska Housing Finance Corporation	443,804	186,552	55,013	136,955
Alaska Industrial Development and Export Authority	46,205	44,801	348	952
Nonmajor Component Units	382,360	194,514	74,207	57,229
Total Component Units	$ 1,659,065	$ 590,131	$ 358,362	$ 204,118

General Revenues:
Taxes:
Severance Taxes
Selective Sales/Use
Income Taxes
Property Taxes
Other Taxes
Interest and Investment Income (Loss)
Tobacco Settlement
Payments In from Component Units
Payments In from Primary Government
Other Revenues
Transfers - Internal Activity
Special Items:
Gain on Cancellation of Bonds
Total General Revenues, Transfers, and Special Items
Change in Net Assets
Net Assets - Beginning of Year
Changes in Accounting Principles
Net Assets - End of Year

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (356,726)	$	$ (356,726)	$
(817,162)		(817,162)	
(1,446,720)		(1,446,720)	
(403,576)		(403,576)	
(964,003)		(964,003)	
(208,223)		(208,223)	
(446,559)		(446,559)	
2,032,048		2,032,048	
(229,983)		(229,983)	
(464,341)		(464,341)	
(148,923)		(148,923)	
(34,952)		(34,952)	
(3,489,120)		(3,489,120)	
	30,881	30,881	
	(75,746)	(75,746)	
	58,634	58,634	
	(149)	(149)	
	13,620	13,620	
(3,489,120)	13,620	(3,475,500)	
			(384,656)
			(65,284)
			(104)
			(56,410)
			(506,454)
2,669,281	-	2,669,281	11,510
251,414	-	251,414	-
552,792	-	552,792	-
118,780	-	118,780	-
8,905	-	8,905	(3,752)
4,529,193	(13,201)	4,515,992	149,503
31,502	-	31,502	-
40,538	-	40,538	39,552
-	-	-	402,109
37,573	10,538	48,111	4,309
(5,267)	5,267	-	
-	-	-	17,406
8,234,711	2,604	8,237,315	620,637
4,745,591	16,224	4,761,815	114,183
49,926,426	1,746,247	51,672,673	5,292,754
-	-	-	23,459
$ 54,672,017	$ 1,762,471	$ 56,434,488	$ 5,430,396

STATE OF ALASKA **STATEMENT 1.11**
Balance Sheet
Government Funds
June 30, 2010
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 14,996,008	$ 34,215,805	$ 1,089,376	$ 50,301,189
Accounts Receivable - Net	351,500	142,854	2,912	497,266
Interest and Dividends Receivable	13,757	96,109	974	110,840
Due from Other Funds	984,167	-	2,051	986,218
Due from Component Units	78,389	-	-	78,389
Due from Other Governments	450,801	-	4,983	455,784
Loans, Notes, and Bonds Receivable	21,073	-	85	21,158
Inventories	17,268	-	-	17,268
Securities Lending Collateral	-	2,598,126	-	2,598,126
Other Assets	19,542	-	51	19,593
Total Assets	$ 16,932,505	$ 37,052,894	$ 1,100,432	$ 55,085,831
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 900,853	$ 341,974	$ 10,026	$ 1,252,853
Obligations Under Securities Lending	-	2,598,126	-	2,598,126
Due to Other Funds	45,414	857,983	19,628	923,025
Due to Component Units	2,482	-	-	2,482
Due to Other Governments	384	-	2	386
Unearned and Deferred Revenue	446,595	-	1,851	448,446
Other Liabilities	641	-	340	981
Total Liabilities	1,396,369	3,798,083	31,847	5,226,299
Fund Balances:				
Nonspendable:				
Compensating Balances	190,000	-	-	190,000
Inventory	17,268	-	-	17,268
Principal	-	32,044,974	363,414	32,408,388
Advances and Prepaid Items	21,931	-	-	21,931
Restricted for:				
Debt Service	3,186	-	45,986	49,172
Education	11,371	-	15,793	27,164
Health and Human Services	513	-	17,301	17,814
Development	100,281	-	207,301	307,582
Other Purposes	4,028	-	147	4,175
Committed to:				
Debt Service	9,000	-	-	9,000
Education	1,476,121	-	10,997	1,487,118
Health and Human Services	199,666	-	-	199,666
Public Protection	248,060	-	-	248,060
Permanent Fund	871,511	-	-	871,511
Development	1,855,427	-	407,646	2,263,073
Other Purposes	122,517	-	-	122,517
Assigned to:				
Permanent Fund	-	1,209,837	-	1,209,837
Unassigned	10,405,256	-	-	10,405,256
Total Fund Balances	15,536,136	33,254,811	1,068,585	49,859,532
Total Liabilities and Fund Balances	$ 16,932,505	$ 37,052,894	$ 1,100,432	$ 55,085,831

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 Assets
Government Funds
June 30, 2010
(Stated in Thousands)

Total Fund Balances - Governmental Funds		$ 49,859,532
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 5) These assets consist of:		
Equipment, net of depreciation	278,674	
Buildings, net of depreciation	1,005,533	
Infrastructure, net of depreciation	2,499,184	
Land / right-of-way	823,035	
Construction in progress	1,354,695	
		5,961,121
Some of the State's assets are not current available resources and are not reported in the funds.		
Net pension asset (Note 7)	190	
Other post employment benefits asset (Note 7)	82	
Unamortized bond issuance cost	5,501	
		5,773
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (See Statement 1.21)		361,908
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		146,259
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	(75,087)	
Compensated absences	(150,894)	
Pollution remediation	(53,316)	
Capital lease obligations	(410,085)	
Pension benefit obligation	(751)	
		(690,133)
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	(960,875)	
Accrued interest payable	(11,568)	
		(972,443)
Net Assets of Governmental Activities		$ 54,672,017

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
Government Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 3,578,905	$ -	$ 23,440	$ 3,602,345
Licenses and Permits	113,995	-	30,165	144,160
Charges for Services	163,896	-	504	164,400
Fines and Forfeitures	14,637	-	108	14,745
Rents and Royalties	1,548,026	679,438	32,535	2,259,999
Premiums and Contributions	16,348	-	5,434	21,782
Interest and Investment Income	925,117	3,593,091	57,620	4,575,828
Federal Grants in Aid	2,394,054	-	28,931	2,422,985
Payments In from Component Units	40,538	-	-	40,538
Other Revenues	7,236	-	25,294	32,530
Total Revenues	8,802,752	4,272,529	204,031	13,279,312
EXPENDITURES				
Current:				
General Government	365,067	69,174	2,937	437,178
Alaska Permanent Fund Dividend	817,162	-	-	817,162
Education	1,669,469	-	35,871	1,705,340
University	402,851	-	16	402,867
Health and Human Services	2,246,658	-	4,973	2,251,631
Law and Justice	302,185	1,477	-	303,662
Public Protection	715,011	-	934	715,945
Natural Resources	266,283	5,153	119,882	391,318
Development	320,285	-	9,789	330,074
Transportation	1,128,683	-	45,988	1,174,671
Intergovernmental Revenue Sharing	177,804	-	-	177,804
Debt Service:				
Principal	5,810	-	37,400	43,210
Interest and Other Charges	2,201	-	42,909	45,110
Total Expenditures	8,419,469	75,804	300,699	8,795,972
Excess (Deficiency) of Revenues Over Expenditures	383,283	4,196,725	(96,668)	4,483,340
OTHER FINANCING SOURCES (USES)				
Capital Leases	20,603	-	-	20,603
Transfers In from Other Funds	868,028	-	55,987	924,015
Transfers (Out to) Other Funds	(60,014)	(857,983)	(12,722)	(930,719)
Total Other Financing Sources and Uses	828,617	(857,983)	43,265	13,899
Net Change in Fund Balances	1,211,900	3,338,742	(53,403)	4,497,239
Fund Balances - Beginning of Year	14,324,236	29,916,069	1,121,988	45,362,293
Fund Balances - End of Year	$ 15,536,136	$ 33,254,811	$ 1,068,585	$ 49,859,532

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
Government Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

Net Change in Fund Balances - Total Governmental Funds		$	4,497,239
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 4).			
Capital outlay	466,587		
Depreciation expense	(310,116)		
			156,471
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported in governmental activities in the Statement of Revenues, Expenses, and Changes in Fund Net Assets (Statement 1.22).			
Net current year revenue			7,783
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.			4,438
Bond and other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.			
Accrued interest	(3,064)		
Repayment of bond principal	43,217		
Amortization of bond issue costs	(547)		
			39,606
Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.			(20,603)
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.			
Claims and judgments	60,258		
Compensated absences	(10,300)		
Pollution remediation	(10,186)		
Capital lease payments	21,364		
Pension obligation	(561)		
Other post employment benefits	82		
			60,657
Change in Net Assets of Governmental Activities		$	4,745,591

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

STATE OF ALASKA **STATEMENT 1.21**
Statement of Net Assets
Proprietary Funds
June 30, 2010
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 111,162	$ 466,488	$ 577,650	$ 96,790
Accounts Receivable - Net	13,469	14,312	27,781	128
Interest and Dividends Receivable	-	5,343	5,343	-
Due from Other Funds	-	619	619	9,538
Due from Other Governments	10,030	3,194	13,224	-
Loans, Notes, and Bonds Receivable	-	25,931	25,931	-
Inventories	-	-	-	3,346
Other Current Assets	-	47	47	2,335
Total Current Assets	134,661	515,934	650,595	112,137
Noncurrent Assets:				
Interest and Dividends Receivable	-	20,219	20,219	-
Loans, Notes, and Bonds Receivable	-	357,321	357,321	-
Repossessed Property	-	696	696	-
Investment in Projects, Partnerships, or Corporations	-	3,780	3,780	-
Restricted Assets	119,601	-	119,601	-
Other Noncurrent Assets	-	2,567	2,567	-
Capital Assets:				
Equipment, Net of Depreciation	29,809	-	29,809	161,740
Buildings, Net of Depreciation	746,073	-	746,073	109,626
Infrastructure, Net of Depreciation	361,542	-	361,542	-
Land / Right-of-Way	29,738	-	29,738	-
Construction in Progress	35,836	41,076	76,912	4,562
Total Noncurrent Assets	1,322,599	425,659	1,748,258	275,928
Total Assets	1,457,260	941,593	2,398,853	388,065
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,666	4,790	6,456	21,889
Due to Other Funds	42,161	3,471	45,632	786
Due to Other Governments	-	4,074	4,074	-
Interest Payable	6,668	-	6,668	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	3,431	925	4,356	2,334
Unearned and Deferred Revenue	4,175	-	4,175	-
Notes, Bonds, and Leases Payable	7,040	-	7,040	-
Other Current Liabilities	-	524	524	325
Total Current Liabilities	65,141	13,784	78,925	25,334
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	1,876	460	2,336	823
Notes, Bonds, and Leases Payable	554,966	-	554,966	-
Other Noncurrent Liabilities	155	-	155	-
Total Noncurrent Liabilities	556,997	460	557,457	823
Total Liabilities	622,138	14,244	636,382	26,157
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	724,765	41,076	765,841	275,928
Restricted for:				
Unemployment Compensation	-	264,904	264,904	-
Health and Human Services	-	378,469	378,469	-
Debt Service	25,619	-	25,619	-
Other Purposes	10,053	214	10,267	-
Unrestricted	74,685	242,686	317,371	85,980
Total Net Assets	$ 835,122	$ 927,349	$ 1,762,471	$ 361,908

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

STATE OF ALASKA **STATEMENT 1.22**

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
OPERATING REVENUES				
Premiums and Contributions	$ -	$ 168,524	$ 168,524	$ 81,228
Charges for Goods and Services	104,680	1,297	105,977	101,183
Interest and Investment Income	-	15,594	15,594	-
Allowance for Uncollectible Interest	-	(772)	(772)	-
Fines and Forfeitures	-	65	65	-
Federal Reimbursements	-	82,805	82,805	-
Other Operating Revenues	761	-	761	1,591
Total Operating Revenues	105,441	267,513	372,954	184,002
OPERATING EXPENSES				
Benefits	-	340,147	340,147	91,429
Operating	64,368	5,379	69,747	91,417
Depreciation	47,368	36	47,404	23,896
Provision for Loan Losses and Forgiveness	-	(1,443)	(1,443)	-
Total Operating Expenses	111,736	344,119	455,855	206,742
Operating Income (Loss)	(6,295)	(76,606)	(82,901)	(22,740)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	5,618	19,519	25,137	1,464
Interest and Investment Expense	(25,449)	(3)	(25,452)	(48)
Gain (Loss) on Disposal of Capital Assets	(6)	125	119	(41)
Other Nonoperating Revenues (Expenses)	(248)	10,293	10,045	90
Total Nonoperating Revenues (Expenses)	(20,085)	29,934	9,849	1,465
Income Before Capital Contributions and Transfers	(26,380)	(46,672)	(73,052)	(21,275)
Capital Contributions	65,183	23,595	88,778	18,044
Transfers In from Other Funds	1,381	622	2,003	11,014
Transfers (Out to) Other Funds	-	(1,505)	(1,505)	-
Change in Net Assets	40,184	(23,960)	16,224	7,783
Total Net Assets - Beginning of Year	794,938	951,309	1,746,247	354,125
Total Net Assets - End of Year	$ 835,122	$ 927,349	$ 1,762,471	$ 361,908

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

STATE OF ALASKA **STATEMENT 1.23**
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Other Governments	$ -	$ 82,855	$ 82,855	$ 70
Receipts from Customers	102,570	368	102,938	338
Receipts for Interfund Services Provided	-	405	405	98,829
Receipt of Principal from Loan Recipients	-	36,465	36,465	-
Receipt of Interest and Fees from Loan Recipients	-	18,359	18,359	-
Receipts from Insured	-	168,238	168,238	81,207
Payments to Employees	(39,356)	(3,791)	(43,147)	(30,757)
Payments to Suppliers	(25,018)	(686)	(25,704)	(53,393)
Payments to Other Governments	-	-	-	-
Payments to Loan Recipients	-	(82,406)	(82,406)	-
Claims Paid	-	(340,741)	(340,741)	(89,210)
Payments for Interfund Services Used	-	(1,327)	(1,327)	-
Other Receipts	1,533	348	1,881	1,682
Other Payments	-	(1,180)	(1,180)	(701)
Net Cash Provided (Used) by Operating Activities	39,729	(123,093)	(83,364)	8,065
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	-	(3,391)	(3,391)	-
Operating Subsidies and Transfers In from Other Funds	1,381	783	2,164	12,115
Federal Grants	-	30,179	30,179	-
Proceeds from Issuance of Short-term Debt	-	2,592	2,592	-
Payments on Short-term Debt	-	(2,592)	(2,592)	-
Interest and Fees Paid on Borrowing	-	(3)	(3)	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,381	27,568	28,949	12,115
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	-	426	426	-
Proceeds from Sale of Capital Assets	-	-	-	1,106
Acquisition and Construction of Capital Assets	(114,098)	(4,485)	(118,583)	(28,912)
Principal Paid on Capital Debt	(21,063)	-	(21,063)	(1,267)
Interest and Fees Paid on Capital Debt	(25,874)	(67)	(25,941)	(48)
Federal Grants	58,912	4,126	63,038	-
Other Receipts (Payments)	4,797	124	4,921	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(97,326)	124	(97,202)	(29,121)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	42,750	26	42,776	-
Purchase of Investments	(19,788)	-	(19,788)	-
Interest and Dividends on Investments	5,618	17,840	23,458	1,464
Change in Restricted Cash and Investments	35,012	-	35,012	-
Net Cash Provided (Used) by Investing Activities	63,592	17,866	81,458	1,464
Net Increase (Decrease) in Cash	7,376	(77,535)	(70,159)	(7,477)
Cash and Cash Equivalents - Beginning of Year	7,025	544,023	551,048	104,267
Cash and Cash Equivalents - End of Year	$ 14,401	$ 466,488	$ 480,889	$ 96,790

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

This statement continued on next page.

STATE OF ALASKA **STATEMENT 1.23**
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (6,295)	$ (76,606)	$ (82,901)	$ (22,740)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	47,368	36	47,404	23,896
Other Reconciling Items	6	134	140	90
Net Changes in Assets and Liabilities:				
Accounts Receivable - Net	(3,444)	(3,423)	(6,867)	(63)
Due from Other Funds	-	(531)	(531)	(1,904)
Due from Other Governments	-	2,192	2,192	-
Loans, Notes, and Bonds Receivable - Net	-	(46,690)	(46,690)	-
Repossessed Property	-	145	145	-
Investment in Projects, Partnerships, or Corporations	-	(122)	(122)	-
Interest and Dividends Receivable - Net	-	2,941	2,941	-
Inventories	-	-	-	(168)
Other Assets	-	(72)	(72)	5,677
Due to Other Funds	1,533	367	1,900	(775)
Due to Other Governments	-	592	592	-
Accounts Payable and Accrued Liabilities	104	(2,225)	(2,121)	3,967
Other Liabilities	457	169	626	85
Net Cash Provided (Used) by Operating Activities	$ 39,729	$ (123,093)	$ (83,364)	$ 8,065
Reconciliation of Cash to the Statement of Net Assets:				
Total Cash and Investments per the Statement of Net Assets	$ 111,162	$ 466,488	$ 577,650	$ 96,790
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(96,761)	-	(96,761)	-
Cash, End of Year	$ 14,401	$ 466,488	$ 480,889	$ 96,790
Noncash Investing, Capital, and Financing Activities:				
Contributed Capital Assets	-	124	124	18,039
Transfers (Out to) Other Funds (Accrual)	-	(1,546)	(1,546)	-

STATE OF ALASKA **STATEMENT 1.31**
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 212,850	$ 151,535
Investments:		162,483
Short-Term Investments	64,996	
Commercial Paper	146,047	
U.S. Treasury	1,179,716	
U.S. Government Agency	47,335	
Foreign Government Bonds	174,824	
Mortgage-Backed	708,317	
Other Asset-Backed	11,180	
Corporate Bonds	677,066	
Yankees	27,134	
Fixed Income Pool	452	
Domestic Equity Pool	3,913,482	
International Equity Pool	1,928,045	
Emerging Markets Pool	881,754	
Private Equity Pool	1,290,382	
Absolute Return Pool	670,592	
Real Assets	1,927,911	
Participant-Directed	2,405,736	
Other Net Investments	211,432	
Investment Loss Trust Fund Assets	1,903	-
Accounts Receivable - Net	506,271	6
Contributions Receivable	37,794	-
Interest and Dividends Receivable	17	-
Due from Other Funds	38,320	9,862
Other Assets	4,173	-
Total Assets	17,067,729	323,886
LIABILITIES		
Accounts Payable and Accrued Liabilities	180,520	3,249
Trust Deposits Payable	-	317,961
Due to Other Funds	23,869	2,676
Total Liabilities	204,389	323,886
NET ASSETS		
Held in Trust for:		
Pension Benefits	8,390,106	-
Postemployment Healthcare Benefits	5,754,589	-
Individuals, Organizations, and Other Governments	2,718,645	-
Total Net Assets	$ 16,863,340	$ -

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 Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Premiums and Contributions:	
Employer	$ 597,174
Member	379,244
Other	282,965
Total Premiums and Contributions	1,259,383
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	1,501,430
Interest	127,436
Dividends	136,667
Total Investment Income	1,765,533
Less Investment Expense	25,587
Net Investment Income	1,739,946
Other Additions:	
Legal Settlement	499,999
Other	15,664
Total Additions	3,514,992
DEDUCTIONS	
Benefits Paid	1,424,589
Insurance Premiums	3,643
Refunds of Premiums and Contributions	19,795
Administrative Expenses	34,596
Legal Settlement Fees	97,020
Total Deductions	1,579,643
Net Increase (Decrease) in Net Assets Held in Trust for:	
Pension Benefits	501,579
Postemployment Healthcare Benefits	968,347
Individuals, Organizations, and Other Governments	465,423
Net Assets - Beginning of the Year	14,927,991
Net Assets - End of the Year	$ 16,863,340

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

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STATE OF ALASKA **STATEMENT 1.41**

Statement of Net Assets
Component Units
June 30, 2010
(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total
ASSETS					
Cash and Investments	$ 143,635	$ 626,429	$ 387,128	$ 1,030,979	$ 2,188,171
Accounts Receivable - Net	26,747	-	-	20,321	47,068
Interest and Dividends Receivable	78	14,647	5,642	15,464	35,831
Due from Primary Government	9,522	14,689	1	3,194	27,406
Due from Component Units	9	-	1,770	25,126	26,905
Due from Other Governments	34,474	-	436	10,346	45,256
Loans, Notes, and Bonds Receivable	16,473	2,971,253	378,888	732,632	4,099,246
Inventories	8,021	-	-	19,015	27,036
Repossessed Property	-	-	300	-	300
Net Investment in Direct Financing Leases	-	61,222	244,773	-	305,995
Investments in Projects, Partnerships, or Corporations	-	-	81,372	-	81,372
Securities Lending Collateral	-	-	-	27,447	27,447
Restricted Assets	264,448	822,394	106,279	760,674	1,953,795
Deferred Outflows	-	127,899	-	-	127,899
Other Assets	35,058	45,525	3,908	1,346	85,837
Capital Assets:					
Equipment, Net of Depreciation	103,081	777	-	187,673	291,531
Buildings, Net of Depreciation	638,483	95,515	1,511	35,221	770,730
Infrastructure, Net of Depreciation	34,083	-	-	725,759	759,842
Land / Right-of-Way	28,490	13,753	600	38,865	81,708
Construction in Progress	59,177	2,714	-	84,844	146,735
Total Assets	1,401,779	4,796,817	1,212,608	3,718,906	11,130,110
LIABILITIES					
Accounts Payable and Accrued Liabilities	53,272	13,423	1,531	47,329	115,555
Obligations Under Securities Lending	-	-	-	27,447	27,447
Due to Primary Government	-	3,536	454	81,049	85,039
Due to Component Units	-	25,000	-	1,770	26,770
Due to Other Governments	-	-	-	1,176	1,176
Interest Payable	-	12,770	3,330	17,864	33,964
Derivative Instruments	-	130,267	-	-	130,267
Other Current Liabilities	53,401	149,890	3	631	203,925
Long-term Liabilities:					
Portion Due or Payable Within One Year:					
Claims, Judgments, Compensated Absences and Pollution Remediation	-	2,443	-	2,174	4,617
Unearned and Deferred Revenue	1,281	-	-	8,261	9,542
Notes, Bonds, and Leases Payable	6,763	240,725	9,625	101,818	358,931
Other Long-term Debt	-	-	-	3,043	3,043
Other Noncurrent Liabilities	-	-	-	122	122
Portion Due or Payable After One Year:					
Claims, Judgments, Compensated Absences and Pollution Remediation	-	2,198	-	1,586	3,784
Unearned and Deferred Revenue	6,398	-	7,022	435,138	448,558
Notes, Bonds, and Leases Payable	114,537	2,591,922	164,945	1,337,687	4,209,091
Other Long-term Debt	-	-	-	7,830	7,830
Other Noncurrent Liabilities	7,391	652	13,516	8,494	30,053
Total Liabilities	243,043	3,172,826	200,426	2,083,419	5,699,714
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	738,206	112,759	83,483	407,051	1,341,499
Restricted for:					
Permanent Funds					
Nonexpendable	-	-	-	330,023	330,023
Expendable	-	-	-	88,511	88,511
Education	275,339	-	-	82,128	357,467
Development	-	-	-	39,209	39,209
Debt Service	4,658	589,130	-	51,801	645,589
Other Purposes	-	18,613	1,460	21,852	41,925
Unrestricted	140,533	903,489	927,239	614,912	2,586,173
Total Net Assets	$ 1,158,736	$ 1,623,991	$ 1,012,182	$ 1,635,487	$ 5,430,396

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, 2010
(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Component Units:				
University of Alaska	$ 786,696	$ 164,264	$ 228,794	$ 8,982
Alaska Housing Finance Corporation	443,804	186,552	55,013	136,955
Alaska Industrial Development and Export Authority	46,205	44,801	348	952
Nonmajor Component Units	382,360	194,514	74,207	57,229
Total Component Units	$ 1,659,065	$ 590,131	$ 358,362	$ 204,118

General Revenues:
Interest and Investment Income (Loss)
Taxes
Payments In from Component Units
Payments In from Primary Government
Other Revenues
Special Items:
Gain on Cancellation of Bonds
Total General Revenues and Special Items
Change in Net Assets
Net Assets - Beginning of Year
Changes in Accounting Principles
Net Assets - End of Year

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

Net (Expense) Revenue and Changes in Net Assets				
University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total Component Units
$ (384,656)	$	$	$	$ (384,656)
	(65,284)			(65,284)
		(104)		(104)
			(56,410)	(56,410)
(384,656)	(65,284)	(104)	(56,410)	(506,454)
26,217	17,128	32,011	74,147	149,503
-	-	-	7,758	7,758
9,107	-	5,445	25,000	39,552
394,909	-	304	6,896	402,109
2,699	1,610	-	-	4,309
-	-	-	17,406	17,406
432,932	18,738	37,760	131,207	620,637
48,276	(46,546)	37,656	74,797	114,183
1,110,460	1,672,111	974,526	1,535,657	5,292,754
-	(1,574)	-	25,033	23,459
$ 1,158,736	$ 1,623,991	$ 1,012,182	$ 1,635,487	$ 5,430,396

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STATE OF ALASKA
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

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

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

BLENDED COMPONENT UNITS

The **Alaska 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; and Health and Social Services; and four independent public members appointed by the Governor comprise the AHCC board of directors. The Legislature appropriates the budget for AHCC for the purpose of funding future capital projects for the State. The corporation has the power to borrow money and issue bonds on its own behalf. AHCC is reported within the governmental funds as a special revenue fund. AHCC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Permanent Fund Corporation** (APFC) is a public corporation and government instrumentality in the Department of Revenue (AS 37.13.040). A governor-appointed six-member board manages APFC. The Legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the State Constitution. The beneficiaries of the Fund are all present and future generations of Alaskans. The Fund represents 67 percent of the total cash and investments and 59 percent of total government-wide net assets excluding discretely presented component units. The Fund is reported as a permanent fund (a governmental fund type), and APFC operations are included in the fund statements. Separately issued financial statements may be obtained from the Alaska Permanent Fund Corporation, P.O. Box 115500, Juneau, AK 99811-5500, or from their web site at www.apfc.org.

The **Knik Arm Bridge and Toll Authority** (KABTA) is a public corporation and government instrumentality in the Department of Transportation and Public Facilities (AS 19.75.021). The authority has a separate and independent legal existence from the State. It is governed by a board of directors, including the commissioner of the Department of Transportation and Public Facilities, the commissioner of the Department of Revenue, three public members appointed by the Governor, and two non-voting members: a member of the House of Representatives appointed by the Speaker; and a member of the Senate appointed by the President. The purpose of the authority is to develop public transportation systems in the vicinity of Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage with the Matanuska-Susitna Borough. KABTA financial statements are included in the Combining Fund section of this Comprehensive Annual Financial Report (CAFR) with the Nonmajor Enterprise Funds. Separately issued financial statements may be obtained from Knik Arm Bridge and Toll Authority, 550 W. 7th Avenue, Suite 1850, Anchorage, AK 99501.

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

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

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

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

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

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

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

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

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

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

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

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

DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

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

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

The **Alaska Industrial Development and Export Authority** (AIDEA) is a public corporation of the State and a political subdivision within the Department of Commerce, Community and Economic Development (AS 44.88.020). The Governor appoints all members of the AIDEA board of directors and the Legislature approves AIDEA's budget. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the

financing of industrial, manufacturing, export, and business enterprises within the State. AIDEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

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

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

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

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

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

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

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

statements are included as other supplementary information, since there are no separately issued financial statements for ASMI.

B. BASIC FINANCIAL STATEMENTS

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

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

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

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

- **Unrestricted net assets** consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them available for general operations (see note 1.F.). Unrestricted net assets often have constraints on resources that are imposed by management, but can be modified or removed.

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they

become measurable and available to finance operations during the current year or to liquidate liabilities existing at the end of the year (collectible within 60 days of fiscal year end). Major revenues that are determined to be susceptible to accrual include federal, charges for services, investment income, and petroleum related taxes and royalties.

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

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

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

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

D. FINANCIAL STATEMENT PRESENTATION

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

GOVERNMENTAL FUND TYPES

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

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

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

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

PROPRIETARY FUND TYPES

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

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

FIDUCIARY FUND TYPES

Pension (and other employee benefits) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other postemployment benefit

plans. These funds account for the Alaska National Guard and Alaska Naval Militia Retirement System, Deferred Compensation, Judicial Retirement System, Public Employees' Retirement System, Retiree Health, Supplemental Benefits System, and Teachers' Retirement System.

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

E. FISCAL YEAR ENDS

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

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

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

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

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

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

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

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

Absolute return investments are carried at fair value as determined by the pro-rata interest in the net assets of the underlying investment funds. These investment funds are valued periodically by the general partners and the managers of the underlying investments. The net asset value represents the amount that would be expected to be received if it were to liquidate its interests subject to liquidity or redemption restrictions. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

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

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

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

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

The Statement of Cash Flows for the enterprise funds shows changes in cash and cash equivalents. For the purpose of the Statement of Cash Flows, all highly liquid debt instruments with original maturities of three months or less are considered cash and cash equivalents. In addition, because the State's General Fund and Other Non-segregated Investment (GeFONSI) pool and the Short-term Fixed Income Pool operates as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents. At June 30, 2010, the assets of the GeFONSI pool were comprised of shares in the Short-term Fixed Income Pool and shares in the Intermediate-term Fixed Income Pool.

RECEIVABLES

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

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

INTER/INTRAFUND TRANSACTIONS

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

INVENTORIES

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

CAPITAL ASSETS

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

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

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

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

COMPENSATED ABSENCES

Regulations governing annual/personal leave (vacation pay) provide that State employees will receive time off, or pay, for hours accumulated. Consequently, a liability exists with respect to accumulated annual/personal leave at any given time. As of June 30, 2010, this liability is recognized and reported in the government-wide and proprietary fund financial statements.

The State's estimated liability for compensated absences, as reported in the government-wide Statement of Net Assets, is $154.1 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave. Accumulated sick leave may be used only for actual illness. When an employee separates from state service, any sick leave balance to their credit is reduced to zero without additional compensation to the employee. See Note 12 for disclosure of the amount of the sick leave contingency.

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

NET ASSETS / FUND BALANCE

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

FUND BALANCE COMPONENTS

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

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

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

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

- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.

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

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

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

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

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

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

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

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2010 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Compensating Balances	$ 190,000	$ -	$ -	$ -	$ -
Inventory	17,268	-	-	-	-
Principal	-	32,408,388	-	-	-
Advances and Prepaid Items	21,931	-	-	-	-
Total Nonspendable	229,199	32,408,388	-	-	-
Restricted:					
Debt Service	3,186	-	-	45,986	-
Education	11,371	-	6,188	-	9,605
Health & Human Services	513	-	17,301	-	-
Development	100,281	-	29,924	-	177,377
Other Purposes	4,028	-	147	-	-
Total Restricted	119,379	-	53,560	45,986	186,982
Committed					
Debt Service	9,000	-	-	-	-
Education	1,476,121	10,997	-	-	-
Health & Human Services	199,666	-	-	-	-
Public Protection	248,060	-	-	-	-
Permanent Fund	871,511	-	-	-	-
Development	1,855,427	-	407,646	-	-
Other Purposes	122,517	-	-	-	-
Total Committed	4,782,302	10,997	407,646	-	-
Assigned					
Permanent Fund	-	1,209,837	-	-	-
Total Assigned	-	1,209,837	-	-	-
Unassigned	10,405,256	-	-	-	-
Total Fund Balance	$ 15,536,136	$ 33,629,222	$ 461,206	$ 45,986	$ 186,982

RESTRICTED NET ASSETS

Permanent Funds

Restricted net assets for permanent funds are required to be identified as expendable or nonexpendable. All of the Alaska Permanent Fund restricted net assets ($32,045 million), $363 million of the Public School Trust Fund restricted net assets, and $330 million of the Alaska Mental Health Trust Authority (a discretely presented component unit) restricted net assets are nonexpendable. The remaining $11 million (three percent) of the Public School Trust Fund restricted net assets, and $89 million (21 percent) of the Alaska Mental Health Trust Authority restricted net assets are expendable.

Net Assets Restricted by Enabling Legislation

The government-wide statement of net assets reports $33.5 billion of restricted net assets for the primary government, of which $23.9 million is restricted by enabling legislation.

NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

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

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

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

Expenditures of funds are made only upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain. Transfers between appropriations are not authorized. Agencies faced with potential overexpenditure 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 10, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 10 operating budget of $241.8 million were enacted, of which $186.1 was appropriated from the General Fund, and $55.7 million was appropriated from federal funds. In addition, the total supplemental appropriations for the FY 10 capital budget of $624 million were enacted, of which $586.4 million was appropriated from the General Fund, $18.5 million was appropriated from other funds, and $19.1 million was appropriated from federal funds.

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

SPENDING LIMITS

In 1982, the voters of Alaska approved an amendment to the Alaska Constitution to control state spending. Article IX, section 16, establishes an annual appropriation limit of $2.5 billion plus adjustments for changes in population and inflation since July 1, 1981. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 10, the Office of Management and Budget estimated the limit to be approximately $8.6 billion. The FY 10 budget passed by the legislature and after vetoes was $5.5 billion (unrestricted General Fund revenues only), or $3.1 billion less than the constitutional spending limit.

CONSTITUTIONAL BUDGET RESERVE FUND

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

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

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

The constitution further provides that all money appropriated from the fund must be repaid to the fund. Section 17(d) states "If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law."

The following is a schedule of amounts appropriated from the CBRF, and the amounts transferred back to the CBRF from the General Fund as provided in section 17(d). As can be seen from this schedule, the amount appropriated has been fully repaid as of June 30, 2010. The paragraphs following the schedule provide an explanation of the entries.

Chapter 14, SLA 1994, section 7	$ 1,006,038,474
Chapter 14, SLA 1994, section 8	49,608,135
Chapter 14, SLA 1994, section 9	368,581,990
Subtotal FY 94	1,424,228,599
Chapter 3, FSSLA 1994, section 39(c)	22,417,986
Chapter 3, FSSLA 1994, section 40	68,738,958
Chapter 3, FSSLA 1994, section 22(a)	11,250,000
Chapter 6, FSSLA 1994, section 1	130,300,000
Article IX, section 17(d) Alaska Constitution (FY 95)	(95,506,853)
Subtotal FY 95	137,200,091
Chapter 94, SLA 1995, section 43(a)	95,506,853
Chapter 94, SLA 1995, miscellaneous operating appropriation	8,356,516
Chapter 94, SLA 1995, section 43(b)	284,873,567
Article IX, section 17(d) Alaska Constitution (FY 96)	(74,352,026)
Subtotal FY 96	314,384,910
Chapter 94, SLA 1995, miscellaneous operating appropriation	8,316,412
Chapter 5, FSSLA 1996, section 1(a)	74,352,026
Article IX, section 17(d) Alaska Constitution (FY 97)	(166,019,445)
Subtotal FY 97	(83,351,007)
Chapter 98, SLA 1997, section 35(a)	166,019,445
Chapter 98, SLA 1997, page 47, line 3	529,258
Chapter 98, SLA 1997, section 35(b)	423,319,190
Article IX, section 17(d) Alaska Constitution (FY 98)	(89,264,067)
Subtotal FY 98	500,603,826
Chapter 139, SLA 1998, section 42(a)	89,264,067
Chapter 2, SLA 1999, section 16(c)	446,949
Chapter 27, SLA 1999, section 2(a), Y2K appropriations	2,336,290
Chapter 2, FSSLA 1999, section 21(a)	1,042,014,840
Article IX, section 17(d) Alaska Constitution (FY 99)	(94,632,453)
Subtotal FY 99	1,039,429,693

Chapter 2, SLA 1999, section 16(c)	13,051
Chapter 27, SLA 1999, section 2(a), Y2K appropriations	5,594,185
Chapter 84, SLA 1999, section 35(a)	94,632,453
Chapter 2, FSSLA 1999, section 21(b)	295,898,497
Chapter 8, SLA 2000, section 8(a)	3,227,666
Chapter 75, SLA 2000, section 1(b)	100,000,000
Article IX, section 17(d) Alaska Constitution (FY 00)	(111,438,806)
Subtotal FY 00	387,927,046
Chapter 133, SLA 2000, section 11(a)	111,438,806
Chapter 75, SLA 2000, section 1(c)	500,000
Chapter 135, SLA 2000, section 18(c)	121,672
Article IX, section 17(d) Alaska Constitution (FY 01)	(115,416,319)
Subtotal FY 01	(3,355,841)
Chapter 61, SLA 2001, section 93(a)	101,947,305
Chapter 61, SLA 2001, section 93(b)	884,311,765
Chapter 61, SLA 2001, section 93(c)	125,000
Article IX, section 17(d) Alaska Constitution (FY 02)	(130,695,249)
Subtotal FY 02	855,688,821
Chapter 1, SSSLA 2002, section 94(a)	130,695,249
Chapter 1, SSSLA 2002, section 94(b)	498,120,073
Chapter 1, SSSLA 2002, section 94(c)	121,425
Article IX, section 17(d) Alaska Constitution (FY 03)	(88,755,533)
Subtotal FY 03	540,181,214
Chapter 159, SLA 2004, section 61(a)	88,755,533
Chapter 159, SLA 2004, section 61(b)	10,784,830
Chapter 159, SLA 2004, section 61(c)	109,120
Article IX, section 17(d) Alaska Constitution (FY 04)	(94,626,898)
Subtotal FY 04	5,022,585
Chapter 159, SLA 2004, section 61(d)	94,626,898
Chapter 159, SLA 2004, section 61(e)	34,922,767
Chapter 159, SLA 2004, section 61(f) and Chapter 6, SLA 2005, section 17(a)	125,940
Article IX, section 17(d) Alaska Constitution (FY 05)	(85,513,723)
Subtotal FY 05	44,161,882
Chapter 3, FSSLA 2005, section 61(a)	85,513,723
Chapter 6, SLA 2005, section 17(a)	24,060
Chapter 3, FSSLA 2005, section 61(c)	167,000
Article IX, section 17(d) Alaska Constitution (FY 06)	(156,696,777)
Subtotal FY 06	(70,991,994)
Chapter 82, SLA 2006, section 63(a)	156,696,777
Chapter 82, SLA 2006, section 63(b)	117,761
Chapter 30, SLA 2007, section 57	(50,000,000)
Article IX, section 17(d) Alaska Constitution (FY 07)	(416,165,110)
Subtotal FY 07	(309,350,572)
Chapter 28, SLA 2007, section 31(a)	416,165,110
Chapter 28, SLA 2007, section 31(c) and Chapter 29, SLA 2008, section 72(b)	466,868
Chapter 29, SLA 2008, section 72(a)	(400,000,000)
Chapter 11, SLA 2008, section 33(a)	(2,600,000,000)

Article IX, section 17(d) Alaska Constitution (FY 08)	(2,048,318,120)
Subtotal FY 08	(4,631,686,142)
Chapter 27, SLA 2008, section 28(a)	1,466,159,407
Chapter 27, SLA 2008, section 28(c) and Chapter 29, SLA 2008, section 72(c)	1,239,870
Chapter 27, SLA 2008, section 28(e)	(1,000,000,000)
Article IX, section 17(d) Alaska Constitution (FY 09)	(617,492,388)
Subtotal FY 09	(150,093,111)
Chapter 12, SLA 2009, section 27(a)	401,616,586
Chapter 13, SLA 2010, section 19(a)	(401,617,307)
Chapter 27, SLA 2008, section 28(c) and Chapter 29, SLA 2008, section 72(c)	721
Subtotal FY 10	0
Total appropriated from the CBRF	$ 0

The amounts appropriated in chapter 14, SLA 1994, sections 7 and 8 are equal to the amounts appropriated from the general fund to the CBRF to comply with court orders. In FY 91 through FY 94, the State deposited revenue into the general fund that several parties contended should have been deposited into the CBRF. The Alaska Superior Court and Supreme Court agreed that these monies should have been deposited in the CBRF and the State was ordered to restore the CBRF, including interest earnings, retroactive to July 1, 1990. Chapter 14, SLA 1994, was enacted into law to comply with the courts' orders and sections 2, 3, and 4 of the law appropriated $1,006,038,474, plus $49,608,135 in interest which would have been earned on the money after June 30, 1990, from the general fund to the CBRF effective April 15, 1994.

Chapter 14, SLA 1994, section 9, chapter 3 FSSLA 1994, section 39(c), chapter 94 SLA 1995, section 43(b), chapter 98 SLA 1997, section 35(b), chapter 2 FSSLA 1999, section 21(a) and (b), chapter 61 SLA 2001, section 93(b), chapter 1, SSSLA 2002, section 94(b), chapter 159 SLA 2004, section 61(b), and chapter 159 SLA 2004, section 61(e), appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for fiscal years 1994, 1995, 1996, 1998, 1999, 2000, 2002, 2003, 2004 and 2005 respectively.

Chapter 3, FSSLA 1994, section 40, appropriated an amount to cover the share of the State's actual expenditures for oil and gas litigation from July 1, 1990, through February 15, 1994, that is attributable to the CBRF. The appropriation in section 22(a) of chapter 3 was to cover costs related to legal proceedings and audit activity involving oil and gas revenue due or paid to the State or state title to oil and gas land, for the fiscal year ending June 30, 1995.

Chapter 6, FSSLA 1994, section 1, was passed by the Alaska Legislature to resolve the long-standing issue of reconstitution of the Alaska Mental Health Trust Authority (AMHTA). CBRF funds were appropriated to capitalize the AMHTA.

This schedule 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. As of June 30, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, amounts in various subfunds and accounts of the general fund that were identified as available for appropriation were used to repay a part of the liability to the CBRF. The amounts for FY 95, FY 96, FY 97, FY 98, FY 99, FY 00, FY 01, FY 02, FY 03, FY 04, FY 05, FY 06, FY 07, FY 08 and FY 09 were transferred to the CBRF during FY 96, FY 97, FY 98, FY 99, FY 00, FY 01, FY 02, FY 03, FY 04, FY 05, FY 06, FY 07, FY 08, FY 09 and FY 10 respectively.

The amounts transferred under article IX, section 17(d), were appropriated back to the funds from which transferred under chapter 94, SLA 1995, section 43(a) for FY 95, chapter 5, FSSLA 1996, section 1(a) for FY 96, chapter 98, SLA 1997, section 35(a) for FY 97, chapter 139, SLA 1998, section 42(a) for FY 98, chapter 84, SLA 1999, section 35(a) for FY 99, chapter 133, SLA 2000, section 11(a) for FY 00, chapter 61, SLA 2001, section 93(a) for FY 01, chapter 1, SSSLA 2002, section 94(a) for FY 02, chapter 159, SLA 2004, section 61(a) for FY 03, chapter 159, SLA 2004, section 61(d) for FY 04, chapter 3, FSSLA 2005, section 61(a) for FY 05, chapter 82, SLA 2006, section 63(a) for FY 06, chapter 28 SLA 2007, section 31 (a) for FY 07, chapter 27, SLA 2008, section 28(a) for FY 08 and chapter 12, SLA 2009, section 27(a) for FY 09.

Chapter 94, SLA 1995, appropriated amounts from the CBRF to fund miscellaneous operating appropriations.

Chapter 98, SLA 1997, Page 47, line 3, chapter 2, SLA 1999, section 16(c), chapter 135, SLA 2000, section 18(c), chapter 61, SLA 2001, section 93(c), chapter 1, SSSLA 2002, section 94(c), chapter 159, SLA 2004, section 61(c), chapter 159, SLA 2004, section 61(f), chapter 6, SLA 2005, section 17(a), chapter 3, FSSLA 2005, section 61(c), chapter 82, SLA 2006, sec 63(b), chapter 28, SLA 2007, section 31(c), chapter 29, SLA 2008, section 72(b), chapter 27, SLA 2008, section 28(c) and chapter 29, SLA 2008, section 72 (c) appropriated amounts from the CBRF for treasury management of CBRF investments in FY 98, FY 99, FY 01, FY 02, FY 03, FY 04, FY 05, FY 06, FY 07, FY 08 and FY 09 respectively.

Chapter 27, SLA 1999, section 2(a) appropriated funds from the CBRF for year 2000 (Y2K) assessment, compliance, and remediation projects.

Chapter 8, SLA 2000, section 8(a), repealed and reappropriated the unexpended and unobligated balances of the CBRF appropriations made in section 2(a), chapter 27, SLA 1999, page 2, line 3, page 3, line 31, page 4, line 17, and page 4, line 20, to the longevity bonus grant program.

Chapter 75, SLA 2000, section 1(b) appropriated funds from the CBRF to the power cost equalization endowment fund, which is within the Alaska Energy Authority. Chapter 75, SLA 2000, section 1(c) also appropriated funds from the CBRF to the Alaska Energy Authority to cover the costs of completing the sale of the four dam pool hydroelectric project and of establishing and managing the power cost equalization endowment fund for FY 01.

Chapter 30, SLA 2007, section 57 appropriated $50,000,000 from the General Fund to the CBRF in FY 07. Chapter 29, SLA 2008, section 72(a) appropriated $400,000,000 from the General Fund to the CBRF and Chapter 11, SLA 2008, section 33(a) appropriated $2,600,000,000 from the General Fund to the CBRF in FY 08. Chapter 27, SLA 2008, section 28(e) appropriated $1,000,000,000 from the General Fund to the CBRF in FY 09. Chapter 13, SLA 2010, section 19(a) appropriated $401,617,307 from the General Fund to the CBRF in FY 10. These appropriations reduced the General Fund long-term liability to the CBRF.

NOTE 3 – ACCOUNTING CHANGES AND BEGINNING FUND BALANCE / NET ASSETS ADJUSTMENT

Adoption of New Accounting Pronouncements and Restatements

The change displayed as change in accounting standards in the financial statements is listed below.

Governmental Accounting Standards Board Statement Number 53

Alaska Housing Finance Corporation

During the fiscal year ended June 30, 2010, the State adopted Governmental Accounting Standards Board Statement (GASBS) 53, Accounting and Financial Reporting for Derivative Instruments. The Alaska Housing Finance Corporation (AHFC) reported derivatives. Pursuant to this Statement, AHFC evaluated its derivative instruments to be either hedgeable or non-hedgeable. The SC02B interest rate swap was determined to be non-hedgeable at June 30, 2009. According to the Statement, the fair value at June 30, 2009 of any derivative instrument that was non-hedgeable at that date would be reported as a restatement of beginning net assets. The negative fair value of the SC02B swap at June 30, 2009 was $1,574 thousand, the cumulative effect of the accounting change.

Governmental Accounting Standards Board Statement Number 45

Alaska Railroad Corporation

Effective January 1, 2009, the defined benefit pension and postretirement plans changed valuation methods. The plans changed from valuing assets at market value without smoothing of gains and losses (market value of assets) to a five-year smoothing asset valuation method (actuarial value of assets). Under the new method, at the end of each plan year, an expected investment return is calculated based on the plan valuation rate and the sum of the previous year's market value of assets plus net cash flow during the plan year; the actuarial investment gain or (loss) is determined as the excess or (deficiency) of the actual investment return over the expected investment return for the plan year; and the actuarial investment gain or (loss) so determined is amortized over five years. The actuarial asset value is the sum of the prior year's

actuarial asset value, plus the expected return for the plan year, adjusted for the amortization of actuarial investment gains and losses during the current and the preceding four plan years, plus net cash flow for the plan year. The ARRC's annual required contribution to the plans and the associated expense recorded are calculated based on actuarial asset value. Using the actuarial value of the assets for this calculation, rather than the market value of the assets, results in lower volatility of the annual required contribution and associated expense.

The new valuation method was considered preferable because the goal of an asset valuation method is to produce a relatively stable asset value thereby reducing year-to-year volatility in annual contribution requirements. The actuarial value of the assets avoids fluctuating gains and losses which have no long-term significance on the annual valuations. The new valuation method is consistent with GASB Statements No. 27 and 45. The impact of adopting this accounting change for the year ended December 31, 2009 was to reduce the annual required contribution for the defined benefit pension plan from $3,335 thousand to $1,857 thousand, and the associated expense from $2,708 thousand to $1,509 thousand; and to reduce the annual required contribution for the postretirement plan from $3,181 thousand to $2,719 thousand, and the associated expense from $2,271 thousand to $1,942 thousand. This change in accounting principle decreased the unfunded actuarial accrued liability for the defined benefit pension plan by $16,618 thousand and the postretirement plan by $8,415 thousand as of January 1, 2009, which is reflected as an other change in fund equity.

NOTE 4 – DEPOSIT AND INVESTMENT RISK

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

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

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

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

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

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

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

Deposits and investments at June 30, 2010, are as follows:

	Fair Value (in thousands)						
Investment Type	Short-term Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	U.S. Treasury Fixed Income Pool	Tobacco Revenue Fixed Income	Other	Total
Commercial Paper	$ 266,996	$ -	$ -	$ -	$ -	$ -	$ 266,996
Corporate Bonds	2,501,043	933,067	548,992	17,405	-	-	4,000,507
Deposits	(10,062)	-	-	-	-	231,728	221,666
Money Market	-	-	-	-	50,446	-	50,446
Mortgage-backed	42,129	388,425	994,759	-	-	-	1,425,313
Municipal Bonds	-	-	922	-	-	-	922
Mutual Fund	-	-	-	-	-	49,680	49,680
Other Asset-backed	1,173,691	10,565	56,843	-	-	-	1,241,099
Short-term Investment Fund	-	-	-	-	-	7,969	7,969
U.S. Government Agency	354,920	691,103	100,676	10,157	-	-	1,156,856
U.S. Government Agency Discount Notes	-	149,670	-	-	-	-	149,670
U.S. Treasury Bills	649,751	-	-	-	-	-	649,751
U.S. Treasury Bonds	-	-	143,672	18,062	-	-	161,734
U.S. Treasury Notes	-	2,035,907	600,586	137,332	-	-	2,773,825
U.S. Treasury When-Issued	99,963	2,643,870	-	-	-	-	2,743,833
Yankees:							
Government	-	58,811	28,336	1,025	-	-	88,172
Corporate	70,033	240,269	95,689	-	-	-	405,991
ACPE General Fund Loan	-	-	-	-	-	63,000	63,000
Emerging Debt	-	-	-	-	-	87,327	87,327
Domestic Equity	-	-	-	-	-	2,337,154	2,337,154
International Equity	-	-	-	-	-	974,133	974,133
Total Invested Assets	5,148,464	7,151,687	2,570,475	183,981	50,446	3,750,991	18,856,044
Pool related net assets (liabilities)	(5,783)	(164,770)	(227,636)	(14,297)	-	1,439	(411,047)
Net Invested Assets before earnings distribution to participants	5,142,681	6,986,917	2,342,839	169,684	50,446	3,752,430	18,444,997
Earnings payable to participants	(4,521)	-	-	-	-	-	(4,521)
Other pool ownership	(629,846)	278,512	336,257	15,077	-	-	-
Ownership under other fiduciary responsibility							
Alaska Retirement Management Board	(353,004)	-	-	-	-	-	(353,004)
Exxon Valdez Oil Spill Trustee Council	-	-	(49,957)	-	-	(112,527)	(162,484)
University of Alaska	-	-	-	-	-	(97,162)	(97,162)
Alaska Student Loan Corporation	-	(11,117)	-	-	-	-	(11,117)
Alaska Mental Health Trust Authority	(3,529)	-	(10,177)	-	-	(21,069)	(34,775)
Total Invested Assets	$ 4,151,781	$ 7,254,312	$ 2,618,962	$ 184,761	$ 50,446	$ 3,521,672	$ 17,781,934

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2010, the expected average life of individual fixed rate securities ranged from one day to twenty-nine years and the expected average life of floating rate securities ranged from one day to nine and three-quarters years.

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

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

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

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

Intermediate-term Fixed Income Pool - ± 20% of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2010 was 2.49 years.

Broad Market Fixed Income Pool - ± 20% of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S. Aggregate Bond Index at June 30, 2010 was 4.30 years.

U.S. Treasury Fixed Income Pool - ± 20% of the Barclays Capital U.S. Aggregate Treasury Index. The effective duration for the Barclays Capital U.S. Aggregate Treasury Index at June 30, 2010, was 5.27 years.

At June 30, 2010, the effective duration by investment type was as follows:

	Effective Duration (in years)		
	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	U.S. Treasury Fixed Income Pool
Corporate Bonds	2.24	6.18	2.01
Municipal Bonds	-	12.56	-
Mortgage-backed	1.71	2.70	-
Other Asset-backed	0.65	3.10	-
U.S. Treasury Bonds	-	9.94	8.34
U.S. Treasury Notes	2.91	4.37	3.60
U.S. Treasury When-Issued	2.73	-	-
U.S. Government Agency	1.69	4.74	4.70
U.S. Government Agency Discount Notes	0.67	-	-
Yankees:			
Government	2.65	5.32	-
Corporate	1.87	4.95	4.29
Portfolio Effective Duration	2.47	4.29	3.97

Other Fixed Income

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

Credit Risk

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

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

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

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

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

The bond indentures governing the investment of tobacco revenue related bond proceeds limit the investment in commercial paper to only those securities rated A-1 or equivalent. At June 30, 2010, the Tobacco Revenue Fixed Income Securities consisted of commercial paper rated A-1.

At June 30, 2010, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	Rating	Short-term Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	U.S. Treasury Pool
Commercial Paper	A-1	1.17%	-	-	-
Commercial Paper	Not Rated	4.03%	-	-	-
Corporate Bonds	AAA	41.70%	6.53%	1.89%	9.42%
Corporate Bonds	AA	1.88%	1.78%	3.11%	-
Corporate Bonds	A	3.74%	2.90%	8.87%	-
Corporate Bonds	BBB	-	1.12%	6.47%	-
Corporate Bonds	Not Rated	1.35%	0.51%	0.15%	-
Mortgage-backed	AAA	0.79%	4.51%	26.52%	-
Mortgage-backed	AA	-	0.05%	1.02%	-
Mortgage-backed	A	-	-	0.04%	-
Mortgage-backed	BBB	-	0.20%	0.16%	-
Mortgage-backed	Not Rated	0.03%	0.58%	9.41%	-
Municipal Bonds	AA	-	-	0.03%	
Other Asset-backed	AAA	21.16%	0.05%	1.74%	-
Other Asset-backed	AA	-	0.03%	0.05%	-
Other Asset-backed	A	-	0.06%	0.08%	-
Other Asset-backed	BBB	-	-	0.05%	-
Other Asset-backed	Not Rated	1.68%	-	0.19%	-
U.S. Government Agency	AAA	1.07%	9.47%	3.61%	5.50%
U.S. Government Agency	Not Rated	5.84%	0.04%	0.14%	-
U.S. Government Agency Discount Notes	Not Rated	-	2.06%	-	-
U.S. Treasury Bills	AAA	12.65%	-	-	-
U.S. Treasury Bonds	AAA	-	-	5.36%	9.78%
U.S. Treasury Notes	AAA	-	28.02%	22.43%	74.33%
U.S. Treasury When-Issued	AAA	1.95%	36.40%	-	-
Yankees:					
Government	AAA	-	0.07%	0.47%	-
Government	AA	-	0.74%	0.34%	0.55%
Government	BBB	-	-	0.24%	-
Corporate	AAA	0.58%	1.81%	0.65%	-
Corporate	AA	0.20%	0.91%	0.51%	-
Corporate	A	-	0.46%	1.31%	-
Corporate	BBB	-	0.08%	1.11%	-
Corporate	Not Rated	0.58%	0.05%	-	-
No Credit Exposure		-0.40%	1.57%	4.05%	0.42%
		100.00%	100.00%	100.00%	100.00%

Custodial Credit Risk – Deposits

Treasury's policy with regard to custodial credit risk is to collateralize state deposits to the extent possible. The bond indentures governing the investment of tobacco revenue related bond proceeds, does not establish policy with regard to custodial credit risk. At June 30, 2010, the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	$ 234

Concentration of Credit Risk

At June 30, 2010, the funds invested in the Intermediate-term Fixed Income Pool, Broad Market Fixed Income Pool, and U.S. Treasury Pool had more than five percent of their State's investments in Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, and Resolution Funding Corporation as follows:

	Fair Value (in thousands)	Percent of Total Pool Investments
Short-term Fixed Income Pool		
International Bank for Reconstruction & Development	$ 329,956	6%
Intermediate-term Fixed Income Pool		
Federal National Mortgage Association	718,280	10%
Broad Market Fixed Income Pool		
Federal National Mortgage Association	792,540	30%

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

Foreign Currency Risk

The Commissioner of Revenue formally adopts asset allocation policies for each fund at the beginning of each fiscal year some of which places policy limitations on the amount of international securities each fund is allowed to hold. The following policies were in place during FY 10 and invested assets included the following holdings at June 30, 2010, for the funds invested in the International Equity Pool:

	Policy	Actual
Alaska Children's Trust Fund	15% ± 5%	15.86%
Constitutional Budget Reserve Fund, Subaccount	20% ± 5%	19.69%
Exxon Valdez Settlement Investments	23% ± 5%	23.70%
Mental Health Trust Reserve	21% ± 5%	21.75%
Power Cost Equalization Endowment Fund	20% ± 5%	19.29%
Retiree Health Insurance Fund, Long Term Care	23% ± 4%	22.17%

At June 30, 2010, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows:

Currency	Fair Value (in thousands)
Deposits:	
Euro Currency	$ 3
Japanese Yen	230
	233
Investments - International Equity:	
Australian Dollar	1,921
Canadian Dollar	5,248
Danish Krone	2,389
Euro	45,991
Hong Kong Dollar	6,211
Japanese Yen	47,651
Norwegian Krone	1,654
Pound Sterling	59,301
Singapore Dollar	2,225
Swiss Franc	20,042
	192,633
Total	$ 192,866

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

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy for contingencies. The International Equity Pool investment includes the following income from forward contracts at June 30, 2010 (in thousands):

Net Realized Gain on Foreign currency	$ 3,158
Net Realized Gain on Foreign Exchange Contracts	49

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, 2010, the International Equity Pool had no outstanding contracts.

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

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

PENSION FUNDS

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

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

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

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

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the ARMB. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, Alaska 99811-0405 or at http://www.revenue.state.ak.us/treasury.

Deposits and investments at June 30, 2010 are as follows:

	Fair Value (in thousands)				
	Fixed Income Pools				
	Short-term	Retirement	U.S. Treasury	High Yield	International
Bridge Loans	$ -	$ -	$ -	$ 533	$ -
Commercial Paper	17,917	-	-	-	-
Convertible Bonds	-	-	-	1,728	-
Corporate Bonds	167,836	259,702	10,133	308,220	-
Deposits	(675)	-	-	-	209
Foreign Corporate Bonds	-	-	-	-	71,740
Foreign Government Bonds	-	-	-	-	124,622
Mortgage-backed	2,827	379,984	-	-	-
Mortgage-backed TBA	-	124,612	-	-	-
Mutual Funds	-	-	-	-	-
Other Asset-backed	78,763	3,827	-	529	-
Overnight Sweep Account (Imcs)	-	-	-	11,237	-
Short-term Investment Fund	-	-	-	-	926
U.S. Government Agency	23,818	7,167	-	-	-
U.S. Treasury Bills	43,603	-	-	-	-
U.S. Treasury Bills When-Issued	6,708	-	-	-	-
U.S. Treasury Bonds	-	72,954	57,285	-	-
U.S. Treasury Notes	-	207,031	486,796	-	-
U.S. Treasury Notes When Issued	-	224,065	88,632	-	-
U.S. Treasury TIP Bonds	-	-	-	-	-
U.S. Treasury TIP Notes	-	-	-	-	-
Yankees:					
Corporate	4,700	-	-	-	-
Government	-	1,419	-	-	-
Fixed Income Pools:					
Equity	-	-	-	425	-
Warrants	-	-	-	26	-
Emerging Markets Debt Pool	-	-	-	-	-
Broad Domestic Equity Pools:					
Convertible Bonds	-	-	-	-	-
Equity	-	-	-	-	-
Limited Partnership	-	-	-	-	-
Treasury Bills	-	-	-	-	-
International Equity Pool:					
Convertible Bonds	-	-	-	-	-
Corporate Bonds	-	-	-	-	-
Equity	-	-	-	-	-
Rights	-	-	-	-	-
Warrants	-	-	-	-	-
Emerging Markets Equity Pool	-	-	-	-	-
Private Equity Pool:					
Limited Partnerships	-	-	-	-	-
Absolute Return Pool:					
Limited Partnerships	-	-	-	-	-
Real Estate Pool:					
Commingled Funds	-	-	-	-	-
Limited Partnerships	-	-	-	-	-
Real Estate	-	-	-	-	-
Real Estate Investment Trust Pool:					
Equity	-	-	-	-	-
Energy Pool:					
Limited Partnerships	-	-	-	-	-
Farmland Pool:					
Agricultural Holdings	-	-	-	-	-
Farmland Water Pool:					
Agricultural Holdings	-	-	-	-	-
Timber Pool:					
Timber Holdings	-	-	-	-	-
Participant Directed:					
Collective Investment Funds	-	-	-	-	-
Pooled Investment Funds	-	-	-	-	-
Net Other Assets/(Liabilities)	(574)	(100,650)	(6,268)	5,718	2,468
Other Pool Ownership	(204,545)	135,393	26,231	-	-
Total Invested Assets	$ 140,378	$ 1,315,504	$ 662,809	$ 328,416	$ 199,965

This table continued on the next page.

Deposits and investments at June 30, 2010 are as follows (continued):

	Fair Value (in thousands)			
	Fixed Income Pools			
	Convertible	TIPS	Other	Total
Bridge Loans	$ -	$ -	$ -	$ 533
Commercial Paper	-	-	-	17,917
Convertible Bonds	-	-	-	1,728
Corporate Bonds	-	-	-	745,891
Deposits	-	-	32,288	31,822
Foreign Corporate Bonds	-	-	-	71,740
Foreign Government Bonds	-	-	-	124,622
Mortgage-backed	-	-	-	382,811
Mortgage-backed TBA	-	-	-	124,612
Mutual Funds	-	-	98,416	98,416
Other Asset-backed	-	-	-	83,119
Overnight Sweep Account (Imcs)	652	-	-	11,889
Short-term Investment Fund	-	-	15,203	16,129
U.S. Government Agency	-	-	-	30,985
U.S. Treasury Bills	-	-	-	43,603
U.S. Treasury Bills When-Issued	-	-	-	6,708
U.S. Treasury Bonds	-	-	-	130,239
U.S. Treasury Notes	-	-	-	693,827
U.S. Treasury Notes When Issued	-	-	-	312,697
U.S. Treasury TIP Bonds	-	27,090	-	27,090
U.S. Treasury TIP Notes	-	51,535	-	51,535
Yankees:				
Corporate	-	-	-	4,700
Government	-	-	-	1,419
Fixed Income Pools:				
Equity	-	-	-	425
Warrants	-	-	-	26
Emerging Markets Debt Pool	-	-	102,362	102,362
Broad Domestic Equity Pools:				
Convertible Bonds	48,283	-	-	48,283
Equity	3,622	-	3,529,555	3,533,177
Limited Partnership	-	-	239,379	239,379
Treasury Bills	-	-	2,039	2,039
International Equity Pool:				
Convertible Bonds	-	-	1,545	1,545
Corporate Bonds	-	-	591	591
Equity	-	-	1,884,837	1,884,837
Rights	-	-	379	379
Warrants	-	-	2	2
Emerging Markets Equity Pool	-	-	779,394	779,394
Private Equity Pool:				
Limited Partnerships	-	-	1,290,381	1,290,381
Absolute Return Pool:				
Limited Partnerships	-	-	670,592	670,592
Real Estate Pool:				
Commingled Funds	-	-	226,547	226,547
Limited Partnerships	-	-	243,430	243,430
Real Estate	-	-	655,573	655,573
Real Estate Investment Trust Pool:				
Equity	-	-	52,008	52,008
Energy Pool:				
Limited Partnerships	-	-	84,379	84,379
Farmland Pool:				
Agricultural Holdings	-	-	477,393	477,393
Farmland Water Pool:				
Agricultural Holdings	-	-	22,629	22,629
Timber Pool:				
Timber Holdings	-	-	165,952	165,952
Participant Directed:				
Collective Investment Funds	-	-	110,536	110,536
Pooled Investment Funds	-	-	30,278	30,278
Net Other Assets/(Liabilities)	279	600	1,493	(96,934)
Other Pool Ownership	-	697	42,224	-
Total Invested Assets	$ 52,836	$ 79,922	$ 10,759,405	$ 13,539,235

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2010, the expected average life of individual fixed rate securities ranged from one day to twenty-nine years and the expected average life of floating rate securities ranged from one day to nine and three-quarters years.

Other Defined Benefit Fixed Income Pools

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

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the Retirement Fixed Income portfolio to ± 20 percent of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S. Aggregate Bond Index at June 30, 2010 was 4.30 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the Intermediate U.S. Treasury Fixed Income to ± 20 percent of the Barclays Capital U.S. Treasury Intermediate Index. The effective duration for the Barclays Capital U.S. Treasury Intermediate Index at June 30, 2010 was 4.01 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the High Yield portfolio to ± 20 percent of the Merrill Lynch U.S. High Yield Master II Constrained Index. The effective duration for the Merrill Lynch U.S. High Yield Master II Index Constrained Index at June 30, 2010 was 4.40 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the International Fixed Income portfolio to ± 25 percent of the Citigroup Non-USD World Government Bond Index. The effective duration for the Citigroup Non-USD World Government Bond Index at June 30, 2010 was 6.76 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the TIPS portfolio ± 20 percent of the Barclays Capital U.S. Treasury Inflation-Protected (U.S. TIPS) Index, or a reasonable proxy thereof. The average life of the proxy index at June 30, 2010 was 8.99 years.

The ARMB does not have a policy to limit interest rate risk for the Convertible Bond portfolio.

At June 30, 2010, the effective duration of the ARMB's fixed income pools, by investment type, was as follows:

	Effective Duration (in years)				
	Retirement	U.S. Treasury	High Yield	International	TIPS
Corporate Bonds	6.19	4.13	4.24	-	-
Convertible Bonds	-	-	3.32	-	-
Foreign Corporate Bonds	-	-	-	6.80	-
Foreign Government Bonds	-	-	-	6.01	-
Municipal Bonds	-	-	-	-	-
Mortgage-backed	2.73	-	-	-	-
Mortgage-backed TBA	2.97	-	-	-	-
Other Asset-backed	3.57	-	2.92	-	-
U.S. Government Agency	6.73	-	-	-	-
U.S. Treasury Bonds	10.77	7.98	-	-	7.05
U.S. Treasury Notes	4.40	3.53	-	-	2.78
U.S. Treasury Notes When-Issued	3.52	4.83	-	-	-
Warrants	-	-	3.95	-	-
Yankees:					
Government	6.95	-	-	-	-
Portfolio Effective Duration	4.25	4.83	4.08	6.26	4.21

Defined Contribution Pooled Investment Funds

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

> For government, corporate debt, and mortgage-backed securities, duration is limited to ± 0.2 years of the Barclays Capital U.S. Aggregate Bond Index. At June 30, 2010, the duration of the government, corporate debt, and mortgage-backed securities was 4.18 years, and the duration of the Barclays Capital Aggregate Bond Index was 4.30 years.

The ARMB does not have a policy with respect to money market or other pooled investment funds to limit interest rate risk. The weighted average maturity of the market portfolio was 0.15 years at June 30, 2010.

Defined Contribution Collective Investment Funds

The ARMB does not have a policy to limit interest rate risk for its collective investment funds. At June 30, 2010 the modified duration of collective investment funds that consisted solely of debt securities were as follows – SSgA Money Market Trust: 0.05 years, SSgA World Government Bond Ex-US Index: 6.95 years, SSgA Long US Treasury Bond Index: 13.75 years, SSgA TIPS Index: 8.06 years, Barclays Gov/Corp Bond Fund: 5.18 years, and the Barclays Intermediate Bond Fund: 3.62 years.

Credit Risk

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

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

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

Retirement Fixed Income:

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

Intermediate U.S. Treasury Fixed Income:

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

High Yield:

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

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

International Fixed Income:

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

Convertible Bond:

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

TIPS:

Commercial paper must be rated at least P-1 by Moody's and A-1 by Standard & Poor's.
Corporate debt securities must be investment grade.
No more than five percent of the portfolio's assets may be invested in investment grade corporate debt.
No more than five percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's or the equivalents by Moody's or Fitch.

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

Domestic Equity, International Equity and Emerging Markets Separate Accounts:

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

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

The ARMB does not have a policy to limit the concentration of credit risk for the Collective Investment Funds.

At June 30, 2010, ARMB's invested assets consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard & Poor's Corporation rating scale):

		Fixed Income Pools						
	Rating	Short-term	Retirement	U.S. Treasury	High Yield	International	Convertible	TIPS
Bridge Loans	Not Rated	-	-	-	0.16%	-	-	-
Commercial Paper	A-1	1.17%	-	-	-	-	-	-
Commercial Paper	Not Rated	4.03%	-	-	-	-	-	-
Convertible Bonds	AAA	-	-	-	-	-	1.52%	-
Convertible Bonds	AA	-	-	-	-	-	2.22%	-
Convertible Bonds	A	-	-	-	-	-	8.61%	-
Convertible Bonds	BBB	-	-	-	-	-	14.31%	-
Convertible Bonds	BB	-	-	-	-	-	19.80%	-
Convertible Bonds	B	-	-	-	0.33%	-	18.13%	-
Convertible Bonds	CCC	-	-	-	-	-	4.51%	-
Convertible Bonds	Not Rated	-	-	-	0.20%	-	22.29%	-
Corporate Bonds	AAA	41.70%	0.10%	0.77%	-	-	-	-
Corporate Bonds	AA	1.88%	2.64%	-	-	-	-	-
Corporate Bonds	A	3.74%	9.77%	-	-	-	-	-
Corporate Bonds	BBB	-	6.85%	0.75%	3.67%	-	-	-
Corporate Bonds	BB	-	-	-	33.72%	-	-	-
Corporate Bonds	B	-	-	-	42.61%	-	-	-
Corporate Bonds	CCC	-	-	-	9.69%	-	-	-
Corporate Bonds	D	-	0.39%	-	0.12%	-	-	-
Corporate Bonds	Not Rated	1.35%	-	-	4.04%	-	-	-
Foreign Corporate Bonds	AAA	-	-	-	-	26.91%	-	-
Foreign Corporate Bonds	AA	-	-	-	-	2.89%	-	-
Foreign Corporate Bonds	A	-	-	-	-	4.91%	-	-
Foreign Corporate Bonds	BBB	-	-	-	-	1.16%	-	-
Foreign Government Bonds	AAA	-	-	-	-	13.30%	-	-
Foreign Government Bonds	AA	-	-	-	-	18.67%	-	-
Foreign Government Bonds	A	-	-	-	-	16.02%	-	-
Foreign Government Bonds	NA	-	-	-	-	14.34%	-	-
Mortgage-backed	AAA	0.79%	27.48%	-	-	-	-	-
Mortgage-backed	AA	-	0.64%	-	-	-	-	-
Mortgage-backed	A	-	0.18%	-	-	-	-	-
Mortgage-backed	Not Rated	0.03%	0.58%	-	-	-	-	-
Mortgage-backed TBA	Not Rated	-	9.47%	-	-	-	-	-
Other Asset-backed	AAA	21.16%	0.09%	-	-	-	-	-
Other Asset-backed	AA	-	0.09%	-	-	-	-	-
Other Asset-backed	BBB	-	0.11%	-	-	-	-	-
Other Asset-backed	BB	-	-	-	0.16%	-	-	-
Other Asset-backed	Not Rated	1.68%	-	-	-	-	-	-
Overnight Sweep Accounts (Imcs)	Not Rated	-	-	-	3.42%	-	1.23%	-
Short Term Investment Fund	Not Rated	-	-	-	-	0.46%	-	-
U.S. Government Agency	AAA	1.07%	0.54%	-	-	-	-	-
U.S. Government Agency	Not Rated	5.84%	-	-	-	-	-	-
U.S. Treasury Bills	AAA	12.65%	-	-	-	-	-	-
U.S. Treasury Bills When-Issued	AAA	1.95%	-	-	-	-	-	-
U.S. Treasury Bonds	AAA	-	5.55%	8.64%	-	-	-	33.90%
U.S. Treasury Notes	AAA	-	15.74%	73.46%	-	-	-	64.48%
U.S. Treasury Notes When-Issued	AAA	-	17.03%	13.37%	-	-	-	-
Yankees:								
Government	BBB	-	0.11%	-	-	-	-	-
Corporate	AAA	0.58%	-	-	-	-	-	-
Corporate	AA	0.20%	-	-	-	-	-	-
Corporate	Not Rated	0.58%	-	-	-	-	-	-
No Credit Exposure		-0.40%	2.64%	3.01%	1.88%	1.34%	7.38%	1.62%
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Custodial Credit Risk – Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2010, invested assets had the following uncollateralized and uninsured deposits (in thousands):

International Equity Pool	$ 33,279
International Fixed Income Pool	209
	$ 33,488

Foreign Currency Risk

The ARMB's policy with regard to foreign currency risk in the International Fixed Income Pool is to restrict obligations to those issued in the currencies of countries represented in the Citigroup Non-USD World Government Bond Index and Mexico. The Board has no specific policy with regard to foreign currency risk relating to international or private equity. However, through its asset allocation policy, the Board limits total investments in international fixed income, global equity ex-U.S. and private equity to the following:

Pension Fund	Fixed - Income	Global Equity Ex-U.S.	Private Equity Pool
Public Employee's Retirement System	23%	26%	12%
Teachers' Retirement System	23%	26%	12%
Judicial Retirement System	23%	26%	12%
Alaska National Guard and Naval Militia System	-	20%	-

The ARMB has no policy regarding foreign currency risk in the Defined Contribution Pooled Investment Funds and Collective Investment Funds. At June 30, 2010, the ARMB had exposure to foreign currency risk with the following deposits:

	Amount (in thousands)	
Currency	International Fixed Income Pool	International Equity Pool
Australian Dollar	$ -	$ 67
Canadian Dollar	-	132
Danish Krone	-	14
Euro	145	29,001
Hong Kong Dollar	-	186
Israeli Shekel	-	31
Japanese Yen	64	3,498
New Taiwan Dollar	-	2
New Zealand Dollar	-	3
Norwegian Krone	-	19
Pound Sterling	-	145
Singapore Dollar	-	71
Swedish Krona	-	41
Swiss Franc	-	69
	$ 209	$ 33,279

At June 30, 2010, the Pension Funds had exposure to foreign currency risk with the following investments (in thousands):

	Amount (in thousands)			
	International Fixed Income Pool		International Equity Pool	Private Equity Pool
Currency	Foreign Government	Corporate	Equity	Limited Partnerhsips
Australian Dollar	$ 28,666	$ -	$ 41,570	$ -
Brazilian Real	-	-	3,148	-
Canadian Dollar	-	-	58,165	-
Danish Krone	-	-	17,073	-
Euro	39,258	12,152	586,384	127,061
Hong Kong Dollar	-	-	44,506	-
Indonesian Rupiah	-	-	2,789	-
Israeli Shekel	-	-	682	-
Japanese Yen	22,728	59,588	448,098	-
Malaysian Ringget	-	-	2,627	-
New Taiwan Dollar	-	-	7,419	-
New Zealand Dollar	-	-	1,746	-
Norwegian Krone	-	-	9,722	-
Polish Zloty	7,384	-	-	-
Pound Sterling	26,586	-	336,713	19,213
Singapore Dollar	-	-	10,348	-
South African Rand	-	-	1,049	-
South Korean Won	-	-	32,073	-
Swedish Krona	-	-	33,777	-
Swiss Franc	-	-	131,672	-
Turkish Lira	-	-	5,889	-
	$ 124,622	$ 71,740	$ 1,775,450	$ 146,274

At June 30, 2010, the Pension Funds had exposure to foreign currency risk in the Emerging Markets Equity Pool. This pool consists of investments in commingled investment funds; therefore, no disclosure of specific currencies is made.

Concentration of Credit Risk

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

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

At June 30, 2010, the Board's Invested Assets did not have exposure to any one issuer greater than five percent of total invested assets.

Foreign Exchange, Derivative, and Counterparty Credit Risk

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

On June 30, 2010, the ARMB had the following derivative instruments outstanding (in thousands):

	Change in Fair Value		Fair Value at June 30, 2010		
Type	Classification	Amount	Classification	Amount	Notional
Rights	Investment Revenue	$ 608	Common Stock	$ 379	$ 1,193
Warrants	Investment Revenue	(115)	Common Stock	27	10
Index Futures Long	Investment Revenue	4,580	Futures	(1,436)	27
FX Forwards	Investment Revenue	3,167	Long Term Instruments	608	-
TBA Transactions Long	Investment Revenue	13,235	Long Term Instruments	1,491	118,460
		$ 21,475		$ 1,069	$ 119,690

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, 2010 the ARMB had the following counterparty credit and counterparty concentration risk associated with its investment derivative positions:

Counterparty Name	Percent of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
Credit Suisse London Branch (GFX)	13.24	A+	AA-	Aa1
Mellon Bank	86.76	AA-	AA-	Aa2

	Amount (in thousands)
Maximum Amount of Loss ARMB Would Face in Case of Default of All Counterparties, i.e. Aggregated (Positive) Fair Value of OTC positions as of June 30, 2010	$ 1,264
Effect of Collateral Reducing Maximum Exposure	-
Liabilities Subject to Netting Arrangements Reducing Exposure	-
Resulting Net Exposure	$ 1,264

DEFERRED COMPENSATION

The State's Internal Revenue Code Section 457 Deferred Compensation Plan holds investments in several collective investment funds and an Interest Income Fund. At December 31, 2009, Deferred Compensation Plan investments totaled $519 million.

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

Interest Rate Risk

Collective Investment and Money Market Funds

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

The ARMB does not have a policy to limit interest rate risk for the Collective Investment Funds or the commingled money market portfolio. These investments with their related weighted average maturities at December 31, 2009, are as follows:

	Fair Value (in thousands)	Weighted Average Maturity
Government/Credit Bond Fund	$ 30,614	7.49 years
Intermediate Bond Fund	16,907	3.96 years
Bond Fund	182	4.35 years
Money Market Fund	545	57.65 days

Interest Income Fund

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

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

> For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one–half year. The aggregate duration of the constant duration synthetic investment contracts was 3.72 years at December 31, 2009. The duration of the Barclays Capital Intermediate Aggregate Index was 3.74 years at December 31, 2009.
>
> Duration is a measure of interest rate risk. In the case of the Deferred Compensation Plan's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity using all fixed income securities underlying the contracts and their related cash flows.

The ARMB does not have a policy to limit interest rate risk for the Reserve. The balance in the Reserve is invested in the custodian's Institutional Money Market Fund, which has a weighted average maturity of 30 days at December 31, 2009.

Credit Risk

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

The Deferred Compensation Plan's Collective Investment Funds may lend assets or transfer securities to broker agents or other entities for collateral in the form of cash or securities and simultaneously agree to return the collateral for the same securities in the future. There is credit risk associated with the lending transactions. The risk exists that an issuer or other counterparty to an investment will not fulfill its obligations and a loss results from counterparty failure or default on a loaned security.

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

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

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

> All government and corporate fixed income securities must be rated BBB- or better at time of purchase,

GNMA, FNMA, and FHLMC mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe's internal credit evaluation, and

Commercial paper and other short–term debt obligations must be rated A-1 or equivalent.

At December 31, 2009, Deferred Compensation Plan's investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor's rating scale):

		Fair Value (in thousands)		
Investment type	Rating	Underlying Synthetic Investment Contracts	Other	Total
Investments with credit exposure:				
Money Market Fund	Not Rated	$ -	$ 545	$ 545
Short-term Investment Fund	Not Rated	(1,975)	-	(1,975)
U.S. Government Agency	AAA	13,470	-	13,470
Mortgage-backed	AAA	6,653	-	6,653
Mortgage-backed	AA	298	-	298
Mortgage-backed	A	705	-	705
Mortgage-backed	BBB	232	-	232
Mortgage-backed	Not Rated	63,176	-	63,176
Other Asset-backed	AAA	1,759	-	1,759
Corporate Bonds	AA	3,972	-	3,972
Corporate Bonds	A	11,972	-	11,972
Corporate Bonds	BBB	8,489	-	8,489
Yankees:				
Corporate	AA	965	-	965
Corporate	A	1,537	-	1,537
Corporate	BBB	2,105	-	2,105
Government	AAA	3,042	-	3,042
Government	AA	666	-	666
Government	A	146	-	146
Government	BBB	237	-	237
Government	Not Rated	410	-	410
Deposits and Investments with no credit exposure:				
Deposits		2,476	-	2,476
U.S. Treasury Notes	AAA	34,112	-	34,112
Collective Investment Funds		-	272,542	272,542
Wholy Owned Pool		-	33,163	33,163
Domestic Equity		-	50,907	50,907
Total		$ 154,447	$ 357,157	$ 511,604

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At December 31, 2009, the Deferred Compensation Plan's deposits were uncollateralized and uninsured.

Concentration of Credit Risk

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

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

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

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

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

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

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

At December 31, 2009, the Deferred Compensation Plan had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

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

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

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

SUPPLEMENTAL BENEFITS SYSTEM

The State's Supplemental Benefits System (SBS) holds investments in several collective investment funds, the State's internally managed Short-term Fixed Income Pool (under the fiduciary responsibility of the Commissioner of Revenue), a Stable Value Fund and wholly-owned Pooled Investment Funds. At January 31, 2010, SBS investments totaled $2.183 billion.

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

Interest Rate Risk

Collective Investment and Money Market Funds

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

The ARMB does not have a policy to limit interest rate risk for these investments. The weighted average maturity of the money market portfolio was 45.35 days at January 31, 2010.

Short-term Fixed Income Pool

The Investment Loss Trust Fund and the SBS's cash and cash equivalents are invested in the State's internally managed Short-term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 10 months in maturity or 10 months expected average life at the time of purchase. Floating rate securities are limited to 9 years in maturity or 9 years expected average life at the time of purchase. Treasury utilizes the actual maturity date for commercial paper and 12 month prepay speeds for other securities. At January 31, 2010, the expected average life of individual fixed rate securities ranged from one day to ten months and the expected average life of floating rate securities ranged from one day to 9 years.

Stable Value Fund

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

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

> For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one–half year. The aggregate duration of the constant duration synthetic investment contracts was 3.53 years at January 31, 2010. The duration of the Barclays Capital Intermediate Aggregate Index was 3.62 years at January 31, 2010.
>
> Duration is a measure of interest rate risk. In the case of the SBS's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity of all fixed income securities underlying the contracts and their related cash flows. Duration of the SBS's structured payout synthetic investment contracts is the weighted average maturity of the contract payments.

The ARMB does not have a policy to limit interest rate risk for the Reserve. The balance in the Reserve is invested in the custodian's Short-term Investment Fund which had a weighted average maturity of 40 days at January 31, 2010.

Pooled Investment Funds

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

> For government and corporate debt securities, duration is limited to ± 0.20 years of the Barclays Aggregate Bond Index. At January 31, 2010, the duration of the government and corporate debt securities was 4.48 years and the duration of the Aggregate Bond Trust was 4.57 years.
>
> Duration is a measure of a security's sensitivity to a 100–basis point change in interest rates. Duration, for the securities in the pooled investment funds, is the fair value weighted average term to maturity for each security taking into account all related cash flows.

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

Credit Risk

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

SBS's Collective Investment Funds may lend assets or transfer securities to broker agents or other entities for collateral in the form of cash or securities and simultaneously agree to return the collateral for the same securities in the future. There is credit risk associated with the lending transactions. The risk exists that an issuer or other counterparty to an investment will not fulfill its obligations and a loss results from counterparty failure or default on a loaned security.

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

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

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

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

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

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

		Fair Value (in thousands)				
Investment type	Rating	Short-term Fixed Income Pool	Underlying Synthetic Investment Contracts	Investment Loss Trust	Other	Total
Investments with Credit Exposure:						
Money Market Fund	Not rated	$ -	$ -	$ -	$ 1,496	$ 1,496
Short-term Investment Fund	Not rated	-	(429)	-	-	(429)
Commercial Paper	Not rated	412	-	95	-	507
U.S. Government Agency:						
Discount Notes	Not rated	268	-	62	-	330
Discount Notes	AAA	178	-	41	-	219
U.S. Government Agency	AAA	37	24,050	8	-	24,095
U.S. Government Agency	A	-	532	-	-	532
Mortgage-backed	AAA	159	9,030	37	-	9,226
Mortgage-backed	AA	-	384	-	-	384
Mortgage-backed	A	-	1,339	-	-	1,339
Mortgage-backed	BBB	-	280	-	-	280
Mortgage-backed	Not rated	7	103,473	2	-	103,482
Other Asset-backed	AAA	1,186	3,538	273	-	4,997
Other Asset-backed	AA	41	104	9	-	154
Other Asset-backed	A	3	104	1	-	108
Other Asset-backed	BBB	-	281	-	-	281
Corporate Bonds	AAA	3,876	422	896	-	5,194
Corporate Bonds	AA	284	6,523	66	-	6,873
Corporate Bonds	A	439	20,906	101	-	21,446
Corporate Bonds	BBB	-	13,144	-	-	13,144
Corporate Bonds	Not rated	5	337	1	-	343
Yankees:						
Corporate	AAA	110	-	25	-	135
Corporate	AA	167	2,399	39	-	2,605
Corporate	A	-	1,629	-	-	1,629
Corporate	BBB	-	2,835	-	-	2,835
Government	AAA	-	5,420	-	-	5,420
Government	AA	-	786	-	-	786
Government	A	-	437	-	-	437
Government	BBB	-	302	-	-	302
Government	NA	-	509	-	-	509
Deposits and Investments with No Credit Exposure:						
Deposits		3	1,309	1	-	1,313
U.S. Treasury Bills		1,067	-	246	-	1,313
U.S. Treasury Notes	AAA	-	58,420	-	-	58,420
Participant-directed Funds						
Pooled Investment Funds		-	-	-	1,375,802	1,375,802
Collective Investment Funds		-	-	-	476,782	476,782
Domestic Equity		-	-	-	55,726	55,726
Total Invested Assets		8,242	258,064	1,903	1,909,806	2,178,015
Pool Related Net Assets		3	-	-	-	3
Total		$ 8,245	$ 258,064	$ 1,903	$ 1,909,806	$ 2,178,018

Custodial Credit Risk

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

Concentration of Credit Risk

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

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

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

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

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

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

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

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

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

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

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

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

At January 31, 2010, SBS had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

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

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

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

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

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

ALASKA PERMANENT FUND CORPORATION

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

Investment policy

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

At June 30, 2010, the APFC's strategic asset allocation targets were as follows:

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

Capital that is not invested in the special opportunities risk class resides in the company exposure risk class. To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC's chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's executive director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target allocation for the interest rate risk class is six percent, with the green zone range set at 6 to12 percent, yellow zone ranges set at 5 to 6 percent and 12 to 20 percent, and red zone ranges set at allocations of less than five percent or greater than 20 percent. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

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

Interest Rate Risk

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

For short-term debt investments, the APFC's investment policy states that all monies will be invested in either (i) the primary custodian's short-term investment fund or (ii) money-market-fund-eligible instruments with a maturity or average life no greater than thirteen months.

At June 30, 2010, the Fund held fixed income investments with floating, variable, and step interest rates, valued at $307,899 thousand . These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero percent to 11.25 percent.

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

The APFC manages the Fund's concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with APFC investment policy and investment manager contracts. Managers are not permitted, under any circumstances, to encumber assets beyond those held in each separately managed account.

Foreign Currency Risk

Foreign currency risk is managed through foreign currency forward contracts, and through the diversification of assets into various countries and currencies.

Forward Exchange Contracts

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

in the net increase in the fair value of investments, and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

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

Equity Index Futures

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

Cash and Temporary Investments

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, 2010 (in thousands):

Cash and Pooled Funds	$ 1,512,025
U.S. Treasury Bills	7,490
Total Cash and Temporary Investments	$ 1,519,515

U.S. treasury bills are explicitly guaranteed by the U.S. government and are not rated. At June 30, 2010, uninvested cash of $71,222 thousand was held at the custodian, sub-custodian, or futures broker banks, mainly in interest-bearing accounts. All remaining cash balances were invested in a money market fund managed by Invesco Aim Advisors, Inc.

Marketable Debt Securities

Marketable debt securities at June 30, 2010, are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Gains/(Losses)
Treasury Notes/Bonds	$ 2,381,437	$ 2,478,483	$ 97,046
Mortgage-backed Securities	443,137	462,837	19,700
Other Federal Agencies	287,938	312,674	24,736
Corporate Bonds	2,085,794	2,224,245	138,451
Non-domestic Bonds	886,063	869,650	(16,413)
Total Marketable Debt Securities	$ 6,084,369	$ 6,347,889	$ 263,520

Marketable Debt Credit Ratings

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate (approximately 91% of bond mandates at June 30, 2010), issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Managers with high yield mandates (approximately 9% of bond mandates at June 30, 2010) are allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the Nationally Recognized Statistical Rating Organizations (NRSRO) used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2010, 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	$ 488,694	$ 543,014	$ 1,031,708	16.25%
AA	276,266	125,501	401,767	6.33%
A	812,848	105,348	918,196	14.46%
BBB	492,191	52,664	544,855	8.58%
BB	117,502	35,844	153,346	2.42%
B	160,362	2,273	162,635	2.56%
CCC	100,578	-	100,578	1.58%
CC	6,356	505	6,861	0.11%
C	8,473	862	9,335	0.15%
D	1,239	-	1,239	0.02%
Total fair value of rated debt securities	2,464,509	866,011	3,330,520	52.46%
Not rated	21,266	-	21,266	0.34%
U.S. government explicitly backed by the U.S. government	2,606,115	3,639	2,609,754	41.11%
U.S. government implicitly backed by the U.S. government	386,349	-	386,349	6.09%
Total fair value debt securities	$ 5,478,239	$ 869,650	$ 6,347,889	100.00%

Marketable Debt Duration

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio effective duration in comparison to established benchmarks. At June 30, 2010, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration
Domestic Bonds		
Treasuries	45.11%	5.44
Corporate Bonds	35.26%	6.15
Mortgages and Other Structured Products	13.91%	2.62
Supra/Sovereign	4.32%	6.09
Government Sponsored	1.40%	2.35
Total Domestic Bonds	100.00%	5.29
Non-domestic Bonds		
Government and Agency	99.50%	5.70
Corporate and Other Non-government	0.50%	4.51
Total Non-domestic Bonds	100.00%	5.70

Preferred and Common Stock

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

The Fund invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors. The commingled stock funds held as of June 30, 2010 were: the Emerging Markets Growth Fund (EMGF) managed by Capital International, Inc.; the International Small Company Portfolio (DFISX) managed by Dimensional Fund Advisors LP; and, the DFA International Small Cap Value Portfolio (DISVX) managed by Dimensional Fund Advisors LP.

The fair values of the Fund's shares in the EMGF were $1,066,422 thousand as of June 30, 2010, and are included in the non-domestic values shown below. The value of the Fund's investment in the commingled fund represented approximately 8.3 percent of the total EMGF value at June 30, 2010.

The two commingled funds managed by Dimensional Fund Advisors LP were new investments to the Fund in FY 2010. The fair values of the Fund's shares in the DFISX and DISVX funds were $184,424 thousand as of June 30, 2010, and are included in the non-domestic values shown below. The value of the Fund's investment in the DFISX and DISVX funds represented approximately 4.15 percent and 2.74 percent of those funds' total values at June 30, 2010, respectively.

Preferred and common stocks at June 30, 2010, are summarized as follows (in thousands), and include the net fair value of equity index futures:

	Cost	Fair Value	Unrealized Gains/(Losses)
Domestic	$ 8,734,594	$ 8,855,374	$ 120,780
Non-domestic	7,830,107	7,523,813	(306,294)
Total Preferred and Common Stock	$ 16,564,701	$ 16,379,187	$ (185,514)

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, 2010, the Fund's cash holdings, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value):

Foreign Currency	Cash	Public Equity	Debt	Private Equity	Total Foreign Currency Exposure
Australian Dollar	$ 6,524	$ 292,335	$ 17,242	$ 2,731	$ 318,832
Brazilian Real	(1,315)	86,653	28,433	-	113,771
British Pound Sterling	5,967	1,093,997	81,124	22,820	1,203,908
Canadian Dollar	(3,718)	448,346	72,684	-	517,312
Chinese Yuan Renminbi	-	9	-	-	9
Colombian Peso	-	-	6,239	-	6,239
Czech Koruna	259	23,910	-	-	24,169
Danish Krone	867	49,641	42,777	-	93,285
Egyptian Pound	-	2,777	-	-	2,777
Euro	64,737	1,523,246	372,825	100,279	2,061,087
Hong Kong Dollar	3,171	329,181	-	-	332,352
Hungarian Forint	91	3,103	1,079	-	4,273
Indian Rupee	(269)	60,277	-	-	60,008
Indonesian Rupiah	(715)	26,926	8,744	-	34,955
Israeli Shekel	117	40,452	244	-	40,813
Japanese Yen	4,632	1,148,774	85,653	-	1,239,059
Malaysian Ringgit	142	14,284	2,952	-	17,378
Mexican Peso	206	22,088	23,407	-	45,701
New Zealand Dollar	112	2,678	-	-	2,790
Norwegian Krone	1,015	32,646	10,860	-	44,521
Philippine Peso	14	2,230	-	-	2,244
Polish Zloty	174	12,580	9,951	-	22,705
Russian Ruble	-	7,990	-	-	7,990
Singapore Dollar	1,178	80,722	2,517	-	84,417
South African Rand	120	54,586	-	-	54,706
South Korean Won	1,537	118,662	6,624	-	126,823
Swedish Krona	810	120,400	26,102	-	147,312
Swiss Franc	632	401,090	-	-	401,722
Taiwan Dollar	5,826	127,873	-	-	133,699
Thai Baht	-	17,788	-	-	17,788
Turkish Lira	(362)	36,306	17,914	-	53,858
Ukrainian Hryvna	3	1,284	-	-	1,287
Uruguayan Peso	-	-	3,914	-	3,914
Total foreign currency exposure	$ 91,755	$ 6,182,834	$ 821,285	$ 125,830	$ 7,221,704

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

Real Estate

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

Real estate investments at June 30, 2010, are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Gains/(Losses)
Real Estate Investment Trusts	$ 213,706	$ 211,498	$ (2,208)
Alaska Residential Mortgages	29	29	-
Directly Owned Real Estate -			
Retail	650,694	1,040,027	389,333
Office	1,030,217	883,744	(146,473)
Industrial	247,206	214,713	(32,493)
Multifamily	997,120	923,352	(73,768)
Total Real Estate	$ 3,138,972	$ 3,273,363	$ 134,391

Alternative Investments

Alternative investments include real return mandates, absolute return strategies, private equity, infrastructure, distressed debt, and mezzanine debt.

During fiscal year 2010, the APFC hired five real return mandate managers, providing $500 million in funding to each manager. The objective for the real return managers is to produce a five percent real return (in excess of inflation) over the longer of one business cycle or five years. Each manager's contract specifies permitted investments and liquidity guidelines. Investments are generally in commingled proprietary funds structured as limited partnerships.

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

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

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include: toll roads; airports; deep water ports; communication towers; and energy generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund's investment strategy. The Fund holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates. The limited partnerships undergo annual independent audits. Infrastructure investments by their

nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

The Fund invests in distressed debt through limited partnerships that invest either directly in distressed debt or in commingled limited liability funds with a distressed debt focus. The Fund invests in mezzanine debt through limited partnerships that invest directly in mezzanine debt. These investments are funded over time, as opportunities arise. The limited partnerships undergo annual independent audits.

Alternative investments at June 30, 2010, are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Gains/(Losses)
Real return	$ 2,511,165	$ 2,483,299	$ (27,866)
Absolute return	1,955,415	2,163,647	208,232
Private equity	1,036,852	1,017,919	(18,933)
Infrastructure	503,763	524,412	20,649
Distressed and mezzanine debt	243,768	288,976	45,208
Total alternative investments	$ 6,250,963	$ 6,478,253	$ 227,290

As of June 30, 2010, the APFC, on behalf of the Fund, had outstanding commitments of: $151 million for absolute return; $1.23 billion for private equity; $802 million for infrastructure; and $984 million for distressed and mezzanine debt investments combined.

Alaska Certificates of Deposit

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

Securities Lending

State regulations at 15 AAC 137.510 and APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Fund. Through a contract with the Bank of New York Mellon (the Bank), the Fund lends marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or marketable securities guaranteed by the U.S. government or a U.S. government agency. Under APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of the loaned securities for domestic securities (and non-domestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for other non-domestic loaned securities. The APFC can sell securities that are on loan. Upon borrower default, the Bank can use cash collateral and the proceeds of 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 sheet and invested by the Bank in the Fund's name. As of June 30, 2010, 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, 2010, the value of securities on loan is as follows (in thousands) :

Fair Value of Securities on Loan	$ 2,452,813
Cash Collateral	2,598,126

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the years ended June 30, 2010, the Fund incurred no losses from securities lending transactions. The Fund received income of $9,475 thousands from securities lending for the years ended June 30, 2010.

Investment Income by Source

Investment income during the year ended June 30, 2010, is summarized as follows (in thousands):

Interest	
Domestic Marketable Debt Securities	$ 252,536
Non-domestic Marketable Debt Securities	42,698
Alaska Certificates of Deposit	2,279
Short-term Domestic and Other	657
Total Interest	$ 298,170
Dividends	
Domestic Stocks	$ 142,190
Non-domestic Stocks	208,827
Total Dividends	$ 351,017
Real Estate and Other Income	
Directly Owned Real Estate Interest	$ 2
Directly Owned Real Estate Net Rental Income	138,203
Real Estate Investment Trust Dividends	8,949
Real Return Interest and Dividends	8,188
Absolute Return Management Expenses, Net of Dividend and Interest Income	(15,958)
Distressed and Mezzanine Debt Fees, Net of Interest Income	(4,758)
Infrastructure Dividends and Interest, Net of Fees	6,311
Private Equity Management Expenses, Net of Dividend Income	(4,880)
Class Action Litigation Income	5,344
Loaned Securities, Commission Recapture and Other Income	10,046
Total Real Estate and Other Income	$ 151,447

Foreign Exchange Contracts and Off-Balance Sheet Risk

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2010 ranged between 1 and 166 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, 2010 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts for fiscal year 2010 are summarized as follows (in thousands):

Face Value of FX Forward Contracts	$ 2,011,514
Net Unrealized Loss on FX Forward Contracts	(1,475)
Fair Value of FX Forward Contracts	$ 2,010,039
Unrealized Losses	$ (3,871)
Realized Gain	90,601
Net Increase in Fair Value of FX Forward Contracts	$ 86,730

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

Activity and balances related to equity index futures for fiscal year 2010 is summarized as follows (in thousands):

Face Value of Equity Index Futures	$ 100,649
Net Unrealized Loss on Futures	(5,003)
Fair Value of Equity Index Futures	$ 95,646
Unrealized Losses	$ (4,017)
Realized Gains	13,717
Net Increase in Fair Value of Futures	$ 9,700

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

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

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

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

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

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, 2010, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right of Way	$ 484	$ 20	$ -	$ 504
Land	313	6	-	319
Construction in progress	1,369	574	(584)	1,359
Total capital assets not being depreciated	2,166	600	(584)	2,182
Capital assets being depreciated:				
Buildings	1,556	89	(38)	1,607
Intangible - Software	38	1	-	39
Equipment	800	37	(9)	828
Infrastructure	5,581	404	-	5,985
Total capital assets being depreciated	7,975	531	(47)	8,459
Less accumulated depreciation for:				
Buildings	(476)	(28)	12	(492)
Intangible - Software	(28)	(9)	-	(37)
Equipment	(363)	(34)	7	(390)
Infrastructure	(3,211)	(275)	-	(3,486)
Total accumulated depreciation	(4,078)	(346)	19	(4,405)
Total capital assets being depreciated, net	3,897	185	(28)	4,054
Capital assets, net	$ 6,063	$ 785	$ (612)	$ 6,236

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

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 30	$ -	$ -	$ 30
Construction in progress	229	123	(275)	77
Total capital assets not being depreciated	259	123	(275)	107
Capital assets being depreciated:				
Buildings	751	222	-	973
Equipment	69	8	(1)	76
Infrastructure	630	40	-	670
Total capital assets being depreciated	1,450	270	(1)	1,719
Less accumulated depreciation for:				
Buildings	(204)	(23)	-	(227)
Equipment	(44)	(4)	1	(47)
Infrastructure	(288)	(20)	-	(308)
Total accumulated depreciation	(536)	(47)	1	(582)
Total capital assets being depreciated, net	914	223	-	1,137
Capital assets, net	$ 1,173	$ 346	$ (275)	$ 1,244

The following relates to the land owned by the State:

The total state entitlement amounts to approximately 105.7 million acres, 102.5 million of which was received through the Statehood Act. In accordance with the Alaska Statehood Act section 6(g), Alaska Native Claims Settlement Act, and the Alaska National Interest Lands Conservation Act, section 906(c), 100.1 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	$ 3
Education	8
Health and Human Services	10
Law and Justice	3
Natural Resources	2
Public Protection	6
Transportation	290
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.	24
Total Depreciation Expense – Governmental Activities	$ 346
Business-type Activities	
Enterprise	$ 47

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2010 (in millions):

	Beginning Balance (restated)	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right of Ways	$ 5	$ 1	$ -	$ 6
Land	70	2	-	72
Library, media, and museum collections	57	1	-	58
Construction in progress	192	170	(216)	146
Infrastructure	11	-	-	11
Total capital assets not being depreciated	335	174	(216)	293
Capital assets being depreciated/depleted:				
Intangible - Software	-	1	-	1
Intangible - Right of Use	21	-	-	21
Land	4	-	-	4
Buildings	1,353	135	-	1,488
Equipment	456	41	(20)	477
Infrastructure	1,160	54	-	1,214
Total capital assets being depreciated/depleted	2,994	231	(20)	3,205
Less accumulated depreciation/depletion for:				
Intangible - Right of Use	(2)	-	-	(2)
Buildings	(665)	(52)	-	(717)
Equipment	(251)	(31)	19	(263)
Infrastructure	(419)	(46)	-	(465)
Total accumulated depreciation/depletion	(1,337)	(129)	19	(1,447)
Total capital assets being depreciated/depletion, net	1,657	102	(1)	1,758
Capital assets, net	$ 1,992	$ 276	$ (217)	$ 2,051

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

The beginning balance amount for component units includes reclassification activity. The Alaska Railroad Corporation had a reclassification of equipment to infrastructure, the Alaska Energy Authority had a reclassification of infrastructure from depreciated to non-depreciated, and the Alaska Natural Gas Development Authority had a reclassification of construction in progress to land. With GASB 51, Alaska Aerospace Development Corporation had a reclassification of infrastructure to equipment.

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 10 totaling $964 thousand and $1,629 thousand respectively. The proceeds were used to fund the State share of loan distributions and administration costs. In accordance with the Environmental Protection Agency regulations, interest and investment earnings were used to retire the bond anticipation notes. No balance was outstanding at year end.

Short-term debt activity for the primary government for the fiscal year ended June 30, 2010 is as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Bond Anticipation Notes	$ -	$ 2,593	$ 2,593	$ -

LONG-TERM LIABILITIES

The following table summarizes changes in long-term liabilities for the fiscal year ended June 30, 2010 (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 430,176	$ 908	$ 5,331	$ 425,753	$ 2,596
General obligation debt	520,019	-	30,502	489,517	34,839
Capital leases payable	410,846	20,603	21,364	410,085	21,224
Unearned & deferred revenue	285,819	24,149	7,781	302,187	43,290
Certificates of participation	51,415	-	5,810	45,605	6,005
Compensated absences	143,661	143,303	132,913	154,051	122,506
Claims and judgments	135,404	41,571	101,888	75,087	32,991
Pollution Remediation	43,130	19,273	9,087	53,316	6,103
Other noncurrent liabilities	3,256	-	1,952	1,304	966
Net pension obligation	-	751	-	751	-
Total	$ 2,023,726	$ 250,558	$ 316,628	$ 1,957,656	$ 270,520

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

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

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 582,893	$ -	$ 20,887	$ 562,006	$ 7,040
Unearned & deferred revenue	3,602	573	-	4,175	4,175
Compensated absences	4,345	3,760	3,752	4,353	3,531
Claims and judgements	-	910	-	910	700
Pollution Remediation	1,518	155	244	1,429	125
Other noncurrent liabilities	524	-	369	155	-
Total	$ 592,882	$ 5,398	$ 25,252	$ 573,028	$ 15,571

B. GENERAL OBLIGATION BONDS AND REVENUE BONDS

GENERAL OBLIGATION BONDS

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

The full faith, credit, and resources of the state are pledged to secure payment of general obligation bonds. As of June 30, 2010, the following were the general obligation bond debt outstanding (in millions):

Year Ending June 30	Principal	Interest	Total
2011	$ 32.0	$ 21.8	$ 53.8
2012	35.2	20.2	55.4
2013	36.6	18.4	55.0
2014	38.1	16.6	54.7
2015	27.1	15.1	42.2
2016-2020	142.3	55.2	197.5
2021-2025	108.8	25.5	134.3
2026-2030	55.6	7.2	62.8
Total debt service requirements	475.7	$ 180.0	$ 655.7
Unamortized bond premium	13.8		
Total principal outstanding	$ 489.5		

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

REVENUE BONDS

As of June 30, 2010, the following were the revenue bonds outstanding (in millions):

	Governmental Activities		Business-Type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2011	$ 2.6	$ 20.6	$ 7.0	$ 27.4
2012	6.2	20.5	22.8	26.7
2013	11.9	20.2	23.9	25.5
2014	12.6	19.7	25.1	24.3
2015	13.4	19.2	26.3	23.1
2016-2020	50.0	87.3	142.1	94.9
2021-2025	51.1	76.3	178.7	54.8
2026-2030	43.6	64.1	118.7	15.4
2031-2035	51.5	52.9	16.4	0.3
2036-2040	67.0	38.7	-	-
2041-2045	91.4	19.6	-	-
2046-2050	33.5	1.1	-	-
Total debt service requirements	434.8	$ 440.2	561.0	$ 292.4
Unamortized bond (discounts)/premiums	(8.8)		1.0	
Deferred amount on refunding	(3.4)		-	
Plus accreted value	3.2		-	
Total principal outstanding	$ 425.8		$ 562.0	

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

Northern Tobacco Securitization Corporation Revenue Bonds

The Northern Tobacco Securitization Corporation (NTSC) bonds were issued to purchase the right to a share of Tobacco Settlement Revenues (TSRs) received by the State of Alaska. These revenue bonds are secured by and payable solely from the TSRs and investment earnings pledged under the respective bond indentures and amounts established and held in accordance with those bonds indentures. Neither Alaska Housing Finance Corporation nor the State of Alaska is liable for any debt issued by NTSC. NTSC revenue bond total at June 30, 2010 includes $380.4 million in principal, $415.4 million in interest, $8.9 million in unamortized discount, $3.4 million deferred amount on refunding, and $3.2 million in accreted value on the Series 2006B and Series 2006C Bonds. At June 30, 2010, $72.1 million in NTSC revenue bonds were outstanding and considered defeased.

Alaska Sport Fishing Revenue Bonds

The State of Alaska Sport Fishing (SF) Revenue Bonds Series 2006 were issued under Article 5A of Chapter 15 of Title 37 of the Alaska Statutes. The bonds were issued to provide a portion of the funds necessary to finance the construction and renovation of fisheries rehabilitation, enhancement and development projects that benefit sport fishing. These revenue bonds are special, limited obligations of the State secured by and payable from the sport fishing facilities surcharge imposed under AS 16.05.340 and from funds received from the federal government which by their terms are not restricted in use and legally available for the payment for debt service on Parity Bonds. The bonds are not general obligations of the State, and the State does not pledge its full faith and credit to the payment of the bonds. Sport Fishing revenue bond total at year end includes $54.4 million in principal, $24.8 million in interest, and $.1 million in unamortized premium.

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund (IAF). Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports revenue bonds. There are $55.3 million of bonds authorized by the Alaska

Legislature that have not been issued. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Assets. At June 30, 2010, $14.6 million in International Airports Revenue Bonds were outstanding and considered defeased. Total bond interest arbitrage rebate liability was $155.7 thousand at June 30, 2010.

C. 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
2011	$ 36.5	$ 21.2	$ 21.7	$ 42.9
2012	28.4	20.8	20.5	41.3
2013	22.6	20.8	19.5	40.3
2014	18.8	21.6	18.5	40.1
2015	12.1	21.9	17.5	39.4
2016-2020	34.1	107.0	71.3	178.3
2021-2025	3.6	73.3	46.6	119.9
2026-2030	1.6	73.4	26.0	99.4
2031-2035	1.3	48.9	4.9	53.8
2036-2040	0.2	-	0.3	0.3
2041-2045	0.2	-	0.3	0.3
2046-2050	0.2	-	0.3	0.3
2051-2055	0.2	-	0.3	0.3
2056-2060	1.8	1.2	0.3	1.5
Total	$ 161.6	$ 410.1	$ 248.0	$ 658.1

Leases at June 30, 2010 are reported by the State of Alaska within Governmental Activities and Business-Type Activities, as applicable.

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

Buildings and equipment under capital leases as of June 30, 2010 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	$ 419,941	$ -
Equipment	11,507	-
Less: Accumulated Depreciation	(21,364)	-
	$ 410,084	$ -

D. CERTIFICATES OF PARTICIPATION

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

The following schedule presents future minimum payments as of June 30, 2010 (in millions):

Governmental Activities	Certificates of Participation		
Year Ending June 30	Principal	Interest	Total
2011	$ 6.0	$ 2.0	$ 8.0
2012	6.2	1.7	7.9
2013	6.5	1.5	8.0
2014	3.9	1.1	5.0
2015	4.1	1.0	5.1
2016-2020	16.8	2.3	19.1
2021-2025	2.1	0.1	2.2
Total	$ 45.6	$ 9.7	$ 55.3

E. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Principal	Interest	Total
2011	$ 362.0	$ 189.2	$ 551.2
2012	180.0	182.2	362.2
2013	176.3	174.6	350.9
2014	176.3	166.7	343.0
2015	151.2	158.4	309.6
2016-2020	748.3	689.5	1,437.8
2021-2025	698.5	517.9	1,216.4
2026-2030	683.9	355.6	1,039.5
2031-2035	598.3	202.9	801.2
2036-2040	573.1	65.1	638.2
2041-2045	139.0	4.5	143.5
Total debt service requirements	$ 4,486.9	$ 2,706.6	$ 7,193.5
Unamortized (discounts)/premiums	23.3		
Unamortized swap termination penalty	(20.7)		
Deferred amount on refunding	(23.8)		
Total principal outstanding	$ 4,465.7		

The preceding table does not include $407 thousand of Alaska Energy Authority arbitrage interest payable.

F. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

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

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

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

AHFC's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, AHFC would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2010, AHFC has not posted any collateral and is not required to post any collateral.

The recording of the fair value of derivatives resulted in a cumulative effect of accounting change amount in the Statement of Revenues, Expenses, and Changes in Net Assets. Please refer to Note 3 for further details.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2010, are shown below:

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

[1] Governmental Purpose Bonds
[2] Home Mortgage Revenue Bonds
[3] State Capital Project Bonds
[4] London Interbank Offered Rate 1 month
[5] London Interbank Offered Rate 3 month
[6] Securities Industry and Financial Markets Municipal Swap Index
[7] Standard & Poor's/Moody's

The change in fair value and ending balance of AHFC's hedging derivatives as of June 30, 2010, is shown below (in thousands). The fair value is reported as a deferred outflow/inflow of resources in the Statement of Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2010	Fair Values June 30, 2009	Change in Fair Values
GP01A	$ 61,950	$ 63,958	$ (2,008)	$ 527	$ (2,535)
GP01B	75,700	90,548	(14,848)	(11,906)	(2,942)
E021A1	47,060	50,553	(3,493)	(1,349)	(2,144)
E021A2	120,000	126,965	(6,965)	(2,661)	(4,304)
SC02C	60,250	67,919	(7,669)	(5,157)	(2,512)
E071AB	143,622	171,345	(27,723)	(19,132)	(8,591)
E071BD	95,748	113,627	(17,879)	(12,302)	(5,577)
E091A	72,789	87,082	(14,293)	(9,633)	(4,660)
E091B	72,789	87,251	(14,462)	(10,068)	(4,394)
E091ABD	97,052	115,611	(18,559)	(12,847)	(5,712)
Total	$ 846,960	$ 974,859	$ (127,899)	$ (84,528)	$ (43,371)

As of June 30, 2010, 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
2011	$ 5,710	$ 2,631	$ 27,913	$ 36,254
2012	6,895	2,615	27,739	37,249
2013	12,825	2,590	27,465	42,880
2014	13,390	2,553	27,029	42,972
2015	13,955	2,514	26,573	43,042
2016-2020	101,175	11,837	124,410	237,422
2021-2025	153,340	9,885	102,367	265,592
2026-2030	172,790	7,450	76,782	257,022
2031-2035	168,490	4,678	48,722	221,890
2036-2040	165,115	1,864	20,403	187,382
2041	33,275	96	974	34,345
	$ 846,960	$ 48,713	$ 510,377	$ 1,406,050

Interest Rate Risk

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

Credit Risk

As of June 30, 2010, AHFC is not exposed to credit risk on any swaps because the swaps all have negative fair values. If interest rates rise and the fair values of swaps become positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. AHFC currently has swap agreements with five separate counterparties. Approximately 31 percent of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 30 percent of the total notional amount of the swaps is held with

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

Basis Risk

All of AHFC's variable-rate bond interest payments are based on the tax exempt SIFMA index. Therefore, AHFC is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2010, SIFMA was 0.310 percent and 1 month LIBOR was 0.347 percent, resulting in a positive 0.037 percent spread. The 3 month LIBOR was 0.538 percent resulting in a positive 0.228 percent spread between SIFMA and the 3 month LIBOR. The spread between LIBOR and SIFMA has fluctuated since the agreements became effective. As the spread increases, so does the anticipated cost savings from the swaps.

Termination Risk

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

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

Rollover Risk

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

INVESTMENT DERIVATIVES

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

The significant terms and credit ratings of AHFC's investment derivatives as of June 30, 2010, are shown below:

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

The change in fair value of the investment derivatives as of June 30, 2010, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2010	Fair Values June 30, 2009	Change in Fair Values
SC02B	$ 14,555	$ 16,923	$ (2,368)	$ (1,574)	$ (794)

Credit Risk

As of June 30, 2010, AHFC is not exposed to credit risk on this outstanding swap because the swap has a negative fair value. If interest rates rise and the fair values of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated AA-/Aa1.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

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

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

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

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

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

The PERS component unit is comprised of the PERS-DB, PERS-DCR Plans, and the ARHCT. PERS issues a separate stand-alone financial report that includes financial statements and required supplementary information. PERS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more

complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2010 the number of PERS participating employers was:

State of Alaska	3
Municipalities	77
School Districts	53
Other	27
Total Employers	160

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

The PERS-DB funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due. Employer contributions are accumulated in both the pension and the healthcare funds based on the approved contribution rate for the fiscal year. The employer rate for the State of Alaska for the year ended June 30, 2010 was capped at 22 percent of compensation.

The state's contributions to PERS-DB for the fiscal years ended June 30, 2010, 2009 and 2008 were $233.1, $224.6, and $218.6 million respectively for the year. For the FY 10 contributions, $84.4 million was for pensions and $148.7 million was for postemployment benefits. The contributions were equal to the required contributions in FY 10.

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

Chapter 12 SLA 2009 appropriated $108.0 million from the General Fund to the PERS-DB as an additional state contribution for FY 10. The portion of this payment attributable to State of Alaska employers is $63,501 thousand, of which $26,145 thousand is for pensions and $37,356 thousand is for postemployment benefits.

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

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

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

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the Alaska Retiree Health Care Trust effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss

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

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

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

At June 30, 2010 the number of participating employers was:

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

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

The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percent of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2010 was 12.56 percent of compensation. Employer contributions are accumulated in both the pension and healthcare funds based on the approved contribution rate for the fiscal year.

The state's contributions to TRS-DB for the fiscal years ended June 30, 2010, 2009, and 2008 were $6.1, $6.3, and $6.0, million respectively, equal to the required contributions for each year. For the FY 10 contributions, $2.7 million was for pensions and $3.4 million was for postemployment benefits. The contributions were equal to the required contributions in FY 10.

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

Chapter 12 SLA 2009 appropriated $173.5 million from the General Fund to the TRS-DB as an additional state contribution for FY 10. The portion of this payment attributable to State of Alaska employers is $12,064 thousand, of which $6,988 thousand is for pensions and $5,076 thousand is for postemployment benefits.

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

The Judicial Retirement System (JRS)

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

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

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

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

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

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

The JRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2010, was 36.2 percent of compensation. Total contributions for FY 10 were $3.7 million for pensions, and $.8 million for postemployment benefits.

Included in these amounts is $1.5 million appropriated in chapter 12 SLA 2009 from the General Fund to JRS as an additional state contribution for FY 10.

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

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio	Covered Payroll	FE/(UAAL) as a Percentage of Covered Payroll
2004	$ 53,601	$69,505	$ (15,904)	77.1%	$6,530	(243.6%)
2006	77,311	111,820	(34,509)	69.1%	7,131	(484.0%)
2008	122,883	130,596	(7,713)	94.1%	10,462	(73.7%)

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

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio	Covered Payroll	FE/(UAAL) as a Percentage of Covered Payroll
2004	$ 16,855	$ 21,856	$ (5,001)	77.1%	$6,530	(76.6%)
2006	2,399	17,794	(15,395)	13.5%	7,131	(215.9%)
2008	18,353	19,941	(1,588)	92.0%	10,462	(15.2%)

The actuarial valuation as of June 30, 2008 set the contribution rates for the year ended June 30, 2010. The State of Alaska's net pension asset for FY 10 follows (in thousands):

	Pension	OPEB
Annual Required Contribution	$ 5,237	$ 1,433
Interest on net pension asset	(64)	(60)
Adjustment to annual required contribution	75	70
Annual Pension Cost (APC)/OPEB Cost (AOC)	5,248	1,443
Contributions Made	(3,725)	(800)
Increase in Obligation	1,523	643
Net Pension Obligation/(Asset) Beginning of Year	(772)	(725)
Net Pension Obligation/(Asset) End of the Year	$ 751	$ (82)

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

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
	2008	3,892	117.1%	(997)
	2009	4,952	95.5%	(772)
	2010	5,248	71.0%	751

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	Net OPEB Obligation /(Asset)
	2008	$ 567	229.8%	$ (736)
	2009	1,422	99.2%	(725)
	2010	1,443	55.4%	(82)

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

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

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

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

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

Chapter 12 SLA 2009 appropriated $1.7 million from the General Fund to the NGNMRS's as an additional state contribution for FY 10.

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

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
2004	$ 13,391	$ 19,749	$ (6,358)	67.8%
2006	15,588	25,458	(9,870)	61.2%
2008	28,371	28,905	(534)	98.2%

The actuarial valuation as of June 30, 2008 set the contribution rates for the year ended June 30, 2010. The State of Alaska's net pension obligation for FY 10 follows:

Annual Required Contribution	$ 2,415,077
Interest on net pension asset	(151)
Adjustment to annual required contribution	290
Annual Pension Cost (APC)	2,415,216
Contributions Made	(2,603,300)
Decrease in Net Pension Asset	(188,084)
Net Pension Obligation/(Asset) Beginning of Year	(1,839)
Net Pension Obligation/(Asset) End of the Year	$ (189,923)

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

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
2008	$ 1,737	100.0%	$ (2)
2009	2,473	100.0%	(2)
2010	2,415	107.8%	(190)

The Elected Public Officers Retirement System (EPORS)

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

Plan members contribute seven percent of their compensation to EPORS. Employee contributions earn interest at 4.5 percent per annum, compounded semiannually. The remaining amount required to pay EPORS benefits is funded by legislative appropriation. The cost to the State for EPORS for the fiscal years ended June 30, 2010, 2009, and 2008 was $2.1 million, $1.8 million, and $1.8 million. In FY10 there was no covered payroll. EPORS is a closed plan and no separate financial statement is issued for EPORS. However, an actuarial valuation on EPORS was performed as of June 30, 2008.

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

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

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

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

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

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

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
	2008	$ 1,334	100.0%	$ -
	2009	1,408	100.0%	-
	2010	1,617	100.0%	-

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	OPEB Obligation /(Asset)
	2008	$ 413	100.0%	$ -
	2009	424	100.0%	-
	2010	463	100.0%	-

ASSET VALUATION

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

Systems	Fair Value
Public Employees' Retirement System	$9,215,656
Teachers' Retirement System	3,982,836
Judicial Retirement System	112,037
Alaska National Guard and Alaska Naval Militia Retirement System	29,497

PLAN MEMBERSHIPS

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

	PERS	TRS	JRS	NGNMRS	EPORS
	6/30/09	6/30/09	6/30/08	6/30/08	6/30/08
Retirees & beneficiaries receiving benefits & Terminated members with future benefits	31,581	11,139	95	1,664	38
Current active employees:					
Vested	20,671	5,799	46	*	-
Nonvested	6,894	2,427	27	3,897	-
Total	59,146	19,365	168	5,561	38

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

FUNDING STATUS AND PROGRESS

Actuarial Method and Assumptions

All systems use the entry age normal actuarial funding method within the valuation reports. The unfunded accrued benefit liability or funding surplus is amortized over a rolling 25 years (NGNMRS is 20 years).

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

The following main assumptions were used in the actuarial valuation.

System	Investment Return Compounded Annually	Salary Scale Increase	Health Care Inflation			Consumer Price Index Inflation	Valuation Date
				Medical	Rx		
PERS	8.25%	Police & Firefighters - 6.5% first 6 yrs, 4.5% thereafter. All Others - 9.5% first 5 yrs, 5.5% for year 6 then grading down to 5.0% and 4.0%.	FY 10	7.5%	9.6%	3.5%	6/30/2009
			FY 11	6.9%	8.3%		
			FY 12	6.4%	7.1%		
				Medical	Rx		
TRS	8.25%	6% first 5 yrs, grading down to 4% after 15 yrs	FY 10	7.5%	9.6%	3.5%	6/30/2009
			FY 11	6.9%	8.3%		
			FY 12	6.4%	7.1%		
				Medical	Rx		
JRS	8.25%	4.0% per year	FY 10	7.5%	9.6%	3.5%	6/30/2008
			FY 11	6.9%	8.3%		
			FY 12	6.4%	7.1%		
NGNMRS	7.25%	–		–		–	6/30/2008
				Medical	Rx		
EPORS	5.00%	4.0 % per year	FY 10	7.5%	9.6%	3.5%	6/30/2008
			FY 11	6.9%	8.3%		
			FY 12	6.4%	7.1%		

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

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

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

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

B. NON-STATE ADMINISTERED PLANS

THE MARINE ENGINEERS' BENEFICIAL ASSOCIATION (MEBA) PENSION PLAN

The MEBA plan is a defined benefit pension plan administered by MEBA for its members. Engineer Officers of the Alaska Marine Highway System participate in this program and the State contributes an amount (set by union contract) for each employee. The State assumes no liability for this pension plan or its participants other than the payment of required contributions. The State contributed $895.2 thousand in FY 10.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

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

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

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

As of June 30, 2010, there were 160 employers participating in PERS-DCR. There were no retirees or beneficiaries currently receiving benefits, 304 terminated plan members entitled to future benefits, and 9,412 active members, of which 8,760 are general employees and 652 are peace officers and firefighters.

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

On July 1, 2006, three pension trust sub-funds were created within PERS, the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or

disability on the job. PERS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 10 for each member's compensation was 0.83 percent for medical coverage and 0.30 percent for death and disability (1.33 percent for peace officers and firefighters). HRA is $141.64 per month for full time employees and $1.09 per hour for part time employees.

The PERS pension contributions for the year ended June 30, 2010 by the employees were $15,668 thousand and the State of Alaska employers were $9,791 thousand. The PERS other postemployment contributions for the year ended June 30, 2010 were $8,720 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the PERS-DCR cash and investments as of June 30, 2010 is $143,792 thousand. PERS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by PERS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

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

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

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

As of June 30, 2010, there were 58 employers participating in TRS-DCR. There were no retirees or beneficiaries currently receiving benefits, 394 terminated plan members entitled to future benefits, and 2,269 active members.

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

On July 1, 2006, two pension trust sub-funds were created in TRS, the Retiree Major Medical Insurance (RMP) and Health Reimbursement Arrangement (HRA). The TRS Occupational Death and Disability (OD&D) trust sub-fund was created on July 1, 2007. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. TRS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 10 for each member's compensation was 1.03 percent for medical coverage, 0.32 percent for death and disability. HRA is $141.64 per month for full time employees and $1.09 per hour for part time employees.

The TRS pension contributions for the year ended June 30, 2010 by the employees were $241 thousand and the State of Alaska employers were $211 thousand. The TRS other postemployment contributions for the year ended June 30, 2010 were $129 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the TRS-DCR cash and investments as of June 30, 2010 is $62,337 thousand. TRS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by

TRS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

Supplemental Benefits System

In addition to the pension plans (note 7) and deferred compensation plan (note 9), all state employees, as well as employees of political subdivisions which have elected to participate in the program, are covered under the Alaska Supplemental Benefits System (SBS). SBS is comprised of the Supplemental Annuity Plan and the Supplemental Benefits Plan. The Supplemental Annuity Plan is a defined contribution plan that was created under Alaska statutes effective January 1, 1980, to provide benefits in lieu of those provided by the federal Social Security System (Social Security). All state employees, who would have participated in Social Security if the State had not withdrawn, participate in SBS. Other employers whose employees participate in the State Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in SBS as provided by Alaska Statute. As of January 31, 2010, there were nineteen other employers participating in SBS. There were approximately 38,000 participants in the Plan.

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

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

Mandatory contributions are made to the Supplemental Annuity Plan and voluntary contributions to the Supplemental Benefits Plan. Participating employees are vested at all times. Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The State is required to contribute 12.26 percent of an employee's wages up to the taxable wage base in effect under Social Security regulations. Each employee is considered to have agreed to a wage reduction equal to one-half the contribution made on the employee's behalf. The State's mandatory contributions for the year ending January 31, 2010, were $126,668 thousand. The state's covered payroll was approximately $1,033,178 thousand.

Supplemental Benefit Plan contributions are voluntary based upon the optional benefits elected by each employee enrolled in SBS. Each employee agrees to a wage reduction based upon the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to SBS on the employee's behalf. State employee voluntary contributions for the year ending January 31, 2010, were $3,446 thousand.

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

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

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended January 31, 2010. Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how contributions are allocated among the investment options. Each participant's account is credited with the contributions, the increase or decrease in unit value for the investment funds, and reduced for administrative fees.

B. NON-STATE ADMINISTERED PLANS

THE NORTHWEST MARINE RETIREMENT TRUST (NMRT)

NMRT is an agent multiple-employer pension plan with defined contributions and is administered by the Pacific Northwest Marine Retirement Trust. The State assumes no liability for this pension plan or its participants other than the payment of required contributions. The State contributed $947 thousand in FY 10.

NOTE 9 – DEFERRED COMPENSATION PLAN

The State of Alaska Deferred Compensation Plan was created by Alaska statutes. It is a deferred compensation plan under Section 457 of the Internal Revenue Code. It is available to all permanent and long term non-permanent employees, and elected officials of the State (and with the March 1, 2006 amendment, members of State of Alaska boards and commissions) who have completed a pay period of employment. Participants authorize the State to reduce their current salary so that they can receive the amount deferred at a later date. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. As of December 31, 2009 the Deferred Compensation Plan had approximately 9,000 participants.

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

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

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

Deferred Compensation Plan net assets as of December 31, 2009 were $521,692 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, 2010, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

	Due from Other Funds					
Due to Other Funds	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ -	$ 2,051	$ 619	$ 9,899	$ 32,845	$ 45,414
Alaska Permanent Fund	857,983	-	-	-	-	857,983
Nonmajor Governmental Funds	19,628	-	-	-	-	19,628
International Airports	42,161	-	-	-	-	42,161
Nonmajor Enterprise Funds	3,471	-	-	-	-	3,471
Internal Service Funds	786	-	-	-	-	786
Fiduciary Funds	26,545	-	-	-	-	26,545
Other	33,593	-	-	(361)	15,337	48,569
Total	$ 984,167	$ 2,051	$ 619	$ 9,538	$ 48,182	$ 1,044,557

The $858 million balance due from the Alaska Permanent Fund to the General Fund includes $815.9 million for payment of 2010 Permanent Fund dividends to qualified residents of the State. The balance is for administrative and associated costs of the 2010 Permanent Dividend Program.

The majority of the "Other" due from Other Funds and due to Other Funds balances are attributable to FY 10 activity during the reappropriation period in July and August 2010 that caused the movement of cash balances between funds after June 30, 2010. The amounts reported as "Other" are reconciling amounts resulting from reporting differences for certain funds included in the fund financial statements at June 30, 2010.

INTERFUND TRANSFERS

	Transfers to						
Transfers From	General Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Other	Total
General Fund	$ -	$ 46,980	1,381	$ 622	$ 11,014	$ 17	$ 60,014
Alaska Permanent Fund	857,983	-	-	-	-	-	857,983
Nonmajor Governmental Funds	3,715	9,007	-	-	-	-	12,722
International Airports	10	-	-	-	-	(10)	-
Nonmajor Enterprise Funds	1,926	-	-	-	-	(421)	1,505
Fiduciary Funds	4,394	-	-	-	-	(4,394)	-
Total	$ 868,028	$ 55,987	$ 1,381	$ 622	$ 11,014	$ (4,808)	$ 932,224

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

The transfer from Alaska Permanent Fund to the General Fund includes a $857.9 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program.

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

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

The transfer from the Unemployment Compensation Fund to "Other" represents the difference reported between the General Fund and Unemployment Compensation Fund.

The transfer from General Fund to "Other" represents a transfer to Knik Arm Bridge and Toll Authority for employer relief not recorded as a transfer by Knik Arm Bridge and Toll Authority.

NOTE 11 – RELATED PARTY ACTIVITY

Pursuant to understanding and agreements between the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA), AIDEA provides administrative, treasury, personnel, data processing, communications and other services to AEA. During FY 10, AEA expensed $5.2 million for such services. During FY 10, AEA capitalized $7 thousand for such services. AEA has a borrowing arrangement with AIDEA to provide working capital funds. At June 30, 2010 AEA had $1.8 million payable to AIDEA for services and borrowings.

On July 17, 2009, the Alaska Student Loan Corporation (ASLC) entered into a Trust and Loan Agreement with the State of Alaska Department of Revenue. The Loan Agreement provides up to $100 million to ASLC for the purposes of financing education loans. The loan is a four-year bullet loan accruing interest on the outstanding principal balance using a variable rate of interest equal to the most current rolling five-year average return on the State's General Fund. The initial interest rate was set at 4.29 percent and will be reset annually in July. Interest is payable semi-annually in January and July. ASLC has the right to prepay the loan, in whole or in part, at any time, without penalty or premium. A Trust Agreement was entered into to secure payment of the loan. Loan proceeds drawn are deposited in the trust until education loans are originated. Education loans originated with loan proceeds, payments received on those loans, and earnings on pledged assets are all pledged to the trust.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. SICK LEAVE

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

The estimated amount of unused accumulated sick leave as of June 30, 2010, is $25,452 thousand. This amount was calculated using the base pay on file for each employee as of June 30, 2010. It does not include an estimate of the cost of fringe benefits (supplemental benefits, retirement, group insurance, etc.) which can vary depending on the status of the employee when leave is taken.

B. SCHOOL DEBT

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

Although the statute provides that the State may reimburse school districts 60, 70, 80, 90, or 100 percent of construction costs, the actual funding for the program is dependent on annual legislative appropriations to the school construction account.

When amounts in the account are insufficient, the available funds are allocated pro rata among the eligible school districts. There is no contractual commitment by the State to make these payments. The amount for FY 10 expended for school debt was $95,789 thousand, which was 100 percent of the entitlement. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately $1,230,406 thousand. The State has in the past and may in the future appropriate less than the full amount to which the municipalities are entitled under statute.

C. RISK MANAGEMENT AND SELF-INSURANCE

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

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

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

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

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

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

In FY 10, the state completely self-insured all statutory workers' compensation claims, general (premises and operations) and professional liability, and automobile liability. The State had Self-Insured Retention (SIR) levels of $1 million per claim for property, $750 thousand for marine risks, and $250 thousand per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: $500 million per occurrence for marine, $200 million for property, and $500 million for aviation.

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

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

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

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

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

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

The table below presents changes in policy claim liabilities for the fiscal years ending June 30, 2009 and June 30, 2010. 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 3.5 percent discount interest rate for FY 09 and a 3.0 percent discount interest rate for FY 10. 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
2009	$ 57,302,750	$ 38,970,882	$ (33,115,226)	$ 63,158,406
2010	63,158,406	41,560,102	(32,517,581)	72,200,927

D. LITIGATION

The State is involved in a number of legal actions. The Department of Law estimates the probable maximum liability for the cases associated with the governmental fund types to be approximately $2,886 thousand, with an additional possible liability of $6,817 thousand. The probable loss amount has been reported as long-term debt obligations.

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

E. FEDERAL GRANTS

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

F. DISASTER RELIEF FUND

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

G. FUTURE LOAN COMMITMENTS

As of June 30, 2010, the Alaska Clean Water and the Alaska Drinking Water Funds are committed to funding loans for which they have entered into agreements for communities but funds have not yet been disbursed. The total amounts to be disbursed under these agreements is uncertain as not all of the loans are expected to be fully drawn and some loans may increase with changes in scope of the underlying projects; accordingly, they are not included in the financial statements for these funds.

At June 30, 2010, the Alaska Energy Authority had open loan commitments of $12,947 thousand.

At June 30, 2010, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan commitments of $8,513 thousand and loan guarantees of $708 thousand. Under an agreement dated August 2009, AIDEA agreed to sell the

Healy Project to Tri-VEC for $50 million, finance the sale, and loan up to an additional $45 million to refurbish, put into operation, and integrate the Healy Project into Golden Valley Electric Association's system.

In addition, AIDEA has legislative authorization to guarantee loans made to the Alaska Insurance Guarantee Association (AIGA). The AIGA pays, from assessments to member insurers, the claims of insurance companies put into liquidation by insurance regulators. Any guarantee is limited to loans necessary to make the AIGA financially able to meet cash flow needs up to a maximum outstanding principal balance at anytime of $30,000 thousand. No loans have been made pursuant to this authorization.

H. INVESTMENT COMMITMENTS

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

	Amounts in thousands			
Investment Type/Term	PERS	TRS	JRS	NMRS
Domestic Equity Limited Partnerships				
Withdrawn annually in December with 90-days notice.	$ 25,218	$ 10,906	$ 307	$ 69
Limited Partership				
To be paid through 2020.	561,233	243,450	6,817	-
To be paid through 2017.	29,147	12,700	359	-
Real Estate Investment				
To be paid through 2019	125,100	52,787	1,416	-
	$ 740,698	$ 319,843	$ 8,899	$ 69

I. POLLUTION REMEDIATION

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

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

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

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

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

At July 1, 2009, the General Fund had pollution remediation obligations of $43,130 thousand. As of June 30, 2010, the state had an increase to the obligation of $19,273 thousand and recognized a decrease of $9,087 thousand, for an ending balance of $53,316 thousand in pollution remediation obligation related activities. The state has an estimated potential recovery of $5,098 thousand from other responsible parties.

At July 1, 2009, the International Airports Fund (IAF) reported pollution remediation liabilities of $1,518 thousand for which IAF is in whole or in part a responsible. As of June 30, 2010 IAF had recognized an increase of $155 thousand and a decrease of $244, including an estimate of $30 thousand expected to be collected from third parties, for an ending balance of $1,429 thousand. The estimated liabilities were measured using the estimated mean of the future cash flows of costs and recovery associated with those sites, measured at current value. This accrual includes the estimated obligation for five sites. IAF has also identified 22 other sites for which it is in whole or in part a responsible party, but for which no obligating event has occurred.

At December 31, 2008, the Alaska Railroad Corporation had pollution remediation obligations of $2,161 thousand. As of December 31, 2009, the Alaska Railroad Corporation had additional obligations of $459 thousand and reductions in obligations of $267 thousand, for an ending liability of $2,353 thousand. The Alaska Railroad Corporation estimated the liability for pollution remediation by estimating a reasonable range of potential outlays and multiplying those outlays by the probability of occurring reduced by the allocation of liability to other potentially responsible parties where applicable. The liabilities of these sites could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

J. ENCUMBRANCES

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

The following shows encumbrances within the restricted and committed fund balances of the governmental funds for the fiscal year ended June 30, 2010 (in thousands):

	Amount (in thousands)
General Fund	$ 760,632
Alaska Permanent Fund	-
NonMajor Governmental Funds	103,200
Total Encumbrances	$ 863,832

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

Subsequent to June 30, 2010, Senate Bill 230, Section 30, appropriated $2,450 thousand from the General Fund to the Alaska Municipal Bond Bank Authority (AMBBA) for purposes of making a direct loan to the city of Galena. Loan repayments will be included in the statutorily defined revenues of the Bond Bank. This loan closed on July 28, 2010.

AMBBA approved loans to the following communities:

- Unalaska, Aleutians East Borough and to the City of King Cove in the amount of $11,975 thousand that were funded by the 2010 Series Three A&B Bond issues closed on September 16, 2010.
- Kenai Peninsula Borough, City of Ketchikan, Ketchikan Gateway Borough, City and Borough of Sitka, and to the City of Soldotna in the amount of $79,723 thousand funded from the 2010 Series Four A&B bonds scheduled to close on December 9, 2010.

Effective November 20, 2010, the Department of Revenue and AMBBA entered into a memorandum of understanding in which the General Fund made a loan to AMBBA in the amount of $6 million. The term of the loan is for 5 years, shall bear

interest at the rate earned by the General Fund over the term, payments may be made in periodic installments at June 30 of each year, or in full at the end of the term of the loan.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2010 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2011 in an amount not to exceed $2,700 thousand. Although this transaction has not yet been finalized, the issuance of the bonds will occur in mid-fiscal year 2011. 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 2010 session of the Alaska legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2011 in an amount not to exceed $2,963 thousand. Although this transaction has not yet been finalized, the issuance of the bonds is expected to occur in mid-fiscal year 2011. The borrowing is to be secured by interest earnings of the Alaska Drinking Water Fund.

D. ALASKA HOUSING FINANCE CORPORATION

In September 2010, the Corporation will issue $142,930 thousand Mortgage Revenue Bonds, 2009 Series A-1 and 2010 Series A and B. The bonds will be general obligations of the Corporation and will bear interest at fixed rates payable each June 1 and December 1. The bonds will mature on December 1, 2041, December 1, 2027, and December 1, 2040, respectively.

In November 2010, as authorized by Senate Bill 217, Alaska Housing Finance Corporation entered into a Purchase and Sale agreement in the amount of $12 million to purchase the building that the Corporation currently occupies at 4300 Boniface Parkway. After a due diligence period and building inspection are completed, it is anticipated that the purchase will be finalized in January, 2011.

E. ALASKA ENERGY AUTHORITY

Pursuant to an agreement, on September 30, 2010 for $20,631 thousand Alaska Energy Authority (AEA) sold to Alaska Industrial Development and Export Authority (AIDEA), thirty-seven (37) Power Project Fund loans with an outstanding balance of $24,254 thousand, plus accrued interest. Under the agreement, at AIDEA's request, AEA is required to repurchase any loan upon a payment default.

F. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

Pursuant to an agreement on September 30, 2010 for $20,631 thousand the Authority purchased from AEA, thirty seven (37) loans with an outstanding balance of $24,254 thousand, plus accrued interest. Under the agreement, at AIDEA's request, AEA is required to repurchase any loan upon a payment default.

G. INTERNATIONAL AIRPORTS SYSTEM

On September 29, 2010, the Airports System closed a bond sale transaction to effect the refunding of $145,085 thousand of outstanding bonds payable and to provide $32,105 thousand funding for new and ongoing capital projects. The refunding transaction resulted in an estimated total net increase in debt service of $13.8 million, with a net present value savings of approximately $7.7 million dollars.

H. ALASKA RAILROAD CORPORATION

The Alaska Railroad Corporation has evaluated subsequent events from the balance sheet date through March 24, 2010, the date at which the financial statements were available to be issued, and determined there are no other items requiring disclosure.

I. STATE OF ALASKA – GENERAL OBLIGATION BONDS

A ballot measure, Bonding Proposition B, was approved by the voters in the 2010 general election held on November 2nd, authorizing the State of Alaska to issue its general obligation bonds in the principal amount of not more than $397,200 thousand for the purpose of design and construction of library, education, and educational research facilities. As a result, the State of Alaska plans to issue three general obligation bond series estimated as follows:

- General Obligation Bonds, Series 2010A, in the face amount of $137,415 thousand, of taxable Build America Bonds–Direct Payment expected to mature 2030 to 2034.
- General Obligation Bonds, Series 2010B, in the face amount of $45,000 thousand, of taxable qualified school construction bonds expected to mature 2027 to 2029.
- General Obligation Bonds, Series 2010C, in the face amount of $17,585 thousand expected to mature no later than 2013.

REQUIRED

SUPPLEMENTARY INFORMATION

STATE OF ALASKA **STATEMENT 2.01**

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	$ 1,727,274	$ 1,727,391	$ 4,053,861	$ (2,326,470)
Licenses and Permits	125,789	123,691	113,995	9,696
Charges for Services	201,116	198,049	163,896	34,153
Fines and Forfeitures	15,300	15,300	14,637	663
Rents and Royalties	1,265,596	1,265,431	1,544,561	(279,130)
Premiums and Contributions	182	178	16,348	(16,170)
Interest and Investment Income	594,100	594,100	925,117	(331,017)
Payments In from Component Units	14,906	14,906	14,982	(76)
Other Revenues	17,002	17,002	7,236	9,766
Restricted:				
Federal Grants in Aid	7,039,125	7,280,293	2,267,183	5,013,110
Interagency	764,993	1,221,428	667,117	554,311
Payments In from Component Units	104,732	104,730	25,556	79,174
Other Revenues	3,662	3,662	-	3,662
Total Revenues	11,873,777	12,566,161	9,814,489	2,751,672
EXPENDITURES				
Current:				
General Government	830,210	831,530	662,701	168,829
Alaska Permanent Fund Dividend	822,537	823,350	817,162	6,188
Education	935,256	2,154,215	2,013,904	140,311
University	477,154	518,283	402,851	115,432
Health and Human Services	2,766,643	2,923,521	2,341,787	581,734
Law and Justice	265,792	362,122	330,960	31,162
Public Protection	945,028	1,231,252	1,011,585	219,667
Natural Resources	619,617	685,368	382,645	302,723
Development	732,158	865,988	462,191	403,797
Transportation	5,852,595	6,371,515	2,178,564	4,192,951
Intergovernmental Revenue Sharing	122,337	182,392	181,890	502
Debt Service:				
Principal	7,671	8,171	6,310	1,861
Interest and Other Charges	2,201	2,201	2,201	-
Total Expenditures	14,379,199	16,959,908	10,794,751	6,165,157
Excess (Deficiency) of Revenues Over Expenditures	(2,505,422)	(4,393,747)	(980,262)	(3,413,485)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	2,077,505	2,479,120	2,677,488	(198,368)
Transfers (Out to) Other Funds	(1,863,457)	(1,863,457)	(1,863,457)	-
Total Other Financing Sources and Uses	214,048	615,663	814,031	(198,368)
Excess (Deficiency) of Revenues, Other Financing Sources, Special Items, Over (Under) Expenditures, Other Financing Uses and Special Items, Budgetary Basis	$ (2,291,374)	$ (3,778,084)	(166,231)	$ (3,611,853)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING:				
Adjust Expenditures for Encumbrances			1,847,998	
Basis Difference			(469,867)	
Excess (Deficiency) of Revenues, GAAP Basis			1,211,900	
Fund Balances - Beginning of Year			14,324,236	
Fund Balances - End of Year			$ 15,536,136	

Note to Required Supplementary Information – Budgetary Reporting
For the Fiscal Year Ended June 30, 2010

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://dof.doa.alaska.gov/dof/financial_reports/cafr_toc.jsp*, the Division of Finance web page under the "Of Interest", "Financial Reports" section.

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	$ (467,620)
Medical Assistance Program	7,666
Working Reserve	(6,043)
Tobacco Tax	(40)
Alcohol Tax	(1,358)
Tire Tax	3
Vehicle Rental Tax	117
Commercial Passenger Vessel Excise Tax	(2,592)
Total General Fund Basis Difference	$ (469,867)

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SECTION II – RECOMMENDATIONS AND QUESTIONED COSTS

INTRODUCTION

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

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

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

Other audit reports issued separately that have report conclusions and recommendations which are relevant to the FY 10 statewide single audit objectives are:

1. *A Report on the Department of Administration, Application Controls Over the Alaska State Payroll System From Implementation (May 29, 1990) through June 30, 1991.* Audit Control Number 02-1389-92.

2. *A Report on the Department of Administration, Application Controls Over the Alaska Statewide Accounting System, August 10, 2001.* Audit Control Number 02-10002-01.

3. *A Report on the Department of Revenue, Division of Treasury, Treasury Revenue Management System, June 19, 2002.* Audit Control Number 04-10004-02.

4. *A Report on the Department of Administration, Information System Controls Over Alaska Data Enterprise Reporting (ALDER), January 4, 2008.* Audit Control Number 02-10005-08.

5. *A Report on the Department of Administration, Governance Framework for Selected Information System Security Controls, July 15, 2008.* Audit Control Number 02-30046A-08.

6. *A Report on the Department of Administration, Follow-up of Information System Controls over Alaska Data Enterprise Reporting (ALDER), November 6, 2009*. Audit Control Number 02-10006-09

In addition to the recommendations in the Component Units section, management letters of state corporations and the University of Alaska may have recommendations which are relevant to the FY 10 statewide single audit objectives. Copies of the management letters may be obtained directly from the state corporations and the University of Alaska

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SUMMARY OF RECOMMENDATIONS
For the Fiscal Year Ended June 30, 2010

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

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Findings and Recommendations

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OFFICE OF THE GOVERNOR

No recommendations were made to the Office of the Governor in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.*

No new recommendations have been made during the FY 10 statewide single audit.

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DEPARTMENT OF ADMINISTRATION

One recommendation was made to the Department of Administration (DOA) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.* Prior year Recommendation No. 1 is not resolved and is reiterated in this report as Recommendation No. 2.

Two new recommendations have been made during the FY 10 statewide single audit and are included as Recommendation Nos. 1 and 3.

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Recommendation No. 1

The state accountant should improve internal controls over the inclusion of audited financial statements into the *State's Comprehensive Annual Financial Report* (CAFR).

Alaska Statute 37.05.210 directs the DOA to prepare and file a report on the financial transactions of the preceding fiscal year and on the financial condition of the State as of the end of that year. The report, called the CAFR, must be prepared in accordance with generally accepted accounting principles and audited by the legislative auditor in accordance with generally accepted audit standards. The CAFR is prepared by Division of Finance (DOF) accountants.

DOF procedures for reporting the audited financial activity of various funds and state corporations are insufficient to prevent or detect material misstatements in the State's financial statements and represent a significant internal control deficiency. Errors associated with the inclusion of audited activity into the CAFR were found in 18 of 26 audited state funds or corporations. The errors resulted in numerous audit adjustments ranging from $14,000 to over $5 billion.

The errors were caused by inadequate procedures and a lack of review. DOF staff requested that "financial reporting shells" be filled out by the lead accountants for various funds and state corporations. DOF accountants use the shells to incorporate the various audited financial statements into the CAFR format. DOF accountants used the shells when preparing the CAFR but did not take steps to ensure the shells were supported by the entities' audits. In preparing the FY 10 shells, multiple errors were made that were not identified or corrected by DOF accountants. Other errors were due to simple oversight by DOF accountants and/or inadequate procedures to ensure financial activity was reported accurately. Furthermore, DOF accountants' reporting of outside audited financial activity was not reviewed by senior accountants due to the short timeframe for preparing the CAFR.

We recommend the state accountant take steps to improve internal controls over the inclusion of audited financial statements into the State's CAFR.

Agency Response – Department of Administration

The Division of Finance (DOF) concurs with this recommendation. Historically, there were two methods in which the financial information from audited financials is incorporated into the CAFR. Typically the financial statement templates are prepared and submitted to DOF by the agency or corporate accountants directly involved in the day-to-day administration of the funds. However, there are also situations in which the templates were directly filled out by the DOF accountant from the audited financial statements. DOF will take action to improve the controls over gathering information for the CAFR to ensure that information is accurately reported.

Regarding the method of obtaining the templates directly from the accountants within the agencies or corporations, DOF will reconcile the audited financial statements to the provided template. Reclassified activity from the audited financial statements will be sufficiently documented to ensure that changes in presentation are explained and justified. DOF accountants will be responsible to contact the accountants within the agencies and corporations to ensure they understand the reason for any reclassifications and agree with the revised presentation for purposes of the CAFR.

In the past, DOF accountants input the accounting information directly into the templates for some funds. This was the manner in which all of the pension funds were incorporated into the FY 2010 CAFR. In future years, DOF will request that the pension fund accountants within the Division of Retirement and Benefits actually prepare and submit the templates. This will allow the DOF accountant to perform the reconciliation as described above. This change in responsibility will also ensure that the accountant that is most familiar with the day-to-day accounting of that particular fund will be involved in the classification of that financial activity within the CAFR, and have a reconciliation process in place to verify the accuracy. The same documentation and understanding of any reclassified amounts will be the responsibility of the DOF accountant and supporting information will be available in the fund work papers.

The procedures for these funds will include this reconciliation process to ensure that the CAFR work papers are sufficiently documenting the cross walk between the audited financial statement and the templates used to input the information into the final financial statements. We also plan to have discussions with the agency and corporate accountants to ensure they understand the importance of providing accurate information within these templates for incorporation into the CAFR.

Contact Person: *Cheryl Lowenstein, Director*
Division of Administrative Services
Telephone: (907) 465-5655

Recommendation No. 2

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

Prior Finding

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

- Consistently capitalize the cost of capital improvements.

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

The breakdown in tracking capital assets is mainly due to inadequate procedures including manual processes and lack of communication between staff.

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

Legislative Audit's Current Position

The methodology and procedures for tracking capital assets remains unchanged for FY 10. As stated above, the current system does not provide for complete and accurate asset valuation.

In FY 10, ETS completed a survey of divisions within DOA to identify program specifications for an asset tracking system. However, they have not gone forward with the procurement of an asset management system as previously planned because they have not found a system that would economically meet their needs.

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

Agency Response – Department of Administration

The Department of Administration (DOA) concurs with this recommendation. After completion of the development of the Software Requirements Specification (SRS) in February 2010 based on the business needs of three Department of Administration divisions, Division of General Services (DGS), Enterprise Technology Services (ETS), and Division of Administrative Services (DAS), ETS was prepared to initiate procurement specifications and purchase a compatible software solution for implementation.

However after further consideration, ETS is now pursuing the development of a basic software solution within ETS only that will allow ETS to begin entering, tracking, and managing capital asset data.

Contact Person: *Cheryl Lowenstein, Director*
Division of Administrative Services
Telephone: (907) 465-5655

Recommendation No. 3

The state accountant should improve procedures to ensure the capital asset accounts are properly reported in the State's CAFR.

The accountant responsible for the reporting of the capital asset accounts for the CAFR included the Department of Transportation and Public Facilities' (DOTPF) reimbursable service agreement (RSA)[1] activity in DOTPF's portion of Construction in Progress (CIP). This activity is to be reported by the requesting agency in order to avoid double-counting project expenditures.

DOF instructed DOTPF (the servicing agency) to report RSA activity to assist DOF in assuring agencies are including all RSA activity that is eligible to be capitalized. This information is for informative purposes only and should not have been included in DOTPF's CIP amounts. However, the RSA activity was erroneously included in DOTPF's ending CIP balance thereby overstating the CIP account by $253.9 million. Contributing to this error was the fact that DOF's CAFR procedures for capital assets do not address the treatment of DOTPF RSA activity.

Per AS 37.05.210, DOA is required 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 the year, prepared in accordance with generally accepted accounting principles.*

Generally accepted accounting principles (Codification 1400.102) state, "*Capital Assets should be reported at historical cost. The cost of a capital asset should include ancillary charges necessary to place the asset into its intended location and condition of use.*"

DOTPF's capital asset information is used to support the asset and expenditure activity reported in the State's CAFR. Given the materiality of construction projects at DOTPF and the necessity to report accurate financial data for capital assets, we recommend DOF update the procedures for capital asset reporting to specifically include the treatment of DOTPF reported RSA activity.

[1]An *RSA* is *an agreement or contract between two state agencies (or between appropriations within one agency) where one agency provides a service and the other agency pays for the service*. DOTPF is often the servicing agency for construction projects so DOF uses DOTPF's servicing side of RSAs to help ensure they have captured all RSA activity.

Agency Response – Department of Administration

The Division of Finance (DOF) concurs with this recommendation. Due to staff turnover for the past two years, this issue was not sufficiently resolved from the previous year. The procedures for the capital assets section for CAFR will be enhanced to adequately account for the Department of Transportation and Public Facilities report of capital assets and ensure that the duplication related to the reimbursable service agreements are removed.

Contact Person: *Cheryl Lowenstein, Director*
Division of Administrative Services
Telephone: (907) 465-5655

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DEPARTMENT OF LAW

No recommendations were made to the Department of Law in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009*.

No new recommendations have been made during the FY 10 statewide single audit.

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DEPARTMENT OF REVENUE

One recommendation was made to the Department of Revenue (DOR) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009*. Prior year Recommendation No. 2 is not resolved and is reiterated in this report as Recommendation No. 4.

No new recommendations have been made during the FY 10 statewide single audit.

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Recommendation No. 4

DOR's commissioner should ensure staff within its Tax Division implement controls to improve the auditing of oil and gas severance tax revenues.

Prior Finding

In FY 08 and FY 09 significant deficiencies in controls were reported over the auditing of severance tax revenues by DOR's Tax Division. Control deficiencies included insufficient audit oversight, a lack of standard procedures to guide the audit process, inadequate reviews of audits, and untimely reviews and reconciliations of tax returns.

Title 43 of the Alaska Statutes gives DOR the authority to collect tax revenues for the State and to ascertain the correctness of such revenues. The department's main tool for ascertaining the correctness of severance tax revenues is its Tax Division audit section. There are no statutory requirements that DOR's tax auditors conduct their audits in accordance with industry audit standards such as those issued by the American Institute of Certified Public Accountants or the Government Accountability Office. Historically, DOR's audit section has relied upon standard audit programs and supervisor review and oversight to ensure that their audits are timely, accurate and that audit results can withstand the scrutiny of the administrative appeal process and, in some cases, litigation.

With the passage of PPT[2] and ACES[3] legislation, management's controls over the auditing of severance taxes deteriorated. The new laws are more complex to audit. The hiring and retention of experienced, competent audit staff has proven challenging. Delays in drafting PPT and ACES regulations have further disrupted the audit process.

Legislative Audit's Current Position

Significant control deficiencies continued over the auditing of oil and gas severance tax revenues in FY 10. A loss of experienced audit staff during FY 10 compounded the struggles that the audit section was already experiencing.

Our review of DOR's oil and gas severance tax audits and inquiries with DOR staff noted the following deficiencies:

- The division continues to conduct audits without developing standard processes including audit plans and procedures.
- A significant portion of an audit's methodology and results were insufficiently documented.
- The deficiencies in audit documentation forced the tax section to issue a less detailed report than what is issued as part of their standard report format.

[2] *Petroleum Profits Tax* (enacted in August 2006).
[3] *Alaska's Clear and Equitable Share* (enacted in November 2007).

- Audit supervisors did not review and approve audit methodology prior to audits being conducted.
- Audit supervisory reviews were limited, sporadically documented, and only conducted at the end of the audit.

Oil and gas severance taxes, totaling approximately $2.6 billion in FY 10, are a significant source of revenue for the State of Alaska. Insufficient internal controls over the auditing of severance tax revenue may result in the loss of revenue and increase the risk that tax revenue assessments will not hold upon appeal.

We recommend that DOR's commissioner take action to ensure that Tax Division management improves controls over the auditing of severance tax revenues. Specifically, standardized audit processes should be developed and implemented. Auditors also need more oversight and timely feedback during the audit process.

Agency Response – Department of Revenue

Item 1: *The division continues to conduct audits without developing standard processes including audit plans and procedures.*

Response: *We disagree. The division is, and has been, in the process of developing standard processes including audit plans and procedures. Development of standard processes is an ongoing project. As you are aware, the legislature significantly changed the way oil and gas production tax is calculated with the passage of the Petroleum Profits Tax (PPT) in 2006. In 2007, the legislature made further changes to the production tax through the passage of Alaska's Clear and Equitable Share (ACES) legislation. These two major pieces of legislation completely overhauled the production tax scheme and instituted a new tax credit program. The Division has worked diligently over the last four years to implement the changes while continuing to work on audits of tax returns filed under the previous tax structure. Implementation includes not only developing standard processes, but also drafting regulations, hiring and training new auditors, developing tax return forms, establishing tax credit audit and examination procedures, educating taxpayers, and various other duties that accompany the implementation of what is basically a new tax program. You are aware that the oil and gas production tax is administered without automated systems. This means that all processes are performed manually which further strains the Tax Division's limited resources. Although development of standard processes is not yet complete, this does not mean that the Division is not and has not been working on developing those processes.*

Item 2: *A significant portion of an audit's methodology and results were insufficiently documented.*

Response: We agree. The audit in question was started by a highly experienced individual who retired a few months after the audit was opened. The audit was then

transferred to another senior auditor who resigned his position before the audit was completed. The audit was transferred yet again to another senior auditor who had to quickly familiarize himself with all issues within the audit and complete the audit within a short period of time. As stated above, oil and gas production tax audits are conducted without the assistance of automated systems. All audit work, including transaction sampling and testing, is performed manually. Data for this particular audit included over 2 million documents with thousands of transactions per document. During the course of the audit, the auditors manually tested over 1 million transactions. The time it took to perform the manual testing caused the auditor to run out of time to complete proper documentation of audit findings prior to expiration of the statute of limitations. The Tax Division took the position that it was in the best interest of the state to issue the audit with insufficient documentation and with a less detailed audit report than to miss the statute of limitations and, in effect, issue no audit at all. The auditor was instructed to issue the audit, but continue to document audit findings and complete the audit report after the fact. The taxpayer was informed that it would receive a more comprehensive explanation of our adjustments at a later date.

Item 3: *The deficiencies in audit documentation forced the tax section to issue a less detailed report than what is issued as part of their standard report format.*

Response: *We agree. See explanation under Item 2, above.*

Item 4: *Audit supervisors did not review and approve audit methodology prior to audits being conducted.*

Response: *We agree, but disagree that this in an issue. It is not common practice for the Tax Division to approve audit methodology prior to audits being conducted. Audits are assigned to auditors based on their level of experience and their job class. Audits of the largest oil and gas production taxpayers are assigned to Oil and Gas Revenue Auditor IV's (OGRA IV). Under the class specifications, OGRA IV's "serve as lead auditor having complete responsibility for the largest oil and gas production tax . . . audits." The particular audit in question was assigned to an OGRA IV who was required to perform the audit with no day-to-day oversight. Audit methodology is at the auditor's discretion provided, however, that the end result is that the auditor has accurately evaluated tax liabilities. As stated previously in this letter, the Tax Division is still implementing what is essentially a new tax program and specific audit methodology has not yet been defined for these audits.*

Item 5: *Audit supervisory reviews were limited, sporadically documented, and only conducted at the end of the audit.*

Response: *We agree. Audit reviews in all programs are conducted at the end of audits. That is common practice in all audits in the audit profession. We also agree that supervisory reviews were limited and sporadically documented in some of the audits closed during the fiscal year. Again, this was due to the continual implementation of PPT, ACES and the new credit program. Implementation has put a strain on audit resources. Money requested to continue contract audits has been reduced which put further strain on our resources.*

However, management continually communicates with staff on tax issues via meetings and emails, and has discussions about the proper application of statutes and regulations. As a result of the poor documentation of the audit identified in issues 2 and 3, management has instituted the practice of meeting with the audit leads and team members on the largest audits at least once a month to discuss the progress of the audit and any issues that may have arisen that require management input.

The bulk of the findings in the audit report are attributable to:

- *staff turnover, particularly at the supervisory level;*
- *the inability to recruit senior level auditors at current pay levels, despite intensive recruitment efforts over the last two years; this means (1) less experienced auditors are working major audits, and (2) supervisors are having to spend time conducting complex audits, instead of using that time to supervise and developing audit manuals, processes and procedures; and*
- *lack of automated tax processing systems to manage and share information; this dramatically increases the amount of time needed to complete audits and review returns, and thus, siphons resources away from program development.*

As junior auditors in the Production Tax Audit Group gain experience, they will be able to take on more complex and higher volume audit work. This should relieve some of the resource strain, provided these auditors continue working for the Department once they reach senior levels. Over the last three years, great efforts have been made by the Department to obtain an automated tax processing system to manage and share information, but funding for this project has not yet been forthcoming.

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Administrative Services Division
Telephone: (907) 465-2312

Legislative Auditor's Additional Comments

We reviewed DOR's response and nothing in the response persuades us to revise the recommendation.

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

One recommendation was made to the Department of Education and Early Development (DEED) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.* Prior year Recommendation No. 3 has been resolved.

Two new recommendations have been made and are included as Recommendation Nos. 5 and 6.

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Recommendation No. 5

DEED's Division of Teaching and Learning Support (TLS) director should ensure personal service expenditures charged to federal programs comply with federal cost principles.

Positive after-the-fact timekeeping was not used by TLS research analysts and programming staff when charging time to federal programs. Twenty-six employees charge a portion of their time to the consolidated administrative fund. Of the 26 employees, three (or 12%) are TLS research analysts and programmers that inappropriately allocated their time evenly across multiple federal programs. The personal service expenditures were charged incorrectly because the TLS project coordinator for assessment, accountability, and information management believes that positive, after-the-fact time keeping is inefficient and is time-prohibitive for these employees. Not properly accounting for time spent on federal programs could result in over or undercharging of allowable expenditures and the State may be asked to repay money to the federal programs.

United States Office of Management and Budget Circular A-87 requires that, where employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be documented and reflect an after-the-fact distribution of actual employee activity. Alternative methods of time and wage allocation using a substitute system is permitted if approved by the cognizant Federal agency.

We recommend the TLS director ensure personal service costs for employees working on multiple programs are compliant with federal regulations. Furthermore, if alternative methods of distribution are preferred, DEED should obtain federal approval.

CFDA: 10.560, 84.027, 84.999, 84.369, 84.048 Federal Agency: USDOE, USDA
Questioned Costs: Indeterminate Noncompliance
Allowable Costs

Agency Response – Department of Education and Early Childhood Development

The department understands the requirements outlined in OMB Circular A-87 and agrees with the importance of keeping an accurate record of personnel costs. The department will review our timekeeping procedures to ensure that personal service costs for employees working on multiple federal programs are accurately documented and accurately reflect an after-the-fact distribution of actual employee activity.

Contact Person: *Anna Kim, Director*
Administrative Services
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Recommendation No. 6

DEED's TLS director should develop and submit the required state distribution plan for the Emergency Food Assistance Cluster (EFAC) to ensure compliance with federal regulations.

DEED is unable to locate its approved state distribution plan for EFAC. A hard copy of the state distribution plan was not retained, and DEED's electronic version of the plan was overwritten.

EFAC regulation 7 CFR 251.6 requires the state agency to have a Food and Nutrition Services (FNS) approved distribution plan. Without a state distribution plan, there is a lack of clarity and guidance for how the State's EFAC operations should be administered, eligibility determined, and food commodities distributed.

We recommend the TLS director develop procedures to safeguard administrative program documents. Furthermore, to become compliant with program requirements, we recommend DEED submit to the United Stated Department of Agriculture, FNS regional office the required state distribution plan for EFAC.

CFDA: 10.568, 10.569
Questions Costs: None

Federal Agency: USDA
Noncompliance
Eligibility

Agency Response – Department of Education and Early Development

The department agrees with recommendation No. 6. The department has completed drafting a new state distribution plan and has submitted the new plan to the United States Department of Agriculture (USDA), Food and Nutrition Services' Regional Office for review and approval. In addition, the department will develop a procedure to safeguard administrative program documents.

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Fifteen recommendations were made to the Department of Health and Social Services (DHSS) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009*. Prior year Recommendation Nos. 4 through 8 and 10 through 15 have been resolved. Prior year Recommendation No. 17 was not a significant issue in the current year and is not reiterated in this report. Prior year recommendation No. 9 is not resolved and the current status has been included in this report as part of Recommendation No. 7. Most of the issues associated with prior year Recommendation No. 16 have been resolved. The current status of the unresolved portion of prior year Recommendation No. 16 has been included in this report as part of Recommendation No. 17. Prior year Recommendation No. 18 is not resolved and is reiterated in this report as Recommendation No. 20.

In total, 13 new recommendations have been made and are included in this report as Recommendation Nos. 7 through 19.

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Recommendation No. 7

The Finance and Management Services (FMS) assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal costs principles.

Time charged to federal programs for employees who worked on multiple programs was not adequately supported. Records documenting the time charged by 7 out of 17 tested employees did not identify the time worked by program. Instead, personal service costs were distributed among programs in accordance with default coding in the payroll system based on the current year budget. According to the Department of Administration (DOA), Division of Personnel staff, many DHSS timesheets do not identify the time worked by program and costs are charged to federal programs based on management estimates. The federal programs affected by the finding are Medicaid, Foster Care, Temporary Assistance for Needy Families (TANF), Low Income Home Energy Assistance, and the Supplemental Nutrition Assistance Program.

Additionally, time charged by 4 out of 10 tested employees who worked on single federal programs was not supported by required semi-annual certifications. Due to oversight, three employees, two of whom indicated they worked solely on the Medicaid program and one who worked solely on the Foster Care program, lacked the required certifications for the entire fiscal year. One employee, who indicated they worked solely on the Women, Infants, and Children (WIC) program, did not sign a certification covering the period January through June 2010.

United States Office of Management and Budget (OMB) Circular A-87 requires appropriate time distribution records support employee compensation charged to more than one federal grant or other cost objective. Additionally, the allocation must reflect actual time worked on the program or be based on a federally approved allocation system. The use of budget estimates is not adequate support.

OMB Circular A-87 further requires that when employees are expected to work solely on a single federal award or cost objective, their personal service charges be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared at least semi-annually and be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

We recommend the FMS assistant commissioner ensure that personal service expenditures comply with *OMB Circular A-87* requirements. Specifically, we recommend that DHSS consistently implement positive time keeping or other federally approved methods, and ensure that personal service expenditures of employees working solely on one federal program are supported by semi-annual certifications.

CFDA: 93.778 Federal Agency: USDA, USDHHS
Questioned Costs:$153,205 Noncompliance
CFDA: 10.557 Allowable Costs
Questioned Costs: $48,486
CFDA: 93.658
Questioned Costs: $52,472

Agency Response – Department of Health and Social Services

The department partially concurs with this recommendation.

The department has a policy of positive time keeping for most employees. If an employee works 100% of their time on a federal program they are expected to submit a certification every 6 months attesting to that fact. If they work on federal programs part of the time, they are instructed to track their actual time worked and code the benefitting program.

Recommendation No. 7 contains a statement that "According to the Department of Administration, Division of Personnel staff, many DHSS timesheets do not identify the time worked by program and costs are charged to federal programs based on management estimates." We are unaware of charges being made based on "management estimates"? Each employee has default coding in the AKPAY system to which payroll will be charged if no coding is entered in a timesheet. In many cases the default coding is appropriate. It would be legitimate for an employee whose time is allocated based on an approved PACAP allocation methodology to allow their time to default to the allocable CC in AKPAY. It would not be appropriate that an employee directly charging federal programs allow their time to default to percentage based coding.

Over the last two years the department has made ongoing efforts to inform employees of the positive time keeping requirement. Regular reminders that positive time keeping is a requirement and that certifications are due every 6 months, have been provided to Administrative Managers at the bi-weekly Managers' meeting. They have also been reminded that staff are not to charge time based on budget but based on where they actually spent their time. In addition, the department added a "Cost Allocation and Positive Time Keeping" class to the fall training academies held in Juneau, Fairbanks and Anchorage.

In a continuing effort to train staff in proper time keeping, a department wide notification is being sent to all DHSS employees reiterating the standing practice. In addition, on a quarterly basis, the PACAP statistics coordinator will send the electronic certification form to Administrative Managers with a reminder to have it completed by employees working 100% of their time on a single federal program.

With over 3,500 employees spread across the state, this effort will be a continual process.

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Finance and Management Services
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Recommendation No. 8

DHSS' internal audit manager should ensure that management decisions related to subrecipient audit findings are issued timely.

In four of six subrecipient audits tested, DHSS staff failed to issue management decisions regarding audit findings within six months.

OMB Circular A-133, Sec. 400(d)(5) requires entities who award federal funds to issue a management decision on audit findings within six months of the receipt of the subrecipient's audit report. Additionally, the grantor is required to ensure that subrecipients take appropriate and timely corrective action.

The DHSS audit section of FMS issues management decision letters for financial findings only. These decision letters were issued within six months. Programmatic findings are not issued by the audit section. Instead, the findings are forwarded by the audit section to the applicable program managers for follow-up. Program managers were unaware of their responsibility to issue a management decision within six months.

Monitoring subrecipient audit findings is a significant internal control which, if not properly implemented, can lead to noncompliant grantees receiving additional federal funds.

We recommend that DHSS' internal audit manager take action to ensure that management decisions related to subrecipient audit findings are issued timely.

CFDA: 90.100, 93.224, 93.575, 93.889 Federal Agency: DC, USDHHS
Questioned Costs: Indeterminate Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Health and Social Services

The department concurs with this recommendation.

As part of the subrecipient monitoring process, the audit section will coordinate with program managers to include follow-up of programmatic findings. A single management decision letter will be issued by the audit section for both financial and programmatic

findings within six months of receiving the subrecipient audit report.

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Recommendation No. 9

The Division of Public Assistance's (DPA) director should ensure vendors participating in WIC program are adequately monitored according to federal requirements.

Monitoring of WIC vendors was not performed in accordance with federal requirements in FY 10. These federal requirements include compliance investigations of high-risk vendors[4] and a review of vendors[5] that potentially derive more than 50 percent of their annual food sales revenue from WIC food instruments. Consequently, the WIC program was not in compliance with the special test and provision requirements.

Only two of nine required compliance investigations of high risk vendors were completed by September 30, 2009, in accordance with 7 CFR 246.12(j)(4)(i). Additionally, WIC program staff did not review the FFY 09 federal report "*Authorized Vendors Potentially Meeting the Above-50-Percent Criterion*," which identified 10 potential above-50-percent vendors and, therefore, did not maintain compliance with 7 CFR 246.12(g)(4)(i)(F). At least one of the vendors exceeded the 50 percent threshold (at 53 percent) and should have been suspended from the program.

Insufficient vendor monitoring is due to inadequate oversight by program managers. There is a significant deficiency in controls to ensure staff are performing monitoring activities as federally required. Vendor monitoring primarily ensures costs of food items are contained, and only eligible participants receive benefits. By not performing vendor monitoring sufficiently and routinely, food costs could unreasonably increase and ineligible participants could receive benefits, both of which result in reducing benefits available for eligible participants.

Accordingly, we recommend DPA's director ensure WIC vendors are sufficiently and routinely monitored by program staff as required by federal compliance requirements.

CFDA: 10.557 Federal Agency: USDA
Questioned Costs: None Significant Deficiency, Noncompliance
Special Tests and Provisions

[4]High risk vendors are vendors identified as having a high probability of committing a vendor violation of federal program requirements.
[5]These potential vendors are referred to as above-50-percent vendors.

Agency Response – Department of Health and Social Services

The department concurs with this recommendation. The division has several activities underway to address the vendor monitoring finding. These activities are the result of concerns identified in the FY2009 audit and I believe shared with you during the FY2010 audit process.The corrective compliance activities underway to ensure vendors participating in the Women, Infants and Children (WIC) program are adequately monitored include:

- *A comprehensive assessment of WIC Vendor Management responsibilities. Following the FY 2009 audit, the division sought and secured federal WIC Operational Adjustment (OA) in SFY 10 to complete the evaluation and seek recommended solutions. A professional service contract was procured with Resource Data Inc. (RDI) to review all aspects of Vendor Management including compliance policies, procedures and practices, vendor support and technical assistance needs, data needs, organizational structure and staffing and work flow, and automation improvements. This assessment was completed on September 30, 2010 and the division is in the process of reviewing the findings and recommendations and developing an action plan for implementing solutions. These improvements include operational changes to the staff and management infrastructure to support vendor management responsibilities and automating manual processes. These actions are expected to lead to significant improvements and correct the deficiencies noted in the SFY09 and SFY10 audits.*

- *Examining options to deal with the challenges in meeting the requirements of 7 CFR 24.12 (j)(4) (i) in Alaska. The October 13, 2010 Management Letter No. 1 cites insufficient vendor monitoring efforts and lack of managerial controls that resulted in program deficiencies.*

While on-site compliance buys may be the preferred method of monitoring vendors, the federal regulations allow states some alternatives. 7CFR 246.12 (j) (4) (i) states: "A compliance investigation of a high risk vendor may be considered complete when the State agency determines that a sufficient number of compliance buys have been conducted to provide evidence of program noncompliance, when two compliance buys have been conducted in which no program violations are found, or if an inventory audit has been completed."

Alaska's remoteness and geography present a multitude of extenuating circumstances that make it difficult for (expense, weather, and other geographic challenges) monitoring vendors through on-site compliance. WIC staff must rely on inventory audits to offset the time and expense of traveling to many remote areas of Alaska where WIC vendors are located.

In FFY2009 (overlapping with SFY2010), program staff attempted to complete thirteen (13) on-site visits (four more than the 5% required to meet federal standards). Of the 13 buys, two (2) met the criteria of being "completed"; one (1) vendor voluntarily withdrew from

enrollment as a result of deficiencies identified.; and the ten (10) remaining vendors needed follow-up visits that staff were not able to perform because of workload and extenuating travel circumstances. In SFY2010, WIC vendor staff began conducting inventory audits as a means of monitoring high-risk vendors and to supplement on-site compliance buys.

The Division of Public Assistance expects that the activities outlined above will correct the program management deficiencies noted in Management Letter No.1 and bring Alaska's WIC vendor monitoring responsibilities into compliance with federal requirements in SFY2011.

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Recommendation No. 10

DHSS' DPA director should implement policies and procedures to ensure the accurate and timely documentation of client participation status.

TANF clients were inaccurately coded in DPA's eligibility information system (EIS) resulting in line item number 49 of the ACF-199 Performance Report to be reported inaccurately. Nine out of 25 (36%) case files tested were inaccurately coded as 14 – "*Required to participate, but not participating; and not subject to a work sanction for the reporting month*."

The cause of the miscoding is two-fold. TANF caseworkers are not consistently documenting the circumstances as to why a client is not participating, but not subject to sanction. Furthermore, EIS was not set up to accurately track the work status of TANF clients. Specific client circumstances are not represented by field entry options in EIS; therefore, they cannot be translated to the correct coding for the ACF-199 report. Under these circumstances, by default, clients are coded as 14 – "*Required to participate, but not participating; and not subject to a work sanction for the reporting month*."

Title 45 of the Code of Federal Regulations, Part 265.3(a)(1) requires the State to collect, on a monthly basis, and file on a quarterly basis, the data specified in the ACF-199 report. If the State fails to submit its ACF-199 report accurately, it could be subject to a penalty equal to four percent of the federal grant award. TANF's FFY 10 grant award was $24,000,000. A four percent penalty would equal $960,000.

We recommend management implement policies and procedures that would require more thorough and timely documentation of client participation status by caseworkers. Additionally, we recommend that DPA eliminate the use of code 14 as a default code for work participation status and take steps to ensure that this particular status is accurately coded.

CFDA: 93.558 Federal Agency: USDHHS
Questioned Costs: Indeterminate Noncompliance
Reporting

Agency Response – Department of Health and Social Services

The department partially concurs with this recommendation.

DHSS concurs that the Division of Public Assistance (DPA) director should implement policies and procedures to ensure the accurate and timely documentation of client participation status.DHSS further concurs that not all caseworkers are adequately documenting the circumstances under which a client who is not exempted from the work participation requirements, and is not participating, is not subject to sanction.

There are a variety of legitimate good cause reasons which allow clients, who are not participating, to not be subject to sanction (see 7 AAC 45.261). DPA will take action to reinforce expectations of case workers to document these circumstances, and to target monitoring for compliance with this standard through Work Services Quarterly Reviews.

DHSS concurs that not all cases coded as family type 14 (required to participate, but not participating; and not subject to sanction for the reporting month) on the ACF-199 Performance Report meet the definition. DHSS does not concur that the use of code 14 could "potentially result in a faulty participation rate." Although there are some errors on line 49 of the ACF -199 that could affect the participation rate, this specific error cannot.

All family types that do impact the participation rate – those that exempt the family from the participation rate – are coded correctly. Family type 14 does not exempt the family from the rate. ACF does not use code 14 in determining whether a family met the rate or not. The family is in the denominator of the participation rate calculations regardless. The family is in the numerator as meeting or not meeting the rate based on the number of countable hours verified and reported by Alaska. Family type 14 does not affect the rate.

DHSS is conducting a thorough review of EIS data fields, TANF data downloads, syntax and algorithms that affect the coding of family type 14 for line 49 of the ACF-199 report to determine what changes can be made to correct the coding error.

All necessary steps will be taken, as DPA explores development and design of a new eligibility information system, to ensure that the need to accurately and thoroughly document code line 49 of the ACF-199 will be supported by the new system.

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Recommendation No. 11

DHSS' TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

DHSS' current application and review process does not ensure TANF clients meet all eligibility requirements.

Per federal law, 42 USC 608(a)(8):

> *A State may not use funds to provide cash assistance to an individual during the 10-year period that begins on the date the individual is convicted in Federal or State court of having made a fraudulent statement or representation with respect to place of residence in order to simultaneously receive assistance from two or more States under TANF, Title XIX, or the Food Stamp Act of 1977, or benefits in two or more States under the Supplemental Security Income program under Title XVI of the Social Security Act. If the President of the United States grants a pardon with respect to the conduct that was the subject of the conviction, this prohibition will not apply for any month beginning after the date of the pardon*

The current TANF application procedures do not accommodate this requirement. Staff considered the felony check done during the application process to adequately address this federal law. However, not all crimes associated with fraudulent statements or misrepresentations with respect to places of residence are labeled as felonies. Additionally, current felony check procedures would not identify non-Alaskan crimes. As a result, there could be TANF clients that are not eligible because of fraudulent crimes committed during the prior 10-year period.

We recommend that DPA's director alter the application process to inquire about an applicant's compliance with 42 USC 608(a)(8). We also recommend that DPA's director take action to ensure current TANF clients are in compliance with this federal law.

CFDA: 93.558 Federal Agency: USDHHS
Questioned Costs: None Significant Deficiency, Noncompliance
Eligibility

Agency Response – Department of Health and Social Services

The department concurs with this recommendation.

The Division of Public Assistance (DPA) will change the application procedures to ensure that Alaska's TANF program will be in full compliance with 42 USC 608(a)8. DPA will evaluate its current application (form GEN 50B) to ensure that a question regarding past

felonies is included and that eligibility workers screen all TANF applicants during the initial eligibility interview to ensure compliance with this standard. DPA will ensure that this standard is reflected in the Alaska Temporary Assistance Program Manual and in new worker training on Alaska's TANF program.

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Recommendation No. 12

DPA's administrative manager should improve procedures over the federal Child Care and Development Fund's (CCDF) program reporting requirements.

DHSS incorrectly reported maintenance of effort (MOE), matching, mandatory, and discretionary expenses in the ACF-696 report for the period ended September 30, 2009. Errors in reporting were caused by a lack of written procedures, lack of review, and a lack of DPA's staff knowledge regarding DHSS' MAXCARS[6] system.

Based on supporting documentation, MOE costs should have been reported as $3,404,359 which is $140,452 less than the $3,544,811 required by federal law. Consequently, DHSS failed to meet its MOE requirement.

Federal law 45 CFR 92.20(b)(1) requires CCDF financial reports be accurate, complete, and supported by accounting records. CCDF regulation 45 CFR 98.53(c)(1) establishes requirements for states to maintain an amount of qualified state expenditures – MOE. The federal regulations allow for penalties[7] if a state does not meet the basic MOE requirements for a given fiscal year.

We recommend DPA's administrative manager strengthen procedures over tracking and reporting of expenditures to ensure the federal financial reports are accurate and supported by the accounting records. Furthermore, we recommend DPA's administrative manager perform an analysis of the expenditure activity to possibly identify additional allowable MOE costs. These allowable costs could be used to support an adjustment to the September 30, 2009, ACF-696 report to avoid possible penalties.

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[6] DHSS' cost allocation and rate system.

[7] Per 45 CFR 92.43(a)

Remedies for noncompliance include: (1) temporarily withholding cash payments pending correction; (2) disallowance of all or part of the cost of the activity or action not in compliance; (3) wholly or partly suspending or terminating the current award; (4) withholding further awards for the program; or (5) take other remedies that may be legally available.

CFDA: 93.575, 93.596 Federal Agency: USDHHS
Questioned Costs: None Noncompliance
Matching, Level of Effort, Earmarking; Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs with this recommendation.

Staff turnover occurred in the DPA administrative manager position effective May 2010.

DPA staff realized inaccuracies occurred with the federal ACF-696 report. Subsequently, federal financial reports were adjusted for categories of funding and classification of expenditures that were previously overstated by September 30, 2010. These adjustments resulted in DPA meeting the MOE requirement for FFY 09.

DHSS disagrees that the reporting error resulted from lack of written procedures. Meetings were held and email communications occurred between DPA staff, DLA staff, and federal CCDF staff where federal regulations and procedures were provided on how to prepare, classify, and report federal financial information. DPA staff continually refers to federal regulations to accurately complete the ACF-696 federal report. Furthermore, the ACF-696 report is electronically submitted using the Online Data Collection (OLDC) system. The federal reporting system has built in checks and balances to ensure the financial data is reported, claimed, and categorized accurately. If errors occur, the electronic system prevents the successful processing of the report. DPA staff must address any reporting errors generated with the submission.

The State's accounting system is used to determine the CCDF federal program expenditures for each reporting period. These expenditures represent approximately 97% of the total cost. Maxcars is the managerial accounting system used to allocate the department's indirect costs, which represent approximately 3% of the total CCDF program expenditures. The CCDF report is prepared using the State's accounting system for program expenditures with Maxcars providing the indirect allocation accessed to the program.

Current DPA staff and program support personnel are in constant communication regarding the program financial management. The team approach that currently exists does result in accurate financial management and oversight of the program.

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Recommendation No. 13

FMS' assistant commissioner should ensure reimbursement of Health Facilities Licensing and Certification costs are claimed in accordance with federal regulation.

In FY 10, DHSS requested and received federal reimbursement for Health Facilities Licensing and Certification section costs at a 75% federal financial participation (FFP) rate. However, these costs do not meet federal criteria for 75% reimbursement. Based on the nature of the activity, the costs, totaling $487,754, should have been claimed at a 50% FFP rate.

Title 42 of the Code of Federal Regulations, Part 433 prescribes the allowable FFP rates for Medicaid program administration costs. Generally, Medicaid administrative costs are to be claimed at 50%. However, there are provisions for certain administrative costs to be claimed at a higher rate. Per 42 CFR 433.15, the following costs are eligible for 75% reimbursement:

1. Operation of mechanized claims processing and information retrieval systems;
2. Compensation and training of skilled professional medical personnel (SPMP) and staff directly supporting those personnel;
3. Funds expended for the performance of medical and utilization reviews by a quality improvement organization;
4. Preadmission screening and annual resident review activities conducted by the State; and
5. Funds expended for the performance of external quality review when they are performed by an external quality review organization.

DHSS staff considers the costs eligible for 75% reimbursement based on numbers two and five of the federal regulation above: compensation and training for SPMP and direct support, and funds expended for the performance of external quality review when they are performed by an external quality review organization. Furthermore, DHSS staff contend the responsible federal agency, Centers of Medicare and Medicaid Services (CMS), is fully aware the State claims reimbursement for these costs at 75% and have informally approved the higher FFP rate.

The costs are not eligible because: (1) DHSS has suspended claiming SPMP at 75% pending additional training of staff on claiming methodology, and (2) DHSS' Health Facilities Licensing and Certification section does not meet the definition of an external quality review organization. Per 42 CFR 438.354, to qualify, a state review entity must be governed by a board or similar body with the majority of the members not being government employees. The Health Facilities Licensing and Certification section is organized within, and is governed by, the Division of Health Care Services (HCS), the State's primary Medicaid agency. Therefore, the entity does not meet the qualifications for a 75% reimbursement rate.

Lastly, DHSS staff could not provide any written documentation or formal federal approval for claiming these costs in excess of the 50% rate allowed by federal regulations.

Questioned costs associated with this finding are $121,938 which is the amount DHSS claimed in FY 10 for reimbursement in excess of the allowable 50% FFP.

We recommend FMS' assistant commissioner ensure Health Facilities Licensing and Certification costs are claimed in accordance with federal regulations. If DHSS plans to claim the higher FFP rate based on informal CMS guidance, we recommend DHSS seek formal approval.

CFDA 93.778 Federal Agency: USDHHS
Questioned Costs: $121,938 Noncompliance
Allowable Costs

Agency Response – Department of Health and Social Services

The department does not concur with the legislative audit finding that the department is ineligible to claim 75% reimbursement for Health Facility Survey staff who conduct facility surveys.

We have requested a letter from the CMS Survey, Certification and Enforcement Center clarifying the federal claiming rate for State Agency Survey and Certification activities. We will provide Legislative Audit with a copy of their response.

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Recommendation No. 14

DHSS' deputy commissioner for Medicaid and Health Care Policy should ensure necessary changes occur to prevent over billing Medicaid for third party liability administrative costs.

DHSS over billed Medicaid in FY 08, FY 09 and FY 10 for third party liability administrative expenditures. In FY 10, DHSS over billed Medicaid by $223,538 of which $199,299 were American Recovery and Reinvestment Act (ARRA) funds.

The over billings were the result of an accounting structural change in FY 08 which caused third party liability services expenditures to be claimed at the Medicaid FFP rate (greater than 50%) rather than the 50% administrative FFP rate. The structural change was based on inaccurate interpretation of program rules by DHSS staff. Because the structural changes occurred in FY 08, there are likely, though not quantified, questioned costs in FY 08 and FY 09.

The Medicaid program is intended to be the payer of last resort; that is, all other available third party resources must meet their legal obligation to pay claims before Medicaid pays for the care of an individual eligible for Medicaid. Medicaid regulations also require the State to take reasonable measures to identify third parties, avoid payment of third party claims, and recover reimbursement from third parties after Medicaid claims payment. DHSS relies on a contract with Health Management Services to carry out many of these functions. Federal Medicaid regulations specify a 50% reimbursement is available for expenditures incurred in carrying out these requirements.[8]

We recommend the DHSS deputy commissioner for Medicaid and Health Care Policy implement structural changes within the state accounting system (AKSAS) to ensure federal revenues for Medicaid third party liability administrative costs are calculated using the correct FFP rate. Furthermore, to become compliant with the matching requirement, DHSS should repay the amounts over billed by processing an adjustment to a future federal draw.

CFDA: 93.778 Federal Agency: USDHHS
Questioned Costs: $223,538 Noncompliance
Allowable Costs; Matching, Level of Effort, Earmarking

Agency Response – Department of Health and Social Services

The department partially concurs with this recommendation.

At the time of its interpretation of CFR guidelines, the department believed it was acting in good faith to follow CFR guidelines based upon the following: the state, through its contract with Health Management Systems (HMS), pursues Medicaid pay and chase and cost avoidance activities. The contractor also collects Medicaid insurance premiums. The department interpreted the efforts of HMS as having the effect of a direct reduction of Title XIX claims. It interpreted these efforts to be consistent with the treatment of health care premiums, which are FMAP instead of ADM and also result in a direct reduction of Title XIX claims.

The department will make a structure change to the TPL code to claim these costs as Medicaid administration at 50%. This change will be effective for the QE March 31, 2011. In addition, it will adjust its requests for federal reimbursement on the CMS 64 to pay back the alleged overbilled amount once the correct figures have been agreed upon.

The department disputes the assertion that it overbilled Medicaid by $223,538 of which $199,299 were American Recovery and Reinvestment Act (ARRA) funds. It respectfully

[8] 42 CFR 433.140(b)

requests the supporting documentation from which these figures were obtained.

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Recommendation No. 15

The DHSS deputy commissioner for Medicaid and Health Care Policy should ensure compliance with program regulations concerning the enrollment of Personal Care Assistants (PCA) and the processing and payment of PCA program claims.

PCA billing providers are paid Medicaid claims without submitting PCA rendering provider identification numbers as required by State regulations.[9] The Division of Senior and Disabilities Services staff administering the PCA program have not required PCA rendering providers to enroll with the Medicaid program as required by regulations[10] due to competing priorities within its division. Medicaid program staff plan to begin enrollment in FY 11.

In FY 10, more than $94 million in PCA claims were paid through the State's Medicaid payment system to an unknown number of rendering providers that participated in this program.[11] DHSS' ability to identify potential types of fraud and abuse is restricted by its failure to individually enroll and identify rendering PCAs.

According to federal laws, the State is required to ensure that claims for federal funds are in accordance with applicable federal requirements and in accordance with the Medicaid State Plan.[12] In accordance with the plan, the State is responsible for establishing, coordinating, and maintaining methods and systems to ensure program and provider compliance with all applicable state and federal statutes, regulations, guidelines, and objectives and quality assurance for the entire Medicaid program.

We recommend the deputy commissioner for Medicaid and Health Care Policy comply with state regulations and individually enroll PCAs in the Medicaid program and begin requiring the rendering PCA's provider identification number be submitted with each claim.

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[9] *7 AAC 125.195 (e) A personal care assistant's rendering provider identification number must be submitted with each claim that the personal care agency submits for Medicaid payment from the department.*

[10] *7 AAC 125.090 (a) To be employed as a personal care assistant in either the consumer-directed program or the agency-based program, a personal care assistant…*
(3) must be individually enrolled with the department.

[11] DHSS Medicaid staff estimate that the number of rendering providers may range anywhere from 600 to 4,000.

[12] 42 CFR 433.32 and 42 CFR 430

CFDA: 93.778, 93.767 Federal Agency: USDHHS
Questioned Costs: Indeterminate Noncompliance
Special Tests and Provisions, Allowable Costs

Agency Response – Department of Health and Social Services

The department concurs with this recommendation.

Health Care Services and Senior and Disability Services jointly implemented a PCA enrollment effort in September 2010. The effort began with structural preparations so that MMIS would process the claims correctly. We then began preparing and educating the PCA agencies for their role including holding a "Town Hall Meeting" to solicit input and allay concerns. Based upon this input, we developed a streamlined enrollment process to minimize the administrative burden to the Agencies and individual rendering PCA's. Affiliated Computer Services (ACS) began receiving and processing enrollment applications in November 2010. Currently, we have approved enrollments for 3,160 individual PCA's and will begin mailing out their Medicaid Contract Identification numbers beginning February 28, 2011. We are in process with an additional 945 applications for a total of 4,105 unique Personal Care Assistants at the time of this writing.

Effective March 15, 2011, we will require rendering PCA identification numbers on all claims from PCA Agencies.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 16

The HCS director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

DHSS' Medicaid fiscal agent did not conduct the required number of utilization reviews per quarter nor did they meet the required enrollment levels in the Care Management Program (CMP) as stipulated in the fiscal agent's contract. The contract specifies the fiscal agent must conduct 25 utilization reviews per quarter and enroll 150 Medicaid recipients in the CMP. For FY 10, only eight utilization reviews were completed, and CMP enrollment only reached 114 Medicaid recipients. Consequently, DHSS paid the full amount for the surveillance and utilization review functions even though the fiscal agent did not fulfill all of the contractual obligations.

Federal regulations require a post-payment review process to develop and review utilization and provider service profiles, and develop exception criteria so that the State may correct

misutilization practices of recipients and providers.[13] DHSS relies on a contract with its Medicaid fiscal agent to perform these reviews. Due to staff turnover, lack of expertise by the fiscal agent, and insufficient oversight by HCS, the Medicaid fiscal agent has not met contract performance requirements.

Failure to meet surveillance and utilization review requirements increases the risk of fraud and abuse associated with allowable costs, allowable activities, and eligibility. The financial consequences can be extensive given that during FY 10 over $1 billion was paid by the State of Alaska for Medicaid services (state and federal funds).

We recommend HCS' director take action with the Medicaid fiscal agent to ensure compliance over surveillance and utilization contract requirements. Furthermore, the director should consider adjusting payments to the Medicaid fiscal agent to correspond to the deliverables received.

CFDA: 93.775 — Federal Agency: USDHHS
Questioned Costs: None — Significant Deficiency, Noncompliance
CFDA: 93.767, 93.778 — Special Tests and Provisions
Questioned Costs: Indeterminate

Agency Response – Department of Health and Social Services

DHSS concurs with this recommendation.

Health Care Services has been carefully monitoring contract performance and meeting weekly with the fiscal agent executive management team. We have determined that contract performance may not improve in the near future and are preparing a notice of contract non-compliance. We are requiring a corrective action plan and will continue to monitor performance.

Contact Person: *Alison Elgee, Assistant Commissioner*
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 17

The HCS director should develop written policies and procedures for the alternative reimbursement methodology over durable medical equipment and supplies (DME).

In response to increased shipping rates, HCS implemented an unwritten alternative reimbursement methodology of actual cost plus 40% for some DME items. According to

[13] 42 CFR 456.23

7 ACC 120.210(b)(3), DME providers are allowed to request more than the maximum allowable amount for necessary items.

In 31 of 33 DME claims tested (94%), we identified cost-plus 40% payment of DME claims. Additionally, testing showed that DME providers did not submit invoices identifying actual costs for the alternative reimbursement methodology, but rather submitted vendor quotes.

The lack of clear, written guidelines regarding DME's alternative reimbursement methodology may have resulted in overpayments to providers.

We recommend HCS' director implement clear written guidelines for the alternative reimbursement methodology using actual costs as the base for DME to mitigate the risk of unallowable expenditures, fraud and abuse.

CFDA: 93.767, 93.778 Federal Agency: USDHHS
Questioned Costs: Indeterminate Significant Deficiency
Allowable Costs

Agency Response – Department of Health and Social Services

DHSS concurs with this recommendation.

The need for this alternative pricing methodology arose from an urgent need to fairly reimburse DME providers for increases in shipping incurred for items to Alaska and to ensure continuity of services to Alaska Medicaid recipients. The cost plus 40% pricing methodology satisfied this need but was not incorporated into regulation. At the time, DME providers expressed concern that providing invoices showing actual dealer cost would invalidate the contracts with their manufacturers.

DHCS intends to incorporate specific criteria for utilizing the cost plus 40% pricing methodology in forthcoming regulations and stipulate the following:

- *The DME provider must prove that providing the item at the set allowable rate or by the current pricing methodology will result in a profit margin of less than 10%*
- *The DME provider must provide actual dealer cost, including any applicable discounts on an unaltered invoice that:*
    - *Contains the DME provider's name*
    - *Is not more than one year old, and*
    - *Is a quote that is valid at the time the Prior Authorization (PA) request is submitted (i.e. a quote dated January 18th stating the quote is valid for 90 days cannot be used with a PA for September dates of service)*
- *An invoice that contains white out, blacked out portions or is altered in any way will not be accepted*

- *A printout from a website used as evidence of DME provider cost must be in invoice form and show all final discounts (i.e. a printout from the "cart")*
- *The physician must certify that the item requested under the cost plus 40% methodology is the only item that meets the recipients medical needs*
- *The cost plus 40% pricing methodology can only be requested for items that have a set rate*
- *DHCS will research any DME provider request for cost plus 40% pricing methodology. If DHCS is able to obtain the same item directly from the specified manufacturers' website, at an amount that is within 5% of the dealer's cost without a manufacturer contract, cost plus 40% will not be authorized and pricing will revert back to the set rate or 80% of MSRP, whichever is lower.*

Incorporating these items into regulations will serve as the basis for policy and guidance to Affiliated Computer Services, Inc. (ACS), DHSS' Medicaid fiscal agent.

Contact Person: *Alison Elgee, Assistant Commissioner*
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 18

FMS' assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet *OMB Circular A-133* reporting requirements.

The reporting of federal expenditures was incomplete, inaccurate, and in some instances, unsupported by the accounting records. We identified discrepancies in, including but not limited to, the reporting of unsupported expenditures, incorrect footnote disclosures, incorrect amounts provided to subrecipients, and unreported ARRA activity. These discrepancies were material to a federal program in ten separate instances; numerous additional immaterial discrepancies were also noted. The ten material discrepancies were corrected by the agency and are correctly presented in the statewide SEFA; the immaterial discrepancies remain uncorrected.

Two main factors contribute to the numerous reporting errors: (1) lack of clear procedures for the preparation of SEFA, including post-preparation review, and (2) lack of communication between program staff and the revenue unit (preparer of SEFA).

OMB Circular A-133 requires auditees to prepare SEFA, which includes providing total federal awards expended for each individual federal program. Additional required items include, to the extent practical, amounts provided to subrecipients and notes to the schedule stating the value of federal awards expended in the form of non-cash assistance.

SEFA serves as the primary basis for the determination of major programs as required by *OMB Circular A-133*. The misidentification of both regular and ARRA award expenditures in the schedule increases the risk of noncompliance with A-133 audit and reporting requirements.

We recommend FMS' assistant commissioner ensure that reported amounts are supported by underlying accounting records, including the accurate reporting of ARRA-funded activity. Furthermore, we recommend FMS' assistant commissioner strengthen procedures over the preparation of SEFA, including post-preparation review, to ensure that the reporting of federal expenditures meets A-133 requirements. As part of this strengthening, we recommend FMS' assistant commissioner ensure staff involved in the preparation and review of SEFA communicate effectively with program staff to obtain complete and accurate data regarding federal expenditures.

CFDA: 10.551, 10.561, 10.557, 93.558, 93.568, 93.575, 93.596, 93.713, 93.658, 93.767, 93.775, 93.777, 93.778 — Federal Agency: USDHHS, USDA — Significant Deficiency — Reporting

Questioned Costs: None

Agency Response – Department of Health and Social Services

DHSS concurs with this recommendation.

Specific documentation regarding the cycle and processes for preparation and review of the annual federal schedule will be completed by November 30, 2011.

Contact Person: *Alison Elgee, Assistant Commissioner*
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 19

DHSS' FMS assistant commissioner should ensure uncollectible accounts receivables are removed from AKSAS.

DHSS has $6.9 million in accounts receivable recorded in the accounting system for federal grants-in-aid revenues that are uncollectible.

The uncollectible accounts receivable are associated with the Medicaid School Based Administrative (SBA) claiming. Beginning in FY 04, the federal oversight agency, CMS, denied reimbursement for SBA program expenditures due to noncompliance with federal program guidelines. DHSS is currently negotiating the final disposition of the deferred SBA

claims. The deferrals total $13 million and include claims for reimbursement through December 31, 2009.

Due to the status of negotiations with CMS, DHSS acknowledged that collection of claims for the period FY 04 through FY 08 is unlikely. During FY 10, DHSS requested and received supplemental appropriations totaling $6.9 million to obtain the general funds necessary to replace the budgeted but uncollectible federal grants-in-aid revenues. DOA's Division of Finance removed the accounts receivable and associated revenues when preparing the State's FY 10 financial statements. However, the adjustment for financial reporting purposes was not posted in the accounting system at the appropriation level. Consequently, DHSS continues to maintain the receivables and associated revenue in AKSAS.

According to AAM 45.040, "*As a general rule, a receivable arises when the state has a valid claim against an individual or entity*." Alaska Statute 37.05.150 requires the accounting system be in accordance with accepted principles of governmental accounting. The system must provide records showing amounts appropriated, estimated revenue, actual revenue or receipts, the amounts available for expenditure, the total expenditures, the unliquidated obligations, actual balances on hand, and the unencumbered balances of appropriations for each state agency.

By obtaining a supplemental appropriation to replace budgeted federal receipts, DHSS has acknowledged they no longer expect to be reimbursed. Retaining the invalid accounts receivables and uncollectible revenues is not in accordance with principles of governmental accounting and overstates assets and revenues in the accounting system.

We recommend DHSS' FMS assistant commissioner ensure the $6.9 million invalid accounts receivable and associated revenue are removed from AKSAS.

Agency Response – Department of Health and Social Services

The department partially concurs with this recommendation.

Finance and Management Services staff has submitted transactions that will liquidate the accounts receivable associated with the supplemental appropriations received from the Legislature. However, DHSS has not settled with the Centers for Medicare and Medicaid Services for the school based services in deferral status. The accounts receivable reported in the accounting system represent the amounts claimed but not yet paid by CMS. While additional revenue collections may be unlikely, as long as these claims remain in deferred status, DHSS believes that some of the claims could be paid by CMS when settled.

Supplemental appropriations were authorized by the Legislature for accounts receivables establish for school based services claims for the following fiscal years and amounts:

AR 23315-04 Medicaid State Programs	*$1,380,444*
AR 23928-05 Medicaid School Based Administrative claims	*$ 221,290*
AR 23928-06 Medicaid School Based Administrative claims	*$2,283,323*
AR 23928-07 Medicaid School Based Administrative claims	*$3,060,691*

Contact Person: *Alison Elgee, Assistant Commissioner*
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 20

FMS' assistant commissioner should take measures to resolve revenue shortfall issues.

The State Budget Act provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Two previously identified potential shortfalls in FY 09 are still outstanding in FY 10.

Appropriation	Appropriation Title	Amount
AR 22975-09	Senior and Disabilities Services	$1,782,804
AR 22980-09	Departmental Support Services	$111,333

Additionally, for FY 10 seven new potential shortfalls have been identified.

Appropriation	Appropriation Title	Amount
AR 22812-10	WIA Youth Juvenile Justice RSA	$8,310
AR 22820-10	Bring the Kids Home- RSA	$4,123
AR 22930-10	Health Care Services	$1,371,387
AR 22970-10	Public Health	$1,623,670
AR 22980-10	Department Support Services	$445,209
AR 07583-10	Pioneers Homes Emergency Repair	$11,901
AR 23847-10	Safety and Support Equipment	$30,663

We recommend FMS' assistant commissioner work with the directors of the relevant divisions to collect earned revenues where possible and to request supplemental appropriations for the remaining revenue shortfall amounts. Additionally, we recommend that DHSS strengthen its internal controls over the billing and monitoring of revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Health and Social Services

The department concurs with the intent of this recommendation, although disputes the

specifics regarding the amounts identified as shortfalls.

DHSS is actively taking steps to further reduce revenue shortfalls. Management has quarterly financial reviews with all DHSS divisions to identify potential AR shortfalls by monitoring budgets through projections. Each quarter, divisions access their year-to-date revenues and expenditures and project out through the remaining fiscal year. As revenue shortfalls are identified, divisions work with the Budget Unit to prepare supplemental requests prior to the fiscal year end.

Over the past couple years we have been able to better understand and correct some of our budget projections where we were over projecting federal revenue collections. Through increased awareness, training with the division and quarterly projections, we expect fewer shortfalls in the future.

It typically takes up to two years for some of the federal revenues to be resolved due to the nature of federal reporting and reconciliation processes. Many of the appropriations listed for FY10 will be resolved since we are still in the process of collecting federal revenue. We may still file amended federal reports for FY09 through the remainder of FY11, if we discover that claims were incomplete or need correction. We will be asking for ratifications for the two FY09 appropriations, if additional revenues are not forthcoming for the period in question during the 2012 legislative cycle.

Contact Person: *Alison Elgee, Assistant Commissioner*
Finance and Management Services
Telephone: (907) 465-1630

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

One recommendation was made to the Department of Labor and Workforce Development (DLWD) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009*. Prior year Recommendation No. 19 has been resolved.

One new recommendation has been made and is included as Recommendation No. 21.

(Intentionally left blank)

Recommendation No. 21

DLWD's information technology (IT) manager should address weaknesses over the Unemployment Compensation (UC) Information System.

DLWD's UC Information System contains various weaknesses in the logical access[14] controls. Together these control deficiencies represent a significant deficiency and make the UC system vulnerable to access by unauthorized people.

DLWD does not have sufficient policies and procedures to address all logical control issues. Additionally, the implementation and follow-up on controls used by DLWD are sometimes delayed because of competing priorities.

The National Institute of Standards and Technology (NIST)[15] publishes best practices for information systems controls. If implemented, these best practices should provide adequate controls over logical access thus substantially reducing the risk of unauthorized access to DLWD's UC information system.

We recommend that DLWD's IT manager establish written policies and procedures based on NIST best practices for logical access information system controls.

Auditor's Note

The details related to these control weaknesses are being withheld from this report to prevent the weaknesses from being exploited. Pertinent sensitive details have been communicated to agency management in a separate, confidential document.

CFDA: 17.225
Questioned Costs: None

Federal Agency: USDOL
Significant Deficiency
Allowable Costs

Agency Response – Department of Labor and Workforce and Development

DLWD acknowledged the identified weaknesses in logical access information system controls, policies, and procedures for the UC Information System. DLWD has since taken actions to proactively remediate all identified UC system vulnerabilities.

[14]Logical access controls are tools used for identification, authentication, authorization, and accountability. They are components that enforce access control measures for systems, programs, processes, and information. The logical access controls can be embedded within operating systems, applications, add-on security packages, or database and telecommunication management systems.

[15]NIST is the federal technology agency that works with industry to develop and apply technology, measurements, and standards.

The improvement of logical access controls and development of policy and procedures were reprioritized by DLWD as high priority work items. The identified security weaknesses have been resolved and remaining remediation automation tasks are currently undergoing full system implementation and will be finished by June 1st, 2011. All remediation and policy development efforts are being conducted in accordance with National Institute of Standards and Technology (NIST) best practice guidance.

DLWD understands the need for adequate access controls to reduce the risk of unauthorized access to the UC information system. DLWD is dedicated to adhering to core security principles including the Principle of Least Privilege, meaning an individual will be granted only enough privilege to accomplish assigned tasks, but no more.

Contact Person: *Guy Bell, Director*
Division of Administration
Telephone: (907)465-2702

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

No recommendations were made to the Department of Commerce, Community, and Economic Development (DCCED) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009*.

Two new recommendations have been made and are included as Recommendation Nos. 22 and 23.

(Intentionally left blank)

Recommendation No. 22

DCCED's commissioner should ensure that American Recovery and Reinvestment Act (ARRA) Section 1511 certificates are prepared and published on the State of Alaska ARRA website.

During FY 10, DCCED staff did not prepare, maintain, or publish Section 1511 certificates as required by ARRA. Section 1511 certificates certify that infrastructure[16] investments were an appropriate use of taxpayer funds. We identified six State Fiscal Stabilization Fund projects that meet the United States Department of Education (USDOE) definition of infrastructure; one of the six had expenditures in FY 10. However, no certificates have been placed on the State of Alaska website.

ARRA designates the governor as the person responsible for Section 1511 certificates. The governor delegated authority to execute ARRA Section 1511 certificates to DCCED's commissioner. DCCED staff do not have a process to ensure that Section 1511 certificates are prepared nor are there adequate review procedures to determine when certificates are required.

We recommend that DCCED's commissioner ensure that ARRA Section 1511 certificates are prepared and published as required and that procedures be implemented to ensure full compliance with ARRA Section 1511.

CFDA: 84.397 Federal Agency: USDOE
Questioned Costs: None Noncompliance
Reporting

Agency Response – Department of Commerce, Community, and Economic Development

This recommendation was fully addressed prior to Management Letter No. 1 in October 2010. The six identified American Recovery and Reinvestment Act (ARRA) Section 1511 certificates were prepared and published on the Alaska.gov/recovery website. All subsequent State Fiscal Stabilization Fund projects meeting the U.S. Department of Education (USDOE) definition of infrastructure are identified at the time the department receives a proposed written scope of work. Section 1511 certificates are prepared and posted at the time a grant agreement is fully executed and before expenditures take place.

[16] The USDOE defines infrastructure as:

> *An infrastructure investment is financial support for a physical asset or structure needed for the operation of a larger enterprise. Therefore, infrastructure investments include support for tangible assets or structures such as roads, public buildings (including schools), mass transit systems, water and sewage systems, communication and utility systems and other assets or structures that provide a reliable flow of products and services essential to the defense and economic security of the United States, the smooth functioning of government at all levels, and society as a whole. However, an infrastructure investment does not include "minor remodeling" as defined in 34 C.F.R. § 77.1(c).*

The Division of Community and Regional Affairs (DCRA) website is updated to include a description of all ARRA funded programs administered by the division and includes a link to copies of each Section 1511 certificate and to Recovery.gov. These procedures ensure full compliance with ARRA Section 1511.

Contact Person: *JoEllen Hanrahan, Director*
Division of Administrative Services
Telephone: (907) 465-2506

Recommendation No. 23

DCCED's director of the Division of Community and Regional Affairs (DCRA) should ensure ARRA 1512 reports are correctly prepared and adequately reviewed.

The information on DCCED's 1512 report for the period ending March 31, 2010, was improperly completed and misleading. Numerous errors were identified on the 1512 report including:

- Prime recipient activity misclassified as payments to individuals;
- Subrecipient payments to vendors incorrectly reported as prime recipient activity;
- Payments made to subrecipients after the report cutoff date totaled $2,018,433.

The Office of Management and Budget memorandum *M-09-21, Implementing Guidance for the Reports on the Use of Funds Pursuant to ARRA, Supplement 2, Recipient Data Reporting Model*, provides guidance for completion of the 1512 report. Furthermore, the USDOE has issued program specific direction for report preparation. These two sources of federal guidance provide specific information for each data element, including those identified as errors above.

Lack of supervisory review and misinterpretation of federal guidance caused the errors.

DCRA's director should implement procedures to ensure quarterly 1512 reports are correctly prepared and adequately reviewed. Additionally, the director should seek federal direction regarding amending prior reports.

CFDA: 84.397 Federal Agency: USDOE
Questioned Costs: None Significant Deficiency, Noncompliance Reporting

Agency Response – Department of Commerce, Community, and Economic Development

DCRA has ensured that ARRA 1512 reports are correctly prepared and adequately reviewed. The issues noted in the preliminary audit report were previously discussed with the USDOE federal representative and were considered immaterial.

Grant staff administering this program participated in a teleconference with Jesse Levin, USDOE federal representative, on January 21, 2011. The purpose of the discussion was to clarify ways to report information on the 1512 reports. Items discussed included the three errors mentioned in your previous Management Letter No. 2. Guidance was provided on the correct way to report subrecipient and vendor information. Ms. Levin stated that the errors from previous reports were not 'made at a level of materiality' and as such they would not require us to correct the old reports. However, grant staff corrected the 1512 report that was submitted on January 10, 2011 to accurately reflect the information.

DCRA supervisory staff has and will continue to review information in 1512 reports before they are submitted. Errors occurred because of a misinterpretation of federal guidance at several levels. With the latest guidance from USDOE, provided via recent telephone and email exchange, grant staff now have a clear understanding of the reporting requirements. All future 1512 reports will be submitted reflecting accurate information.

Contact Person: *JoEllen Hanrahan, Director*
Division of Administrative Services
Telephone: (907) 465-2506

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DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

No recommendations were made to the Department of Military and Veterans' Affairs in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.*

No new recommendations have been made during the FY 10 statewide single audit.

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DEPARTMENT OF NATURAL RESOURCES

No recommendations were made to the Department of Natural Resources (DNR) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.*

One new recommendation has been made and is included as Recommendation No. 24.

(Intentionally left blank)

Recommendation No. 24

The director of DNR's Division of Support Services should implement procedures to ensure that the federal suspension and debarment requirements are met.

Of the seven vendors tested for compliance with federal suspension and debarment requirements, none of the vendor files contained evidence that DNR verified the vendor was not suspended or debarred.

Per 2 CFR 180.300, participants in covered transactions[17] must verify that the person with whom they intend to do business is not suspended or debarred. This can be done by one of three ways:

(1) Checking the federal list of suspended and debarred entities on www.epls.gov;
(2) Collecting a certification from the vendor that they are not suspended or debarred; or
(3) Adding a clause or condition to the covered transaction with that vendor.

Vendor agreements for fire suppression are implemented well before the fire season begins and without knowing who will ultimately be the responsible party. Due to this unknown, the department has not consistently implemented procedures to ensure that they are meeting the federal suspension and debarment requirements.

By not performing verification procedures, DNR increases its risk of entering into contracts with entities that have been suspended or debarred. We recommend the Division of Support Services' director implement procedures to comply with the federal suspension and debarment requirements.

CFDA: 15.LAA040005 Federal Agency: USDOI
Questioned Costs: None Noncompliance
Procurement and Suspension and Debarment

Agency Response – Department of Natural Resources

DNR agrees with the recommendation, and notes that none of the seven tested vendors identified in the audit was on the suspended/debarred list. DNR has already taken steps to deal with existing contracts and has a plan for ensuring that this requirement is met in the future. For existing contracts that have or potentially have federal funding, we have printed confirmation that the contractor is not suspended/debarred from the Excluded Parties List and put it in the contract files for all of Forestry's existing contracts that we don't anticipate

[17]All contracts expected to equal or exceed $25,000 and all subawards to subrecipients, irrespective of award amount, are considered to be covered transactions.

amending in the near future. We have amended some contracts for other reasons, and in those we added certification language to the applicable contracts that were amended. We have awarded some contracts (such as new helicopter contracts with Evergreen), and added appropriate language to the contracts that were in process.

To ensure future compliance, DNR's Procurement Officer has spoken with the Department of Administration's Division of General Services to ask them their plan to address this issue on a statewide level since this requirement applies across all departments/agencies that receive federal funds. They have prepared a Procurement Information Message that gives departments guidance on this issue, and provides a certification form for departments to use in their contracts and solicitations. Since February, we have added this form to all of our solicitations that have federal funding and might equal or exceed $25,000. We are in the process of modifying all of our miscellaneous agreement templates, such as grant agreements, cooperative agreements, memorandums of agreement, etc. to include a suspended/debarred certification form. We are also in the process of modifying our DNR procurement policies and procedures to include guidance on this issue.

Agency Response: *Jeanmarie Davis, Director*
Division of Support Services
(907) 465-2422

DEPARTMENT OF FISH AND GAME

One recommendation was made to the Department of Fish and Game in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.* Prior year Recommendation No. 20 has been resolved.

No new recommendations have been made during the FY 10 statewide single audit.

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DEPARTMENT OF PUBLIC SAFETY

One recommendation was made to the Department of Public Safety (DPS) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.* Prior year Recommendation No. 21 has been resolved.

One new recommendation has been made and is included as Recommendation No. 25.

(Intentionally left blank)

Recommendation No. 25

DPS's finance officer should take measures to resolve revenue shortfall issues.

The State Budget Act provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections. In FY 10, one potential shortfall was identified:

Appropriation	Appropriation Title	Amount
AR 47834-10	Bureau of Highway Patrol CIP RSA	$18,408

This shortfall resulted from DPS not collecting revenue from the Department of Transportation and Public Facilities (DOTPF) under a reimbursable service agreement.

We recommend that DPS' finance officer work with DOTPF's finance officer to collect any remaining revenues and request a supplemental appropriation if necessary. Additionally, we recommend that DPS strengthen its internal controls over the billing and monitoring of revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Public Safety

The department agrees with this recommendation.

Revenue shortfalls occur, in part, due to timing differences between the posting of expenditures and collection of revenues. DPS is implementing processes to mitigate the effect of the timing difference.

Contact Person: *Danial Spencer, Director*
Division of Administrative Services
Telephone: (907) 465-5488

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DEPARTMENT OF ENVIRONMENTAL CONSERVATION

No recommendations were made to the Department of Environmental Conservation in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.*

No new recommendations have been made during the FY 10 statewide single audit.

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DEPARTMENT OF CORRECTIONS

One recommendation was made to the Department of Corrections in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.* Prior year Recommendation No. 22 has been resolved.

No new recommendations have been made during the FY 10 statewide single audit.

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DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

One recommendation was made to the Department of Transportation and Public Facilities (DOTPF) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.* Prior year Recommendation No. 23 is not resolved and is reiterated in this report as Recommendation No. 26.

No new recommendations have been made during the FY 10 statewide single audit.

(Intentionally left blank)

Recommendation No. 26

DOTPF's finance officer should implement internal controls to prevent premature lapsing of capital appropriations' termination years.

Prior Finding

Due to oversight and insufficient internal controls over monitoring capital appropriations, DOTPF failed to establish correct termination dates for seven capital appropriations based on reimbursable services agreements (RSA). As a result, seven appropriation balances inappropriately lapsed and showed a combined revenue shortfall of $118,000.

Legislative Audit's Current Position

Of the seven appropriations previously identified, three appropriations with lapsed balances still exist in FY 10 with a combined revenue shortfall of $65,124. All three appropriations are for RSAs with the Department of Military and Veterans Affairs (DMVA). The three appropriations remain in shortfall status due to delays in RSA final billings. The RSAs will be closed once DMVA's administrative review process is complete.

The State Budget Act provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

We recommend that DOTPF's finance officer work with DMVA's finance officer to bill for work completed. Additionally, DOTPF should continue to improve its monitoring efforts for terminating capital appropriations to ensure that services are completed and the necessary revenues are collected.

Agency Response – Department of Transportation and Public Facilities

The department concurs with this recommendation and last year established internal controls to prevent this from occurring in the future. The Operating Programs Unit Accountant reviews all appropriations (ARs) rolling up to AR 66999-15, the upper level AR for DOT&PF capital interdepartmental RSA's, to ensure that those ARs are extended, if necessary. This review is completed weekly beginning in April of each year and extends through the re-appropriation period. Emails to Project Managers are sent out to determine if they anticipate an extension. In addition, expenditure and revenue actuals are monitored to ensure they are in balance prior to termination. In conjunction with the receipt of an amendment extending the completion date of an RSA, the DOT&PF Operating Finance Office RSA coordinator extends the appropriation term year.

The three AR's referenced in Recommendation No. 26 were administrative allowance AR's based off disaster RSA's with the Department of Military and Veterans Affairs (DMVA). DOT&PF's Finance Officer worked directly with DMVA's Finance Officer and we were able

to bill against the RSA's. Due to the diligent work completed by both agencies DOT&PF has no AR's in shortfall status and will continue to monitor all appropriations so this oversight will not happen again in the future.

Contact Person: *Laura Baker, Director*
Division of Administrative Services
Telephone: (907) 465-3911

ALASKA COURT SYSTEM

No recommendations were made to the Alaska Court System in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2009.*

No new recommendations have been made during the FY 10 statewide single audit.

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COMPONENT UNITS

This section includes four federal compliance recommendations to Alaska Housing Finance Corporation (AHFC). A complete copy of AHFC's report may be obtained directly from AHFC.

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Alaska Housing Finance Corporation

Recommendation No. 27

Lack of Documentation to Assess Rent Reasonableness – Eligibility – Compliance – Direct Program CFDA 14.881

Criteria: According to the OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for such determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in the procedures, two forms shall be placed in the client folder.

Condition: Of the 60 participant files tested, three files were found to have deficiency in the documentation of a reasonable rent determination.

Questioned Costs: None identified.

Context: We reported a similar finding when we tested the files for this program in 2005, 2008, and 2009. At that time, AHFC revised the Unassisted Unit Comparability Survey form and trained staff on proper procedures for the program. During our current testing we still found that 3 of 60 files tested were deficient in this area.

Effect: The Corporation may be paying unreasonable rent for participants.

Cause: The Corporation failed to obtain sufficient documentation supporting compliance with the requirement as stated in their administrative plan.

Recommendation: We recommend that management review their process for documenting rent reasonableness, and establish controls to ensure that the procedures are followed and that documentation is adequate. We also recommend that AHFC continue to perform periodic file reviews, in order to identify and correct deficiencies in documentation.

CFDA: 14.881 Federal Agency: USDHUD
Questioned Costs: None Identified Noncompliance
Eligibility

Agency Response – Alaska Housing Finance Corporation

Staff researched the files in question. While it's irrefutable that there were deficiencies in the documentation, further examination of whether the rent to owner fell within a given range of reasonable rent was affirmed. In one instance a rent reasonable form used for a new move-in was included in the file; upon further examination, staff found that all four units in a 4-plex apartment building were assisted. Reasonable rent had been established for the other units whose rent was equal to the unit in question.

In a second case, the rent reasonableness forms were absent. The file had grown large enough that a second file was created according to policy. The rent reasonableness forms were mistakenly not moved to the new file.

In the third case, staff did not locate comparable rent forms for a 3 bedroom unit. They made a prudent professional judgment of reasonable rent. At a subsequent time, comps of $1,426 and $1,550 were included in the file documenting that the $1,275 rent to owner was reasonable.

With regard to the reoccurrence of the finding, staff is well versed in what is reasonable rent based largely on their professional experience with the rental market; however, the mechanism for documentation has shortcomings due to reliance upon paper verifications which can easily become outdated. In August 2010 AHFC issued a notice of intent to award to the firm, YARDI, for new PHD software. The new software will contain an electronic database of comparable rent, ensuring a much more foolproof method of documentation. Summarizing from their sample report literature: the market survey comparable report provides a date specified comparison of the selected property to comparable properties; if grouped by property, the software will generate a graph that represents the market base rent, rent per square foot or effective rent. None of these capabilities exist with the current software.

Contact Person: *Nola Cedergreen, Director*
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Recommendation No. 28

Lack of Third Party Verification of Income – Eligibility – Compliance – Direct Program CFDA 14.881

Criteria: According to the OMB A-133 Compliance Supplement, the public housing agency (PHA) must document third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination

of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Condition: Of the 88 participant files tested, five files were found to have deficiencies in the documentation of third party income verification.

Questioned Costs: None identified.

Context: Third party verification is required to determine if all income is included in the HAP payment calculation. Amounts not verified through a third party source could significantly change the income calculations. We reported a similar finding when we tested the files for this program in 2009.

Effect: The Corporation may have inaccurately calculated voucher payments.

Cause: The Corporation failed to obtain sufficient documentation supporting compliance with the requirement as stated in their administrative plan.

Recommendation: We recommend that management review their process for obtaining third party income verification, and establish controls to ensure that the procedures are followed and that documentation is adequate throughout the program. We aso recommend that AHFC continue to perform periodic file reviews, in order to identify and correct deficiencies in documentation.

CFDA: 14.881 Federal Agency: USDHUD
Questioned Costs: None Identified Noncompliance
Eligibility

Agency Response – Alaska Housing Finance Corporation

In two cases, staff used a lesser form of documentation than third-party verification. The income in question was state Aid to Disabled and SSI benefits. When the August reexamination of income occurred, staff obtained electronic third-party verifications that substantiated the income calculation.

Similarly, in a second file, staff used a client statement about unemployment benefits without benefit of third-party verification. Electronic verification is now present in the file. No change to income calculation was required.

In the third file, staff reviewed the electronic database for Adult Public Assistance benefits, but failed to enter a print-screen in the file. That is now corrected.

The issue with the fourth file was lack of employment verification. A letter was sent to the employer, but not returned. The form letter was noted as unreturned; as was a note of non-response to a phone call. Staff used a self declaration of income, which is technically acceptable. A subsequent database search on the HUD EIV system substantiated the correct income.

The last file in question also relied on a self declaration involving SSI benefits. This was also a new move-in where EIV data was not available. The tenancy was terminated after five months due to program violations before an EIV database search was to occur.

None of the above findings resulted in over or underpayment of housing assistance; nevertheless, the Public Housing Division recognizes the importance of documentation of income in an income-based program. The Division is reexamining its quality control procedures to ensure client files are free of error. Obtaining third-party verification of income from employers is problematic due to its reliance on them returning letters to AHFC. Recently, HUD has changed both the hierarchy of verifications and method for securing EIV database verification on new housing assistance clients. Those changes should lessen the importance of relying on employer contacts for income verification. AHFC also supports the national legislative agenda of the National Association of Housing & Rehabilitation Officials who seek regulatory relief in this area through: "(1) Simplified utility allowances and rent reasonableness procedures. (2) Simplified tenant rent structure and income documentation requirements."

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Recommendation No. 29

Subrecipient Monitoring – Compliance – Direct Program CFDA 14.239, 14.218

Criteria: Acquisitions financed with grant funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), and its implementing regulations at 49 CFR Part 24. The grantee must ensure that the owner is informed in writing of what the grantee believes to be the market value of the property; and that the grantee will not acquire the property if negotiations fail to result in an amicable agreement (see 49 CFR 24.101(b)(1) & (b)(2)).

Condition: The HUD Regional Relocation Specialist found during her review of the Corporation's subrecipients that voluntary sales disclosure letters were not issued prior to the execution of purchase and sale agreements and often did not contain legitimate estimates of fair values. She also found that files did not sufficiently evidence compliance with the relocation requirements of 49 CFR Part 24.

Questioned Costs: None known.

Context: The findings in the HUD Review all relate to the Corporation's monitoring of subrecipients.

Effect: The Corporation was not compliant with the URA acquisition and relocation criteria.

Cause: The Corporation's policies and procedures were not sufficient to enable the Corporation's staff to adequately monitor subrecipients' compliance with URA acquisitions and relocation requirements.

Recommendation: The Corporation followed HUD's recommendation and revised its policies and procedures related to URA. In addition, we recommend that the Corporation provide training to its subrecipients.

CFDA: 14.218, 14.239 Federal Agency: USDHUD
Questioned Costs: None known Noncompliance
Subrecipient Monitoring

Agency Response – Alaska Housing Finance Corporation

Findings noted above all pertain to the HOME Investment Partnership Program under CFDA 14.239 which was audited by HUD in August of 2009. The corresponding Finding from that audit was closed on July 7, 2010.

The HOME Opportunity Program (HOP) Policy and Procedure Manual has been amended to ensure compliance with the voluntary acquisition requirements of 49 CFR 24.101 (b) (1)-(5) and monitoring of the activities of pertinent sub-recipients will be based on the amendments. Enforcement of URA provisions in HOME funded activities has been enhanced. Presentation to AHFC of evidence to support URA compliance has been made a precondition for processing funds disbursement requests to awardees.

Sub-recipients are required to issue the HOP Voluntary Sales Disclosure form, prior to the execution of purchase and sales agreements. If there is already a purchase offer in place at the time of HOP application, sub-recipients are required to document this fact in the file and issue the Voluntary Sales Disclosure as soon as possible. Because it is difficult to obtain a valid estimate of market value prior to the purchase offer, sellers will be provided a preliminary estimate of value. After the appraisal of the property has been completed, the sub-recipient will notify the seller of the appraised value and affirm, in writing, the seller's intention to sell the property.

Staff members from AHFC, HOME and NSP grantees attended an AHFC requested URA Training on May 19, 2010, at AHFC, which was taught by Regional URA Specialist (and monitor), Jade Santoro. "All the Right Moves" URA Training is being hosted by HUD in

Anchorage on September 8-10, 2010, and will be attended by staff from AHFC, NSP and HOME grantees.

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Recommendation No. 30

Unexecuted Lease Agreement – Special Tests and Provisions – Compliance – Direct Program CFDA 14.881

Criteria: According to 24 CFR 982.308(b)(1) the tenant and the owner must enter into a written lease for the unit. The lease must be executed by the owner and the tenant.

Condition: Of the 100 participant files tested, we found two instances where Housing Assistance Payments (HAPs) were made on behalf of a participant to a landlord without documentation in the file of an executed lease between the tenant and landlord.

Questioned Costs: None identified.

Context: One of the files that was found to be deficient in this requirement was found by the Corporation's staff. The case worker was no longer employed and the tenant moved before the correction of the deficiency was completed. In the other instance, the tenant file was incomplete. The portion of the file that might have contained the lease was unable to be located by the Corporation's staff.

Effect: The Corporation may be making HAPs for participants who have not officially entered into a lease agreement with their landlord.

Cause: The Corporation's field staff failed to keep documentation of an executed lease agreement.

Recommendation: We recommend that management continue to educate field staff about applicable policies and procedures. We also recommend that the Corporation continue to perform periodic file reviews in order to identify and correct deficiencies in documentation.

CFDA: 14.881
Questioned Costs: None Identified

Federal Agency: USDHUD
Noncompliance
Special Tests and Provisions

Agency Response – Alaska Housing Finance Corporation

It is clearly stated in policy that a copy of the lease be included in the file for both the public housing program and Housing Choice Voucher program. The absence of a lease in the public housing tenant file is a staff oversight by someone who no longer works at the corporation. The absence of the lease in the voucher file is likely due to the length of tenancy at one location. As new files were created, the lease was probably not forwarded to the new file as required by policy. A copy is now secured.

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Part I – Summary of Auditor's Results

a) An unqualified opinion was issued on the basic financial statements of the State of Alaska.

b) Significant deficiencies but no material weaknesses in internal controls over financial reporting were disclosed by the audit of the basic financial statements.

c) There was no noncompliance which was material to the basic financial statements.

d) Significant deficiencies but no material weaknesses in internal controls over major federal programs were disclosed by the audit.

e) The independent auditor's report on compliance with requirements applicable to each major federal program expressed an unqualified opinion for all 44 programs.

f) There were several audit findings that were required to be reported under Section 510(a) of *Office and Management and Budget (OMB) Circular A-133*. These are summarized in Part III of this schedule of findings and questioned costs. The detail findings and recommendations can be read in Section II – Recommendations and Questioned Costs of this report.

g) The State of Alaska has 44 major federal programs for the fiscal year ended June 30, 2010, as follows:

CFDA or Other Identifying Number	Title of Federal Program
10.551, 10.561	ARRA - Supplemental Nutrition Assistance Program Cluster
10.553, 10.555, 10.556, 10.559	Child Nutrition Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.568, 10.569	ARRA - Emergency Food Assistance Cluster
10.688	ARRA - Recovery Act of 2009: Wildland Fire Management
10.760	Water and Waste Disposal Systems for Rural Communities
11.438	Pacific Coast Salmon Recovery
12.400	Military Construction, National Guard
14.117	Mortgage Insurance Homes
14.218	Community Development Block Grants/Development Grants

Part I – Summary of Auditor's Results (*continued*)

CFDA or Other Identifying Number	Title of Federal Program
14.239	Home Investment Partnerships Program
14.258	ARRA – Tax Credit Assistance Program
14.865	Public & Indian Housing – Indian Loan Guarantee Program
14.881	Moving to Work Demonstration Program
14.885	ARRA - Public Housing Capital Fund Stimulus
15.605, 15.611	Fish and Wildlife Cluster
15.LAA040005	BLM Fire Suppression
17.207, 17.801, 17.804	ARRA - Employment Security Cluster
17.225	ARRA - Unemployment Insurance
17.258, 17.259, 17.260	ARRA - Workforce Investment Act Cluster
20.106	ARRA - Airport Improvement Program
20.205, 20.219	ARRA - Highway Planning and Construction Cluster
20.500, 20.507	ARRA - Federal Transit Cluster
20.509	ARRA - Formula Grants for Other than Urbanized Areas
66.202	Surveys, Studies, Investigations and Special Purpose Grants
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds
81.128	ARRA - Energy Efficiency Conservation Block Grant
84.010, 84.389	ARRA - Title I, Part A Cluster
84.027, 84.173, 84.391, 84.392	ARRA - Special Education Cluster (IDEA)
84.032L	Federal Family Education Loans
84.042, 84.044, 84.047, 84.066	TRIO Cluster
84.126, 84.390	ARRA - Vocational Rehabilitation Cluster
84.318, 84.386	ARRA - Education Technology State Grants Cluster
84.394, 84.397	ARRA - State Fiscal Stabilization Fund Cluster
90.100	Denali Commission Program
93.558, 93.714, 93.716	Temporary Assistance for Needy Families Cluster
93.568	Low Income Home Energy Assistance
93.575, 93.596, 93.713	ARRA - Child Care and Development Fund Cluster
93.658	ARRA - Foster Care – Title IV-E
93.722	ARRA - HIS Tribal Agreements
93.767	State Children's Insurance Program
93.775, 93.777, 93.778	ARRA - Medicaid Cluster
Various	ARRA - Research and Development Cluster

Part I – Summary of Auditor's Results (*continued*)

h) A threshold of $10,082,204 was used to distinguish between Type A and Type B programs as defined in Section 520 of *OMB Circular A-133*.

i) The State of Alaska does not qualify as a low-risk auditee under Section 530 of *OMB Circular A-133*.

Part II – Findings related to the Basic Financial Statements

Significant Deficiencies

State Department	Recommendation Number
Administration	Recommendation No. 1
Administration	Recommendation No. 3
Revenue	Recommendation No. 4
Labor and Workforce Development	Recommendation No. 21

Irregularities and Illegal Acts

There were no reportable findings relating to irregularities and illegal acts.

Part III – Federal Findings and Questioned Costs

Federal Agency/ Recommendation Number	Questioned Costs	Comments
USDA		
Recommendation No. 5	Indeterminate	Noncompliance
Recommendation No. 6	None	Noncompliance
Recommendation No. 7	$ 48,486	Noncompliance
Recommendation No. 9	None	Significant Deficiency, Noncompliance
Recommendation No. 18	None	Significant Deficiency
USDHUD		
Recommendation No. 27	None	Noncompliance
Recommendation No. 28	None	Noncompliance
Recommendation No. 29	None	Noncompliance
Recommendation No. 30	None	Noncompliance
USDOI		
Recommendation No. 24	None	Noncompliance
USDOL		
Recommendation No. 21	None	Significant Deficiency

Federal Agency/ Recommendation Number	Questioned Costs	Comments
USDOE		
Recommendation No. 5	Indeterminate	Noncompliance
Recommendation No. 22	None	Noncompliance
Recommendation No. 23	None	Significant Deficiency, Noncompliance
Denali Commission		
Recommendation No. 8	Indeterminate	Significant Deficiency, Noncompliance
USDHHS		
Recommendation No. 7	$ 205,677	Noncompliance
Recommendation No. 8	Indeterminate	Significant Deficiency, Noncompliance
Recommendation No. 10	Indeterminate	Noncompliance
Recommendation No. 11	None	Significant Deficiency, Noncompliance
Recommendation No. 12	None	Noncompliance
Recommendation No. 13	121,938	Noncompliance
Recommendation No. 14	223,538	Noncompliance
Recommendation No. 15	Indeterminate	Noncompliance
Recommendation No. 16	Indeterminate	Significant Deficiency, Noncompliance
Recommendation No. 17	Indeterminate	Significant Deficiency
Recommendation No. 18	None	Significant Deficiency

SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS AND SUPPLEMENTARY INFORMATION

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

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Legislative Budget
and Audit Committee:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discreetly presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2010, which collectively comprise the State of Alaska's basic financial statements and have issued our report thereon dated December 10, 2010. Our report, presented in Section I, was modified to include a reference to other auditors and describes our division of responsibility with other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Alaska Permanent Fund, the Fiduciary Funds – Pension and Other Employee Benefit Trust Funds, and one discretely presented component unit, the Alaska Mental Health Trust Authority. This report does not include results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Certain entities of the State of Alaska were not audited in accordance with *Government Auditing Standards.* These entities include: the Alaska Municipal Bond Bank Authority (a discretely presented component unit) and the Supplemental Benefit System, Public Employees Retirement System and Teachers Retirement System (fiduciary funds).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State of Alaska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Alaska's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to indentify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the preceding section of Recommendations and Questions Costs, that we consider to be significant deficiencies in internal control over financial reporting. Our recommendations for these instances are indentified in the Summary of Recommendations under *Basic Financial Statements – Significant Deficiency*. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Alaska's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

However, we noted certain other matters which are described in the preceding section of Recommendations and Questioned Costs. Our recommendations for these instances are identified in the Summary of Recommendations under *Other State Issues*.

The state agencies' responses to the findings identified in our audit are included in the proceeding Section II – Recommendations and Questioned Costs as well as in the succeeding Section IV – Appendices. We did not audit these responses to the findings, and accordingly, we express no opinion on them.

This report is intended for the information and use of the State's management, members of the Alaska Legislature, the federal awarding agencies, and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Pat Davidson, CPA
Legislative Auditor

December 10, 2010

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

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Independent Auditor's Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each
Major Program, on Internal Control Over Compliance, and on Supplementary
Information – Schedule of Expenditures of
Federal Awards in Accordance with *OMB Circular A-133*

Members of the Legislative Budget
and Audit Committee:

Compliance

We have audited the State of Alaska's compliance with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect to each of its major federal programs for the fiscal year ended June 30, 2010. The State of Alaska's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Alaska's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Alaska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Alaska's compliance with those requirements.

In our opinion, the State of Alaska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with *OMB Circular A-133*. These instances are listed in the accompanying Summary of Recommendations and Schedule of Findings and Questioned Costs described in detail in Section II - Recommendations and Questioned Costs.

Internal Control Over Compliance

The management of the State of Alaska is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Alaska's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies. These instances are listed in the accompanying summary of recommendations and schedule of findings and questioned costs and described in detail in Section II - Recommendations and Questioned Costs. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The state agencies' responses to the findings identified in our audit are included in the preceding Section II – Recommendations and Questioned Costs as well as the succeeding Section IV –

Appendices. We did not audit the responses to the findings and, accordingly, we express no opinion on them.

Schedule of Expenditure of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska as of and for the year ended June 30, 2010, and have issued our report thereon dated December 10, 2010. That report, presented in Section I, was modified to include a reference to other auditors and describes our division of responsibility with the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *OMB Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the State's management, members of the Alaska Legislature, the federal awarding agencies, and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Pat Davidson, CPA
Legislative Auditor

February 21, 2011, except for the
Schedule of Expenditures of
Federal Awards, which is
dated December 10, 2010

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
U.S. DEPARTMENT OF AGRICULTURE						
Child Nutrition Cluster						
School Breakfast Program	DEED		10.553	17131	6,733,821	6,733,821
National School Lunch Program	DEED		10.555	17132	27,637,125	27,637,125
National School Lunch Program - Food Commodities	DEED		10.555	17132	1,906,537	1,906,537
Special Milk Program for Children	DEED		10.556	17133	12,570	12,570
Summer Food Service Program for Children	DEED		10.559	17137	1,039,360	951,357
Total for Child Nutrition Cluster					37,329,413	37,241,410
Emergency Food Assistance Cluster						
ARRA-Emergency Food Assistance Program (Administrative Costs)	DEED	**ARRA**	10.568	17196	58,087	58,087
Emergency Food Assistance Program (Administrative Costs)	DEED		10.568	17138	109,124	92,603
Emergency Food Assistance Program (Food Commodities)	DEED		10.569		2,073,499	2,073,499
Total for Emergency Food Assistance Cluster					2,240,710	2,224,189
Supplemental Nutrition Assistance Program Cluster						
Supplemental Nutrition Assistance Program	DHSS		10.551		154,545,741	57,700
ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	DHSS	**ARRA**	10.561		327,004	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	DHSS		10.561		9,762,721	
Total for Supplemental Nutrition Assistance Program Cluster					164,635,466	57,700
Schools and Roads Cluster						
Schools and Roads - Grants to States	DOTPF		10.665		170,000	
Schools and Roads - Grants to States	DCCED		10.665	National Forest Receipts AR 29535	18,667,237	18,667,237
Total for Schools and Roads Cluster					18,837,237	18,667,237
Agricultural Research - Basic and Applied Research	DNR		10.001		566	
Plant and Animal Disease, Pest Control, and Animal Care	DEC		10.025		163,121	
Plant and Animal Disease, Pest Control, and Animal Care	DFG		10.025		83,589	
Plant and Animal Disease, Pest Control, and Animal Care	DNR		10.025		238,845	
Direct and Counter-Cyclical Payments Program	DNR		10.055		45,800	
Federal-State Marketing Improvement Program	DNR		10.156		32,866	
Inspection Grading and Standardization	DNR		10.162		17,408	
Market Protection and Promotion	DNR		10.163		127,947	
Specialty Crop Block Grant Program	DNR		10.169		77,512	
Specialty Crop Block Grant Program - Farm Bill	DNR		10.170		36,684	
Grants for Agricultural Research, Special Research Grants	UofA		10.200		373,147	
Grants for Agricultural Research, Special Research Grants (Pass-through from Utah State University)	UofA		10.200	2006-38640-16743	19,763	
Grants for Agricultural Research-Competitive Research Grants	UofA		10.206		277,980	
Community Food Projects	UofA		10.225		50,305	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	UofA		10.228		1,421,865	8,208
Integrated Programs (Pass-through from University of California-Davis)	UofA		10.303	2007-51120-03885	25,952	
Integrated Programs (Pass-through from University of Idaho)	UofA		10.303	2008-51130-04734	73,305	
Homeland Security-Agricultural (Pass-through from University of California-Davis)	UofA		10.304	2007-37620-18230	39,793	
Very Low to Moderate Income Housing Loans	AHFC		10.410		77,386	
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	UofA		10.443		82,126	10,000
Food Safety Cooperative Agreements	DEC		10.479		160,539	
Cooperative Extension Service	UofA		10.500		2,083,320	86,902
Cooperative Extension Service (Pass-through from Kansas State University)	UofA		10.500	2006-48659-03721	31,967	
Cooperative Extension Service (Pass-through from Kansas State University)	UofA		10.500	2007-48661-03868	148,469	
Cooperative Extension Service (Pass-through from University of Wyoming)	UofA		10.500	2006-47001-03417	1,584	
Cooperative Extension Service (Pass-through from University of Wyoming)	UofA		10.500	UTSTUNV46467AK	2,305	
Cooperative Extension Service (Pass-through from University of Wyoming)	UofA		10.500	2007-47001-03798	4,302	
Cooperative Extension Service (Pass-through from University of Wyoming)	UofA		10.500	UTSTUNV46466AK	10,723	
Cooperative Extension Service (Pass-through from Washington State University)	UofA		10.500	2005-48605-03347	367,058	
Special Supplemental Nutrition Program for Women, Infants, and Children	DHSS		10.557		24,908,956	5,495,225
Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through from Oklahoma State Department of Health)	UofA		10.557	3409014142	2,219	
Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through from Oklahoma State Department of Health)	UofA		10.557	3409010318 Rev 2	14,972	
Child and Adult Care Food Program	DEED		10.558	17134	8,207,160	8,110,564
State Administrative Expenses for Child Nutrition	DEED		10.560	17135	711,493	
Commodity Supplemental Food Program	DHSS		10.565		-	165,759

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Team Nutrition Grants	DEED		10.574	17400	80,763	
Senior Farmers Market Nutrition Program	DHSS		10.576		-	62,670
WIC Grants to States (WGS)	UofA		10.578	USDA 7HI700HI7	7,747	
(Pass-through from State of Hawaii Department of Health Honolulu)						
ARRA-Child Nutrition Discretionary Grants Limited Availability	DEED	**ARRA**	10.579	17195	226,506	180,923
Fresh Fruit and Vegetable Program	DEED		10.582	17166	609,820	596,481
Market Access Program	ASMI		10.601	Export Marketing	4,611,169	
Forestry Research	UofA		10.652		176,728	
Cooperative Forestry Assistance	DNR		10.664		2,893,692	
Cooperative Forestry Assistance	UofA		10.664		118,124	
Forest Legacy Program	DNR		10.676		63,032	
Forest Land Enhancement Program	DNR		10.677		206,163	
Forest Health Protection	DNR		10.680		68,897	
ARRA-Recovery Act of 2009: Wildland Fire Management	DNR	**ARRA**	10.688	09DG11100489003; 09DG111100489011; 10DG11100489017	1,292,980	
ARRA-Recovery Act of 2009: Wildland Fire Management	OG	**ARRA**	10.688		69,136	
Water and Waste Disposal Systems for Rural Communities	DEC		10.760		10,489,555	730,023
Community Facilities Loans and Grants	DCCED		10.766	Rural Internet Access AR 32680, nothing for AR 30720 for FY10	674,705	668,745
Rural Business Enterprise Grants	UofA		10.769		4,994	
Rural Cooperative Development Grants	UofA		10.771		71,963	
Assistance to High Energy Cost Rural Communities	AEA		10.859	Various	990,163	900,795
Plant Materials for Conservation	DNR		10.905		152,598	
Long Term Standing Agreements for Storage, Transportation and Lease	ARRC		10.999	05DG11100000226	51,945	
Miscellaneous U.S. Forest Service	DFG		10.999		487,770	
Contract with Dept of Agriculture for culvert replacement on Nordale Road	DOTPF		10.999	USDA 72-015-05A-054	40,291	
Contract with USDA to Design 24' bridge on Forest Service Rd	DOTPF		10.999	USDA 05RO-11100100-120	(5,227)	
Contract with USFS for fish passage-ways on Mitkof, Hydaburg, and Yakutat Highways	DOTPF		10.999	USFS 07-RO-11100100-076	6,685	
USFS Investigate/analyze/implement traffic management strategies	DOTPF		10.999	USFS -09RO-11100100-031	101,132	
Miscellaneous	UofA		10.999		39,289	
Miscellaneous (Pass-through from State of Arizona)	UofA		10.999	E9H27706	17,202	
Miscellaneous (Pass-through from State of Nevada)	UofA		10.999	USDA 7NV700NV7	48,928	
Cooperative Law Enforcement Agreement	DPS		10.02CA-111001-039		49,004	
USFS Fire Suppression (AKDF070002)	DNR		10.07FI11100100006	07FI11100100006	152,895	
Pesticide Recordkeeping	DEC		10.12-25-A-5095		16,629	
Forest Service Regulatory Oversight	DEC		10.AG-0109-P-08-0028		778	
Total for U.S. DEPARTMENT OF AGRICULTURE					**286,779,909**	**75,206,831**
U.S. DEPARTMENT OF COMMERCE						
Public Works and Economic Development Cluster						
Investments for Public Works and Economic Development Facilities	DLWD		11.300	805	1,408,568	
Economic Adjustment Assistance	UofA		11.307		17,400	
Economic Adjustment Assistance	DCCED		11.307	Fed Rural Tourism and CEDA 29697, 30644, 32738	367,365	32,720
Economic Adjustment Assistance	DCCED		11.307	Small Business Economic Development Loan Fund	816,241	1,079,139
Total for Public Works and Economic Development Cluster					2,609,574	1,111,859
Economic Development-Technical Assistance	UofA		11.303		134,975	
Anadromous Fish Conservation Act Program	DFG		11.405		60,843	
Interjurisdictional Fisheries Act of 1986	DFG		11.407		140,752	
Interjurisdictional Fisheries Act of 1986	UofA		11.407		19,859	
Sea Grant Support	DFG		11.417		441,392	
Sea Grant Support	UofA		11.417		2,121,087	148,691
Coastal Zone Management Administration Awards	DCCED		11.419	10937, 29799, 31593, 30634	910,753	753,584
Coastal Zone Management Administration Awards	DMVA		11.419		132,041	125,595
Coastal Zone Management Administration Awards	DNR		11.419		2,052,687	
Coastal Zone Management Estuarine Research Reserves	DFG		11.420		858,555	

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Pacific Fisheries Data Program	DFG		11.437		2,683,797	
Pacific Fisheries Data Program (Pass-through from Pacific States Marine Fisheries Commission)	DFG		11.437	Contract 10-02 AKFIN 2009-2010	2,201,556	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DFG		11.438		19,665,314	2,134,381
Marine Mammal Data Program	DFG		11.439		2,141,601	
Marine Mammal Data Program (Pass-through from North Slope Borough)	DFG		11.439	Contract 2009-092	15,550	
Regional Fishery Management Council	DFG		11.441		9,540	
Meteorologic and Hydrologic Modernization Development	DMVA		11.467		346,138	4,958
Applied Meteorological Research	DMVA		11.468		161,566	118,811
Unallied Science Program (Pass-through from North Pacific Research Board)	DFG		11.472	Contract 823	25,197	
Unallied Science Program (Pass-through from North Pacific Research Board)	DFG		11.472	Contract B69	84,806	
Unallied Science Program (Pass-through from North Slope Borough)	DFG		11.472	Contract 2009-092	50,878	
Unallied Science Program	UofA		11.472		45,300	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	NA17FL2556	(2,839)	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	NPRB Agreement 826	110,680	
Public Safety Interoperable Communications Grant Program	DMVA		11.555		2,976,258	2,567,442
Miscellaneous NOAA	DFG		11.999		442,336	
NOAA Grant via Nature Conservancy	DOTPF		11.999		80,115	
Space leased by National Weather Service at DOTPF facility in Slana and Ernestine	DOTPF		11.999		20	
National Marine Fisheries Joint Enforcement Agreement	DPS		11.999	11.04 and 06/07/08-NMFS-JEA	2,129,619	
Miscellaneous	UofA		11.999		1,840	
Miscellaneous (Pass-through from Consortium for Oceanographic Research & Education)	UofA		11.999	NA07SEC4690001	(64)	
Miscellaneous Inspection Service	DEC		11.45ABNAON0252		3,516	
NOAA Pribilof Island Restoration	DEC		11.AB133C06SE3435		1,115	
Total for U.S. DEPARTMENT OF COMMERCE					**42,656,357**	**6,965,321**
U.S. DEPARTMENT OF DEFENSE						
Procurement Technical Assistance For Business Firms	UofA		12.002		418,206	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	DEC		12.113		2,105,873	
Military Construction, National Guard	AADC		12.400	W91ZRU-06-2-3038	3,954,720	
Military Construction, National Guard	DMVA		12.400		3,806,904	
National Guard Military Operations and Maintenance (O&M) Projects	DMVA		12.401		15,083,582	
National Guard ChalleNGe Program	DMVA		12.404		4,160,841	
Military Medical Research and Development	DFG		12.420		73,012	
Basic Scientific Research (Pass-through from Academy of Applied Science)	UofA		12.431	Subgrant: 08-48,49,50 Date 8.7.8	388	
Basic Scientific Research (Pass-through from Academy of Applied Science)	UofA		12.431	W911NF-04-1226	1,391	
Air Force Defense Research Sciences Program	UofA		12.800		532	
2008 Access to Joint Tanana Training Complex (2008)	ARRC		12.999	DTFR53-08-G-00008	2,848,055	
Fort Wainwright/Eielson AFB Track Realignment (Track Realignment - Ft. Wainwright 2007)	ARRC		12.999	DTFRDV-07-G-00005	(5,121)	
Fort Wainwright/Eielson AFB Track Realignment (Track Realignment - Ft. Wainwright 2007)	ARRC		12.999	DTFRDV-06-G-00008	12,241	
FY 2005-Military Installations Track Realignment (Track Realignment – Elmendorf AFB and Ft. Richardson 2005) (Pass-through from FRA)	ARRC		12.999	DTFRDV-05-G-00005	12,403	
FY 2006 Locomotives and Rail Cars to Support the Stryker Brigade (Locomotive/Railcars to Support Stryker Brigade - 2006)	ARRC		12.999	DTFRDV-06-G-00007	50,807	
Northern Line Extension (2007)	ARRC		12.999	DTFRDV-07-G-00006	950,978	
Northern Line Realignment & Extension	ARRC		12.999	DTFRDV-05-G-00006	69,410	
USAF Elmendorf Site Cleanup	DEC		12.999		330	
Troops to Teachers	DEED		12.999	17178	5,832	
Miscellaneous Army	DFG		12.999		395,274	
Funding from US Navy for Adak Airport Operations	DOTPF		12.999	N6871104MDC4010	783,470	
King Salmon Airport Contract to maintain USAF safety	DOTPF		12.999	12.F65501-96C0006	383,900	
U.S. ARMY - U.S. Army Space & Missile Defense Command	DOTPF		12.999	MOA USASMDC	8,647	
Miscellaneous	UofA		12.999		16,003	
Total for U.S. DEPARTMENT OF DEFENSE					**35,137,678**	**-**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
CDBG - Entitlement Grants Cluster						
Community Development Block Grants/Entitlement Grants	AHFC		14.218		9,984,987	9,194,959
Total for CDBG - Entitlement Grants Cluster					9,984,987	9,194,959

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
CFP Cluster						
ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	AHFC	**ARRA**	14.885		2,376,412	
Total for CFP Cluster					2,376,412	-
Section 8 Project-Based Cluster						
Section 8 New Construction/Substantial Rehabilitation	AHFC		14.182		2,193,533	
Section 8 Housing Assistance Payments Program	AHFC		14.195		7,894,156	
Section 8 Moderate Rehabilitation Single Room Occupancy	AHFC		14.249		395,579	329,152
Total for Section 8 Project-Based Cluster					10,483,268	329,152
CDBG - State-Administered Small Cities Program Cluster						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	DCCED		14.228	6046, 10933, 10944, 30637, 32736, 56189, 56202	1,677,756	1,520,369
Total for CDBG - State-Administered Small Cities Program Cluster					1,677,756	1,520,369
Mortgage Insurance - Homes	AHFC		14.117		4,670,899	
Community Development Block Grants /Technical Assistance Program	AHFC		14.227		135,057	135,057
Supportive Housing Program	AHFC		14.235		10,614	10,614
Shelter Plus Care	AHFC		14.238		583,659	559,006
HOME Investment Partnerships Program	AHFC		14.239		3,958,084	3,743,513
Housing Opportunities for Persons with AIDS	AHFC		14.241		516,183	516,183
ARRA-Homelessness Prevention and Rapid Re-Housing Program	AHFC	**ARRA**	14.257		672,768	672,768
ARRA-Tax Credit Assistance Program	AHFC	**ARRA**	14.258		2,651,888	2,651,888
Alaska Native/Native Hawaiian Institutions Assisting Communities	UofA		14.515		1,158,744	192,013
Public and Indian Housing-Indian Loan Guarantee Program	AHFC		14.865		715,743	
Resident Opportunity and Supportive Services - Service Coordinators	AHFC		14.870		37,502	37,502
Public Housing Neighborhood Networks Grants	AHFC		14.875		113,750	92,028
Moving to Work Demonstration Program	AHFC		14.881		45,342,555	
Miscellaneous (Pass-through from Alaska Housing Finance Corporation)	UofA		14.999	AND 459104	(9)	
Miscellaneous (Pass-through from Alaska Housing Finance Corporation)	UofA		14.999	ADN 400019	127,758	
Total for U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					**85,217,618**	**19,655,052**
U.S. DEPARTMENT OF THE INTERIOR						
Fish and Wildlife Cluster						
Sport Fish Restoration Program	DFG		15.605		17,544,634	243,558
Wildlife Restoration	DFG		15.611		12,297,020	
Total for Fish and Wildlife Cluster					29,841,654	243,558
Forestry on Indian Lands	DCCED		15.035	8E00440122	95,000	
Indian Education-Higher Education Grant Program	UofA		15.114		8,481	
Cooperative Inspection Agreements with States and Tribes	DFG		15.222		3,875	
Cultural Resource Management	DNR		15.224		443,241	
Cultural Resource Management	UofA		15.224		1,042,447	
Recreation Resource Management	DFG		15.225		51,899	
Payments in Lieu of Taxes	DCCED		15.226	Payments in Lieu of Taxes	10,202,247	10,202,247
Distribution of Receipts to State and Local Governments	APFC		15.227	NPR-A special revenue fund transfer to Permanent Fund principal	66,980	
Distribution of Receipts to State and Local Governments	DCCED		15.227	National Petroleum Reserve Alaska Impact Mitigation	13,055,519	13,055,519
Fish, Wildlife and Plant Conservation Resource Management	DFG		15.231		26,594	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from I.M. Systems Group)	DFG		15.231	Contract DG133C-04-BU-0003/0020	2,884	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	DFG		15.231	Contract 2007-0097-001 #6927	25,477	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	DFG		15.231	Contract 2007-0097-002	50,471	
Fish, Wildlife and Plant Conservation Resource Management	DNR		15.231		7,358	
Challenge Cost Share	DFG		15.238		136,734	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	DNR		15.250		219,243	
Abandoned Mine Land Reclamation (AMLR) Program	DNR		15.252		1,166,894	

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Coastal Impact Assistance Program (CIAP)	DCCED		15.426	30527, 30529, 30530, 30534, 29818-10	-	81,773
Coastal Impact Assistance Program (CIAP)	DNR		15.426		768,704	
Fish and Wildlife Management Assistance	DFG		15.608		1,132,405	
Fish and Wildlife Management Assistance (Pass-through from National Fish & Wildlife Foundation)	DFG		15.608	Contract 2009-0035-006-14870	119,170	
Fish and Wildlife Management Assistance	DNR		15.608		19,004	
Fish and Wildlife Management Assistance	UofA		15.608		(280)	
Fish and Wildlife Management Assistance (Pass-through from National Fish & Wildlife Foundation)	UofA		15.608	2007-0140-000	52,540	
Cooperative Endangered Species Conservation Fund	DFG		15.615		48,611	
Firearm and Bow Hunter Education and Safety Program	DFG		15.626		79,283	
Coastal Program	DFG		15.630		10,824	
Coastal Program	UofA		15.630		30,884	
Partners for Fish and Wildlife	DFG		15.631		20,708	
Partners for Fish and Wildlife	DNR		15.631		662	
Landowner Incentive Program	DFG		15.633		15,487	
State Wildlife Grants	DFG		15.634		3,185,025	
Alaska Subsistence Management	DFG		15.636		2,075,540	
Challenge Cost Share	DFG		15.642		8,000	
Challenge Cost Share	UofA		15.642		37,270	
Service Training and Technical Assistance (Generic Training)	DNR		15.649		1,623	
Migratory Bird Monitoring, Assessment and Conservation	DFG		15.655		6,647	
ARRA-Recovery Act Funds-Habitat Enhancement, Restoration and Improvement	OG	**ARRA**	15.656		70,957	
Earthquake Hazards Reduction Program	UofA		15.807		83,268	
U.S. Geological Survey-Research and Data Collection	DNR		15.808		651,484	
ARRA-U.S. Geological Survey-Research and Data Collection	UofA	**ARRA**	15.808		158,698	
U.S. Geological Survey-Research and Data Collection	UofA		15.808		49,682	
National Cooperative Geologic Mapping Program	DNR		15.810		233,854	
National Geological and Geophysical Data Preservation Program	DNR		15.814		29,722	
ARRA-Volcano Hazards Program Research and Monitoring	OG	**ARRA**	15.818		222,876	
Disposal of Surplus Wildlife	UofA		15.900		19,648	
Historic Preservation Fund Grants-In-Aid	DNR		15.904		847,588	
Outdoor Recreation-Acquisition, Development and Planning	DNR		15.916		507,329	
Save America's Treasures	DNR		15.929		25,363	
Miscellaneous Bureau of Land Management	DFG		15.999		84,847	
Miscellaneous Minerals Management Services	DFG		15.999		131,226	
Miscellaneous National Park Service	DFG		15.999		87,440	
Miscellaneous U.S. Fish and Wildlife Service	DFG		15.999		765,083	
BLM partnership to develop Dalton Hwy Corridor	DOTPF		15.999	BLM-LAA 08-001	10,323	
Construct fish passage culvert for the Airport/Clinic road	DOTPF		15.999	F&WS - FWS-701818J718	11,605	
National Park Service for Maintenance at Nebesna Rest Stop	DOTPF		15.999		215,461	
Miscellaneous	UofA		15.999		230,884	
Miscellaneous (Pass-through from Qawalangin Tribe)	UofA		15.999	Resolution 2007-02 Check 11054	32,638	
Onshore Compliance	DNR		15.1435-02-04-CA-40364	1435-02-04-CA-40364	88,305	
National Historic Preservation Act for Alaska	DNR		15.701817D055	701817D055	26,742	
Tok Hazardous Fuels	DNR		15.701817J675	701817J675	136,960	
Portage River - Afognak Coastal Protection	DNR		15.AK-C-12-L-1	AK-C-12-L-1	1,050	
Agulowak River	DNR		15.AK-C-16-L-1	AK-C-17-L-1	999,998	
USFWS Fire Suppression	DNR		15.Fire		6,769	
Legacy Archival Photos	DNR		15.G10PX01780	G10PX01780	2,426	
Bureau of Land Management Oversight	DEC		15.L10PA00439		39,710	
BLM Fire Suppression	DNR		15.LAA040005	LAA040005	13,499,102	
Bureau of Land Management Oversight	DEC		15.LAB072032		7,134	
Planning Assistance	DNR		15.P9911090014	P9911090014	45,000	
National Park Service Oversight	DEC		15.P9917100001		21,802	
National Park Service Oversight	DEC		15.P9917900004		7,134	
Total for U.S. DEPARTMENT OF THE INTERIOR					**83,411,213**	**23,583,097**
U.S. DEPARTMENT OF JUSTICE						
Sexual Assault Services Formula Program	DPS		16.017		93,148	88,853
Juvenile Accountability Block Grants	DHSS		16.523		165,845	

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STATE OF ALASKA
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By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Supervised Visitation, Safe Havens for Children	DPS		16.527		33,094	22,477
Education, Training and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	DHSS		16.529		69,683	
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	UofA		16.529	EN 0604879	-	51,179
Juvenile Justice and Delinquency Prevention - Allocation to States	DHSS		16.540		435,502	133,953
Part E - Developing, Testing and Demonstrating Promising New Programs	DHSS		16.541		376,708	331,667
Missing Children's Assistance	DPS		16.543		29,318	
Youth Gang Prevention	DHSS		16.544		69,318	
Victims of Child Abuse-(Pass-through from National Court Appointed Special Advocate (CASA)	DOA		16.547	AK10900-09-0709-S	71,172	
Title V - Delinquency Prevention Program	DHSS		16.548		238,064	210,250
National Criminal History Improvement Program (NCHIP)	DPS		16.554		178,949	
Crime Victim Assistance	DPS		16.575		1,259,195	1,189,435
Crime Victim Compensation	DOA		16.576		234,913	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	DCCED		16.580	2009-PM-BX-0010 Prescription Drug Monitoring	21,698	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	DHSS		16.580		34,335	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	DOA		16.580		100,000	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	DPS		16.580		887,056	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	LAW		16.580		922,699	
Drug Court Discretionary Grant Program	COURT		16.585	2003-DC-BX-0059	51,219	
Drug Court Discretionary Grant Program	DOTPF		16.585		12,760	
Drug Court Discretionary Grant Program	DOTPF		16.585		244,758	
ARRA-Violence Against Women Formula Grants	DPS	**ARRA**	16.588		123,064	55,519
Violence Against Women Formula Grants	DPS		16.588		2,507,394	951,744
Violence Against Women Formula Grants	LAW		16.588		722,757	
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	DPS		16.589		309,376	176,904
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	LAW		16.590		371,767	
Residential Substance Abuse Treatment for State Prisoners	DPS		16.593		52,126	
Project Safe Neighborhoods	DPS		16.609		85,241	72,370
Public Safety Partnership and Community Policing Grants	DOA		16.710		949,795	
Public Safety Partnership and Community Policing Grants	DPS		16.710		1,378,531	
Enforcing Underage Drinking Laws Program	DHSS		16.727		240,669	111,490
Drug Prevention Program	DPS		16.728		122,335	
Edward Byrne Memorial Justice Assistance Grant Program	DPS		16.738		1,570,224	328,121
Paul Coverdell Forensic Sciences Improvement Grant Program	DPS		16.742		37,659	
Forensic Casework DNA Backlog Reduction Program	DPS		16.743		418,017	
Congressionally Recommended Awards	DPS		16.753	CY09	200,000	
Congressionally Recommended Awards	DPS		16.753		235,000	79,225
ARRA-Recovery Act-State Victim Assistance Formula Grant Program	DPS	**ARRA**	16.801		387,569	285,579
ARRA-Recovery Act-Edward Bryne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	DPS	**ARRA**	16.803		553,706	
Northern Border Prosecution Initiative Program	LAW		16.814		171,101	
Counterdrug Support Program-Asset Forfeiture	DMVA		16.999		34,494	
Federal Equitable Sharing Agreement	DPS		16.999	AKAST0100	197,190	
Marijuana Eradication	DPS		16.999	16.05-2 & CY08/CY09	63,660	
Miscellaneous	UofA		16.999		43,137	
Total for U.S. DEPARTMENT OF JUSTICE					**16,304,246**	**4,088,766**
U.S. DEPARTMENT OF LABOR						
Employment Service Cluster						
ARRA-Employment Service/Wagner-Peyser Funded Activities	DLWD	**ARRA**	17.207	953/960	3,754,785	96,000
Employment Service/Wagner-Peyser Funded Activities	DLWD		17.207	911/961	7,856,762	246
Disabled Veterans' Outreach Program (DVOP)	DLWD		17.801	893	291,092	
Local Veterans' Employment Representative Program	DLWD		17.804	895	248,477	
Total for Employment Service Cluster					12,151,116	96,246
Workforce Investment Act Cluster						
ARRA-WIA Adult Program	DLWD	**ARRA**	17.258	997	1,308,296	400
WIA Adult Program	DLWD		17.258	922/923	2,736,205	841

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
ARRA-WIA Youth Activities	DLWD	**ARRA**	17.259	999	2,954,331	1,707,907
WIA Youth Activities	DHSS		17.259		-	209,032
WIA Youth Activities	DLWD		17.259	952	3,133,678	1,773,946
ARRA-WIA Dislocated Workers	DLWD	**ARRA**	17.260	998	2,236,316	277,001
WIA Dislocated Workers	DLWD		17.260	932/933/937	6,014,593	1,592,578
Total for Workforce Investment Act Cluster					18,383,419	5,561,705
Labor Force Statistics	DLWD		17.002	850	706,449	
Compensation and Working Conditions	DLWD		17.005	853	103,259	
ARRA-Unemployment Insurance (EUC)	DLWD	**ARRA**	17.225	987	530,470	
ARRA-Unemployment Insurance (FAC)	DLWD	**ARRA**	17.225	FU 33030 - AC 79544/69444	31,444,842	
ARRA-Unemployment Insurance (FAUC SBR)	DLWD	**ARRA**	17.225	993	99,371	
Unemployment Insurance	DLWD		17.225	864	333,867,728	
ARRA-Senior Community Service Employment Program	DLWD	**ARRA**	17.235	996	387,134	387,140
Senior Community Service Employment Program	DLWD		17.235	955	2,632,582	2,321,696
Trade Adjustment Assistance	DLWD		17.245	871	384,716	
WIA Pilots, Demonstrations, and Research Projects	UofA		17.261		119,273	
Work Incentive Grants	DLWD		17.266	885	190,498	
H-1B Job Training Grants	UofA		17.268		119,881	
Community Based Job Training Grants	UofA		17.269		364,911	75,275
Work Opportunity Tax Credit Program (WOTC)	DLWD		17.271	915	77,777	
Temporary Labor Certification for Foreign Workers	DLWD		17.273	856	102,972	
Occupational Safety and Health - State Program	DLWD		17.503	887	1,540,385	
Consultation Agreements	DLWD		17.504	888	614,759	
Mine Health and Safety Grants	UofA		17.600		84,541	
Disability Employment Policy Development	DHSS		17.720		220,743	
Disability Employment Policy Development	UofA		17.720	EN 0604877	-	90,169
Transition Assistance Program	DLWD		17.807	897	64,534	
Total for U.S. DEPARTMENT OF LABOR					**404,191,360**	**8,532,231**
U.S. DEPARTMENT OF STATE						
Miscellaneous	UofA		19.999		50,721	
Total for U.S. DEPARTMENT OF STATE					**50,721**	**-**
U.S. DEPARTMENT OF TRANSPORTATION						
Federal Transit Cluster						
Federal Transit - Capital Investment Grants	AIDEA		20.500	AK-04-0012-00	646,932	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-03-0052	2,003	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0007	7,051	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-55-0003	20,807	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-03-0039	43,403	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-03-0035	74,269	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-03-0059	150,207	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0009	153,141	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-04-0003	294,242	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0010	703,875	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0011	1,197,916	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0013	1,980,718	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0016	2,557,409	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0015	2,943,721	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0014	8,393,253	
Federal Transit - Capital Investment Grants	DOTPF		20.500		2,661,739	365,570
ARRA-Federal Transit - Formula Grants	ARRC	**ARRA**	20.507	AK-69-X001-00	11,750,092	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X047-00	125,200	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X050-00	265,543	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X043-00	335,670	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X039-00	337,803	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X053-00	3,443,950	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X054-00	15,494,494	
Total for Federal Transit Cluster					53,583,438	365,570
Highway Planning and Construction Cluster						
ARRA-Highway Planning and Construction	DOTPF	**ARRA**	20.205		88,541,207	
Highway Planning and Construction	UofA		20.205		14,475	
Highway Planning and Construction	DOTPF		20.205	WFL-DTFH70-09-E-00002	21,095	

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STATE OF ALASKA
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Highway Planning and Construction	KABATA		20.205	PJ E 56047	4,461,467	
Highway Planning and Construction	DOTPF		20.205		315,074,964	2,974,199
Recreational Trails Program	DNR		20.219		1,384,604	
Total for Highway Planning and Construction Cluster					409,497,812	2,974,199
Highway Safety Cluster						
State and Community Highway Safety	DOTPF		20.600		1,810,882	1,371,308
Alcohol Impaired Driving Countermeasures Incentive Grants I	DOTPF		20.601		1,009,945	114,409
Occupant Protection Incentive Grants	DOTPF		20.602		164,127	165,153
Safety Belt Performance Grants	DOTPF		20.609		194,686	194,686
State Traffic Safety Information System Improvement Grants	DOTPF		20.610		437,658	129,341
Incentive Grant Program to Prohibit Racial Profiling	DOTPF		20.611		163,919	
Incentive Grant Program to Increase Motorcyclist Safety	DOTPF		20.612		112,029	106,773
Child Safety and Child Booster Seats Incentive Grants	DOTPF		20.613		79,574	43,226
Total for Highway Safety Cluster					3,972,820	2,124,896
Transit Services Programs Cluster						
Capital Assistance Program for Elderly Persons and Persons with Disabilities	DOTPF		20.513		382,478	346,343
Job Access - Reverse Commute	DOTPF		20.516		123,677	100,201
Total for Transit Services Programs Cluster					506,155	446,544
Airport Improvement Program	DOTPF		20.106		204,624,519	
ARRA-Airport Improvement Program	DOTPF	**ARRA**	20.106		41,217,722	
Aviation Research Grants	UofA		20.108		(9,700)	
Air Transportation Centers of Excellence (Pass-through from Embry-Riddle Aeronautical University)	UofA		20.109	DTF ACT-02-D-00037	29,420	
Highway Research and Development Program (Pass-through from University of Idaho, NIATT)	UofA		20.200	DTF H6108-G-00009	18,477	
Highway Training and Education	UofA		20.215		238,483	
National Motor Carrier Safety	DOTPF		20.218		930,930	
Performance and Registration Information Systems Management	DOTPF		20.231		79,379	
Commercial Driver's License Program Improvement Grant	DOA		20.232		522,996	
Commercial Driver's License Program Improvement Grant	DOTPF		20.232		75,983	
Border Enforcement Grants	DOTPF		20.233		499,089	
Safety Data Improvement Program	DOTPF		20.234		315,077	
Commercial Vehicle Information Systems and Networks	DOTPF		20.237		120,268	
Commercial Drivers License Information System (CDLIS) Modernization Program	DOA		20.238		43,939	
Railroad Development	ARRC		20.314	FR-RRR-0010-08-01-(	82,111	
Railroad Development	ARRC		20.314	FR-RRR-0005-08-01-(	370,858	
Metropolitan Transportation Planning	DOTPF		20.505		237,536	199,437
ARRA-Formula Grants for Other Than Urbanized Areas	DOTPF	**ARRA**	20.509		3,753,188	3,753,188
Formula Grants for Other Than Urbanized Areas	DOTPF		20.509		5,756,542	5,389,110
Public Transportation Research	DOTPF		20.514		35,307	31,834
Paul S. Sarbanes Transit in the Parks	ARRC		20.520	AK-20-X001-00	241,978	
Alcohol Open Container Requirements	DOTPF		20.607		1,361,365	1,655,183
Interagency Hazardous Materials Public Sector Training and Planning Grants	DMVA		20.703		202,621	46,309
Payments for Small Community Air Service Development	DCCED		20.930	Small Air Service RS 2572082 AR 32744, 31583	3,976	
Anchorage International Airport Rail Passenger Station - 1999	ARRC		20.999	DTFRDV-99-G-60005	911,729	
Collision Avoidance System-2008	ARRC		20.999	DTFR53-08-G-00004	(143,280)	
Luminescent Grade Crossing-R&D - 2005	ARRC		20.999	DTFR53-05-G-00005	643	
Alaska Trails Initiative	DNR		20.999	DTHF70-05-E-00028	1,471,079	
Atka Airport Lighting reimb by FAA through PO.	DOTPF		20.999	DTFAA 06-X-00009	33,736	
Chevak Airport Lighting reimb by FAA thru P.O.	DOTPF		20.999	DTFAAL 05-X-00011	1,214	
Chevak Airport Lighting reimb by FAA thru P.O.	DOTPF		20.999	FAA-DTFAWA-05-A-000009	4,645	
Clarks Pt Airport Lighting reimb by FAA thru P.O.	DOTPF		20.999	FAA-DTFAWA-04A-00003	(2,602)	
Contract with FHWA Office of Acquisition Management for CLARUS	DOTPF		20.999	FHWA-HAAM 40F	28,193	
FAA Agreement for Deadhorse & Kotzebue Combined Facility	DOTPF		20.999	DTFA04-92-89229	112,238	
Goodnews Bay Airport runway edge lighting. Reimb by FAA thru P.O.	DOTPF		20.999	DTFAA 05-A-00009	220,062	
Install Papi & REILs at Goodnews Bay Airport reimb by FAA thru P.O.	DOTPF		20.999	DTFAAL 05-X-00011	161,597	
King Cove Airport PAPI lighting. Reimb by FAA thru P.O	DOTPF		20.999	DTFAAL 05-X-00011	9,984	
King Cove Airport runway edge lighting reimb by FAA thru P.O.	DOTPF		20.999	FAA-DTFAWA-05-A-000009	81,085	
Kohkanok Airport Lighting reimb by FAA thru P.O.	DOTPF		20.999	FAA-DTFAWA-04-A-00003	(7,145)	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Kongiganak Airport Lighting reimb by FAA through P.O.	DOTPF		20.999	DTFAWA-06-A00009	218,545	
Nightmute Airport runway edge lighting. Reimb by FAA thru P.O.	DOTPF		20.999	DTFAA 06-A-00009	394,947	
Nome ARFF/FSS building (100% 60821)	DOTPF		20.999	DTFAAL-05x-00006	2,811	
Northern Region PAPI's and REIL's FFy05	DOTPF		20.999	FAA-DTFAAL-05-A-00002	433,602	
Northern Region Rural Airport Lighting reimb by FAA thru P.O.	DOTPF		20.999	DTFAWA-06-A-00009	(7)	
Project to allow for reimbursement for runway edge lighting	DOTPF		20.999	FAA-DTFAWA-04-A-00003	39,015	
Project to allow for reimbursement for runway edge lighting	DOTPF		20.999	FTA-DTFAWA-06-A-00009	63,524	
Project to allow for reimbursement to install PAPI's and REIL's	DOTPF		20.999	FAA-DTFAAL-05-X-0001	27,031	
Rebuild & reinforce damaged embankment	DOTPF		20.999	FRA-FRH-80632	64,820	
Repair of flood damage to track	DOTPF		20.999	FRA-FR-RRR-0005-08-01-00	886,932	
Tuntutuliak Airport runway edge lighting. Reimb by FAA thru P.O.	DOTPF		20.999	FAA-FAWA-26--A00009	16,001	
Clean up Contaminated Sites in AK	DEC		20.DTFAAL-04X-8000		114,540	
Total for U.S. DEPARTMENT OF TRANSPORTATION					**733,457,228**	**16,986,270**
U.S. DEPARTMENT OF TREASURY						
Rural Alaska Financial Education	DCCED		21.999	29715, 32750	162,630	157,332
Jobs and Growth Tax Relief Reconciliation Act of 2003	DEED		21.999		174,471	
Jobs and Growth Tax Relief Reconciliation Act of 2002	DPS		21.999		11,853	
Total for U.S. DEPARTMENT OF TREASURY					**348,954**	**157,332**
OFFICE OF PERSONNEL MANAGEMENT						
Intergovernmental Personnel Act (IPA) Mobility Program	UofA		27.011		(11,104)	
Total for OFFICE OF PERSONNEL MANAGEMENT					**(11,104)**	**-**
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION						
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	OG		30.002		125,615	
Total for U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					**125,615**	**-**
U.S. GENERAL SERVICES ADMINISTRATION						
Donation of Federal Surplus Personal Property	DOA		39.003		177,419	
Election Reform Payments	OG		39.011		255,510	
Total for U.S. GENERAL SERVICES ADMINISTRATION					**432,929**	**-**
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
Aerospace Education Services Program (Pass-through from Bigelow Labs)	UofA		43.001	KM061-0910011011TR	48,000	
Aerospace Education Services Program	UofA		43.001		197,983	
Aeronautics	DMVA		43.002		1,146,289	
Miscellaneous (Pass-through from George Mason University)	UofA		43.999	NNG04GE61A	(203)	
Miscellaneous	UofA		43.999		32,082	
Miscellaneous (Pass-through from Alaska Challenger Center For Space Science Technology)	UofA		43.999	NNX10AD89G	38,930	
Total for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					**1,463,081**	**-**
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
21st Century Museum Professionals	DEED		45.307	17276	57,282	
Grants to States	DEED		45.310	17336	940,254	624,339
National Leadership Grants	DEED		45.312	17278	14,149	
Total for INSTITUTE OF MUSEUM AND LIBRARY SERVICES					**1,011,685**	**624,339**
NATIONAL ENDOWMENT FOR THE ARTS						
ARRA-Promotion of the Arts -Partnership Agreements	DEED	**ARRA**	45.025	17352	290,000	250,000
Promotion of the Arts - Partnership Agreements	DEED		45.025	17335	723,437	270,725
Total for NATIONAL ENDOWMENT FOR THE ARTS					**1,013,437**	**520,725**

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
NATIONAL ENDOWMENT FOR THE HUMANITIES						
Promotion of the Humanities - Division of Preservation & Access	UofA		45.149		29,310	
Promotion of the Humanities - Office of Digital Humanities	UofA		45.169		8,593	
Total for NATIONAL ENDOWMENT FOR THE HUMANITIES					**37,903**	**-**
NATIONAL SCIENCE FOUNDATION						
Engineering Grants	UofA		47.041		138,471	
Geosciences	UofA		47.050		776,785	
Computer and Information Science and Engineering	UofA		47.070		207,947	
Biological Sciences	UofA		47.074		278,916	
Education and Human Resources	UofA		47.076		1,270,838	
Polar Programs	UofA		47.078		71,084	
International Science and Engineering (OISE)	UofA		47.079		16,729	
Office of Experimental Program to Stimulate Competitive Research	UofA		47.081		41,382	
ARRA-Trans-NSF Recovery Act Research Support	UofA	**ARRA**	47.082		132,612	
Total for NATIONAL SCIENCE FOUNDATION					**2,934,764**	**-**
U.S. SMALL BUSINESS ADMINISTRATION						
Procurement Assistance to Small Businesses	UofA		59.009		(113,620)	
Small Business Development Centers	UofA		59.037		777,607	
Total for U.S. SMALL BUSINESS ADMINISTRATION					**663,987**	**-**
U.S. DEPARTMENT OF VETERANS AFFAIRS						
Veterans Housing - Guaranteed and Insured Loans	AHFC		64.114		6,872,228	
State Approving Agency	DMVA		64.999		90,831	
Traffic Mitigation in to new VA clinic	DOTPF		64.999		63,764	
Total for U.S. DEPARTMENT OF VETERANS AFFAIRS					**7,026,823**	**-**
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	AEA		66.034	XA-960429-01	9,481	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	DEC		66.034		212,843	
ARRA-State Clean Diesel Grant Program	DEC	**ARRA**	66.040		325,627	
State Clean Diesel Grant Program	DEC		66.040		49,543	
Congressionally Mandated Projects	DCCED		66.202	Rural Utility Business Advisor	1,488,467	105,295
Congressionally Mandated Projects	DEC		66.202		23,453,421	2,443,269
Congressionally Mandated Projects	UofA		66.202		305,436	
State Environmental Justice Cooperative Agreement Program	DEC		66.312		50,706	
Water Pollution Control State, Interstate, and Tribal Program Support	DEC		66.419		392,607	
State Public Water System Supervision	DEC		66.432		2,289,937	
State Underground Water Source Protection	DOA		66.433		131,000	
ARRA-Water Quality Management Planning	DEC	**ARRA**	66.454		120,923	
Water Quality Management Planning	DEC		66.454		99,747	
ARRA-Capitalization Grants for Clean Water State Revolving Funds	DEC	**ARRA**	66.458		5,436,842	5,159,641
Capitalization Grants for Clean Water State Revolving Funds	DEC		66.458		5,324,069	5,034,757
Regional Wetland Program Development Grants	DFG		66.461		6,258	
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	DEC	**ARRA**	66.468		5,622,707	5,054,265
Capitalization Grants for Drinking Water State Revolving Funds	DEC		66.468		15,223,007	12,447,811
Beach Monitoring and Notification Program Implementation Grants	DEC		66.472		123,034	17,128
Water Protection Grants to the States	DEC		66.474		92,778	
Office of Research and Development Consolidated Research/Training/Fellowships	DEC		66.511		73,288	
Performance Partnership Grants	DEC		66.605		5,767,877	277,381
Environmental Information Exchange Network Grant Program and Related Assistance	DEC		66.608		62,849	
Consolidated Pesticide Enforcement Cooperative Agreements	DEC		66.700		284,310	
Pollution Prevention Grants Program	DEC		66.708		85,214	
Underground Storage Tank Prevention, Detection and Compliance Program	DEC		66.804		286,559	
ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action Program	DEC	**ARRA**	66.805		311,210	

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STATE OF ALASKA
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Leaking Underground Storage Tank Trust Fund Corrective Action Program	DEC		66.805		354,663	
Superfund State and Indian Tribe Core Program Cooperative Agreements	DEC		66.809		121,026	
State and Tribal Response Program Grants	DEC		66.817		629,753	
LUST Trust Cost Recovery	DEC		66.LUST Trust Cost Recovery		55,536	
Total for U.S. ENVIRONMENTAL PROTECTION AGENCY					**68,790,718**	**30,539,547**
U.S. DEPARTMENT OF ENERGY						
State Energy Program (Pass-through from University of Washington)	AEA		81.041	F07-52105-001	2,367	
State Energy Program	AHFC		81.041		246,204	
ARRA-Weatherization Assistance for Low-Income Persons	AHFC	**ARRA**	81.042		191,624	30,211
Weatherization Assistance for Low-Income Persons	AHFC		81.042		2,685,830	2,179,649
Renewable Energy Research and Development	AEA		81.087	DE-FG36-05GO85038	572,106	548,012
Renewable Energy Research and Development (Pass-through from University of Washington)	AEA		81.087	DE-EE0001110	41,262	
Fossil Energy Research and Development	UofA		81.089		325,140	
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	AEA		81.117	DE-FG3604R021600	33,633	
Electricity Delivery and Energy Reliability, Research, Development and Analysis	AEA		81.122	DE-FG0706ID14790	121,360	121,360
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis	DCCED	**ARRA**	81.122	DE-OE0000170	7,421	
ARRA-Energy Efficient Appliance Rebate Program (EEARP)	AHFC	**ARRA**	81.127		39,200	
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	AHFC	**ARRA**	81.128		330,248	329,766
Miscellaneous (Pass-through from Inland Northwest Research Alliance)	UofA		81.999	DE-FG07-02ID14277	10	
Total for U.S. DEPARTMENT OF ENERGY					**4,596,405**	**3,208,998**
U.S. DEPARTMENT OF EDUCATION						
Education of Homeless Children and Youth Cluster						
Education for Homeless Children and Youth	DEED		84.196	17257	121,480	84,401
ARRA-Education for Homeless Children and Youth, Recovery Act	DEED	**ARRA**	84.387	17193	85,067	85,067
Total for Education of Homeless Children and Youth Cluster					206,547	169,468
Early Intervention Services (IDEA) Cluster						
Special Education - Grants for Infants and Families	DHSS		84.181		1,922,411	1,405,350
ARRA-Special Education-Grants for Infants and Families, Recovery Act	DHSS	**ARRA**	84.393		294,307	194,947
Total for Early Intervention Services (IDEA) Cluster					2,216,718	1,600,297
Educational Technology State Grants Cluster						
Education Technology State Grants	DEED		84.318	17241	903,658	683,481
ARRA-Education Technology State Grants, Recovery Act	DEED	**ARRA**	84.386	17197	1,081,020	1,081,020
Total for Educational Technology State Grants Cluster					1,984,678	1,764,501
Impact Aid Cluster						
Impact Aid	DEED		84.041	17238	31,591,131	
ARRA-Impact Aid -School Construction Formula Grants, Recovery Act	OG	**ARRA**	84.404		33,169	
Total for Impact Aid Cluster					31,624,300	-
Independent Living Services for Older Individuals who are Blind Cluster						
Rehabilitation Services - Independent Living Services for Older Individuals who are Blind	DLWD		84.177	827	226,200	225,754
ARRA-Independent Living Services for Older Individuals Who are Blind, Recovery Act	DLWD	**ARRA**	84.399	894	1,800	
Total for Independent Living Services for Older Individuals who are Blind Cluster					228,000	225,754
Independent Living State Grants Cluster						
Independent Living - State Grants	DLWD		84.169	823	298,800	297,125
ARRA-Independent Living State Grants, Recovery Act	DLWD	**ARRA**	84.398	890	170,258	181,106
Total for Independent Living State Grants Cluster					469,058	478,231
Statewide Data Systems Cluster						
Statewide Data Systems	DEED		84.372	17274	372,598	
Total for Statewide Data Systems Cluster					372,598	-
Special Education Cluster (IDEA)						
Special Education - Grants to States	DEED		84.027	17232	38,093,599	34,801,540
Special Education - Grants to States	DLWD		84.027	2902/2903	97,228	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Special Education - Preschool Grants	DEED		84.173	17242	1,122,899	1,016,890
ARRA-Special Education Grants to States, Recovery Act	DEED	**ARRA**	84.391	17191	12,804,750	12,804,750
ARRA-Special Education-Preschool Grants, Recovery Act	DEED	**ARRA**	84.392	17192	370,759	370,759
Total for Special Education Cluster (IDEA)					52,489,235	48,993,939
Student Financial Assistance Programs Cluster						
Federal Supplemental Educational Opportunity Grants	UofA		84.007		512,491	
Federal Family Education Loans	ASLC		84.032L		(4,076,332)	
Federal Family Education Loans	UofA		84.032		67,997,997	
ARRA-Federal Work-Study Program	UofA	**ARRA**	84.033		257,269	
Federal Work-Study Program	UofA		84.033		327,177	
Federal Pell Grant Program	DLWD		84.063	815	468,086	
ARRA-Federal Pell Grant Program	UofA	**ARRA**	84.063		5,119,033	
Federal Pell Grant Program	UofA		84.063		12,687,117	
Federal Direct Student Loans	UofA		84.268		67,500	
Academic Competitiveness Grants	UofA		84.375		67,085	
National Science and Mathematics Access to Retain Talent (SMART) Grants	UofA		84.376		415,984	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	UofA		84.379		22,565	
Total for Student Financial Assistance Programs Cluster					83,865,972	-
State Fiscal Stabilization Fund Cluster						
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	DEED	**ARRA**	84.394	17398	21,972,713	21,972,713
ARRA-State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act	DCCED	**ARRA**	84.397	29532 Government Services	14,703,987	14,703,987
Total for State Fiscal Stabilization Fund Cluster					36,676,700	36,676,700
School Improvement Grants Cluster						
School Improvement Grants	DEED		84.377	17165	1,209,079	1,177,170
ARRA-State Improvement Grants, Recovery Act	DEED	**ARRA**	84.388	17198	11,161	
Total for School Improvement Grants Cluster					1,220,240	1,177,170
Title I, Part A Cluster						
Title I Grants to Local Educational Agencies	DEED		84.010	17126	35,460,226	34,851,597
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	DEED	**ARRA**	84.389	17194	10,767,645	10,767,645
Total for Title I, Part A Cluster					46,227,871	45,619,242
Teacher Quality Partnership Grants Cluster						
Teacher Quality Partnership Grants	UofA		84.336		1,490,507	184,790
Total for Teacher Quality Partnership Grants Cluster					1,490,507	184,790
TRIO Cluster						
TRIO - Student Support Services	UofA		84.042		771,620	
TRIO - Talent Search	UofA		84.044		926,948	
TRIO - Upward Bound	UofA		84.047		1,240,883	21,516
TRIO - Educational Opportunity Centers	UofA		84.066		668,961	
Total for TRIO Cluster					3,608,412	21,516
Vocational Rehabilitation Cluster						
Rehabilitation Services - Vocational Rehabilitation Grants to States	DLWD		84.126	819	10,163,712	113,438
ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	DLWD	**ARRA**	84.390A	892	939,450	470,271
Total for Vocational Rehabilitation Cluster					11,103,162	583,709
Adult Education - Basic Grants to States	DLWD		84.002	813/87046	1,022,933	768,882
Migrant Education - State Grant Program	DEED		84.011	17127	6,280,830	5,740,229
Title I State Agency Program for Neglected and Delinquent Children	DEED		84.013	17129	261,713	259,452
Higher Education - Institutional Aid	UofA		84.031		10,011,353	
Career and Technical Education - Basic Grants to States	DEED		84.048	17244	4,635,174	3,510,758
Fund for the Improvement of Postsecondary Education	UofA		84.116		1,130,894	
Migrant Education - Coordination Program	DEED		84.144	17167	32,041	
Rehabilitation Services - Client Assistance Program	DEED		84.161	17152	123,227	
Rehabilitation Services - Client Assistance Program	DHSS		84.161		-	98,357
Byrd Honors Scholarships	DEED		84.185	17254	98,250	
Safe and Drug-Free Schools and Communities - State Grants	DEED		84.186	17255	1,607,994	1,550,692
Supported Employment Services for Individuals with the Most Significant Disabilities	DLWD		84.187	830	294,452	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Even Start - State Educational Agencies	DEED		84.213	17264	304,965	286,574
Fund for the Improvement of Education	DEED		84.215	17231	179,767	
Fund for the Improvement of Education	UofA		84.215		127,452	
Assistive Technology	DLWD		84.224	834	423,121	397,027
Tech-Prep Education	DEED		84.243	17246	481,285	
Tech-Prep Education	UofA		84.243	EN 0500151	-	876
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	DLWD		84.265	836	14,170	
Twenty-First Century Community Learning Centers	DEED		84.287	17271	4,839,898	4,719,238
State Grants for Innovative Programs	DEED		84.298	17267	46,713	14,925
Indian Education - Special Programs for Indian Children	UofA		84.299		247,587	
Education Research, Development and Dissemination	UofA		84.305		411,161	
Special Education - State Personnel Development	DEED		84.323	17159	715,000	47,623
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	UofA		84.325		93,394	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	DEED		84.330	17122	19,090	
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	UofA		84.333		46,820	
Transition to Teaching	DEED		84.350	17164	575,525	
Alaska Native Educational Programs	UofA		84.356		4,736,804	250,129
Alaska Native Educational Programs (Pass-through from Doyon Foundation)	UofA		84.356	MOA 11-30-06	512	
Alaska Native Educational Programs (Pass-through from Project GRAD Kenai Peninsula)	UofA		84.356	MOA Dtd 10/01/09	7,127	
Alaska Native Educational Programs (Pass-through from Project GRAD Kenai Peninsula)	UofA		84.356	MOA Dtd 11/6/09	7,752	
Reading First State Grants	DEED		84.357	17273	773,250	582,976
Rural Education	DEED		84.358	17373	43,010	
School Leadership	DEED		84.363	17189	118,998	
School Leadership (Pass-through from Alaska Staff Development Network)	UofA		84.363	409-RAPPS	14,375	
English Language Acquisition Grants	DEED		84.365	17175	1,098,122	972,343
Mathematics and Science Partnerships	DEED		84.366	17252	338,326	
Mathematics and Science Partnerships	UofA		84.366	RSA 0500796	-	28,835
Improving Teacher Quality State Grants	DEED		84.367	17172	11,897,027	10,988,964
Grants for State Assessments and Related Activities	DEED		84.369	17171	3,834,613	
Fund for Justice and Education for the Color of Justice Program (Pass-through Council on Legal Education Opportunity)	COURT		84.936	P936A070001 & P936A080001	2,836	
Consolidated Programs IASA Admin	DEED		84.999	17300	1,241,055	
Miscellaneous (Pass-through from National Writing Project Corporation)	UofA		84.999	Contract 92-AK01	11,193	
Miscellaneous (Pass-through from National Writing Project Corporation)	UofA		84.999	Contract 09-AK02	115,919	
Miscellaneous (Pass-through from Program Income Account)	UofA		84.999	PNWPC001	36,338	
Career and Technical Education - Basic Grants to States	DLWD		84.048A	87020/88012/86038	21,275	
Leveraging Educational Assistance Partnership	ACPE		84.069A	N069A090002	49,666	
Special Leveraging Educational Assistance Partnership	ACPE		84.069B	N069B090001A	63,858	
College Access Challenge Grant Program	ACPE		84.378A	P378A080025	256,906	
Amchitka Oversight Monitoring	DEC		84.DE-FG01-06LM00075		44,335	
Total for U.S. DEPARTMENT OF EDUCATION					**332,522,104**	**167,713,197**
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION						
National Historical Publications and Records Grants	DEED		89.003	17141	15,328	
Total for NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					**15,328**	**-**
DENALI COMMISSION						
Denali Commission Program	AEA		90.100	Various	12,457,216	9,627,953
Denali Commission Program	AHFC		90.100		5,541,351	5,238,810
Denali Commission Program	DCCED		90.100	32684, 32712, 31550, 32751, 32733	268,734	11,801
Denali Commission Program	DEC		90.100		197,821	
Denali Commission Program	DHSS		90.100		4,200,405	4,264,524
Denali Commission Program	DLWD		90.100	842	1,575,566	1,259,537
Denali Commission Program	DOTPF		90.100		1,776,167	53,925
Denali Commission Program	UofA		90.100		573,042	93,884
Denali Commission Program (Pass-through from Alaska Public Broadcasting)	UofA		90.100	Agreement 174-05	39,494	
Total for DENALI COMMISSION					**26,629,796**	**20,550,434**

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
ELECTION ASSISTANCE COMMISSION						
Help America Vote Act Requirements Payments	OG		90.401		(891,908)	
Total for ELECTION ASSISTANCE COMMISSION					**(891,908)**	**-**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Aging Cluster						
Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	DHSS		93.044		1,678,492	1,826,470
Special Program for the Aging - Title III, Part C - Nutrition Services	DHSS		93.045		2,690,356	2,585,945
Nutrition Services Incentive Program	DHSS		93.053		255,617	
ARRA-Aging Home-Delivered Nutrition Services for States	DHSS	**ARRA**	93.705		160,000	156,593
ARRA-Aging Congregate Nutrition Services for States	DHSS	**ARRA**	93.707		325,000	280,768
Total for Aging Cluster					5,109,465	4,849,776
Child Care and Development Fund Cluster						
Child Care and Development Block Grant	DHSS		93.575		27,971,279	6,640,167
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	DHSS		93.596		3,544,811	
ARRA-Child Care and Development Block Grant	DHSS	**ARRA**	93.713		2,018,048	
Total for Child Care and Development Fund Cluster					33,534,138	6,640,167
CSBG Cluster						
Community Services Block Grant	DCCED		93.569	6047, 30635, 10943	2,827,808	2,688,862
ARRA-Community Services Block Grant	DCCED	**ARRA**	93.710	30641 G-0901 AKCOS2	2,739,109	2,739,109
ARRA-Community Services Block Grant (Pass-through from Rural Alaska Community Action Program)	UofA	**ARRA**	93.710		4,712	
Total for CSBG Cluster					5,571,629	5,427,971
Head Start Cluster						
Head Start	DEED		93.600	17330	168,400	47,903
Total for Head Start Cluster					168,400	47,903
Immunization Cluster						
Immunization Grants	DHSS		93.268		14,892,733	82,113
Total for Immunization Cluster					14,892,733	82,113
Medicaid Cluster						
State Medicaid Fraud Control Units	LAW		93.775		558,732	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	DHSS		93.777		376,921	
ARRA-Medical Assistance Program	DHSS	**ARRA**	93.778		102,594,997	
Medical Assistance Program	DHSS		93.778		751,726,377	
Total for Medicaid Cluster					855,257,027	-
TANF Cluster						
Temporary Assistance for Needy Families	DHSS		93.558		25,087,747	
Total for TANF Cluster					25,087,747	-
Compassion Capital Fund	DHSS		93.009		470,591	
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	DHSS		93.042		73,620	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	DHSS		93.043		103,139	91,419
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	DHSS		93.048		132,590	38,429
National Family Caregiver Support, Title III, Part E	DHSS		93.052		666,368	768,823
Public Health Emergency Preparedness	DHSS		93.069		8,256,292	1,245,500
ARRA-Medicare Enrollment Assistance Program	DHSS	**ARRA**	93.071		1,513	
Maternal and Child Health Federal Consolidated Programs	DHSS		93.110		681,811	
Maternal and Child Health Federal Consolidated Programs (Pass-through from Children's Hospital Los Angeles)	UofA		93.110	5 H98MC08579-02-00 HRSA	48,194	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	DHSS		93.116		581,823	36,801
Emergency Medical Services for Children	DHSS		93.127		120,525	
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	DHSS		93.130		456,609	
Injury Prevention and Control Research and State and Community Based Programs	DHSS		93.136		158,377	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Projects for Assistance in Transition from Homelessness (PATH)	DHSS		93.150		296,375	300,000
Nursing Workforce Diversity	UofA		93.178		9,288	
Urban Indian Health Services	DHSS		93.193		82,777	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements (Pass-through from ANTHC)	DEC		93.210		5,622,164	
Family Planning - Services	DHSS		93.217		673,732	122,256
Indian Health Service - Health Management Development Program	DPS		93.228		224,699	
Traumatic Brain Injury State Demonstration Grant Program	DHSS		93.234		79,593	30,000
Grants for Dental Public Health Residency Training	DHSS		93.236		17,410	
State Capacity Building	DHSS		93.240		268,638	
State Rural Hospital Flexibility Program	DHSS		93.241		476,473	105,465
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	DHSS		93.243		488,950	203,729
Universal Newborn Hearing Screening	DHSS		93.251		244,180	25,000
Rural Access to Emergency Devices Grant	DHSS		93.259		4,467	
Occupational Safety and Health Program	DHSS		93.262		-	38,585
Drug Abuse and Addiction Research Programs (Pass-through from Terra Nova Learning Systems)	UofA		93.279	1R44DA022907-01	30	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	DHSS		93.283		6,191,447	5,000
Centers for Disease Control and Prevention - Investigations and Technical Assistance	UofA		93.283		332,236	
Small Rural Hospital Improvement Grant Program	DHSS		93.301		146,698	
Advanced Nursing Education Traineeships	UofA		93.358		28,944	
National Center for Research Resources	UofA		93.389		223,054	
ARRA-State Primary Care Office	DHSS	**ARRA**	93.414		30,429	
ARRA-Nursing Workforce Diversity	UofA	**ARRA**	93.417		207,921	
Promoting Safe and Stable Families	DHSS		93.556		705,861	716,995
ARRA-Child Support Enforcement	DOR	**ARRA**	93.563		1,330,500	
Child Support Enforcement	DOR		93.563		17,560,889	
Low-Income Home Energy Assistance	AHFC		93.568		898,563	317,004
Low-Income Home Energy Assistance	DHSS		93.568		16,578,276	
State Court Improvement Program	COURT		93.586	0901AKSCIT	4,711	
State Court Improvement Program	COURT		93.586	0701AKSCIT	24,336	
State Court Improvement Program	COURT		93.586	0801AKSCIT	25,814	
State Court Improvement Program	COURT		93.586	0701AKSCIP	26,266	
State Court Improvement Program	COURT		93.586	0901AKSCIP	57,813	
State Court Improvement Program	COURT		93.586	0801AKSCID	98,995	
State Court Improvement Program	COURT		93.586	0801AKSCIP	104,046	
Community-Based Child Abuse Prevention Grants	DHSS		93.590		174,299	234,070
Welfare Reform Research, Evaluations and National Studies	DHSS		93.595		-	43,666
Grants to States for Access and Visitation Programs	COURT		93.597	0902AKSAVP	70,723	
Grants to States for Access and Visitation Programs	DOR		93.597		42,302	
Chafee Education and Training Vouchers Program (ETV)	DHSS		93.599		157,603	
Adoption Incentive Payments	DHSS		93.603		191,817	
Voting Access for Individuals with Disabilities - Grants to States	OG		93.617		30,250	
Developmental Disabilities Basic Support and Advocacy Grants	DHSS		93.630		417,769	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	UofA		93.632		431,478	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through from University of Kansas Center For Research)	UofA		93.632	Contract FY2009-034	12,567	
Children's Justice Grants to States	DHSS		93.643		43,112	452,341
Child Welfare Services - State Grants	DHSS		93.645		297,072	
ARRA-Foster Care, Title IV-E	DHSS	**ARRA**	93.658		366,541	
Foster Care, Title IV-E	DHSS		93.658		12,670,192	712,081
Adoption Assistance	DHSS		93.659		9,945,174	
ARRA-Adoption Assistance	DHSS	**ARRA**	93.659		1,122,167	
Social Services Block Grant	DHSS		93.667		9,217,786	585,461
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	DPS		93.671		728,559	692,131
Chafee Foster Care Independence Program	DHSS		93.674		360,709	90,000
ARRA-National Center for Research Resources, Recovery Act Construction Support	UofA	**ARRA**	93.702		45,837	
ARRA-Preventing Healthcare-Associated Infections	DHSS	**ARRA**	93.717		36,994	
ARRA-IHS Tribal Agreements (Pass-through from ANTHC)	DEC	**ARRA**	93.722		6,991,768	
ARRA-Prevention and Wellness-State, Territories and Pacific Islands	DHSS	**ARRA**	93.723		49,995	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Children's Health Insurance Program	DHSS		93.767		17,760,981	
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	DHSS		93.768		573,214	
Medicare - Hospital Insurance	DHSS		93.773		1,044,484	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	DHSS		93.779		413,263	215,054
Alternatives to Psychiatric Residential Treatment Facilities for Children	DHSS		93.789		3,202	
Area Health Education Centers Infrastructure Development Awards	UofA		93.824		1,141,561	984,940
Specially Selected Health Projects	DHSS		93.888		104,448	
Specially Selected Health Projects	UofA		93.888		444,367	
National Bioterrorism Hospital Preparedness Program	DHSS		93.889		1,265,492	329,560
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	DHSS		93.912		-	5,000
Grants to States for Operation of Offices of Rural Health	DHSS		93.913		150,126	
HIV Care Formula Grants	DHSS		93.917		1,210,643	415,440
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	DEED		93.938	17308	219,492	47,269
HIV Prevention Activities - Health Department Based	DHSS		93.940		1,176,037	656,894
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	DHSS		93.944		115,564	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	DEED		93.946	17401	9,400	
Block Grants for Community Mental Health Services	DHSS		93.958		468,048	590,872
Block Grants for Prevention and Treatment of Substance Abuse	DHSS		93.959		4,069,986	3,830,011
Block Grants for Prevention and Treatment of Substance Abuse (Pass-through from University of Washington)	UofA		93.959	EN 0660357	1,803	
Geriatric Education Centers	UofA		93.969		391,609	
Preventive Health Services - Sexually Transmitted Diseases Control Grants	DHSS		93.977		371,800	
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	DHSS		93.988		-	12,000
Preventive Health and Health Services Block Grant	DHSS		93.991		259,420	
Maternal and Child Health Services Block Grant	DHSS		93.994		-	19,507
Maternal and Child Health Services Bock Grant to States	DHSS		93.994		1,272,811	
FDA Program Standards Funding	DEC		93.999	Pur Req 1058986	1,000	
Acquire Satellite imagery for processing into a cue based aviation simulation product.	DOTPF		93.999	CDC-214-2010-M-32462	46,000	
Miscellaneous (Pass-through from Center for Public Service Communications)	UofA		93.999	Agreement# 2008-06 Amend 2	38,423	
Miscellaneous (Pass-through from Iowa State University)	UofA		93.999	1RC2DA028879-01	3,026	
Adult Lead Surveillance Data	DHSS		93.030178D4D-CDC		52,096	
NCHS Contract	DHSS		93.200-2000-07201		111,810	
Mammography Inspection	DHSS		93.223-03-4401		41,137	
NIOSH Trauma Registry	DHSS		93.243-03-1045		45,000	
FDA Food Inspections	DEC		93.HHSF223200840135C		(1,156)	
FDA Food Inspections	DEC		93.HHSF223200940021C		1,025,723	
Total for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					**1,081,673,690**	**31,009,233**
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
State Commissions	DCCED		94.003	07CAHAK001, 10CAHAK001 Serve AK Administrative	126,154	
Learn and Serve America - School and Community Based Programs	DCCED		94.004	06KSPAK001, 09KSPAK001 Serve AK Learn & Serve	40,424	20,556
Learn and Serve America - Higher Education (Pass-through from Community College National Center for Community Engagement)	UofA		94.005	06LHHAZ001	10,808	
ARRA-AmeriCorps	DCCED	**ARRA**	94.006	29522, 29521	224,413	224,413
AmeriCorps	DCCED		94.006	06AFHAK001, 07ACHAK001 Formula, Competitive	1,934,043	1,934,043
Program Development and Innovation Grants	DCCED		94.007	29796, 29804	66,119	14,181
Training and Technical Assistance	DCCED		94.009	08PTHAK001 Program Development	93,336	2,573
ARRA-Volunteers in Service to America	UofA	**ARRA**	94.013		5,000	
Volunteers in Service to America	UofA		94.013		3,868	
Total for U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					**2,504,165**	**2,195,766**

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
SOCIAL SECURITY ADMINISTRATION						
Disability Insurance/SSI Cluster						
Social Security - Disability Insurance	DLWD		96.001	844	4,415,193	
Supplemental Security Income	DLWD		96.006	845	346,318	
Total for Disability Insurance/SSI Cluster					4,761,511	-
Social Security - Work Incentives Planning and Assistance Program	UofA		96.008		93,462	
Total for SOCIAL SECURITY ADMINISTRATION					**4,854,973**	**-**
U.S. DEPARTMENT OF HOMELAND SECURITY						
Homeland Security Cluster						
Citizen Corps	DMVA		97.053		98,406	110,455
Homeland Security Grant Program	DOTPF		97.067		663,894	
Metropolitan Medical Response System	DMVA		97.071		328,612	313,344
Total for Homeland Security Cluster					1,090,912	423,799
Pilot Demonstration or Earmarked Projects	DMVA		97.001		229,170	74,989
Homeland Security Preparedness Technical Assistance Program	DMVA		97.007		1,262	
Boating Safety Financial Assistance	DNR		97.012		1,639,428	
State Access to the Oil Spill Liability Trust Fund	DNR		97.013		1,261	
Pre-Disaster Mitigation (PDM) Competitive Grants	DMVA		97.017		383,076	
Community Assistance Program State Support Services Element (CAP-SSSE)	DCCED		97.023	29813, 29803, 32714	120,406	
Emergency Management Institute - Training Assistance	DMVA		97.026		11,323	
Crisis Counseling	DMVA		97.032		40,320	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	ARRC		97.036	1796-DR-AK	170,802	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	ARRC		97.036	1663-DR-AK	184,608	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	ARRC		97.036	1843-DR-AK	683,064	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DMVA		97.036		8,851,863	6,946,124
Hazard Mitigation Grant	ARRC		97.039	HMGP-1666.0004	43	
Hazard Mitigation Grant	ARRC		97.039	HMGP-1618.0003	706	
Hazard Mitigation Grant	ARRC		97.039	HMGP-1663.0008	1,073	
Hazard Mitigation Grant	ARRC		97.039	HMGP-1584.0004	1,609	
Hazard Mitigation Grant	ARRC		97.039	1445.0006	2,435	
Hazard Mitigation Grant	ARRC		97.039	HMGP-1666.0003	2,619	
Hazard Mitigation Grant	ARRC		97.039	HMGP-1669.0002	3,168	
Hazard Mitigation Grant	DMVA		97.039		2,118,533	1,695,990
National Dam Safety Program	DNR		97.041		5,719	
Emergency Management Performance Grants	DMVA		97.042		2,161,800	669,196
State Fire Training Systems Grants	DPS		97.043		3,000	
Cooperating Technical Partners	DCCED		97.045	EMS-2009-GR-0014 Cooperating Technical Partners	25,385	
Fire Management Assistance Grant	DNR		97.046		164,169	
Pre-Disaster Mitigation	DCCED		97.047	31594, 29809 8E00440122	95,000	
Pre-Disaster Mitigation	DMVA		97.047		10,513	
Emergency Operations Centers	DMVA		97.052		1,000,000	1,000,000
Port Security Grant Program	ARRC		97.056	2007-GB-T7-0249	1,579	
Port Security Grant Program	ARRC		97.056	2007-GB-T7-0208	1,941	
Port Security Grant Program	ARRC		97.056	2008-GB-T7-0027	4,667	
Port Security Grant Program	ARRC		97.056	2007-GB-T7-K078	4,867	
Port Security Grant Program	ARRC		97.056	2008-GB-T7-0026	13,703	
Port Security Grant Program	ARRC		97.056	2007-GB-T7-0248	20,757	
Port Security Grant Program	DOTPF		97.056	HSTS-04-07-A-CTO-223	95,185	
Port Security Grant Program	DOTPF		97.056	HS-2006-GB-T6-0033	184,693	
Map Modernization Management Support	DCCED		97.070	EMS-2007-GR-0003 Map Modernization	7,419	
National Explosives Detection Canine Team Program	DOTPF		97.072		175,091	
State Homeland Security Program (SHSP)	DMVA		97.073		4,611,712	3,456,972
Law Enforcement Terrorism Prevention Program (LETPP)	DMVA		97.074		1,425,132	1,339,871
Rail and Transit Security Grant Program	DMVA		97.075		261,884	
Buffer Zone Protection Program (BZPP)	DMVA		97.078		671,650	
Earthquake Consortium	DMVA		97.082		4,033	
Miscellaneous Homeland Security	DFG		97.999		5,554	

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STATE OF ALASKA
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
AMHS portable explosive detectors	DOTPF		97.999	2005-GB-75-0089,2005-V1411-AK-GR, & 2005-V1412-AK-GR	330,720	
US Coast Guard Oversight - Kodiak	DEC		97.HSCG5010P643H12		1,920	
US Coast Guard Oversight - Juneau	DEC		97.HSCG8709P6XA001		477	
US Coast Guard Oversight - Juneau	DEC		97.HSCG8710P6XA001		7,391	
Total for U.S. DEPARTMENT OF HOMELAND SECURITY					**26,833,642**	**15,606,941**
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT						
USAID Development Partnership for University Cooperation and Development (Pass-through from International Research Exchange Board)	UofA		98.012		74,515	
Total for U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT					**74,515**	**-**
R&D Cluster for U.S. DEPARTMENT OF AGRICULTURE						
Agricultural Research - Basic and Applied Research	UofA		10.001		1,586,971	621,182
Plant and Animal Disease, Pest Control, and Animal Care	UofA		10.025		35,631	
ARRA-Aquaculture Grants Program (AGP)	DFG	**ARRA**	10.086		94,066	94,066
Grants for Agricultural Research, Special Research Grants	UofA		10.200		1,696,666	100,115
Grants for Agricultural Research, Special Research Grants (Pass-through from University of Hawaii)	UofA		10.200	2009-38826-19227	5,160	
Grants for Agricultural Research, Special Research Grants (Pass-through from University of Hawaii)	UofA		10.200	2008-38826-19179	9,344	
Grants for Agricultural Research, Special Research Grants (Pass-through from Utah State University)	UofA		10.200	2006-38640-16743	26,511	
Cooperative Forestry Research	UofA		10.202		790,737	
Payments to Agricultural Experiment Stations Under the Hatch Act	UofA		10.203		1,404,361	
Grants for Agricultural Research-Competitive Research Grants	UofA		10.206		220,469	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	UofA		10.228		128,630	
Agriculture and Food Research Initiative (AFRI)	UofA		10.310		45,172	
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers (Pass-through from University of Hawaii, HILO)	UofA		10.443	2004-51200-02221	12,901	
Cooperative Extension Service	UofA		10.500		86,589	
Foreign Market Development Cooperator Program	UofA		10.600		36,012	
Forestry Research	UofA		10.652		43,016	
Cooperative Forestry Assistance	UofA		10.664		57,050	
Forest Health Protection	UofA		10.680		23,960	
Miscellaneous	UofA		10.999		322,529	
Miscellaneous (Pass-through from The Nature Conservancy)	UofA		10.999	73216-01	5,000	
Miscellaneous (Pass-through from The Nature Conservancy)	UofA		10.999	04-CA-11132543-189	55,124	
Total R&D Cluster for U.S. DEPARTMENT OF AGRICULTURE					**6,685,899**	**815,363**
R&D Cluster for U.S. DEPARTMENT OF COMMERCE						
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	UofA		11.400		119,986	47,689
Sea Grant Support	UofA		11.417		358,711	
Sea Grant Support (Pass-through from Texas A&M University at Galveston)	UofA		11.417	NOAA NA060AR4170076	14,635	
Coastal Zone Management Estuarine Research Reserves	UofA		11.420		43,694	
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	UofA		11.427		110,641	
Undersea Research	UofA		11.430		798,923	104,460
Climate and Atmospheric Research	UofA		11.431		590,390	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	UofA		11.432		1,934,541	55,696
Marine Mammal Data Program	UofA		11.439		317,519	
Special Oceanic and Atmospheric Projects	UofA		11.460		729,150	
Habitat Conservation (Pass-through from National Fish & Wildlife Foundation)	UofA		11.463	2006-0093-012	31,217	
Habitat Conservation (Pass-through from National Fish & Wildlife Foundation)	UofA		11.463	2008-0066-008	40,826	
Meteorologic and Hydrologic Modernization Development	UofA		11.467		143,922	
Meteorologic and Hydrologic Modernization Development (Pass-through from University Corporation for Atmospheric Research)	UofA		11.467	NOAA NA06NWS4670013	573	

The notes to the schedule are an integral part of this schedule.

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Meteorologic and Hydrologic Modernization Development (Pass-through from University Corporation for Atmospheric Research)	UofA		11.467	NOAA NA06NWS4670013	2,287	
Applied Meteorological Research (Pass-through from University of Mississippi)	UofA		11.468		215,297	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #702	(19,740)	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #708	(369)	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #804	24	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B53	106	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B77	194	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B67	247	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #927	342	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #520	999	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #916	1,951	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #909	3,102	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #828	3,281	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #927	3,824	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #706	4,214	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #805	6,708	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #805	11,591	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #918	12,076	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #702	13,383	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #727	14,240	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #915	14,449	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #901	15,779	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #912	17,199	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #821	21,947	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #929	24,110	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #714	26,391	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B68	27,306	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B52	32,279	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B52	35,188	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #913	43,097	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #920	43,849	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #908-A	50,294	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #923	52,805	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B67	54,652	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B75	55,491	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #814	59,982	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	Project #614	63,998	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B67	71,267	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B53	73,130	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B51	89,643	
Unallied Science Program (Pass-through from North Pacific Research Board)	UofA		11.472	B77	120,695	
Coastal Services Center (Pass-through from Alaska Ocean Observing System)	UofA		11.473	H2221-00	24,797	
Coastal Services Center (Pass-through from Alaska Ocean Observing System)	UofA		11.473	H2211-00	822,435	
Coastal Services Center (Pass-through from Alaska SeaLife Center)	UofA		11.473	R2206-01	2,937	
Coastal Services Center (Pass-through from Prince William Sound Science Center)	UofA		11.473	NOAA N08NS4730406	9,913	
Coastal Services Center (Pass-through from Seward Association for Advancement of Science)	UofA		11.473	H2201-00	4,094	
Coastal Services Center (Pass-through from University of Maryland - UMCES)	UofA		11.473	NOAA NA07NOS4730140	71,707	
Educational Partnership Program (Pass-through from North Carolina Agricultural & Technical State University)	UofA		11.481	Agreement No. 270040E	69,412	
Miscellaneous	UofA		11.999		90,804	
Miscellaneous (Pass-through from North Pacific Research Board)	UofA		11.999	F0401	357	
Total R&D Cluster for U.S. DEPARTMENT OF COMMERCE					**7,598,492**	**207,845**
R&D Cluster for U.S. DEPARTMENT OF DEFENSE						
ARRA-Collaborative Research and Development (Pass-through from Tetra Tech)	UofA	**ARRA**	12.114	100-SWW T24739	33,770	
Collaborative Research and Development (Pass-through from University of Mississippi)	UofA		12.114	ONR W9113M-06-C-0029	212,651	
Basic and Applied Scientific Research	UofA		12.300		1,116,171	439,532
Basic and Applied Scientific Research (Pass-through from Florida State University)	UofA		12.300	N00014-05-1-0360	45,248	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Basic and Applied Scientific Research (Pass-through from Woods Hole Oceanographic Institution)	UofA		12.300	N00014-10-1-0315	3,434	
Basic and Applied Scientific Research (Pass-through from Woods Hole Oceanographic Institution)	UofA		12.300	N00014-08-1-0311	67,551	
Military Medical Research and Development	UofA		12.420		1,293,498	31,573
Basic Scientific Research	UofA		12.431		814,036	
Basic Scientific Research (Pass-through from Mississippi State University)	UofA		12.431	W56HZV-08-C-0236	460,147	228,460
Basic, Applied, and Advanced Research in Science and Engineering	UofA		12.630		200,796	17,041
Air Force Defense Research Sciences Program	UofA		12.800		422,986	
Research and Technology Development	UofA		12.910		1,837,378	
Research and Technology Development (Pass-through from BAE Systems)	UofA		12.910	HR0011-09-C-0099	148,724	
Miscellaneous	UofA		12.999		2,664,624	
Total R&D Cluster for U.S. DEPARTMENT OF DEFENSE					**9,321,014**	**716,606**
R&D Cluster for U.S. DEPARTMENT OF THE INTERIOR						
Cultural Resource Management	UofA		15.224		39,548	
Recreation Resource Management	UofA		15.225		175,265	
Invasive and Noxious Plant Management	UofA		15.230		6,363	
ARRA-Fish, Wildlife and Plant Conservation Resource Management	UofA	**ARRA**	15.231		628	
Fish, Wildlife and Plant Conservation Resource Management	UofA		15.231		33,925	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	UofA		15.231	2009-0035-010	45,165	
Environmental Quality and Protection Resource Management	UofA		15.236		96,833	
Alaska Coastal Marine Institute	UofA		15.421		543,445	
Minerals Management Service (MMS) Environmental Studies Program (ESP)	UofA		15.423		206,888	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through from Continental Shelf Association)	UofA		15.423	MMS M08PC20056	51,831	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through from University of Texas at Austin)	UofA		15.423	MMS M09P00016	53,430	
Fish and Wildlife Management Assistance	UofA		15.608		25,583	
Coastal Program	UofA		15.630		9,885	
Challenge Cost Share	UofA		15.642		19,635	
Research Grants (Generic)	UofA		15.650		123,141	
Migratory Bird Monitoring, Assessment and Conservation	UofA		15.655		35,979	
Assistance to State Water Resources Research Institutes	UofA		15.805		94,608	27,650
Earthquake Hazards Reduction Program	UofA		15.807		682,230	
ARRA-U.S. Geological Survey-Research and Data Collection	UofA	**ARRA**	15.808		4,843	
U.S. Geological Survey-Research and Data Collection	UofA		15.808		928,617	
U.S. Geological Survey-Research and Data Collection (Pass-through from America View)	UofA		15.808	AVO8-AK01	29,183	
National Cooperative Geologic Mapping Program	UofA		15.810		1,778	
Gap Analysis Program	UofA		15.811		198,600	
Cooperative Research Units Program	UofA		15.812		1,349,045	
Minerals Resources External Research Program	UofA		15.816		20,465	
ARRA-Volcano Hazards Program Research and Monitoring	UofA	**ARRA**	15.818		682,504	
Disposal of Surplus Wildlife	UofA		15.900		92,129	
Miscellaneous	UofA		15.999		1,255,707	11,585
Miscellaneous (Pass-through from Hoonah Indian Association)	UofA		15.999	MOA Dated 2/1/2010	58,566	
Miscellaneous (Pass-through from National Fish & Wildlife Foundation)	UofA		15.999	2005-0011-036	1,315	
Miscellaneous (Pass-through from Rutgers)	UofA		15.999	M07PC13368	36,680	
Total R&D Cluster for U.S. DEPARTMENT OF THE INTERIOR					**6,903,814**	**39,235**
R&D Cluster for U.S. DEPARTMENT OF JUSTICE						
Youth Gang Prevention	UofA		16.544	EN 0604875	29,995	
State Justice Statistics Program for Statistical Analysis Centers	UofA		16.550		47,588	
National Institute of Justice Research, Evaluation, and Development Project Grants	UofA		16.560		61,201	
Violence Against Women Formula Grants	UofA		16.588	RSA 1200239	-	46,116
Special Data Collections and Statistical Studies (Pass-through from Justice Research & Statistics Associates)	UofA		16.734		13,615	
Miscellaneous (Pass-through from Center for Problem-Oriented Policing)	UofA		16.999	Agreement Dtd 11/29/06	7,200	
Total R&D Cluster for U.S. DEPARTMENT OF JUSTICE					**159,599**	**46,116**
R&D Cluster for U.S. DEPARTMENT OF TRANSPORTATION						
Air Transportation Centers of Excellence (Pass-through from Venture Ad Astra LLC Government Services)	UofA		20.109	Agreement Dtd 10/14/09	884	

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STATE OF ALASKA
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Air Transportation Centers of Excellence (Pass-through from Embry-Riddle Aeronautical University)	UofA		20.109	15199-UAAPO142716/01-C-ERAU-IM	4,177	
Air Transportation Centers of Excellence	UofA		20.109		303,280	
Highway Research and Development Program (Pass-through from Northern Economics)	UofA		20.200	Contract Dtd 07/20/09	68,471	
University Transportation Centers Program	UofA		20.701		2,711,469	161,694
Research Grants (Pass-through from University Of Hawaii)	UofA		20.762	DTOS 5907-G0055	11,473	
Total R&D Cluster for U.S. DEPARTMENT OF TRANSPORTATION					**3,099,754**	**161,694**
R&D Cluster for U.S. DEPARTMENT OF TREASURY						
Miscellaneous	UofA		21.999		34,852	
Total R&D Cluster for U.S. DEPARTMENT OF TREASURY					**34,852**	**-**
R&D Cluster for U.S. GENERAL SERVICES ADMINISTRATION						
Federal Citizen Information Center	UofA		39.009		11,654,443	225,680
Total R&D Cluster for U.S. GENERAL SERVICES ADMINISTRATION					**11,654,443**	**225,680**
R&D Cluster for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
Aerospace Education Services Program	UofA		43.001		383,516	
Aerospace Education Services Program (Pass-through from Aerospace Corporation)	UofA		43.001	NNHO7ZDA001N-HGI	3,121	
Aerospace Education Services Program (Pass-through from University of Maryland)	UofA		43.001	NNM07AA99C	70,254	
ARRA-Aerospace Education Services Program	UofA	**ARRA**	43.001		80,687	
Aeronautics (Pass-through from University of Colorado)	UofA		43.002	NNX09A104G	6,166	
Miscellaneous	UofA		43.999		13,179,483	324,739
Miscellaneous (Pass-through from Alaska Challenger Center For Space Science Technology)	UofA		43.999	NNX07AJ79G	17,713	
Miscellaneous (Pass-through from John Hopkins University)	UofA		43.999	NNA09DB31A	142,216	
Miscellaneous (Pass-through from Montclair State University)	UofA		43.999	NN08ZDA001N	17,640	
Miscellaneous (Pass-through from SETI Institute)	UofA		43.999	06CA84A-08-002	1,981	
Miscellaneous (Pass-through from SETI Institute)	UofA		43.999	PO 08-SC-1019	18,448	
Miscellaneous (Pass-through from University of Maryland)	UofA		43.999	NAS5-02099	3,064	
Miscellaneous (Pass-through from University of New Hampshire)	UofA		43.999	NN06AF85G	58,327	
Miscellaneous (Pass-through from University of New Hampshire)	UofA		43.999	NNX08ZN74G	105,820	
Miscellaneous (Pass-through from University of Pittsburgh)	UofA		43.999	NNX08AJ91G	37,570	
Miscellaneous (Pass-through from University of Washington)	UofA		43.999	NNX06AC10G	(1,240)	
Miscellaneous (Pass-through from University of Washington)	UofA		43.999	NNX08AD19G	34,520	
Total R&D Cluster for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					**14,159,286**	**324,739**
R&D Cluster for NATIONAL SCIENCE FOUNDATION						
Engineering Grants	UofA		47.041		202,175	205,698
Engineering Grants (Pass-through from Georgia Institute of Technology)	UofA		47.041	RA0693-G1	16,265	
Mathematical and Physical Sciences	UofA		47.049		305,940	
Mathematical and Physical Sciences (Pass-through from Stanford University)	UofA		47.049	30891-A	57,588	
Geosciences	UofA		47.050		7,053,208	153,763
Geosciences (Pass-through from SRI International)	UofA		47.050	59-001127	530,131	
Geosciences (Pass-through from University of Washington)	UofA		47.050	892069	11,560	
Geosciences (Pass-through from WGBH Educational Foundation)	UofA		47.050	2008000779A	23,540	
Geosciences (Pass-through from Woods Hole Oceanographic Institution)	UofA		47.050	A100638	19,506	
Computer and Information Science and Engineering	UofA		47.070		295,251	7,577
Computer and Information Science and Engineering (Pass-through from Carnegie Mellon University)	UofA		47.070	IIS 0534217	12,494	
ARRA-Biological Sciences	UofA	**ARRA**	47.074		823	
Biological Sciences	UofA		47.074		2,968,048	170,336
Biological Sciences (Pass-through from University of California, Berkeley)	UofA		47.074	DEB 0926162	24,910	
Biological Sciences (Pass-through from University of Washington)	UofA		47.074	592485	6,806	
Social, Behavioral, and Economic Sciences	UofA		47.075		414,654	
Education and Human Resources	UofA		47.076		4,300,623	23,052
ARRA-Polar Programs	UofA	**ARRA**	47.078		49,543	
ARRA-Polar Programs (Pass-through from Oklahoma State University)	UofA	**ARRA**	47.078	AA531200-S1	45,342	
Polar Programs	UofA		47.078		13,837,874	195,568
Polar Programs (Pass-through from Aleut International Association)	UofA		47.078	ARC-0634079	(304)	
Polar Programs (Pass-through from San Diego State University)	UofA		47.078	OPP 0421588 NSF	7,999	
Polar Programs (Pass-through from University of Maryland-UMCES)	UofA		47.078	ARC 0732667	13,397	
Polar Programs (Pass-through from Woods Hole Oceanographic Institution)	UofA		47.078	ARC 0731928	(2,388)	
International Science and Engineering (OISE)	UofA		47.079		312,257	

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
ARRA-Trans-NSF Recovery Act Research Support	UofA	**ARRA**	47.082		4,820,771	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through from BBN Technologies Corporation)	UofA	**ARRA**	47.082	CNS 0940805 NSF	42,567	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through from University of Colorado)	UofA	**ARRA**	47.082	ARC 0755725	110,218	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through from University of Washington)	UofA	**ARRA**	47.082	ARC 0908262	1,095	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through from University of Washington)	UofA	**ARRA**	47.082	CMMI 0936408 NSF	6,035	
ARRA-Miscellaneous	UofA	**ARRA**	47.999		40,555	20
Miscellaneous	UofA		47.999		53,820	
Total R&D Cluster for NATIONAL SCIENCE FOUNDATION					**35,582,303**	**756,014**
R&D Cluster for U.S. SMALL BUSINESS ADMINISTRATION						
Prime Technical Assistance	UofA		59.050		130,561	
Total R&D Cluster for U.S. SMALL BUSINESS ADMINISTRATION					**130,561**	**-**
R&D Cluster for U.S. ENVIRONMENTAL PROTECTION AGENCY						
Water Pollution Control State, Interstate, and Tribal Program Support	UofA		66.419	RS 1800502	55,618	
Miscellaneous	UofA		66.999	EN 1890502	55	
Miscellaneous	UofA		66.999	EN-1800522	89,857	
Miscellaneous (Pass-through from Kenai Watershed Forum)	UofA		66.999	KWF-UAF-001	37,649	
Miscellaneous (Pass-through from Municipality of Anchorage)	UofA		66.999	EPA Grant X-97087801-0	169,359	
Miscellaneous (Pass-through from NatureServe)	UofA		66.999	EPW-07-080(WA2-11 & WA2-14)	7,134	
Miscellaneous (Pass-through from UNGA Tribal Council)	UofA		66.999	Award Dtd 05/25/2007	(1,448)	
Total R&D Cluster for U.S. ENVIRONMENTAL PROTECTION AGENCY					**358,224**	**-**
R&D Cluster for U.S. DEPARTMENT OF ENERGY						
Inventions and Innovations (Pass-through from University of California, Berkeley)	UofA		81.036	DE-AC02-05CH11231	20,730	
Office of Science Financial Assistance Program	UofA		81.049		124,268	
ARRA-Renewable Energy Research and Development	UofA	**ARRA**	81.087		81,553	
ARRA-Renewable Energy Research and Development (Pass-through from Ocean Renewable Power Company-Alaska)	UofA	**ARRA**	81.087	Agreement Dtd 6/10/2010	1,325	
ARRA-Renewable Energy Research and Development (Pass-through from University of Washington)	UofA	**ARRA**	81.087	UAF 2785	10,975	
Fossil Energy Research and Development	UofA		81.089		1,054,403	40,590
Fossil Energy Research and Development (Pass-through from Sandia National Laboratories)	UofA		81.089	746154	28,729	
Fossil Energy Research and Development (Pass-through from Sandia National Laboratories)	UofA		81.089	643168	67,610	
Defense Nuclear Nonproliferation Research (Pass-through from University of Mississippi)	UofA		81.113	CTBTO2003-0005	44	
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) (Pass-through from Alaska Housing Finance Corporation)	UofA	**ARRA**	81.128		32,639	
ARRA-Geologic Sequestration Training and Research Grant Program	UofA	**ARRA**	81.133		139	
Miscellaneous	UofA		81.999		182,536	
Miscellaneous (Pass-through from Battelle Pacific Northwest Lab)	UofA		81.999	DE-AC05-76RL01830	34,342	
Miscellaneous (Pass-through from Battelle Pacific Northwest Lab)	UofA		81.999	DE-AC06-76RL01830	58,525	
Miscellaneous (Pass-through from Inland Northwest Research Alliance)	UofA		81.999	DE-FG02-05ER64132	66,903	
Total R&D Cluster for U.S. DEPARTMENT OF ENERGY					**1,764,721**	**40,590**
R&D Cluster for U.S. DEPARTMENT OF EDUCATION						
Research in Special Education (Pass-through from University of Hawaii)	UofA		84.324	PO Z834829, 658889, Z880577	17,266	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants) (Pass-through from Anchorage School District)	UofA		84.330	Agmt Dated 1/20/09	(6)	
Alaska Native Educational Programs (Pass-through from Alaska Pacific University)	UofA		84.356	Agreement Dtd 4/21/08	2,084	
Alaska Native Educational Programs (Pass-through from Association of Alaska School Boards)	UofA		84.356	S356K060003	104	

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Miscellaneous (Pass-through from Alaska Humanities Forum)	UofA		84.999	PR/PO 9P11071 Amend 1	2,354	10,320
Miscellaneous (Pass-through from Anchorage School District)	UofA		84.999	PR/PO 9P13709 Amend 1	37,452	
Miscellaneous (Pass-through from Anchorage School District)	UofA		84.999	Agreement Amended 05/09	64,248	
Total R&D Cluster for U.S. DEPARTMENT OF EDUCATION					**123,502**	**10,320**
R&D Cluster for DENALI COMMISSION						
Denali Commission Program	UofA		90.100		465,672	
Total R&D Cluster for DENALI COMMISSION					**465,672**	**-**
R&D Cluster for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	UofA		93.048		228,651	
Maternal and Child Health Federal Consolidated Programs (Pass-through from University of Arizona, Tucson)	UofA		93.110	T04MC0034	2,488	
Environmental Health	UofA		93.113		111,950	
Mental Health Research Grants	UofA		93.242		1,494,076	152,249
Occupational Safety and Health Program	UofA		93.262		67,799	
Alcohol Research Programs	UofA		93.273		(3,108)	
Drug Abuse and Addiction Research Programs	UofA		93.279		509,791	
Drug Abuse and Addiction Research Programs (Pass-through from Pacific Institute for Research and Evaluation Louisville Center)	UofA		93.279	0049.02.01 R01 DA015966-04A2	32,112	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	UofA		93.283		8,674	
National Center for Health Workforce Analysis	UofA		93.300		31,803	
Minority Health and Health Disparities Research	UofA		93.307		603,811	7,399
National Center for Research Resources	UofA		93.389		5,252,259	
Family Connection Grants (Pass-through from OnTrack)	UofA		93.605	Agreement Dtd 01/19/2010	2,282	
ARRA-Trans-NIH Recovery Act Research Support	UofA	**ARRA**	93.701		1,774,640	58,604
ARRA-Trans-NIH Recovery Act Research Support (Pass-through from Alaska Native Tribal Health Consortium)	UofA	**ARRA**	93.701	3U01MS048069-04S2	5,670	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through from President & Fellows of Harvard College)	UofA	**ARRA**	93.701	1U24RR029825-01	140,780	
Health Careers Opportunity Program (Pass-through from University of Washington)	UofA		93.822	5 D18 HP02864-007	438	
Cardiovascular Diseases Research	UofA		93.837		56,075	
Diabetes, Digestive, and Kidney Diseases Extramural Research	UofA		93.847		693,687	158,766
Extramural Research Programs in the Neurosciences and Neurological Disorders	UofA		93.853		337,014	110,868
Allergy, Immunology and Transplantation Research (Pass-through from J. Craig Venture Institute)	UofA		93.855	IGSP Agreement 12-2-09	15,597	
Miscellaneous	UofA		93.999		61,262	
Miscellaneous (Pass-through from Mount Sinai School of Medicine)	UofA		93.999	NIH BAANIHNIAIDDMID 07	875,593	
Miscellaneous (Pass-through from SE AK Regional Health Consortium)	UofA		93.999	1U17RH08544-01-00	66,914	
Miscellaneous (Pass-through from UCLA School of Public Health)	UofA		93.999	NIH HHSN266200700009 C	(84,598)	
Total R&D Cluster for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					**12,285,660**	**487,886**
R&D Cluster for U.S. DEPARTMENT OF HOMELAND SECURITY						
Centers for Homeland Security (Pass-through from University of Hawaii)	UofA		97.061	Z884255	549,044	76,312
Total R&D Cluster for U.S. DEPARTMENT OF HOMELAND SECURITY					**549,044**	**76,312**
Total Federal Financial Assistance					**3,360,734,672**	**431,052,480**

The notes to the schedule are an integral part of this schedule.

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STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010

Note 1: Purpose of the Schedule

The federal Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations* requires a schedule of expenditures of federal awards showing total federal financial assistance for the period covered in the financial statements. Each federal financial assistance program must be identified as it is in the *Catalog of Federal Domestic Assistance* (CFDA) and its CFDA number. When CFDA information is not available, another federal identifying number must be used.

Note 2: Significant Accounting Policies

A. Reporting Entity - The accompanying schedule includes the federal financial assistance programs administered by the State of Alaska for the fiscal year ended June 30, 2010.

B. Fiscal Year Ends - The State of Alaska and component units of the State are reported using fiscal years, which end on June 30, except the Alaska Railroad Corporation whose fiscal year ends December 31.

C. Basis of Accounting – The schedules were prepared using the modified accrual method of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

D. Basis of Presentation - The accompanying schedule presents expenditures of federal awards for each federal financial assistance program in accordance with OMB Circular A-133. Federal program titles are reported as presented in the CFDA whenever possible.

Expenditures of Federal Awards - As defined in OMB Circular A-133, federal financial assistance means assistance provided by a federal agency in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, or direct appropriations. However, it does not include direct federal cash assistance to individuals. Federal financial assistance includes awards received directly from federal agencies, or indirectly through other units of state and local government and private nonprofit agencies.

Program Clusters – OMB Circular A-133 identifies programs to be considered clusters of programs for auditing purposes. These clusters consist of related programs that share common compliance requirements.

Note 3: Non Cash Assistance

A. **Federal Surplus Property Program -** All assistance provided to the Federal Surplus Property Program is in the form of donations of excess property to the Division of General Services. In FY10, the State processed federal property valued at $761,454 donors' acquisition cost. For OMB Circular A-133 purposes, the donated property is valued at 23.3% of donors' cost. This is the expenditure amount shown on the schedule $177,419. The ending inventory at June 30, 2010, carried at the donors' acquisition cost was $6,592,655. (CFDA 39.003)

B. **Commodities** – The Department of Education and Early Development administers federal commodities distribution through other governmental and nonprofit agencies. In FY10, commodities distributed totaled $3,980,036 ($3,980,036 regular [$1,906,537 CFDA 10.555; $2,073,499 CFDA 10.569] and $0 American Recovery and Reinvestment Act [ARRA], [CFDA 10.569]). Commodities are valued at cost. These commodities are not reported in the State of Alaska basic financial statements for the year ended June 30, 2010. (CFDA 10.569)

C. **Immunization Grants -** Federal expenditures include vaccines received during FY10 valued at $12,886,177. (CFDA 93.268)

D. **Supplemental Nutrition Assistance Program (SNAP) -** At fiscal year end, June 30, 2010, $154,545,741 of SNAP benefits were redeemed. (CFDA 10.551).

The reported expenditures for benefits under SNAP (CFDA 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of ARRA. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes.

As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 15 percent of USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2009. (CFDA 10.551)

Note 4: WIC Rebates

During FY10, the Department of Health and Social Services (DHSS) earned cash rebates of $4,264,619 from infant formula manufacturers on sales of formula to participants in the WIC Program. Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(a) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. Applying the rebates received to such costs enables DHSS to extend program benefits to approximately 5,643 more persons than could have been served this fiscal year in the absence of the rebate contract. The number of additional persons provided benefits was determined by dividing the total amount of program benefits by the total annual case load to determine average individual benefits. Total rebate dollars were then divided by the average benefit, determining the increased food instruments issued. This result is divided by 12 months. (CFDA 10.557)

Note 5: Loans

A. **AHFC Loan Guarantee Programs -** During FY10, Alaska Housing Finance Corporation (AHFC) owned mortgage loans with various federal insurance and guarantee agreements covering future losses. Coverage under the Veterans Affairs Mortgage Guarantee is subject to a loss limit. Those programs, and the related principal balance of the loans covered at June 30, 2010, are:

CFDA 14.117	HUD FHA Mortgage Insurance	$ 681,116,013
CFDA 14.865	HUD Loan Guarantees for Indian Housing	67,971,466
CFDA 64.114	Department of Veterans' Affairs Mortgage Guarantees	645,822,454
CFDA 10.410	Farmers Home Administration Mortgage Insurance	174,365,322
	Total Loan Guarantees and Insurance Programs	$ 1,569,275,255

B. **Federally Funded Student Loan Programs -** Paul Douglas Teacher Scholarship program requires scholarship recipients to pay back assistance received if certain program requirements are not fulfilled. As of June 30, 2010, there were three outstanding scholarships, which totaled $14,923. (CFDA 84.176)

C. **Last Resort Housing Loans** – The Department of Transportation and Public Facilities (DOT/PF) made last resort housing loans in compliance with Uniform Relocation Assistance and Real Property Acquisition Act. FY10 loan disbursements, if any, are included in CFDA 20.205 and CFDA 20.106. The exact amount is not readily available. Loans outstanding at June 30, 2010, totaled $120,718. Federal share of principal is $114,444.

D. **Federal Family Education Loan Program (FFELP)** - FFELP loans are governed by the Higher Education Act (Act). The Act provides for federal: (a) insurance or reinsurance of eligible loans, (b) interest subsidy payment to eligible lenders with respect to certain subsidized loans (Stafford and Consolidation), and (c) special allowance payments (net of excess interest) paid by the Secretary of the U.S. Department of Education to holders of eligible loans. FFELP loans outstanding at year end were $196,156,168. (CFDA 84.032L)

E. **Small Business Economic Development Loan Fund** - The U.S. Department of Commerce funds the Economic Development Assistance Revolving Loan Fund at the Department of Commerce, Community, and Economic Development. The federal share of loans outstanding are estimated at $4,995,617 as of June 30, 2010. (CFDA 11.307)

Note 6: Capitalization Grants

A. **Clean Water State Revolving Funds** - The U.S. Environmental Protection Agency (EPA) jointly funds the Alaska Clean Water Fund with the State of Alaska. At fiscal year end June 30, 2010, 146 loan commitments totaling $332,396,073 had been granted from the base loan program. Total loans against these commitments were $242,490,046 of which $158,355,450 was federal participation. Of the $158,355,450, $5,034,757 was disbursed in FY10. In addition, 20 ARRA loan commitments totaling $22,516,800 had been granted. Total ARRA loans against these commitments were $5,159,641 of which $4,725,472 was subsidized and $434,169 was unsubsidized and require repayment. Repayment received during FY10 totaled $14,063,381. Loans outstanding at June 30, 2010, totaled $136,561,031 of which $112,171 were ARRA. (CFDA 66.458)

B. **Drinking Water State Revolving Fund** - EPA jointly funds the Alaska Safe Drinking Water Loan Fund with the State of Alaska. At fiscal year end June 30, 2010, 116 loan commitments totaling $216,569,001 had been granted which consists of $7,821,000 in disadvantaged assistance and $208,748,001 in loan assistance. Total loans against these commitments were $145,436,272 of which $97,932,249 was federal participation. Of the $97,932,249, $12,447,811 was disbursed in FY10. In addition, 26 American Recovery and Reinvestment Act (ARRA) loan commitments totaling $17,515,400 had been granted. Total ARRA loans against these commitments were $5,054,265 of which $4,754,084 was subsidized and $300,181 was unsubsidized and require repayment. Repayment received during FY10 totaled $5,204,181. Loans outstanding at June 30, 2010, totaled $119,775,452 of which $211,915 were ARRA. (CFDA 66.468)

Note 7: Unemployment Insurance

Federal participation in FY10 Unemployment Insurance benefits was $128,815,677 (this includes $31,444,842 under the ARRA Federal Additional Unemployment Compensation Program). Federal participation for program administration was $25,978,225 (this includes $865,570 under the Extend Unemployment Compensation Program, $530,470 under ARRA Extended Unemployment Compensation, $99,371 under ARRA Federal Additional Unemployment Compensation Program and a reduction of $6,498 due to prior year expenditure adjustments). UI benefits paid by the State during FY10 were $211,148,509. (CFDA 17.225)

Note 8: Petroleum Violation Escrow

Department of Energy (ENERGY) programs were funded in part by Petroleum Violation Escrow (PVE) funds. These expenditures are not included in the Schedule of Expenditures of Federal Awards. PVE funds represent the State of Alaska's share of settlement proceeds in various lawsuits between the federal government and oil

producers. During FY10, Alaska Housing Finance Corporation expended $29,276 from the trust fund in support of ENERGY programs. (CFDA 81.041)

Note 9: Medical Assistance Program Claims

The FY10 Schedule of Expenditures of Federal Awards includes a deferral of $635,027 for the quarter ended December 31, 2009, of school based administrative claims. Additionally, deferrals of $12.9 million ($4.8 million for FY08 and $8.1 million for prior years) exist for prior years. The $8.1 million in deferrals for years prior to FY08 were determined uncollectible by DHSS. Also, DHSS received $6.9 million in supplemental general fund appropriations to offset a portion of the outstanding deferrals determined to be uncollectible.

Per the final report of the U.S. Department of Health and Human Services, Centers for Medicaid and Medicare Services (CMS) Review of School-Based Administrative Claiming Program, the outstanding prior year's deferrals will be resolved using a back-casting approach. After DHSS has generated valid time study results and claims for at least four consecutive quarters, DHSS may submit to CMS a proposed methodology for applying the time study results to adjust all prior period claims. The four consecutive quarters must be completed by December 31, 2011. At this time, DHSS believes valid time study results and claims have been generated for two consecutive reporting quarters. (CFDA 93.778)

Report: **02-40004-04**
Finding Number: **25**
Fiscal Year: **2003**
Initial Finding Year: **2003**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **$6,480,333**

Prior Audit Finding:
DHSS' Division of Health Care Services director and the Department of Education and Early Development's (DEED) Division of Teaching and Learning Support director should work together to improve procedures for claiming reimbursement of Medicaid school-based administrative costs to ensure costs are claimed in accordance with federal law.

Status/corrective action planned/reasons for no further action:
The Medicaid School Based Services program has been transferred to the Division of Finance and Management Services. The program was conducted during SFY10 with 27 school districts participating. All participants received appropriate training.

DHSS continues to work with CMS to resolve the findings of the Financial Management Review and reach a settlement of costs claimed from 2003 through December 31, 2009.

Report: **02-40005-05**
Finding Number: **18**
Fiscal Year: **2004**
Initial Finding Year: **2003**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **$5,505,244**

Prior Audit Finding:
DHSS' Division of Health Care Services director and the Department of Education and Early Development's (DEED) Division of Teaching and Learning Support director should work together to improve procedures for claiming reimbursement of Medicaid school-based administrative costs to ensure costs are claimed in accordance with federal law.

Status/corrective action planned/reasons for no further action:
Please refer to updated response on finding #25, report 02-40004-04.

Report: **02-40005-05**
Finding Number: **21**
Fiscal Year: **2004**
Initial Finding Year: **2004**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **$1,155,982**

Prior Audit Finding:
We recommend the State Medicaid director improve internal controls over prescription drug payments.

Status/corrective action planned/reasons for no further action:
DHSS implemented regulation changes using the recommendations from the University of Oklahoma dispensing fee survey to address the MedPak issue to limit the use of the MedPak to those in a congregate living home, and stipulate the payment of the dispensing fee for the MedPak is to be paid no more than once monthly. The regulations went into effect in FY11.

The new pharmacist has been involved with the pharmacy unit on all functions to provide quality assurance to pharmacy claims billing and payment. With the assistance of the new pharmacist, the pharmacy unit has accomplished an effort to void, correct and re-bill incorrect claims from the present and past pharmacy to recoup $500,000 over the year. Both pharmacists have worked with the Medicaid Fraud Control Unit to resolve national litigation regarding manufacturers and providers. The Pharmacy Unit has worked with Program Integrity to improve pharmacy audits and incorporate new ideas for monitoring pharmacy providers.

DHSS is currently in the process of developing an automated edit in the claims processing system to prevent excessive dispensing fees. This system change is scheduled to be implemented in April 2011.

Report: **02-40006-06** Finding Number: **17** Fiscal Year: **2005** Initial Finding Year: **2002** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **None**	**Prior Audit Finding:** The State Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function. **Status/corrective action planned/reasons for no further action:** The Program Integrity Section continues under consistent management and is working to improve utilization control and program integrity coordination and operations across DHSS. Coordination is achieved through monthly Audit Committee, quarterly HealthCare Services and regular DHSS/MFCU meetings. DHSS continues to work closely with the fiscal agent to improve processes as necessary to meet contract deliverables in the future.
Report: **02-40007-07** Finding Number: **09** Fiscal Year: **2006** Initial Finding Year: **2002** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **None**	**Prior Audit Finding:** The DHSS commissioner should emphasize strong internal controls over the Medicaid program. **Status/corrective action planned/reasons for no further action:** This audit finding has been resolved in accordance with OMB Circular A-133 §_.315.
Report: **02-40007-07** Finding Number: **10** Fiscal Year: **2006** Initial Finding Year: **2002** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **None**	**Prior Audit Finding:** The State Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function. **Status/corrective action planned/reasons for no further action:** This audit finding has been resolved in accordance with OMB Circular A-133 §_.315.
Report: **02-40008-08** Finding Number: **11** Fiscal Year: **2007** Initial Finding Year: **2002** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.775** CFDA: **93.778** Questioned Costs: **None**	**Prior Audit Finding:** The State's Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function. **Status/corrective action planned/reasons for no further action:** This audit finding has been resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40009-09**
Finding Number: **03**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **10.551**
CFDA: **10.557**
CFDA: **10.561**
CFDA: **93.558**
CFDA: **93.568**
CFDA: **93.659**
CFDA: **93.767**
CFDA: **93.777**
CFDA: **93.778**
Questioned Costs:
Indeterminate

Prior Audit Finding:
DHSS' Assistant Commissioner should develop adequate controls to ensure data entered into Maximus Cost Allocation and Rate System (MAXCARS) is accurate and complete.

Status/corrective action planned/reasons for no further action:
The Department concurs that adequate controls are needed to ensure that data entered into MAXCARS is accurate and complete. Significant steps have been taken to improve processes and internal controls in the past eight months. A thorough review of the department's Public Assistance Cost Allocation Plan (PACAP) was conducted. Procedures for quarterly review and updates have been drafted. The PACAP has been amended as needed each quarter in calendar year 2009. The federal Division of Cost Allocation (DCA) approved the PACAP for FY10.

Alaska Statewide Accounting System (AKSAS) accounting structures and MAXCARS allocation methods have been reviewed for alignment with the PACAP.

The Department is revising how AKSAS accounting structures are used in the department to strengthen the ability to track expenditures from AKSAS to MAXCARS and back into AKSAS. This project will allow for reporting of direct and allocated expenditures from a single system, simplifying current reporting processes.

DHSS is in the process of developing and instituting data reviews at key points in the quarterly cost allocation process in order to ensure the accuracy of the MAXCARS input data. This includes:

- An initial review conducted to ensure the statistical data is complete and timely.
- A second, more thorough, review conducted prior to the data being entered into MAXCARS, at which time the data is checked for accuracy and consistency.
- Once DHSS division staff enters that data into MAXCARS, a comparison report of the current quarter stats and the prior quarter's stats will be sent to the divisions for review. If errors are identified, the division staff provides a corrected statistic.
- As a trial run, a report comparing the prior quarter's expenditures to the current quarter's expenditures sent to the divisions for review. This review identifies potential accounting anomalies prior to the final allocation process. If found, they are researched to determine if the data is valid or, if problems are identified, corrected prior to running the final CAP.

Procedures will be documented prior to project completion. The end result will be a documented system that will address various aspects of managing federal funds and Legislative Audit's expressed concerns. Anticipated completion of this project is December 31, 2010.

Report: **02-40009-09**
Finding Number: **04**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **10.551**
CFDA: **10.557**
CFDA: **10.561**
CFDA: **93.558**
CFDA: **93.568**
CFDA: **93.659**
CFDA: **93.767**
CFDA: **93.777**
CFDA: **93.778**
Questioned Costs: **Indeterminate**

Prior Audit Finding:
DHSS' assistant commissioner of Finance Management Services should implement controls over federal revenue collections.

Status/corrective action planned/reasons for no further action:
Project efforts are on-going and Finance and Management Services has hired a qualified Accountant V in June 2009 to fill the long-term manager vacancy in the Revenue Unit.

This position is responsible for managing unit activities to draw down, post revenue and report federal expenditures. The Accountant V has begun reviewing processes and has identified methods to strengthen internal controls. Timelines for quarterly processes have been established and additional staff training has begun.

The Accountant V is working with the Revenue Project Manager to ensure coordination of effort between unit staff and the project team.

Report: **02-40009-09**
Finding Number: **05**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **10.551**
CFDA: **10.557**
CFDA: **10.561**
CFDA: **93.558**
CFDA: **93.568**
CFDA: **93.659**
CFDA: **93.767**
CFDA: **93.777**
CFDA: **93.778**
Questioned Costs: **Indeterminate**

Prior Audit Finding:
DHSS' assistant commissioner of Finance and Management Services should ensure that staff are adequately trained and supervised.

Status/corrective action planned/reasons for no further action:
Finance and Management Services (FMS) has implemented training activities. In May 2009, the Finance Officer, Budget Manager, Revenue Project Manager and Deputy Director began a series of one to two hour training sessions to Administrative Office Managers (AOM) and their lower level administrative staff related to year-end activities. Billed as "refresher" courses, these sessions ranged from a basic overview of the re-appropriation period and auto pay clearing activities to revised programs and using ALDER reports to track the status of appropriations.

In July 2009, FMS initiated a training "academy" to deploy in the Fall. Division Directors and AOM's were interviewed to determine training needs and department employees were surveyed for their input. Courses were developed on key administrative functions, and in October 2009 and in October 2010, the Juneau Academy was held with approximately 254 and 209 DHSS staff attending. Fairbanks Academy was held on September 20-22, 2010 with approximately 32 DHSS staff attending. And the Anchorage Academy was held on October 4-8, 2010 with approximately 215 DHSS staff attending. Approximate 17% of DHSS employees attended one or more classes.

An overview of the cost allocation process was presented at the AOM meeting on November 10, 2009 followed by two days of training for Revenue Unit staff and others on MAXCARS, the department's cost allocation software.

There was ongoing training classes offered for a variety of levels and subject areas during the May-August 2010 timeframe. This focus on training, supervision and mentoring of staff will be on-going in the future and Training Academies are planned for Anchorage and Juneau. DHSS hired a qualified Accountant V to manage the Fiscal Unit effective June 16, 2010.

Report: **02-40009-09**
Finding Number: **06**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **93.558**
Questioned Costs: **$418,573**

CFDA: **10.551**
CFDA: **10.557**
CFDA: **10.561**
CFDA: **93.568**
CFDA: **93.569**
CFDA: **93.767**
CFDA: **93.777**
CFDA: **93.778**
Questioned Costs: **Indeterminate**

Prior Audit Finding:
DHSS Finance Officer should ensure that expenditures are supported by sufficient documentation.

Status/corrective action planned/reasons for no further action:
The Department's previous response and corrective action remains unchanged:

The Department concurs that expenditures should be supported by sufficient documentation. There were two areas involved in this finding, missing support for adjustments in the allocation system and missing support for a payment made by the fiscal office.

Regarding allocation adjustment support, the department has begun a comprehensive review, rebuild and documentation of the federal reporting and revenue collection system. As a part of this project, procedures for the compilation and permanent retention of necessary supporting documentation are being developed and documented. The staff member primarily responsible for entering adjustments into the allocation system is responsible for verifying that supporting documentation is complete and retained.

Repayment of questioned costs is pending.

Report: **02-40009-09**
Finding Number: **08**
Fiscal Year: **2008**
Initial Finding Year: **2002**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.775**
CFDA: **93.778**
CFDA: **93.767**
Questioned Costs: **None**

Prior Audit Finding:
The State's Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function.

Status/corrective action planned/reasons for no further action:
Please refer to the response on finding #17, report 02-40006-06.

Report: **02-40009-09**
Finding Number: **09**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
CFDA: **93.767**
Questioned Costs: **None**

Prior Audit Finding:
DHCS' director should implement written policies and procedures to improve the accounting and reporting of drug rebates.

Status/corrective action planned/reasons for no further action:
This audit finding has been resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40009-09**
Finding Number: **11**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.767**
Questioned Costs: **$16,952**
CFDA: **93.778**
Questioned Costs: **$211,835**

Prior Audit Finding:
We recommend the director of DHSS' Division of Behavioral Health take steps to ensure out-of-state providers of residential psychiatric treatment centers (RPTC) are paid in accordance with federal and state requirements.

Status/corrective action planned/reasons for no further action:
The Department concurs with the need to better document negotiated RPTC rates.

The Division of Behavioral Health (DBH) has made progress in efforts to establish documented policies and procedures to support their negotiated rate agreements with providers. Documented policies and procedures are in place and affected DBH staff has received training to appropriately apply these policies and procedures. Rate negotiations are conducted in accordance with 7 AAC 145.025 and files maintained for each out-of-state residential psychiatric treatment center (RPTC) provider include the cost information provided by the facility in support of their negotiated rates for the services provided. These new policies and procedures are not retroactively applied to rates previously established, and only apply to new and/or updated rates.

Repayment of questioned costs is pending.

Report: **02-40009-09**
Finding Number: **14**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.659**
Questioned Costs: **$41,580**

Prior Audit Finding:
The Director of the Office of Children's Services (OCS) should ensure that Adoption Assistance subsidy payments are made in accordance with federal regulations.

Status/corrective action planned/reasons for no further action:
The questioned costs were refunded in SFY 2009 and ORCA functionality was implemented as scheduled.

This finding is resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40009-09**
Finding Number: **20**
Fiscal Year: **2008**
Initial Finding Year: **2008**

Federal Agency: **HUD**
State Agency: **AHFC**
CFDA: **14.871**
Questioned Costs: **None**

Prior Audit Finding:
According to OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for such determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in procedures, two forms shall be placed in the client folder.

Status/corrective action planned/reasons for no further action:
Please refer to updated response on finding #24, report 02-40010-10.

Report: **02-40010-10** Finding Number: **03** Fiscal Year: **2009** Initial Finding Year: **2009** Federal Agency: **USDOE** State Agency: **DEED** CFDA: **84.367** Questioned Costs: **None**	**Prior Audit Finding:** The Department of Education and Early Development's (DEED) director of Teaching and Learning Support should improve review procedures for Title II, Part A allocations to school districts to ensure compliance with federal requirements. **Status/corrective action planned/reasons for no further action:** The Department has revised and strengthened our procedures and reviewed the allocation worksheet for FY2011 to ensure that it is functioning properly and in compliance with federal requirements. This finding is resolved in accordance with OMB Circular A-133 §_.315.
Report: **02-40010-10** Finding Number: **04** Fiscal Year: **2009** Initial Finding Year: **2008** Federal Agency: **USDA and USDHHS** State Agency: **DHSS** CFDA: **10.561** CFDA: **93.558** CFDA: **93.767** CFDA: **93.778** Questioned Costs: **None**	**Prior Audit Finding:** The Department of Health and Social Services' (DHSS) assistant commissioner should develop adequate controls to ensure the data entered into Maximus Cost Allocation and Rate System (MAXCARS) is accurate and complete. **Status/corrective action planned/reasons for no further action:** Please refer to the response on finding #03, report 02-40009-09.
Report: **02-40010-10** Finding Number: **05** Fiscal Year: **2009** Initial Finding Year: **2008** Federal Agency: **USDA and USDHHS** State Agency: **DHSS** CFDA: **10.561** CFDA: **93.558** CFDA: **93.767** CFDA: **93.778** Questioned Costs: **None**	**Prior Audit Finding:** The DHSS assistant commissioner of Finance and Management Services (FMS) should design and implement internal controls over federal revenue collections. **Status/corrective action planned/reasons for no further action:** Please refer to the response on finding #04, report 02-40009-09.

Report: **02-40010-10** Finding Number: **06** Fiscal Year: **2009** Initial Finding Year: **2008** Federal Agency: **USDA and USDHHS** State Agency: **DHSS** CFDA: **10.561** Questioned Costs: **$16,697** CFDA: **93.268** Questioned Costs: **$41,242** CFDA: **93.558** Questioned Costs: **$4,101** CFDA: **93.767** Questioned Costs: **$18,527** CFDA: **93.778** Questioned Costs: **$104,901**	**Prior Audit Finding:** The DHSS assistant commissioner should ensure that expenditures are supported by sufficient documentation. **Status/corrective action planned/reasons for no further action:** Please refer to the response on finding #06, report 02-40009-09.
Report: **02-40010-10** Finding Number: **07** Fiscal Year: **2009** Initial Finding Year: **2009** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **None**	**Prior Audit Finding:** The DHSS assistant commissioner should work with the cash management section, Department of Revenue (DOR), to ensure all interest liabilities due to federal agency are repaid to federal treasury. **Status/corrective action planned/reasons for no further action:** Based on communication from the federal Financial Management Services, there is no outstanding interest liability. This finding is resolved in accordance with OMB Circular A-133§_.315.
Report: **02-40010-10** Finding Number: **09** Fiscal Year: **2009** Initial Finding Year: **2009** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$120,509**	**Prior Audit Finding:** DHSS' deputy commissioner for Medicaid and Health Care Policy Division should ensure that personal services expenditures charged to Medicaid program comply with federal cost principles. **Status/corrective action planned/reasons for no further action:** Employee time certifications occur every six months. The division has just completed the certifications for the period January through June 2010. Timely notices are sent to staff as a reminder. The drafted policy to staff for employee time certification is the official policy of HCS. However, the policy has not been fully implemented in FY10.
Report: **02-40010-10** Finding Number: **10** Fiscal Year: **2009** Initial Finding Year: **2009** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.658** Questioned Costs: **Indeterminate** CFDA: **93.659** Questioned Costs: **None**	**Prior Audit Finding:** The Office of Children's Services (OCS) director should ensure that the expenditures for training adoptive parents are allocated in accordance with the federally approved PACAP. **Status/corrective action planned/reasons for no further action:** This audit finding has been resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40010-10** Finding Number: **11** Fiscal Year: **2009** Initial Finding Year: **2009** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.658** Questioned Costs: **$319,034** CFDA: **93.659** CFDA: **93.778** Questioned Costs: **None**	**Prior Audit Finding:** The FMS assistant commissioner should improve the exchange of information between divisions to ensure that all necessary adjustments affecting federal draws and changes in the cost allocation processes are communicated to the Revenue Unit. **Status/corrective action planned/reasons for no further action:** This recommendation has been partially resolved. DHSS and OCS updated the PACAP, AKSAS structure, and MAXCARS to automate and improve this process in QE 12/31/09. The new process includes the use of central service centers in MAXCARS, which alleviate the need of entity notes and the manual re-allocation process previously employed. The statistical basis for the reallocation has remained unchanged and is still based on ratios from the unit's timesheets; however, it is now clearly defined as OCS-28 in the PACAP under section VI.1.C.2. The federal draws occur as a separate process. The revenue unit will adjust the foster care program's federal draws in the amount of the questioned costs.
Report: **02-40010-10** Finding Number: **12** Fiscal Year: **2009** Initial Finding Year: **2009** Federal Agency: **USDA and USDHHS** State Agency: **DHSS** CFDA: **10.561** CFDA: **93.558** CFDA: **93.778** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** The DHSS assistant commissioner should ensure that expenditures are allocated to federal programs in accordance with the federally approved PACAP. **Status/corrective action planned/reasons for no further action:** This audit finding has been resolved in accordance with OMB Circular A-133 §_.315.
Report: **02-40010-10** Finding Number: **13** Fiscal Year: **2009** Initial Finding Year: **2009** Federal Agency: **USDA and USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$119,525** CFDA: **10.561** CFDA: **93.767** Questioned Costs: **None**	**Prior Audit Finding:** The DHSS assistant commissioner should establish internal controls over access to MAXCARS. **Status/corrective action planned/reasons for no further action:** DHSS tested the Excel spreadsheet upload into MAXCARS for the quarter ended 6/30/10 for all but one division. Updating security access to MAXCARS is pending successful results of this test. Ongoing consultation with Maximus for FY11 cost allocation support will include recommendations for additional security steps to protect the integrity of MAXCARS data. A decreasing adjustment was processed for the quarter ended 6/30/10 to fully repay the questioned costs

Report: **02-40010-10** Finding Number: **14** Fiscal Year: **2009** Initial Finding Year: **2002** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.775** Questioned Costs: **None** CFDA: **93.767** CFDA: **93.778** Questioned Costs: **Indeterminate**	**Prior Audit Finding:** The State's Medicaid director and the DHSS commissioner should take action to improve the agency's utilization control and program integrity function. **Status/corrective action planned/reasons for no further action:** Please refer to the response on finding #17, report 02-40006-06.
Report: **02-40010-10** Finding Number: **15** Fiscal Year: **2009** Initial Finding Year: **2009** Federal Agency: **USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$152,280** CFDA: **93.767** Questioned Costs: **None**	**Prior Audit Finding:** The DHSS finance officer and the state Medicaid director should develop and enforce policies and procedures to report provider overpayments in accordance with federal requirements. **Status/corrective action planned/reasons for no further action:** This audit finding has been resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40010-10**
Finding Number: **16**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs:
Indeterminate

Prior Audit Finding:
The Division of Health Care Services' (DHCS) director should improve internal controls over the processing and payment of durable medical equipment (DME) claims.

Status/corrective action planned/reasons for no further action:

Adjusted Claims: The Department concurs that there is room for improvement in the current adjustment process. Current practice allows an adjustment to increase units as long as the request is within the allowed amount on the prior authorization. The prior authorization is reflective of the physician's prescription. Not requiring a delivery receipt or other form of proof does leave room for providers to take advantage of the good faith system. As such, the Department intends to address this concern by implementing policy to require additional supporting documentation when a provider requests a positive adjustment to a claim.

Miscellaneous DME Items: The nature of the DME program and the lack sufficient codes to appropriately report specific pieces of DME make multiple payment methodologies and multiple claim adjustments necessary. The Department is required to use the standardized code set designated by the Center for Medicare and Medicaid Services (CMS). Automation of system edits and reimbursement rates is limited by the lack of adequate codes to report services rendered. The Department intends to address some of these concerns by providing policy guidance to providers on appropriate use of miscellaneous codes that will alleviate multiple pricing of the same or similar items under different miscellaneous codes.

Reimbursement Rates: The Department intends to use the regulatory process to standardize the inconsistent payment methodologies developed in response to significant increases in shipping rates. The methodologies utilized ensured Alaska Medicaid recipients received uninterrupted access to medically necessary DME and supplies. Clarification of the requirements for utilizing a payment methodology other than the standard methodology and implementing a regular schedule for updating the DME Fee Schedule are some examples of regulatory changes that will provide the Department better controls for the processing of DME claims.

Prescribing Physicians: While we concur that there are currently no checks to ensure that a prescribing physician is licensed, however entering the name of the requesting physician into the Medicaid information system would only enable verification of physicians enrolled with Alaska Medicaid. Not all prescribing physicians are enrolled with Medicaid and therefore licensing information is not obtainable through the Medicaid information system.

Report: **02-40010-10**
Finding Number: **17**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs: **None**

Prior Audit Finding:
DHCS' director should improve and enforce policies, procedures, and processes over travel claims.

Status/corrective action planned/reasons for no further action:
This audit recommendation has been partially implemented. To implement an automated process to match health care claims with corresponding travel will require new technology. We are hopeful that the new MMIS system will have the capability to systematically review and match travel with a health care claim.

During the month of May 2010, Health Care Services provided face-to-face training for the prior authorization staff. Training emphasized validating the Medicaid criteria for approving travel such as recipient eligibility, traveling for a covered service and to the closest available health care provider that can meet the medical need. Special emphasis was placed on documenting the medically necessary reasons supporting the travel request. In follow up, a policy clarification was presented to the fiscal agent management to ensure that Medicaid policy was adhered to and documentation and processes were standardized.

Although travel throughout Alaska requires travelers maintain a certain flexibility to harmonize the actual travel with breaks in weather, volcano activity and changes in medical appointment or carrier availability, the dates of travel should be reflected on the claim that is submitted to MMIS for payment. The Department will continue to work with the travel contractor in developing procedures to ensure claim service dates match actual dates of travel. In all instances that we are aware of, the actual travel occurred within the dates approved on the prior authorization.

Report: **02-40010-10**
Finding Number: **19**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **USDOL**
State Agency: **DLWD**
CFDA: **17.225**
Questioned Costs: **$81,395**

Prior Audit Finding:
The Department of Labor and Workforce Development's (DLWD) director of the Employment Security Division (ESD) should develop and implement procedures to ensure compliance with allowable costs requirements.

Status/corrective action planned/reasons for no further action:
This audit finding has been resolved in accordance with OMB Circular A-133§_.315.

Report: **02-40010-10**
Finding Number: **20**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **USDOC and USDOI**
State Agency: **DFG**
CFDA: **11.438**
CFDA: **15.605**
CFDA: **15.611**
Questioned Costs: **None**

Prior Audit Finding:
The Department of Fish and Game's (DFG) director of administrative services should develop and implement procedures to ensure the inventory and management of equipment charged to federal programs complies with required federal procedures.

Status/corrective action planned/reasons for no further action:
This audit finding has been resolved in accordance with OMB Circular A-133§_.315.

Report: **02-40010-10**
Finding Number: **24**
Fiscal Year: **2009**
Initial Finding Year: **2008**

Federal Agency: **HUD**
State Agency: **AHFC**
CFDA: **14.871**
Questioned Costs: **None**

Prior Audit Finding:
Department of Housing and Urban Development – Section 8 Housing Choice Vouchers. According to the OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in the procedures, two forms shall be placed in the client folder.

Status/corrective action planned/reasons for no further action:
This remains a finding in the current year. See finding #27, report 02-40011-11.

The Public Housing Division considers this finding resolved. In both instances, documentation of reasonable rent was obtained and placed in the file verifying that the rent was indeed reasonable. With regard to the reoccurrence of the finding, staff is well versed in what is reasonable rent based largely on their professional experience with the rental market; however, the mechanism for documentation has shortcomings due to reliance upon paper verifications which can easily become outdated.

In August 2010 AHFC issued notice of intent to award to the firm, YARDI, for new PHD software. The new software will contain and electronic database of comparable rent, ensuring a much more foolproof method of documentation. Summarizing from their sample report literature: the market survey comparable report provides a date specified comparison of the selected property to comparable properties; if grouped by property, the software will generate a graph that represents the market base rent, rent per square foot or effective rent. None of these capabilities exist with the current software.

Report: **02-40010-10**
Finding Number: **25**
Fiscal Year: **2009**
Initial Finding Year: **2009**

Federal Agency: **HUD**
State Agency: **AHFC**
CFDA: **14.871**
Questioned Costs: **None**

Prior Audit Finding:
Department of Housing and Urban Development – Section 8 Housing Choice Vouchers. According to OMB A-133 Compliance Supplement, the public housing agency (PHA) must use third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Status/corrective action planned/reasons for no further action:
This remains a finding in the current year. See finding #28, report 02-40011-11.

The Public Housing Division considers this finding resolved. Corrective action was taken to address the two questionable files. Technically, 3rd party verifications of income were not in the file, but lesser verifications were. Staff subsequently secured electronic 3rd party verification in both instances that corroborated the fact that the income calculation was correct. Staff is now required to use the federal EIV (Enterprise Income Verification) database for all recipients of housing assistance and again at annual reviews. Training on the system occurred at the annual fall workshop and independently through HUD.

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STATE OF ALASKA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2010

The State of Alaska is required by *OMB Circular A-133* to submit a corrective action plan for the findings in the *Statewide Single Audit for the Fiscal Year Ended June 30, 2010*. The corrective action plan is incorporated in the agencies' responses to the auditor's recommendations in Section II – Recommendations and Questioned Costs. The agency response for each recommendation immediately follows the auditor's recommendation. A complete copy of each agency's response letter including attachments, if any, is also contained in Section IV – APPENDICES.

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SECTION IV – APPENDICES

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
ALASKA AEROSPACE CORPORATION							
Military Construction, National Guard	USDOD		12.400	W91ZRU-06-2-3038		3,954,720	-
Total for ALASKA AEROSPACE CORPORATION						**3,954,720**	**-**
ALASKA COMMISSION ON POSTSECONDARY EDUCATION							
Leveraging Educational Assistance Partnership	USDOE		84.069A	N069A090002		49,666	-
Special Leveraging Educational Assistance Partnership	USDOE		84.069B	N069B090001A		63,858	-
College Access Challenge Grant Program	USDOE		84.378A	P378A080025		256,906	-
Total for ALASKA COMMISSION ON POSTSECONDARY EDUCATION						**370,430**	**-**
ALASKA ENERGY AUTHORITY							
Assistance to High Energy Cost Rural Communities	USDA		10.859	Various		990,163	900,795
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	EPA		66.034	XA-960429-01		9,481	-
State Energy Program (Pass-through from University of Washington)	ENERGY		81.041	F07-52105-001		2,367	-
Renewable Energy Research and Development (Pass-through from University of Washington)	ENERGY		81.087	DE-EE0001110		41,262	-
Renewable Energy Research and Development	ENERGY		81.087	DE-FG36-05GO85038		572,106	548,012
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	ENERGY		81.117	DE-FG3604R021600		33,633	-
Electricity Delivery and Energy Reliability, Research, Development and Analysis	ENERGY		81.122	DE-FG0706ID14790		121,360	121,360
Denali Commission Program	DC		90.100	Various		12,457,216	9,627,953
Total for ALASKA ENERGY AUTHORITY						**14,227,588**	**11,198,120**
ALASKA HOUSING FINANCE CORPORATION							
Very Low to Moderate Income Housing Loans	USDA		10.410			77,386	-
Mortgage Insurance - Homes	HUD		14.117			4,670,899	-
Section 8 New Construction/Substantial Rehabilitation	HUD		14.182		S8PBC	2,193,533	-
Section 8 Housing Assistance Payments Program	HUD		14.195		S8PBC	7,894,156	-
Community Development Block Grants/Entitlement Grants	HUD		14.218		CEGC	9,984,987	9,194,959
Community Development Block Grants /Technical Assistance Program	HUD		14.227			135,057	135,057
Supportive Housing Program	HUD		14.235			10,614	10,614
Shelter Plus Care	HUD		14.238			583,659	559,006
HOME Investment Partnerships Program	HUD		14.239			3,958,084	3,743,513
Housing Opportunities for Persons with AIDS	HUD		14.241			516,183	516,183
Section 8 Moderate Rehabilitation Single Room Occupancy	HUD		14.249		S8PBC	395,579	329,152
ARRA-Homelessness Prevention and Rapid Re-Housing Program	HUD	**ARRA**	14.257			672,768	672,768
ARRA-Tax Credit Assistance Program	HUD	**ARRA**	14.258			2,651,888	2,651,888
Public and Indian Housing-Indian Loan Guarantee Program	HUD		14.865			715,743	-
Resident Opportunity and Supportive Services - Service Coordinators	HUD		14.870			37,502	37,502
Public Housing Neighborhood Networks Grants	HUD		14.875			113,750	92,028
Moving to Work Demonstration Program	HUD		14.881			45,342,555	-
ARRA-Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded	HUD	**ARRA**	14.885		CFPC	2,376,412	-
Veterans Housing - Guaranteed and Insured Loans	USDVA		64.114			6,872,228	-
State Energy Program	ENERGY		81.041			246,204	-
ARRA-Weatherization Assistance for Low-Income Persons	ENERGY	**ARRA**	81.042			191,624	30,211
Weatherization Assistance for Low-Income Persons	ENERGY		81.042			2,685,830	2,179,649
ARRA-Energy Efficient Appliance Rebate Program (EEARP)	ENERGY	**ARRA**	81.127			39,200	-
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY	**ARRA**	81.128			330,248	329,766
Denali Commission Program	DC		90.100			5,541,351	5,238,810
Low-Income Home Energy Assistance	USDHHS		93.568			898,563	317,004
Total for ALASKA HOUSING FINANCE CORPORATION						**99,136,003**	**26,038,110**
ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY							
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-04-0012-00	FTC	646,932	-
Total for ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY						**646,932**	**-**
ALASKA PERMANENT FUND CORPORATION							
Distribution of Receipts to State and Local Governments	USDOI		15.227	National Petroleum Reserve - Alaska special revenue fund transfer to Permanent Fund principal		66,980	-
Total for ALASKA PERMANENT FUND CORPORATION						**66,980**	**-**
ALASKA RAILROAD CORPORATION							
Long Term Standing Agreements for Storage, Transportation and Lease	USDA		10.999	05DG11100000226		51,945	-
2008 Access to Joint Tanana Training Complex (2008)	USDOD		12.999	DTFR53-08-G-00008		2,848,055	-
FY 2005-Military Installations Track Realignment (Track Realignment – Elmendorf AFB and Ft. Richardson 2005) (Pass-through from FRA)	USDOD		12.999	DTFRDV-05-G-00005		12,403	-
Northern Line Realignment & Extension	USDOD		12.999	DTFRDV-05-G-00006		69,410	-

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
FY 2006 Locomotives and Rail Cars to Support the Stryker Brigade (Locomotive/Railcars to Support Stryker Brigade - 2006)	USDOD		12.999	DTFRDV-06-G-00007		50,807	-
Fort Wainwright/Eielson AFB Track Realignment (Track Realignment - Ft. Wainwright 2007)	USDOD		12.999	DTFRDV-06-G-00008		12,241	-
Fort Wainwright/Eielson AFB Track Realignment (Track Realignment - Ft. Wainwright 2007)	USDOD		12.999	DTFRDV-07-G-00005		(5,121)	-
Northern Line Extension (2007)	USDOD		12.999	DTFRDV-07-G-00006		950,978	-
Railroad Development	USDOT		20.314	FR-RRR-0005-08-01-00		370,858	-
Railroad Development	USDOT		20.314	FR-RRR-0010-08-01-00		82,111	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-03-0035	FTC	74,269	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-03-0039	FTC	43,403	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-03-0052	FTC	2,003	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-03-0059	FTC	150,207	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-04-0003	FTC	294,242	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0007	FTC	7,051	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0009	FTC	153,141	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0010	FTC	703,875	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0011	FTC	1,197,916	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0013	FTC	1,980,718	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0014	FTC	8,393,253	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0015	FTC	2,943,721	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0016	FTC	2,557,409	-
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-55-0003	FTC	20,807	-
ARRA-Federal Transit - Formula Grants	USDOT	**ARRA**	20.507	AK-69-X001-00	FTC	11,750,092	-
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X039-00	FTC	337,803	-
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X043-00	FTC	335,670	-
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X047-00	FTC	125,200	-
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X050-00	FTC	265,543	-
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X053-00	FTC	3,443,950	-
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X054-00	FTC	15,494,494	-
Paul S. Sarbanes Transit in the Parks	USDOT		20.520	AK-20-X001-00		241,978	-
Luminescent Grade Crossing-R&D - 2005	USDOT		20.999	DTFR53-05-G-00005		643	-
Collision Avoidance System-2008	USDOT		20.999	DTFR53-08-G-00004		(143,280)	-
Anchorage International Airport Rail Passenger Station - 1999	USDOT		20.999	DTFRDV-99-G-60005		911,729	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	1663-DR-AK		184,608	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	1796-DR-AK		170,802	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	1843-DR-AK		683,064	-
Hazard Mitigation Grant	USDHS		97.039	1445.0006		2,435	-
Hazard Mitigation Grant	USDHS		97.039	HMGP-1584.0004		1,609	-
Hazard Mitigation Grant	USDHS		97.039	HMGP-1618.0003		706	-
Hazard Mitigation Grant	USDHS		97.039	HMGP-1663.0008		1,073	-
Hazard Mitigation Grant	USDHS		97.039	HMGP-1666.0003		2,619	-
Hazard Mitigation Grant	USDHS		97.039	HMGP-1666.0004		43	-
Hazard Mitigation Grant	USDHS		97.039	HMGP-1669.0002		3,168	-
Port Security Grant Program	USDHS		97.056	2007-GB-T7-0208		1,941	-
Port Security Grant Program	USDHS		97.056	2007-GB-T7-0248		20,757	-
Port Security Grant Program	USDHS		97.056	2007-GB-T7-0249		1,579	-
Port Security Grant Program	USDHS		97.056	2007-GB-T7-K078		4,867	-
Port Security Grant Program	USDHS		97.056	2008-GB-T7-0026		13,703	-
Port Security Grant Program	USDHS		97.056	2008-GB-T7-0027		4,667	-
Total for ALASKA RAILROAD CORPORATION						**56,827,165**	**-**
ALASKA STUDENT LOAN CORPORATION							
Federal Family Education Loans	USDOE		84.032L		SFAC	(4,076,332)	-
Total for ALASKA STUDENT LOAN CORPORATION						**(4,076,332)**	**-**
ALASKA SEAFOOD MARKETING INSTITUTE							
Market Access Program	USDA		10.601	Export Marketing		4,611,169	-
Total for ALASKA SEAFOOD MARKETING INSTITUTE						**4,611,169**	**-**
ALASKA COURT SYSTEM / ALASKA JUDICIAL COUNCIL							
Drug Court Discretionary Grant Program	USDOJ		16.585	2003-DC-BX-0059		51,219	-
Fund for Justice and Education for the Color of Justice Program (Pass-through Council on Legal Education Opportunity)	USDOE		84.936	P936A070001 & P936A080001		2,836	-
State Court Improvement Program	USDHHS		93.586	0701AKSCIP		26,266	-
State Court Improvement Program	USDHHS		93.586	0701AKSCIT		24,336	-
State Court Improvement Program	USDHHS		93.586	0801AKSCID		98,995	-
State Court Improvement Program	USDHHS		93.586	0801AKSCIP		104,046	-
State Court Improvement Program	USDHHS		93.586	0801AKSCIT		25,814	-
State Court Improvement Program	USDHHS		93.586	0901AKSCIP		57,813	-
State Court Improvement Program	USDHHS		93.586	0901AKSCIT		4,711	-
Grants to States for Access and Visitation Programs	USDHHS		93.597	0902AKSAVP		70,723	-
Total for ALASKA COURT SYSTEM / ALASKA JUDICIAL COUNCIL						**466,759**	**-**

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT							
Schools and Roads - Grants to States	USDA		10.665	National Forest Receipts AR 29535	SRC	18,667,237	18,667,237
Community Facilities Loans and Grants	USDA		10.766	Rural Internet Access AR 32680, nothing for AR 30720 for FY10		674,705	668,745
Economic Adjustment Assistance	USDOC		11.307	Fed Rural Tourism and CEDA 29697, 30644, 32738	PWEDC	367,365	32,720
Economic Adjustment Assistance	USDOC		11.307	Small Business Economic Development Loan Fund	PWEDC	816,241	1,079,139
Coastal Zone Management Administration Awards	USDOC		11.419	10937, 29799, 31593, 30634		910,753	753,584
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	HUD		14.228	6046, 10933, 10944, 30637, 32736, 56189, 56202	SSCPC	1,677,756	1,520,369
Forestry on Indian Lands	USDOI		15.035	8E00440122		95,000	
Payments in Lieu of Taxes	USDOI		15.226	Payments in Lieu of Taxes		10,202,247	10,202,247
Distribution of Receipts to State and Local Governments	USDOI		15.227	National Petroleum Reserve Alaska Impact Mitigation		13,055,519	13,055,519
Coastal Impact Assistance Program (CIAP)	USDOI		15.426	30527, 30529, 30530, 30534, 29818-10		-	81,773
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	USDOJ		16.580	2009-PM-BX-0010 Prescription Drug Monitoring		21,698	-
Payments for Small Community Air Service Development	USDOT		20.930	Small Air Service RS 2572082 AR 32744, 31583		3,976	-
Rural Alaska Financial Education	USTreas		21.999	29715, 32750		162,630	157,332
Congressionally Mandated Projects	EPA		66.202	Rural Utility Business Advisor		1,488,467	105,295
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis	ENERGY	**ARRA**	81.122	DE-OE0000170		7,421	-
ARRA-State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act	USDOE	**ARRA**	84.397	29532 Government Services	SFSFC	14,703,987	14,703,987
Denali Commission Program	DC		90.100	32684, 32712, 31550, 32751, 32733		268,734	11,801
Community Services Block Grant	USDHHS		93.569	6047, 30635, 10943	CSBGC	2,827,808	2,688,862
ARRA-Community Services Block Grant	USDHHS	**ARRA**	93.710	30641 G-0901 AKCOS2	CSBGC	2,739,109	2,739,109
State Commissions	USCNCS		94.003	07CAHAK001, 10CAHAK001 Serve AK Administrative		126,154	
Learn and Serve America - School and Community Based Programs	USCNCS		94.004	06KSPAK001, 09KSPAK001 Serve AK Learn & Serve		40,424	20,556
ARRA-AmeriCorps	USCNCS	**ARRA**	94.006	29522, 29521		224,413	224,413
AmeriCorps	USCNCS		94.006	06AFHAK001, 07ACHAK001 Formula, Competitive		1,934,043	1,934,043
Program Development and Innovation Grants	USCNCS		94.007	29796, 29804		66,119	14,181
Training and Technical Assistance	USCNCS		94.009	08PTHAK001 Program Development		93,336	2,573
Community Assistance Program State Support Services Element (CAP-SSSE)	USDHS		97.023	29813, 29803, 32714		120,406	-
Cooperating Technical Partners	USDHS		97.045	EMS-2009-GR-0014 Cooperating Technical Partners		25,385	-
Pre-Disaster Mitigation	USDHS		97.047	31594, 29809 8E00440122		95,000	-
Map Modernization Management Support	USDHS		97.070	EMS-2007-GR-0003 Map Modernization		7,419	-
Total for DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMI						**71,423,352**	**68,663,485**
DEPARTMENT OF ENVIRONMENTAL CONSERVATION							
Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025			163,121	-
Food Safety Cooperative Agreements	USDA		10.479			160,539	-
Water and Waste Disposal Systems for Rural Communities	USDA		10.760			10,489,555	730,023
State Memorandum of Agreement Program for the Reimbursement of Technical Services	USDOD		12.113			2,105,873	-

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
USAF Elmendorf Site Cleanup	USDOD		12.999			330	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	EPA		66.034			212,843	-
ARRA-State Clean Diesel Grant Program	EPA	**ARRA**	66.040			325,627	-
State Clean Diesel Grant Program	EPA		66.040			49,543	-
Congressionally Mandated Projects	EPA		66.202			23,453,421	2,443,269
State Environmental Justice Cooperative Agreement Program	EPA		66.312			50,706	-
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419			392,607	-
State Public Water System Supervision	EPA		66.432			2,289,937	-
ARRA-Water Quality Management Planning	EPA	**ARRA**	66.454			120,923	-
Water Quality Management Planning	EPA		66.454			99,747	-
ARRA-Capitalization Grants for Clean Water State Revolving Funds	EPA	**ARRA**	66.458			5,436,842	5,159,641
Capitalization Grants for Clean Water State Revolving Funds	EPA		66.458			5,324,069	5,034,757
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	EPA	**ARRA**	66.468			5,622,707	5,054,265
Capitalization Grants for Drinking Water State Revolving Funds	EPA		66.468			15,223,007	12,447,811
Beach Monitoring and Notification Program Implementation Grants	EPA		66.472			123,034	17,128
Water Protection Grants to the States	EPA		66.474			92,778	-
Office of Research and Development Consolidated	EPA		66.511			73,288	-
Performance Partnership Grants	EPA		66.605			5,767,877	277,381
Environmental Information Exchange Network Grant Program and Related Assistance	EPA		66.608			62,849	-
Consolidated Pesticide Enforcement Cooperative Agreements	EPA		66.700			284,310	-
Pollution Prevention Grants Program	EPA		66.708			85,214	-
Underground Storage Tank Prevention, Detection and Compliance Program	EPA		66.804			286,559	-
ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA	**ARRA**	66.805			311,210	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA		66.805			354,663	-
Superfund State and Indian Tribe Core Program Cooperative Agreements	EPA		66.809			121,026	-
State and Tribal Response Program Grants	EPA		66.817			629,753	-
Denali Commission Program	DC		90.100			197,821	-
Tribal Self-Governance Program: IHS Compacts/Funding Agreements (Pass-through from ANTHC)	USDHHS		93.210			5,622,164	-
ARRA-IHS Tribal Agreements (Pass-through from ANTHC)	USDHHS	**ARRA**	93.722			6,991,768	-
FDA Program Standards Funding	USDHHS		93.999	Pur Req 1058986		1,000	-
Pesticide Recordkeeping	USDA		10.12-25-A-5095			16,629	-
Forest Service Regulatory Oversight	USDA		10.AG-0109-P-08-0028			778	-
Miscellaneous Inspection Service	USDOC		11.45ABNAON0252			3,516	-
NOAA Pribilof Island Restoration	USDOC		11.AB133C06SE3435			1,115	-
Bureau of Land Management Oversight	USDOI		15.L10PA00439			39,710	-
Bureau of Land Management Oversight	USDOI		15.LAB072032			7,134	-
National Park Service Oversight	USDOI		15.P9917100001			21,802	-
National Park Service Oversight	USDOI		15.P9917900004			7,134	-
Clean up Contaminated Sites in AK	USDOT		20.DTFAAL-04X-8000			114,540	-
LUST Trust Cost Recovery	EPA		66.LUST Trust Cost Recovery			55,536	-
Amchitka Oversight Monitoring	USDOE		84.DE-FG01-06LM00075			44,335	-
FDA Food Inspections	USDHHS		93.HHSF223200840135C			(1,156)	-
FDA Food Inspections	USDHHS		93.HHSF223200940021C			1,025,723	-
US Coast Guard Oversight - Kodiak	USDHS		97.HSCG5010P643H12			1,920	-
US Coast Guard Oversight - Juneau	USDHS		97.HSCG8709P6XA001			477	-
US Coast Guard Oversight - Juneau	USDHS		97.HSCG8710P6XA001			7,391	-
Total for DEPARTMENT OF ENVIRONMENTAL CONSERVATION						**93,873,295**	**31,164,275**
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT							
School Breakfast Program	USDA		10.553	17131	CNC	6,733,821	6,733,821
National School Lunch Program	USDA		10.555	17132	CNC	27,637,125	27,637,125
National School Lunch Program - Food Commodities	USDA		10.555	17132	CNC	1,906,537	1,906,537
Special Milk Program for Children	USDA		10.556	17133	CNC	12,570	12,570
Child and Adult Care Food Program	USDA		10.558	17134		8,207,160	8,110,564
Summer Food Service Program for Children	USDA		10.559	17137	CNC	1,039,360	951,357
State Administrative Expenses for Child Nutrition	USDA		10.560	17135		711,493	-
ARRA-Emergency Food Assistance Program (Administrative Costs)	USDA	**ARRA**	10.568	17196	EFAC	58,087	58,087
Emergency Food Assistance Program (Administrative Costs)	USDA		10.568	17138	EFAC	109,124	92,603
Emergency Food Assistance Program (Food Commodities)	USDA		10.569		EFAC	2,073,499	2,073,499
Team Nutrition Grants	USDA		10.574	17400		80,763	-
ARRA-Child Nutrition Discretionary Grants Limited Availability	USDA	**ARRA**	10.579	17195		226,506	180,923
Fresh Fruit and Vegetable Program	USDA		10.582	17166		609,820	596,481
Troops to Teachers	USDOD		12.999	17178		5,832	-
Jobs and Growth Tax Relief Reconciliation Act of 2003	USTreas		21.999			174,471	-
ARRA-Promotion of the Arts -Partnership Agreements	NEA	**ARRA**	45.025	17352		290,000	250,000
Promotion of the Arts - Partnership Agreements	NEA		45.025	17335		723,437	270,725
21st Century Museum Professionals	IMLS		45.307	17276		57,282	-
Grants to States	IMLS		45.310	17336		940,254	624,339
National Leadership Grants	IMLS		45.312	17278		14,149	-

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Title I Grants to Local Educational Agencies	USDOE		84.010	17126	TIAC	35,460,226	34,851,597
Migrant Education - State Grant Program	USDOE		84.011	17127		6,280,830	5,740,229
Title I State Agency Program for Neglected and Delinquent Children	USDOE		84.013	17129		261,713	259,452
Special Education - Grants to States	USDOE		84.027	17232	SEC	38,093,599	34,801,540
Impact Aid	USDOE		84.041	17238	IAC	31,591,131	-
Career and Technical Education - Basic Grants to States	USDOE		84.048	17244		4,635,174	3,510,758
Migrant Education - Coordination Program	USDOE		84.144	17167		32,041	-
Rehabilitation Services - Client Assistance Program	USDOE		84.161	17152		123,227	-
Special Education - Preschool Grants	USDOE		84.173	17242	SEC	1,122,899	1,016,890
Byrd Honors Scholarships	USDOE		84.185	17254		98,250	-
Safe and Drug-Free Schools and Communities - State Grants	USDOE		84.186	17255		1,607,994	1,550,692
Education for Homeless Children and Youth	USDOE		84.196	17257	EHCY	121,480	84,401
Even Start - State Educational Agencies	USDOE		84.213	17264		304,965	286,574
Fund for the Improvement of Education	USDOE		84.215	17231		179,767	-
Tech-Prep Education	USDOE		84.243	17246		481,285	-
Twenty-First Century Community Learning Centers	USDOE		84.287	17271		4,839,898	4,719,238
State Grants for Innovative Programs	USDOE		84.298	17267		46,713	14,925
Education Technology State Grants	USDOE		84.318	17241	ETSGC	903,658	683,481
Special Education - State Personnel Development	USDOE		84.323	17159		715,000	47,623
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	USDOE		84.330	17122		19,090	-
Transition to Teaching	USDOE		84.350	17164		575,525	-
Reading First State Grants	USDOE		84.357	17273		773,250	582,976
Rural Education	USDOE		84.358	17373		43,010	-
School Leadership	USDOE		84.363	17189		118,998	-
English Language Acquisition Grants	USDOE		84.365	17175		1,098,122	972,343
Mathematics and Science Partnerships	USDOE		84.366	17252		338,326	-
Improving Teacher Quality State Grants	USDOE		84.367	17172		11,897,027	10,988,964
Grants for State Assessments and Related Activities	USDOE		84.369	17171		3,834,613	-
Statewide Data Systems	USDOE		84.372	17274	SDSC	372,598	-
School Improvement Grants	USDOE		84.377	17165	SIGC	1,209,079	1,177,170
ARRA-Education Technology State Grants, Recovery Act	USDOE	**ARRA**	84.386	17197	ETSGC	1,081,020	1,081,020
ARRA-Education for Homeless Children and Youth, Recovery Act	USDOE	**ARRA**	84.387	17193	EHCY	85,067	85,067
ARRA-State Improvement Grants, Recovery Act	USDOE	**ARRA**	84.388	17198	SIGC	11,161	-
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	USDOE	**ARRA**	84.389	17194	TIAC	10,767,645	10,767,645
ARRA-Special Education Grants to States, Recovery Act	USDOE	**ARRA**	84.391	17191	SEC	12,804,750	12,804,750
ARRA-Special Education-Preschool Grants, Recovery Act	USDOE	**ARRA**	84.392	17192	SEC	370,759	370,759
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	USDOE	**ARRA**	84.394	17398	SFSFC	21,972,713	21,972,713
Consolidated Programs IASA Admin	USDOE		84.999	17300		1,241,055	-
National Historical Publications and Records Grants	NARA		89.003	17141		15,328	-
Head Start	USDHHS		93.600	17330	HDSC	168,400	47,903
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	USDHHS		93.938	17308		219,492	47,269
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	USDHHS		93.946	17401		9,400	-
Total for DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT						**247,537,568**	**197,964,610**
DEPARTMENT OF FISH AND GAME							
Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025			83,589	-
ARRA-Aquaculture Grants Program (AGP)	USDA	**ARRA**	10.086		R&DC	94,066	94,066
Miscellaneous U.S. Forest Service	USDA		10.999			487,770	-
Anadromous Fish Conservation Act Program	USDOC		11.405			60,843	-
Interjurisdictional Fisheries Act of 1986	USDOC		11.407			140,752	-
Sea Grant Support	USDOC		11.417			441,392	-
Coastal Zone Management Estuarine Research Reserves	USDOC		11.420			858,555	-
Pacific Fisheries Data Program (Pass-through from Pacific States Marine Fisheries Commission)	USDOC		11.437	Contract 10-02 AKFIN 2009-2010		2,201,556	-
Pacific Fisheries Data Program	USDOC		11.437			2,683,797	-
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438			19,665,314	2,134,381
Marine Mammal Data Program (Pass-through from North Slope Borough)	USDOC		11.439	Contract 2009-092		15,550	-
Marine Mammal Data Program	USDOC		11.439			2,141,601	-
Regional Fishery Management Council	USDOC		11.441			9,540	-
Unallied Science Program (Pass-through from North Slope Borough)	USDOC		11.472	Contract 2009-092		50,878	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Contract 823		25,197	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Contract B69		84,806	-
Miscellaneous NOAA	USDOC		11.999			442,336	-
Military Medical Research and Development	USDOD		12.420			73,012	-
Miscellaneous Army	USDOD		12.999			395,274	-
Cooperative Inspection Agreements with States and Tribes	USDOI		15.222			3,875	-
Recreation Resource Management	USDOI		15.225			51,899	-

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	USDOI		15.231	Contract 2007-0097-001 #6927		25,477	-
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	USDOI		15.231	Contract 2007-0097-002		50,471	-
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from I.M. Systems Group)	USDOI		15.231	Contract DG133C-04-BU-0003/0020		2,884	-
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231			26,594	-
Challenge Cost Share	USDOI		15.238			136,734	-
Sport Fish Restoration Program	USDOI		15.605		F&WC	17,544,634	243,558
Fish and Wildlife Management Assistance (Pass-through from National Fish & Wildlife Foundation)	USDOI		15.608	Contract 2009-0035-006-14870		119,170	-
Fish and Wildlife Management Assistance	USDOI		15.608			1,132,405	-
Wildlife Restoration	USDOI		15.611		F&WC	12,297,020	-
Cooperative Endangered Species Conservation Fund	USDOI		15.615			48,611	-
Firearm and Bow Hunter Education and Safety Program	USDOI		15.626			79,283	-
Coastal Program	USDOI		15.630			10,824	-
Partners for Fish and Wildlife	USDOI		15.631			20,708	-
Landowner Incentive Program	USDOI		15.633			15,487	-
State Wildlife Grants	USDOI		15.634			3,185,025	-
Alaska Subsistence Management	USDOI		15.636			2,075,540	-
Challenge Cost Share	USDOI		15.642			8,000	-
Migratory Bird Monitoring, Assessment and Conservation	USDOI		15.655			6,647	-
Miscellaneous U.S. Fish and Wildlife Service	USDOI		15.999			765,083	-
Miscellaneous Minerals Management Services	USDOI		15.999			131,226	-
Miscellaneous Bureau of Land Management	USDOI		15.999			84,847	-
Miscellaneous National Park Service	USDOI		15.999			87,440	-
Regional Wetland Program Development Grants	EPA		66.461			6,258	-
Miscellaneous Homeland Security	USDHS		97.999			5,554	-
Total for DEPARTMENT OF FISH AND GAME						**67,877,524**	**2,472,005**
DEPARTMENT OF HEALTH AND SOCIAL SERVICES							
Supplemental Nutrition Assistance Program	USDA		10.551		SNAP	154,545,741	57,700
Special Supplemental Nutrition Program for Women, Infants, and Children	USDA		10.557			24,908,956	5,495,225
ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA	**ARRA**	10.561		SNAP	327,004	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA		10.561		SNAP	9,762,721	-
Commodity Supplemental Food Program	USDA		10.565			-	165,759
Senior Farmers Market Nutrition Program	USDA		10.576			-	62,670
Juvenile Accountability Block Grants	USDOJ		16.523			165,845	-
Education, Training and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	USDOJ		16.529			69,683	-
Juvenile Justice and Delinquency Prevention - Allocation to States	USDOJ		16.540			435,502	133,953
Part E - Developing, Testing and Demonstrating Promising New Programs	USDOJ		16.541			376,708	331,667
Youth Gang Prevention	USDOJ		16.544			69,318	-
Title V - Delinquency Prevention Program	USDOJ		16.548			238,064	210,250
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	USDOJ		16.580			34,335	-
Enforcing Underage Drinking Laws Program	USDOJ		16.727			240,669	111,490
WIA Youth Activities	USDOL		17.259		WIAC	-	209,032
Disability Employment Policy Development	USDOL		17.720			220,743	-
Rehabilitation Services - Client Assistance Program	USDOE		84.161			-	98,357
Special Education - Grants for Infants and Families	USDOE		84.181		EISC	1,922,411	1,405,350
ARRA-Special Education-Grants for Infants and Families, Recovery Act	USDOE	**ARRA**	84.393		EISC	294,307	194,947
Denali Commission Program	DC		90.100			4,200,405	4,264,524
Compassion Capital Fund	USDHHS		93.009			470,591	-
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	USDHHS		93.042			73,620	-
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	USDHHS		93.043			103,139	91,419
Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	USDHHS		93.044		AC	1,678,492	1,826,470
Special Program for the Aging - Title III, Part C - Nutrition Services	USDHHS		93.045		AC	2,690,356	2,585,945
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	USDHHS		93.048			132,590	38,429
National Family Caregiver Support, Title III, Part E	USDHHS		93.052			666,368	768,823
Nutrition Services Incentive Program	USDHHS		93.053		AC	255,617	-
Public Health Emergency Preparedness	USDHHS		93.069			8,256,292	1,245,500
ARRA-Medicare Enrollment Assistance Program	USDHHS	**ARRA**	93.071			1,513	-
Maternal and Child Health Federal Consolidated Programs	USDHHS		93.110			681,811	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	USDHHS		93.116			581,823	36,801
Emergency Medical Services for Children	USDHHS		93.127			120,525	-

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	USDHHS		93.130			456,609	-
Injury Prevention and Control Research and State and Community Based Programs	USDHHS		93.136			158,377	-
Projects for Assistance in Transition from Homelessness (PATH)	USDHHS		93.150			296,375	300,000
Urban Indian Health Services	USDHHS		93.193			82,777	-
Family Planning - Services	USDHHS		93.217			673,732	122,256
Traumatic Brain Injury State Demonstration Grant Program	USDHHS		93.234			79,593	30,000
Grants for Dental Public Health Residency Training	USDHHS		93.236			17,410	-
State Capacity Building	USDHHS		93.240			268,638	-
State Rural Hospital Flexibility Program	USDHHS		93.241			476,473	105,465
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	USDHHS		93.243			488,950	203,729
Universal Newborn Hearing Screening	USDHHS		93.251			244,180	25,000
Rural Access to Emergency Devices Grant	USDHHS		93.259			4,467	-
Occupational Safety and Health Program	USDHHS		93.262			-	38,585
Immunization Grants	USDHHS		93.268		IC	14,892,733	82,113
Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS		93.283			6,191,447	5,000
Small Rural Hospital Improvement Grant Program	USDHHS		93.301			146,698	-
ARRA-State Primary Care Office	USDHHS	**ARRA**	93.414			30,429	-
Promoting Safe and Stable Families	USDHHS		93.556			705,861	716,995
Temporary Assistance for Needy Families	USDHHS		93.558		TANFC	25,087,747	-
Low-Income Home Energy Assistance	USDHHS		93.568			16,578,276	-
Child Care and Development Block Grant	USDHHS		93.575		CCC	27,971,279	6,640,167
Community-Based Child Abuse Prevention Grants	USDHHS		93.590			174,299	234,070
Welfare Reform Research, Evaluations and National Studies	USDHHS		93.595			-	43,666
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	USDHHS		93.596		CCC	3,544,811	-
Chafee Education and Training Vouchers Program (ETV)	USDHHS		93.599			157,603	-
Adoption Incentive Payments	USDHHS		93.603			191,817	-
Developmental Disabilities Basic Support and Advocacy Grants	USDHHS		93.630			417,769	-
Children's Justice Grants to States	USDHHS		93.643			43,112	452,341
Child Welfare Services - State Grants	USDHHS		93.645			297,072	-
ARRA-Foster Care, Title IV-E	USDHHS	**ARRA**	93.658			366,541	-
Foster Care, Title IV-E	USDHHS		93.658			12,670,192	712,081
ARRA-Adoption Assistance	USDHHS	**ARRA**	93.659			1,122,167	-
Adoption Assistance	USDHHS		93.659			9,945,174	-
Social Services Block Grant	USDHHS		93.667			9,217,786	585,461
Chafee Foster Care Independence Program	USDHHS		93.674			360,709	90,000
ARRA-Aging Home-Delivered Nutrition Services for States	USDHHS	**ARRA**	93.705		AC	160,000	156,593
ARRA-Aging Congregate Nutrition Services for States	USDHHS	**ARRA**	93.707		AC	325,000	280,768
ARRA-Child Care and Development Block Grant	USDHHS	**ARRA**	93.713		CCC	2,018,048	-
ARRA-Preventing Healthcare-Associated Infections	USDHHS	**ARRA**	93.717			36,994	-
ARRA-Prevention and Wellness-State, Territories and Pacific Islands	USDHHS	**ARRA**	93.723			49,995	-
Children's Health Insurance Program	USDHHS		93.767			17,760,981	-
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	USDHHS		93.768			573,214	-
Medicare - Hospital Insurance	USDHHS		93.773			1,044,484	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	USDHHS		93.777		MC	376,921	-
ARRA-Medical Assistance Program	USDHHS	**ARRA**	93.778		MC	102,594,997	-
Medical Assistance Program	USDHHS		93.778		MC	751,726,377	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	USDHHS		93.779			413,263	215,054
Alternatives to Psychiatric Residential Treatment Facilities for Children	USDHHS		93.789			3,202	-
Specially Selected Health Projects	USDHHS		93.888			104,448	-
National Bioterrorism Hospital Preparedness Program	USDHHS		93.889			1,265,492	329,560
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	USDHHS		93.912			-	5,000
Grants to States for Operation of Offices of Rural Health	USDHHS		93.913			150,126	-
HIV Care Formula Grants	USDHHS		93.917			1,210,643	415,440
HIV Prevention Activities - Health Department Based	USDHHS		93.940			1,176,037	656,894
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	USDHHS		93.944			115,564	-
Block Grants for Community Mental Health Services	USDHHS		93.958			468,048	590,872
Block Grants for Prevention and Treatment of Substance Abuse	USDHHS		93.959			4,069,986	3,830,011
Preventive Health Services - Sexually Transmitted Diseases Control Grants	USDHHS		93.977			371,800	-
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	USDHHS		93.988			-	12,000
Preventive Health and Health Services Block Grant	USDHHS		93.991			259,420	-
Maternal and Child Health Services Bock Grant to States	USDHHS		93.994			1,272,811	-
Maternal and Child Health Services Block Grant	USDHHS		93.994			-	19,507

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Adult Lead Surveillance Data	USDHHS		93.030178D4D-CDC			52,096	-
NCHS Contract	USDHHS		93.200-2000-07201			111,810	-
Mammography Inspection	USDHHS		93.223-03-4401			41,137	-
NIOSH Trauma Registry	USDHHS		93.243-03-1045			45,000	-
Total for DEPARTMENT OF HEALTH AND SOCIAL SERVICES						**1,234,684,146**	**36,232,939**
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT							
Investments for Public Works and Economic Development Facilities	USDOC		11.300	805	PWEDC	1,408,568	-
Labor Force Statistics	USDOL		17.002	850		706,449	-
Compensation and Working Conditions	USDOL		17.005	853		103,259	-
ARRA-Employment Service/Wagner-Peyser Funded Activities	USDOL	**ARRA**	17.207	953/960	ESC	3,754,785	96,000
Employment Service/Wagner-Peyser Funded Activities	USDOL		17.207	911/961	ESC	7,856,762	246
ARRA-Unemployment Insurance (EUC)	USDOL	**ARRA**	17.225	987		530,470	-
ARRA-Unemployment Insurance (FAUC SBR)	USDOL	**ARRA**	17.225	993		99,371	-
ARRA-Unemployment Insurance (FAC)	USDOL	**ARRA**	17.225	FU 33030 - AC 79544/69444		31,444,842	-
Unemployment Insurance	USDOL		17.225	864		333,867,728	
ARRA-Senior Community Service Employment Program	USDOL	**ARRA**	17.235	996		387,134	387,140
Senior Community Service Employment Program	USDOL		17.235	955		2,632,582	2,321,696
Trade Adjustment Assistance	USDOL		17.245	871		384,716	-
ARRA-WIA Adult Program	USDOL	**ARRA**	17.258	997	WIAC	1,308,296	400
WIA Adult Program	USDOL		17.258	922/923	WIAC	2,736,205	841
ARRA-WIA Youth Activities	USDOL	**ARRA**	17.259	999	WIAC	2,954,331	1,707,907
WIA Youth Activities	USDOL		17.259	952	WIAC	3,133,678	1,773,946
ARRA-WIA Dislocated Workers	USDOL	**ARRA**	17.260	998	WIAC	2,236,316	277,001
WIA Dislocated Workers	USDOL		17.260	932/933/937	WIAC	6,014,593	1,592,578
Work Incentive Grants	USDOL		17.266	885		190,498	-
Work Opportunity Tax Credit Program (WOTC)	USDOL		17.271	915		77,777	-
Temporary Labor Certification for Foreign Workers	USDOL		17.273	856		102,972	-
Occupational Safety and Health - State Program	USDOL		17.503	887		1,540,385	-
Consultation Agreements	USDOL		17.504	888		614,759	-
Disabled Veterans' Outreach Program (DVOP)	USDOL		17.801	893	ESC	291,092	-
Local Veterans' Employment Representative Program	USDOL		17.804	895	ESC	248,477	-
Transition Assistance Program	USDOL		17.807	897		64,534	-
Adult Education - Basic Grants to States	USDOE		84.002	813/87046		1,022,933	768,882
Special Education - Grants to States	USDOE		84.027	2902/2903	SEC	97,228	-
Federal Pell Grant Program	USDOE		84.063	815	SFAC	468,086	-
Rehabilitation Services - Vocational Rehabilitation Grants to States	USDOE		84.126	819	VRCC	10,163,712	113,438
Independent Living - State Grants	USDOE		84.169	823	ILSC	298,800	297,125
Rehabilitation Services - Independent Living Services for Older Individuals who are Blind	USDOE		84.177	827	ILOBC	226,200	225,754
Supported Employment Services for Individuals with the Most Significant Disabilities	USDOE		84.187	830		294,452	-
Assistive Technology	USDOE		84.224	834		423,121	397,027
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	USDOE		84.265	836		14,170	-
ARRA-Independent Living State Grants, Recovery Act	USDOE	**ARRA**	84.398	890	ILSC	170,258	181,106
ARRA-Independent Living Services for Older Individuals Who are Blind, Recovery Act	USDOE	**ARRA**	84.399	894	ILOBC	1,800	-
Denali Commission Program	DC		90.100	842		1,575,566	1,259,537
Social Security - Disability Insurance	SSA		96.001	844	DISSIC	4,415,193	-
Supplemental Security Income	SSA		96.006	845	DISSIC	346,318	-
Career and Technical Education - Basic Grants to States	USDOE		84.048A	87020/88012/86038		21,275	-
ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	USDOE	**ARRA**	84.390A	892	VRCC	939,450	470,271
Total for DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT						**425,169,141**	**11,870,895**
DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS							
Coastal Zone Management Administration Awards	USDOC		11.419			132,041	125,595
Meteorologic and Hydrologic Modernization Development	USDOC		11.467			346,138	4,958
Applied Meteorological Research	USDOC		11.468			161,566	118,811
Public Safety Interoperable Communications Grant Program	USDOC		11.555			2,976,258	2,567,442
Military Construction, National Guard	USDOD		12.400			3,806,904	-
National Guard Military Operations and Maintenance (O&M) Projects	USDOD		12.401			15,083,582	-
National Guard ChalleNGe Program	USDOD		12.404			4,160,841	-
Counterdrug Support Program-Asset Forfeiture	USDOJ		16.999			34,494	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	USDOT		20.703			202,621	46,309
Aeronautics	NASA		43.002			1,146,289	-
State Approving Agency	USDVA		64.999			90,831	-
Pilot Demonstration or Earmarked Projects	USDHS		97.001			229,170	74,989
Homeland Security Preparedness Technical Assistance Program	USDHS		97.007			1,262	-
Pre-Disaster Mitigation (PDM) Competitive Grants	USDHS		97.017			383,076	-
Emergency Management Institute - Training Assistance	USDHS		97.026			11,323	-
Crisis Counseling	USDHS		97.032			40,320	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036			8,851,863	6,946,124

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Hazard Mitigation Grant	USDHS		97.039			2,118,533	1,695,990
Emergency Management Performance Grants	USDHS		97.042			2,161,800	669,196
Pre-Disaster Mitigation	USDHS		97.047			10,513	-
Emergency Operations Centers	USDHS		97.052			1,000,000	1,000,000
Citizen Corps	USDHS		97.053		HLSC	98,406	110,455
Metropolitan Medical Response System	USDHS		97.071		HLSC	328,612	313,344
State Homeland Security Program (SHSP)	USDHS		97.073			4,611,712	3,456,972
Law Enforcement Terrorism Prevention Program (LETPP)	USDHS		97.074			1,425,132	1,339,871
Rail and Transit Security Grant Program	USDHS		97.075			261,884	-
Buffer Zone Protection Program (BZPP)	USDHS		97.078			671,650	-
Earthquake Consortium	USDHS		97.082			4,033	-
Total for DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS						**50,350,854**	**18,470,056**
DEPARTMENT OF NATURAL RESOURCES							
Agricultural Research - Basic and Applied Research	USDA		10.001			566	-
Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025			238,845	-
Direct and Counter-Cyclical Payments Program	USDA		10.055			45,800	-
Federal-State Marketing Improvement Program	USDA		10.156			32,866	-
Inspection Grading and Standardization	USDA		10.162			17,408	-
Market Protection and Promotion	USDA		10.163			127,947	-
Specialty Crop Block Grant Program	USDA		10.169			77,512	-
Specialty Crop Block Grant Program - Farm Bill	USDA		10.170			36,684	-
Cooperative Forestry Assistance	USDA		10.664			2,893,692	-
Forest Legacy Program	USDA		10.676			63,032	-
Forest Land Enhancement Program	USDA		10.677			206,163	-
Forest Health Protection	USDA		10.680			68,897	-
ARRA-Recovery Act of 2009: Wildland Fire Management	USDA	**ARRA**	10.688	09DG11100489003; 09DG111100489011; 10DG11100489017		1,292,980	-
Plant Materials for Conservation	USDA		10.905			152,598	-
Coastal Zone Management Administration Awards	USDOC		11.419			2,052,687	-
Cultural Resource Management	USDOI		15.224			443,241	-
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231			7,358	-
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	USDOI		15.250			219,243	-
Abandoned Mine Land Reclamation (AMLR) Program	USDOI		15.252			1,166,894	-
Coastal Impact Assistance Program (CIAP)	USDOI		15.426			768,704	-
Fish and Wildlife Management Assistance	USDOI		15.608			19,004	-
Partners for Fish and Wildlife	USDOI		15.631			662	-
Service Training and Technical Assistance (Generic Training)	USDOI		15.649			1,623	-
U.S. Geological Survey-Research and Data Collection	USDOI		15.808			651,484	-
National Cooperative Geologic Mapping Program	USDOI		15.810			233,854	-
National Geological and Geophysical Data Preservation Program	USDOI		15.814			29,722	-
Historic Preservation Fund Grants-In-Aid	USDOI		15.904			847,588	-
Outdoor Recreation-Acquisition, Development and Planning	USDOI		15.916			507,329	-
Save America's Treasures	USDOI		15.929			25,363	-
Recreational Trails Program	USDOT		20.219		HPCC	1,384,604	-
Alaska Trails Initiative	USDOT		20.999	DTHF70-05-E-00028		1,471,079	-
Boating Safety Financial Assistance	USDHS		97.012			1,639,428	-
State Access to the Oil Spill Liability Trust Fund	USDHS		97.013			1,261	-
National Dam Safety Program	USDHS		97.041			5,719	-
Fire Management Assistance Grant	USDHS		97.046			164,169	-
USFS Fire Suppression (AKDF070002)	USDA		10.07FI11100100006	07FI11100100006		152,895	-
Onshore Compliance	USDOI		15.1435-02-04-CA-40364	1435-02-04-CA-40364		88,305	-
National Historic Preservation Act for Alaska	USDOI		15.701817D055	701817D055		26,742	-
Tok Hazardous Fuels	USDOI		15.701817J675	701817J675		136,960	-
Portage River - Afognak Coastal Protection	USDOI		15.AK-C-12-L-1	AK-C-12-L-1		1,050	-
Agulowak River	USDOI		15.AK-C-16-L-1	AK-C-17-L-1		999,998	-
USFWS Fire Suppression	USDOI		15.Fire			6,769	-
Legacy Archival Photos	USDOI		15.G10PX01780	G10PX01780		2,426	-
BLM Fire Suppression	USDOI		15.LAA040005	LAA040005		13,499,102	-
Planning Assistance	USDOI		15.P9911090014	P9911090014		45,000	-
Total for DEPARTMENT OF NATURAL RESOURCES						**31,855,253**	**-**
DEPARTMENT OF ADMINISTRATION							
Victims of Child Abuse-(Pass-through from National Court Appointed Special Advocate (CASA)	USDOJ		16.547	AK10900-09-0709-S		71,172	-
Crime Victim Compensation	USDOJ		16.576			234,913	-
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	USDOJ		16.580			100,000	-
Public Safety Partnership and Community Policing Grants	USDOJ		16.710			949,795	-
Commercial Driver's License Program Improvement Grant	USDOT		20.232			522,996	-
Commercial Drivers License Information System (CDLIS) Modernization Program	USDOT		20.238			43,939	-

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Donation of Federal Surplus Personal Property	GSA		39.003			177,419	-
State Underground Water Source Protection	EPA		66.433			131,000	-
Total for DEPARTMENT OF ADMINISTRATION						**2,231,234**	**-**
DEPARTMENT OF REVENUE							
ARRA-Child Support Enforcement	USDHHS	**ARRA**	93.563			1,330,500	-
Child Support Enforcement	USDHHS		93.563			17,560,889	-
Grants to States for Access and Visitation Programs	USDHHS		93.597			42,302	-
Total for DEPARTMENT OF REVENUE						**18,933,691**	**-**
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES							
Schools and Roads - Grants to States	USDA		10.665		SRC	170,000	-
Contract with USDA to Design 24' bridge on Forest Service Rd	USDA		10.999	USDA 05RO-11100100-120		(5,227)	-
Contract with Dept of Agriculture for culvert replacement on Nordale Road	USDA		10.999	USDA 72-015-05A-054		40,291	-
Contract with USFS for fish passage-ways on Mitkof, Hydaburg, and Yakutat Highways	USDA		10.999	USFS 07-RO-11100100-076		6,685	-
USFS Investigate/analyze/implement traffic management strategies	USDA		10.999	USFS -09RO-11100100-031		101,132	-
Space leased by National Weather Service at DOTPF facility in Slana and Ernestine	USDOC		11.999			20	-
NOAA Grant via Nature Conservancy	USDOC		11.999			80,115	-
King Salmon Airport Contract to maintain USAF safety	USDOD		12.999	12.F65501-96C0006		383,900	-
U.S. ARMY - U.S. Army Space & Missile Defense Command	USDOD		12.999	MOA USASMDC		8,647	-
Funding from US Navy for Adak Airport Operations	USDOD		12.999	N6871104MDC4010		783,470	-
BLM partnership to develop Dalton Hwy Corridor	USDOI		15.999	BLM-LAA 08-001		10,323	-
Construct fish passage culvert for the Airport/Clinic road	USDOI		15.999	F&WS - FWS-701818J718		11,605	-
National Park Service for Maintenance at Nebesna Rest Stop	USDOI		15.999			215,461	-
Drug Court Discretionary Grant Program	USDOJ		16.585			12,760	-
Drug Court Discretionary Grant Program	USDOJ		16.585			244,758	-
ARRA-Airport Improvement Program	USDOT	**ARRA**	20.106			41,217,722	-
Airport Improvement Program	USDOT		20.106			204,624,519	-
ARRA-Highway Planning and Construction	USDOT	**ARRA**	20.205		HPCC	88,541,207	-
Highway Planning and Construction	USDOT		20.205	WFL-DTFH70-09-E-00002	HPCC	21,095	-
Highway Planning and Construction	USDOT		20.205		HPCC	315,074,964	2,974,199
National Motor Carrier Safety	USDOT		20.218			930,930	-
Performance and Registration Information Systems Management	USDOT		20.231			79,379	-
Commercial Driver's License Program Improvement Grant	USDOT		20.232			75,983	-
Border Enforcement Grants	USDOT		20.233			499,089	-
Safety Data Improvement Program	USDOT		20.234			315,077	-
Commercial Vehicle Information Systems and Networks	USDOT		20.237			120,268	-
Federal Transit - Capital Investment Grants	USDOT		20.500		FTC	2,661,739	365,570
Metropolitan Transportation Planning	USDOT		20.505			237,536	199,437
ARRA-Formula Grants for Other Than Urbanized Areas	USDOT	**ARRA**	20.509			3,753,188	3,753,188
Formula Grants for Other Than Urbanized Areas	USDOT		20.509			5,756,542	5,389,110
Capital Assistance Program for Elderly Persons and Persons with Disabilities	USDOT		20.513		TSPC	382,478	346,343
Public Transportation Research	USDOT		20.514			35,307	31,834
Job Access - Reverse Commute	USDOT		20.516		TSPC	123,677	100,201
State and Community Highway Safety	USDOT		20.600		HSC	1,810,882	1,371,308
Alcohol Impaired Driving Countermeasures Incentive Grants I	USDOT		20.601		HSC	1,009,945	114,409
Occupant Protection Incentive Grants	USDOT		20.602		HSC	164,127	165,153
Alcohol Open Container Requirements	USDOT		20.607			1,361,365	1,655,183
Safety Belt Performance Grants	USDOT		20.609		HSC	194,686	194,686
State Traffic Safety Information System Improvement Grants	USDOT		20.610		HSC	437,658	129,341
Incentive Grant Program to Prohibit Racial Profiling	USDOT		20.611		HSC	163,919	-
Incentive Grant Program to Increase Motorcyclist Safety	USDOT		20.612		HSC	112,029	106,773
Child Safety and Child Booster Seats Incentive Grants	USDOT		20.613		HSC	79,574	43,226
FAA Agreement for Deadhorse & Kotzebue Combined Facility	USDOT		20.999	DTFA04-92-89229		112,238	-
Goodnews Bay Airport runway edge lighting. Reimb by FAA thru P.O.	USDOT		20.999	DTFAA 05-A-00009		220,062	-
Nightmute Airport runway edge lighting. Reimb by FAA thru P.O.	USDOT		20.999	DTFAA 06-A-00009		394,947	-
Atka Airport Lighting reimb by FAA through PO.	USDOT		20.999	DTFAA 06-X-00009		33,736	-
Install Papi & REILs at Goodnews Bay Airport reimb by FAA thru P.O.	USDOT		20.999	DTFAAL 05-X-00011		161,597	-
Chevak Airport Lighting reimb by FAA thru P.O.	USDOT		20.999	DTFAAL 05-X-00011		1,214	-
King Cove Airport PAPI lighting. Reimb by FAA thru P.O	USDOT		20.999	DTFAAL 05-X-00011		9,984	-
Nome ARFF/FSS building (100% 60821)	USDOT		20.999	DTFAAL-05x-00006		2,811	-
Kongiganak Airport Lighting reimb by FAA through P.O.	USDOT		20.999	DTFAWA-06-A00009		218,545	-
Northern Region Rural Airport Lighting reimb by FAA thru P.O.	USDOT		20.999	DTFAWA-06-A-00009		(7)	-
Northern Region PAPI's and REIL's FFy05	USDOT		20.999	FAA-DTFAAL-05-A-00002		433,602	-

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Project to allow for reimbursement to install PAPI's and REIL's	USDOT		20.999	FAA-DTFAAL-05-X-0001		27,031	-
Clarks Pt Airport Lighting reimb by FAA thru P.O.	USDOT		20.999	FAA-DTFAWA-04A-00003		(2,602)	-
Project to allow for reimbursement for runway edge lighting	USDOT		20.999	FAA-DTFAWA-04-A-00003		39,015	-
Kohkanok Airport Lighting reimb by FAA thru P.O.	USDOT		20.999	FAA-DTFAWA-04-A-00003		(7,145)	-
King Cove Airport runway edge lighting reimb by FAA thru P.O.	USDOT		20.999	FAA-DTFAWA-05-A-000009		81,085	-
Chevak Airport Lighting reimb by FAA thru P.O.	USDOT		20.999	FAA-DTFAWA-05-A-000009		4,645	-
Tuntutuliak Airport runway edge lighting. Reimb by FAA thru P.O.	USDOT		20.999	FAA-FAWA-26--A00009		16,001	-
Contract with FHWA Office of Acquisition Management for CLARUS	USDOT		20.999	FHWA-HAAM 40F		28,193	-
Rebuild & reinforce damaged embankment	USDOT		20.999	FRA-FRH-80632		64,820	-
Repair of flood damage to track	USDOT		20.999	FRA-FR-RRR-0005-08-01-00		886,932	-
Project to allow for reimbursement for runway edge lighting	USDOT		20.999	FTA-DTFAWA-06-A-00009		63,524	-
Traffic Mitigation in to new VA clinic	USDVA		64.999			63,764	-
Denali Commission Program	DC		90.100			1,776,167	53,925
Acquire Satellite imagery for processing into a cue based aviation simulation product.	USDHHS		93.999	CDC-214-2010-M-32462		46,000	-
Port Security Grant Program	USDHS		97.056	HS-2006-GB-T6-0033		184,693	-
Port Security Grant Program	USDHS		97.056	HSTS-04-07-A-CTO-223		95,185	-
Homeland Security Grant Program	USDHS		97.067		HLSC	663,894	-
National Explosives Detection Canine Team Program	USDHS		97.072			175,091	-
AMHS portable explosive detectors	USDHS		97.999	2005-GB-75-0089,2005-V1411-AK-GR, & 2005-V1412-AK-GR		330,720	-
Total for DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES						**677,974,567**	**16,993,886**
DEPARTMENT OF PUBLIC SAFETY							
National Marine Fisheries Joint Enforcement Agreement	USDOC		11.999	11.04 and 06/07/08-NMFS-JEA		2,129,619	-
Sexual Assault Services Formula Program	USDOJ		16.017			93,148	88,853
Supervised Visitation, Safe Havens for Children	USDOJ		16.527			33,094	22,477
Missing Children's Assistance	USDOJ		16.543			29,318	-
National Criminal History Improvement Program (NCHIP)	USDOJ		16.554			178,949	-
Crime Victim Assistance	USDOJ		16.575			1,259,195	1,189,435
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	USDOJ		16.580			887,056	-
ARRA-Violence Against Women Formula Grants	USDOJ	**ARRA**	16.588			123,064	55,519
Violence Against Women Formula Grants	USDOJ		16.588			2,507,394	951,744
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	USDOJ		16.589			309,376	176,904
Residential Substance Abuse Treatment for State Prisoners	USDOJ		16.593			52,126	-
Project Safe Neighborhoods	USDOJ		16.609			85,241	72,370
Public Safety Partnership and Community Policing Grants	USDOJ		16.710			1,378,531	-
Drug Prevention Program	USDOJ		16.728			122,335	-
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ		16.738			1,570,224	328,121
Paul Coverdell Forensic Sciences Improvement Grant Program	USDOJ		16.742			37,659	-
Forensic Casework DNA Backlog Reduction Program	USDOJ		16.743			418,017	-
Congressionally Recommended Awards	USDOJ		16.753	CY09		200,000	-
Congressionally Recommended Awards	USDOJ		16.753			235,000	79,225
ARRA-Recovery Act-State Victim Assistance Formula Grant Program	USDOJ	**ARRA**	16.801			387,569	285,579
ARRA-Recovery Act-Edward Bryne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	USDOJ	**ARRA**	16.803			553,706	-
Marijuana Eradication	USDOJ		16.999	16.05-2 &		63,660	-
Federal Equitable Sharing Agreement	USDOJ		16.999	AKAST0100		197,190	-
Jobs and Growth Tax Relief Reconciliation Act of 2002	USTreas		21.999			11,853	-
Indian Health Service - Health Management Development Program	USDHHS		93.228			224,699	-
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	USDHHS		93.671			728,559	692,131
State Fire Training Systems Grants	USDHS		97.043			3,000	-
Cooperative Law Enforcement Agreement	USDA		10.02CA-111001-039			49,004	-
Total for DEPARTMENT OF PUBLIC SAFETY						**13,868,586**	**3,942,358**
KNIK ARM BRIDGE TOLL AUTHORITY							
Highway Planning and Construction	USDOT		20.205	PJ E 56047	HPCC	4,461,467	-
Total for KNIK ARM BRIDGE TOLL AUTHORITY						**4,461,467**	**-**

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
DEPARTMENT OF LAW							
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	USDOJ		16.580			922,699	-
Violence Against Women Formula Grants	USDOJ		16.588			722,757	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	USDOJ		16.590			371,767	-
Northern Border Prosecution Initiative Program	USDOJ		16.814			171,101	-
State Medicaid Fraud Control Units	USDHHS		93.775		MC	558,732	-
Total for DEPARTMENT OF LAW						**2,747,056**	**-**
OFFICE OF THE GOVERNOR							
ARRA-Recovery Act of 2009: Wildland Fire Management	USDA	**ARRA**	10.688			69,136	-
ARRA-Recovery Act Funds-Habitat Enhancement, Restoration and Improvement	USDOI	**ARRA**	15.656			70,957	-
ARRA-Volcano Hazards Program Research and Monitoring	USDOI	**ARRA**	15.818			222,876	-
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	USEEOC		30.002			125,615	-
Election Reform Payments	GSA		39.011			255,510	-
ARRA-Impact Aid -School Construction Formula Grants, Recovery Act	USDOE	**ARRA**	84.404		IAC	33,169	-
Help America Vote Act Requirements Payments	EAC		90.401			(891,908)	-
Voting Access for Individuals with Disabilities - Grants to States	USDHHS		93.617			30,250	-
Total for OFFICE OF THE GOVERNOR						**(84,395)**	**-**
UNIVERSITY OF ALASKA							
Agricultural Research - Basic and Applied Research	USDA		10.001		R&DC	1,586,971	621,182
Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025		R&DC	35,631	-
Grants for Agricultural Research, Special Research Grants (Pass-through from Utah State University)	USDA		10.200	2006-38640-16743	R&DC	26,511	-
Grants for Agricultural Research, Special Research Grants (Pass-through from Utah State University)	USDA		10.200	2006-38640-16743		19,763	-
Grants for Agricultural Research, Special Research Grants (Pass-through from University of Hawaii)	USDA		10.200	2008-38826-19179	R&DC	9,344	-
Grants for Agricultural Research, Special Research Grants (Pass-through from University of Hawaii)	USDA		10.200	2009-38826-19227	R&DC	5,160	-
Grants for Agricultural Research, Special Research Grants	USDA		10.200			373,147	-
Grants for Agricultural Research, Special Research Grants	USDA		10.200		R&DC	1,696,666	100,115
Cooperative Forestry Research	USDA		10.202		R&DC	790,737	-
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA		10.203		R&DC	1,404,361	-
Grants for Agricultural Research-Competitive Research Grants	USDA		10.206		R&DC	220,469	-
Grants for Agricultural Research-Competitive Research Grants	USDA		10.206			277,980	-
Community Food Projects	USDA		10.225			50,305	-
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA		10.228		R&DC	128,630	-
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA		10.228			1,421,865	8,208
Integrated Programs (Pass-through from University of California-Davis)	USDA		10.303	2007-51120-03885		25,952	-
Integrated Programs (Pass-through from University of Idaho)	USDA		10.303	2008-51130-04734		73,305	-
Homeland Security-Agricultural (Pass-through from University of California-Davis)	USDA		10.304	2007-37620-18230		39,793	-
Agriculture and Food Research Initiative (AFRI)	USDA		10.310		R&DC	45,172	-
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers (Pass-through from University of Hawaii, HILO)	USDA		10.443	2004-51200-02221	R&DC	12,901	-
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	USDA		10.443			82,126	10,000
Cooperative Extension Service (Pass-through from Washington State University)	USDA		10.500	2005-48605-03347		367,058	-
Cooperative Extension Service (Pass-through from University of Wyoming)	USDA		10.500	2006-47001-03417		1,584	-
Cooperative Extension Service (Pass-through from Kansas State University)	USDA		10.500	2006-48659-03721		31,967	-
Cooperative Extension Service (Pass-through from University of Wyoming)	USDA		10.500	2007-47001-03798		4,302	-
Cooperative Extension Service (Pass-through from Kansas State University)	USDA		10.500	2007-48661-03868		148,469	-
Cooperative Extension Service (Pass-through from University of Wyoming)	USDA		10.500	UTSTUNV46466AK		10,723	-
Cooperative Extension Service (Pass-through from University of Wyoming)	USDA		10.500	UTSTUNV46467AK		2,305	-
Cooperative Extension Service	USDA		10.500		R&DC	86,589	-
Cooperative Extension Service	USDA		10.500			2,083,320	86,902
Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through from Oklahoma State Department of Health)	USDA		10.557	3409014142		2,219	-
Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through from Oklahoma State Department of Health)	USDA		10.557	3409010318 Rev 2		14,972	-
WIC Grants to States (WGS) (Pass-through from State of Hawaii Department of Health Honolulu)	USDA		10.578	USDA 7HI700HI7		7,747	-
Foreign Market Development Cooperator Program	USDA		10.600		R&DC	36,012	-
Forestry Research	USDA		10.652		R&DC	43,016	-
Forestry Research	USDA		10.652			176,728	-
Cooperative Forestry Assistance	USDA		10.664		R&DC	57,050	-
Cooperative Forestry Assistance	USDA		10.664			118,124	-
Forest Health Protection	USDA		10.680		R&DC	23,960	-
Rural Business Enterprise Grants	USDA		10.769			4,994	-
Rural Cooperative Development Grants	USDA		10.771			71,963	-
Miscellaneous (Pass-through from The Nature Conservancy)	USDA		10.999	04-CA-11132543-189	R&DC	55,124	-
Miscellaneous (Pass-through from The Nature Conservancy)	USDA		10.999	73216-01	R&DC	5,000	-

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STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Miscellaneous (Pass-through from State of Arizona)	USDA		10.999	E9H27706		17,202	-
Miscellaneous (Pass-through from State of Nevada)	USDA		10.999	USDA 7NV700NV7		48,928	-
Miscellaneous	USDA		10.999			39,289	-
Miscellaneous	USDA		10.999		R&DC	322,529	-
Economic Development-Technical Assistance	USDOC		11.303			134,975	-
Economic Adjustment Assistance	USDOC		11.307		PWEDC	17,400	-
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	USDOC		11.400		R&DC	119,986	47,689
Interjurisdictional Fisheries Act of 1986	USDOC		11.407			19,859	-
Sea Grant Support (Pass-through from Texas A&M University at Galveston)	USDOC		11.417	NOAA NA060AR4170076	R&DC	14,635	-
Sea Grant Support	USDOC		11.417		R&DC	358,711	-
Sea Grant Support	USDOC		11.417			2,121,087	148,691
Coastal Zone Management Estuarine Research Reserves	USDOC		11.420		R&DC	43,694	-
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	USDOC		11.427		R&DC	110,641	-
Undersea Research	USDOC		11.430		R&DC	798,923	104,460
Climate and Atmospheric Research	USDOC		11.431		R&DC	590,390	-
National Oceanic and Atmospheric Administration (NOAA) Cooperative	USDOC		11.432		R&DC	1,934,541	55,696
Marine Mammal Data Program	USDOC		11.439		R&DC	317,519	-
Special Oceanic and Atmospheric Projects	USDOC		11.460		R&DC	729,150	-
Habitat Conservation (Pass-through from National Fish & Wildlife Foundation)	USDOC		11.463	2006-0093-012	R&DC	31,217	-
Habitat Conservation (Pass-through from National Fish & Wildlife Foundation)	USDOC		11.463	2008-0066-008	R&DC	40,826	-
Meteorologic and Hydrologic Modernization Development (Pass-through from University Corporation for Atmospheric Research)	USDOC		11.467	NOAA NA06NWS4670013	R&DC	573	-
Meteorologic and Hydrologic Modernization Development (Pass-through from University Corporation for Atmospheric Research)	USDOC		11.467	NOAA NA06NWS4670013	R&DC	2,287	-
Meteorologic and Hydrologic Modernization Development	USDOC		11.467		R&DC	143,922	-
Applied Meteorological Research (Pass-through from University of Mississippi)	USDOC		11.468		R&DC	215,297	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B51	R&DC	89,643	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B52	R&DC	32,279	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B52	R&DC	35,188	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B53	R&DC	106	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B53	R&DC	73,130	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B67	R&DC	54,652	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B67	R&DC	71,267	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B67	R&DC	247	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B68	R&DC	27,306	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B75	R&DC	55,491	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B77	R&DC	120,695	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	B77	R&DC	194	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	NA17FL2556		(2,839)	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	NPRB Agreement		110,680	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #520	R&DC	999	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #614	R&DC	63,998	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #702	R&DC	13,383	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #702	R&DC	(19,740)	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #706	R&DC	4,214	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #708	R&DC	(369)	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #714	R&DC	26,391	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #727	R&DC	14,240	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #804	R&DC	24	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #805	R&DC	11,591	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #805	R&DC	6,708	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #814	R&DC	59,982	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #821	R&DC	21,947	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #828	R&DC	3,281	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #901	R&DC	15,779	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #908-A	R&DC	50,294	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #909	R&DC	3,102	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #912	R&DC	17,199	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #913	R&DC	43,097	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #915	R&DC	14,449	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #916	R&DC	1,951	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #918	R&DC	12,076	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #920	R&DC	43,849	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #923	R&DC	52,805	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #927	R&DC	3,824	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #927	R&DC	342	-
Unallied Science Program (Pass-through from North Pacific Research Board)	USDOC		11.472	Project #929	R&DC	24,110	-
Unallied Science Program	USDOC		11.472			45,300	-
Coastal Services Center (Pass-through from Seward Association for Advancement of Science)	USDOC		11.473	H2201-00	R&DC	4,094	-
Coastal Services Center (Pass-through from Alaska Ocean Observing System)	USDOC		11.473	H2211-00	R&DC	822,435	-

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STATE OF ALASKA
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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Coastal Services Center (Pass-through from Alaska Ocean Observing System)	USDOC		11.473	H2221-00	R&DC	24,797	-
Coastal Services Center (Pass-through from Prince William Sound Science Center)	USDOC		11.473	NOAA N08NS4730406	R&DC	9,913	-
Coastal Services Center (Pass-through from University of Maryland - UMCES)	USDOC		11.473	NOAA NA07NOS4730140	R&DC	71,707	-
Coastal Services Center (Pass-through from Alaska SeaLife Center)	USDOC		11.473	R2206-01	R&DC	2,937	-
Educational Partnership Program (Pass-through from North Carolina Agricultural & Technical State University)	USDOC		11.481	Agreement No. 270040E	R&DC	69,412	-
Miscellaneous (Pass-through from North Pacific Research Board)	USDOC		11.999	F0401	R&DC	357	-
Miscellaneous (Pass-through from Consortium for Oceanographic Research & Education)	USDOC		11.999	NA07SEC4690001		(64)	-
Miscellaneous	USDOC		11.999		R&DC	90,804	-
Miscellaneous	USDOC		11.999			1,840	-
Procurement Technical Assistance For Business Firms	USDOD		12.002			418,206	-
ARRA-Collaborative Research and Development (Pass-through from Tetra Tech)	USDOD	**ARRA**	12.114	100-SWW T24739	R&DC	33,770	-
Collaborative Research and Development (Pass-through from University of Mississippi)	USDOD		12.114	ONR W9113M-06-C-0029	R&DC	212,651	-
Basic and Applied Scientific Research (Pass-through from Florida State	USDOD		12.300	N00014-05-1-0360	R&DC	45,248	-
Basic and Applied Scientific Research (Pass-through from Woods Hole Oceanographic Institution)	USDOD		12.300	N00014-08-1-0311	R&DC	67,551	-
Basic and Applied Scientific Research (Pass-through from Woods Hole Oceanographic Institution)	USDOD		12.300	N00014-10-1-0315	R&DC	3,434	-
Basic and Applied Scientific Research	USDOD		12.300		R&DC	1,116,171	439,532
Military Medical Research and Development	USDOD		12.420		R&DC	1,293,498	31,573
Basic Scientific Research (Pass-through from Academy of Applied Science)	USDOD		12.431	Subgrant: 08-48,49,50 Date 8.7.8		388	-
Basic Scientific Research (Pass-through from Mississippi State University)	USDOD		12.431	W56HZV-08-C-0236	R&DC	460,147	228,460
Basic Scientific Research (Pass-through from Academy of Applied Science)	USDOD		12.431	W911NF-04-1226		1,391	-
Basic Scientific Research	USDOD		12.431		R&DC	814,036	-
Basic, Applied, and Advanced Research in Science and Engineering	USDOD		12.630		R&DC	200,796	17,041
Air Force Defense Research Sciences Program	USDOD		12.800		R&DC	422,986	-
Air Force Defense Research Sciences Program	USDOD		12.800			532	-
Research and Technology Development (Pass-through from BAE Systems)	USDOD		12.910	HR0011-09-C-0099	R&DC	148,724	-
Research and Technology Development	USDOD		12.910		R&DC	1,837,378	-
Miscellaneous	USDOD		12.999		R&DC	2,664,624	-
Miscellaneous	USDOD		12.999			16,003	-
Alaska Native/Native Hawaiian Institutions Assisting Communities	HUD		14.515			1,158,744	192,013
Miscellaneous (Pass-through from Alaska Housing Finance Corporation)	HUD		14.999	ADN 400019		127,758	-
Miscellaneous (Pass-through from Alaska Housing Finance Corporation)	HUD		14.999	AND 459104		(9)	-
Indian Education-Higher Education Grant Program	USDOI		15.114			8,481	-
Cultural Resource Management	USDOI		15.224		R&DC	39,548	-
Cultural Resource Management	USDOI		15.224			1,042,447	-
Recreation Resource Management	USDOI		15.225		R&DC	175,265	-
Invasive and Noxious Plant Management	USDOI		15.230		R&DC	6,363	-
ARRA-Fish, Wildlife and Plant Conservation Resource Management	USDOI	**ARRA**	15.231		R&DC	628	-
Fish, Wildlife and Plant Conservation Resource Management (Pass-through from National Fish & Wildlife Foundation)	USDOI		15.231	2009-0035-010	R&DC	45,165	-
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231		R&DC	33,925	-
Environmental Quality and Protection Resource Management	USDOI		15.236		R&DC	96,833	-
Alaska Coastal Marine Institute	USDOI		15.421		R&DC	543,445	-
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through from Continental Shelf Association)	USDOI		15.423	MMS M08PC20056	R&DC	51,831	-
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through from University of Texas at Austin)	USDOI		15.423	MMS M09P00016	R&DC	53,430	-
Minerals Management Service (MMS) Environmental Studies Program (ESP)	USDOI		15.423		R&DC	206,888	-
Fish and Wildlife Management Assistance (Pass-through from National Fish & Wildlife Foundation)	USDOI		15.608	2007-0140-000		52,540	-
Fish and Wildlife Management Assistance	USDOI		15.608		R&DC	25,583	-
Fish and Wildlife Management Assistance	USDOI		15.608			(280)	-
Coastal Program	USDOI		15.630		R&DC	9,885	-
Coastal Program	USDOI		15.630			30,884	-
Challenge Cost Share	USDOI		15.642		R&DC	19,635	-
Challenge Cost Share	USDOI		15.642			37,270	-
Research Grants (Generic)	USDOI		15.650		R&DC	123,141	-
Migratory Bird Monitoring, Assessment and Conservation	USDOI		15.655		R&DC	35,979	-
Assistance to State Water Resources Research Institutes	USDOI		15.805		R&DC	94,608	27,650
Earthquake Hazards Reduction Program	USDOI		15.807		R&DC	682,230	-
Earthquake Hazards Reduction Program	USDOI		15.807			83,268	-
ARRA-U.S. Geological Survey-Research and Data Collection	USDOI	**ARRA**	15.808		R&DC	4,843	-
ARRA-U.S. Geological Survey-Research and Data Collection	USDOI	**ARRA**	15.808			158,698	-
U.S. Geological Survey-Research and Data Collection (Pass-through from America View)	USDOI		15.808	AVO8-AK01	R&DC	29,183	-
U.S. Geological Survey-Research and Data Collection	USDOI		15.808		R&DC	928,617	-
U.S. Geological Survey-Research and Data Collection	USDOI		15.808			49,682	-

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STATE OF ALASKA
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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
National Cooperative Geologic Mapping Program	USDOI		15.810		R&DC	1,778	-
Gap Analysis Program	USDOI		15.811		R&DC	198,600	-
Cooperative Research Units Program	USDOI		15.812		R&DC	1,349,045	-
Minerals Resources External Research Program	USDOI		15.816		R&DC	20,465	-
ARRA-Volcano Hazards Program Research and Monitoring	USDOI	**ARRA**	15.818		R&DC	682,504	-
Disposal of Surplus Wildlife	USDOI		15.900		R&DC	92,129	-
Disposal of Surplus Wildlife	USDOI		15.900			19,648	-
Miscellaneous (Pass-through from National Fish & Wildlife Foundation)	USDOI		15.999	2005-0011-036	R&DC	1,315	-
Miscellaneous (Pass-through from Rutgers)	USDOI		15.999	M07PC13368	R&DC	36,680	-
Miscellaneous (Pass-through from Hoonah Indian Association)	USDOI		15.999	MOA Dated 2/1/2010	R&DC	58,566	-
Miscellaneous (Pass-through from Qawalangin Tribe)	USDOI		15.999	Resolution 2007-02 Check 11054		32,638	-
Miscellaneous	USDOI		15.999		R&DC	1,255,707	11,585
Miscellaneous	USDOI		15.999			230,884	-
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	USDOJ		16.529	EN 0604879		-	51,179
Youth Gang Prevention	USDOJ		16.544	EN 0604875	R&DC	29,995	-
State Justice Statistics Program for Statistical Analysis Centers	USDOJ		16.550		R&DC	47,588	-
National Institute of Justice Research, Evaluation, and Development Project Grants	USDOJ		16.560		R&DC	61,201	-
Violence Against Women Formula Grants	USDOJ		16.588	RSA 1200239	R&DC	-	46,116
Special Data Collections and Statistical Studies (Pass-through from Justice Research & Statistics Associates)	USDOJ		16.734		R&DC	13,615	-
Miscellaneous (Pass-through from Center for Problem-Oriented Policing)	USDOJ		16.999	Agreement Dtd 11/29/06	R&DC	7,200	-
Miscellaneous	USDOJ		16.999			43,137	-
WIA Pilots, Demonstrations, and Research Projects	USDOL		17.261			119,273	-
H-1B Job Training Grants	USDOL		17.268			119,881	-
Community Based Job Training Grants	USDOL		17.269			364,911	75,275
Mine Health and Safety Grants	USDOL		17.600			84,541	-
Disability Employment Policy Development	USDOL		17.720	EN 0604877		-	90,169
Miscellaneous	USDOS		19.999			50,721	-
Aviation Research Grants	USDOT		20.108			(9,700)	-
Air Transportation Centers of Excellence (Pass-through from Embry-Riddle Aeronautical University)	USDOT		20.109	15199-UAAPO142716/01-C-ERAU-IM	R&DC	4,177	-
Air Transportation Centers of Excellence (Pass-through from Venture Ad Astra LLC Government Services)	USDOT		20.109	Agreement Dtd 10/14/09	R&DC	884	-
Air Transportation Centers of Excellence (Pass-through from Embry-Riddle Aeronautical University)	USDOT		20.109	DTF ACT-02-D-00037		29,420	-
Air Transportation Centers of Excellence	USDOT		20.109		R&DC	303,280	-
Highway Research and Development Program (Pass-through from Northern Economics)	USDOT		20.200	Contract Dtd 07/20/09	R&DC	68,471	-
Highway Research and Development Program (Pass-through from University of Idaho, NIATT)	USDOT		20.200	DTF H6108-G-00009		18,477	-
Highway Planning and Construction	USDOT		20.205		HPCC	14,475	-
Highway Training and Education	USDOT		20.215			238,483	-
University Transportation Centers Program	USDOT		20.701		R&DC	2,711,469	161,694
Research Grants (Pass-through from University Of Hawaii)	USDOT		20.762	DTOS 5907-G0055	R&DC	11,473	-
Miscellaneous	USTreas		21.999		R&DC	34,852	-
Intergovernmental Personnel Act (IPA) Mobility Program	OPM		27.011			(11,104)	-
Federal Citizen Information Center	GSA		39.009		R&DC	11,654,443	225,680
ARRA-Aerospace Education Services Program	NASA	**ARRA**	43.001		R&DC	80,687	-
Aerospace Education Services Program (Pass-through from Bigelow Labs)	NASA		43.001	KM061-0910011011TR		48,000	-
Aerospace Education Services Program (Pass-through from Aerospace Corporation)	NASA		43.001	NNHO7ZDA001N-HGI	R&DC	3,121	-
Aerospace Education Services Program (Pass-through from University of Maryland)	NASA		43.001	NNM07AA99C	R&DC	70,254	-
Aerospace Education Services Program	NASA		43.001		R&DC	383,516	-
Aerospace Education Services Program	NASA		43.001			197,983	-
Aeronautics (Pass-through from University of Colorado)	NASA		43.002	NNX09A104G	R&DC	6,166	-
Miscellaneous (Pass-through from SETI Institute)	NASA		43.999	06CA84A-08-002	R&DC	1,981	-
Miscellaneous (Pass-through from University of Maryland)	NASA		43.999	NAS5-02099	R&DC	3,064	-
Miscellaneous (Pass-through from University of New Hampshire)	NASA		43.999	NN06AF85G	R&DC	58,327	-
Miscellaneous (Pass-through from Montclair State University)	NASA		43.999	NN08ZDA001N	R&DC	17,640	-
Miscellaneous (Pass-through from John Hopkins University)	NASA		43.999	NNA09DB31A	R&DC	142,216	-
Miscellaneous (Pass-through from George Mason University)	NASA		43.999	NNG04GE61A		(203)	-
Miscellaneous (Pass-through from University of Washington)	NASA		43.999	NNX06AC10G	R&DC	(1,240)	-
Miscellaneous (Pass-through from Alaska Challenger Center For Space Science Technology)	NASA		43.999	NNX07AJ79G	R&DC	17,713	-
Miscellaneous (Pass-through from University of Washington)	NASA		43.999	NNX08AD19G	R&DC	34,520	-
Miscellaneous (Pass-through from University of Pittsburgh)	NASA		43.999	NNX08AJ91G	R&DC	37,570	-
Miscellaneous (Pass-through from University of New Hampshire)	NASA		43.999	NNX08ZN74G	R&DC	105,820	-
Miscellaneous (Pass-through from Alaska Challenger Center For Space Science Technology)	NASA		43.999	NNX10AD89G		38,930	-

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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Miscellaneous (Pass-through from SETI Institute)	NASA		43.999	PO 08-SC-1019	R&DC	18,448	-
Miscellaneous	NASA		43.999		R&DC	13,179,483	324,739
Miscellaneous	NASA		43.999			32,082	-
Promotion of the Humanities - Division of Preservation & Access	NEH		45.149			29,310	-
Promotion of the Humanities - Office of Digital Humanities	NEH		45.169			8,593	-
Engineering Grants (Pass-through from Georgia Institute of Technology)	NSF		47.041	RA0693-G1	R&DC	16,265	-
Engineering Grants	NSF		47.041		R&DC	202,175	205,698
Engineering Grants	NSF		47.041			138,471	-
Mathematical and Physical Sciences (Pass-through from Stanford University)	NSF		47.049	30891-A	R&DC	57,588	-
Mathematical and Physical Sciences	NSF		47.049		R&DC	305,940	-
Geosciences (Pass-through from University of Washington)	NSF		47.050	892069	R&DC	11,560	-
Geosciences (Pass-through from WGBH Educational Foundation)	NSF		47.050	2008000779A	R&DC	23,540	-
Geosciences (Pass-through from SRI International)	NSF		47.050	59-001127	R&DC	530,131	-
Geosciences (Pass-through from Woods Hole Oceanographic Institution)	NSF		47.050	A100638	R&DC	19,506	-
Geosciences	NSF		47.050		R&DC	7,053,208	153,763
Geosciences	NSF		47.050			776,785	-
Computer and Information Science and Engineering (Pass-through from Carnegie Mellon University)	NSF		47.070	IIS 0534217	R&DC	12,494	-
Computer and Information Science and Engineering	NSF		47.070		R&DC	295,251	7,577
Computer and Information Science and Engineering	NSF		47.070			207,947	-
ARRA-Biological Sciences	NSF	**ARRA**	47.074		R&DC	823	-
Biological Sciences (Pass-through from University of Washington)	NSF		47.074	592485	R&DC	6,806	-
Biological Sciences (Pass-through from University of California, Berkeley)	NSF		47.074	DEB 0926162	R&DC	24,910	-
Biological Sciences	NSF		47.074		R&DC	2,968,048	170,336
Biological Sciences	NSF		47.074			278,916	-
Social, Behavioral, and Economic Sciences	NSF		47.075		R&DC	414,654	-
Education and Human Resources	NSF		47.076		R&DC	4,300,623	23,052
Education and Human Resources	NSF		47.076			1,270,838	-
ARRA-Polar Programs (Pass-through from Oklahoma State University)	NSF	**ARRA**	47.078	AA531200-S1	R&DC	45,342	-
ARRA-Polar Programs	NSF	**ARRA**	47.078		R&DC	49,543	-
Polar Programs (Pass-through from Woods Hole Oceanographic Institution)	NSF		47.078	ARC 0731928	R&DC	(2,388)	-
Polar Programs (Pass-through from University of Maryland-UMCES)	NSF		47.078	ARC 0732667	R&DC	13,397	-
Polar Programs (Pass-through from Aleut International Association)	NSF		47.078	ARC-0634079	R&DC	(304)	-
Polar Programs (Pass-through from San Diego State University)	NSF		47.078	OPP 0421588 NSF	R&DC	7,999	-
Polar Programs	NSF		47.078		R&DC	13,837,874	195,568
Polar Programs	NSF		47.078			71,084	-
International Science and Engineering (OISE)	NSF		47.079		R&DC	312,257	-
International Science and Engineering (OISE)	NSF		47.079			16,729	-
Office of Experimental Program to Stimulate Competitive Research	NSF		47.081			41,382	-
ARRA-Trans-NSF Recovery Act Research Support (Pass-through from University of Colorado)	NSF	**ARRA**	47.082	ARC 0755725	R&DC	110,218	-
ARRA-Trans-NSF Recovery Act Research Support (Pass-through from University of Washington)	NSF	**ARRA**	47.082	ARC 0908262	R&DC	1,095	-
ARRA-Trans-NSF Recovery Act Research Support (Pass-through from University of Washington)	NSF	**ARRA**	47.082	CMMI 0936408 NSF	R&DC	6,035	-
ARRA-Trans-NSF Recovery Act Research Support (Pass-through from BBN Technologies Corporation)	NSF	**ARRA**	47.082	CNS 0940805 NSF	R&DC	42,567	-
ARRA-Trans-NSF Recovery Act Research Support	NSF	**ARRA**	47.082		R&DC	4,820,771	-
ARRA-Trans-NSF Recovery Act Research Support	NSF	**ARRA**	47.082			132,612	-
ARRA-Miscellaneous	NSF	**ARRA**	47.999		R&DC	40,555	20
Miscellaneous	NSF		47.999		R&DC	53,820	-
Procurement Assistance to Small Businesses	USSBA		59.009			(113,620)	-
Small Business Development Centers	USSBA		59.037			777,607	-
Prime Technical Assistance	USSBA		59.050		R&DC	130,561	-
Congressionally Mandated Projects	EPA		66.202			305,436	-
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419	RS 1800502	R&DC	55,618	-
Miscellaneous (Pass-through from UNGA Tribal Council)	EPA		66.999	Award Dtd	R&DC	(1,448)	-
Miscellaneous	EPA		66.999	EN 1890502	R&DC	55	-
Miscellaneous	EPA		66.999	EN-1800522	R&DC	89,857	-
Miscellaneous (Pass-through from Municipality of Anchorage)	EPA		66.999	EPA Grant X-97087801-0	R&DC	169,359	-
Miscellaneous (Pass-through from NatureServe)	EPA		66.999	EPW-07-080(WA2-11 & WA2-14)	R&DC	7,134	-
Miscellaneous (Pass-through from Kenai Watershed Forum)	EPA		66.999	KWF-UAF-001	R&DC	37,649	-
Inventions and Innovations (Pass-through from University of California, Berkeley)	ENERGY		81.036	DE-AC02-05CH11231	R&DC	20,730	-
Office of Science Financial Assistance Program	ENERGY		81.049		R&DC	124,268	-
ARRA-Renewable Energy Research and Development (Pass-through from Ocean Renewable Power Company-Alaska)	ENERGY	**ARRA**	81.087	Agreement Dtd 6/10/2010	R&DC	1,325	-
ARRA-Renewable Energy Research and Development (Pass-through from University of Washington)	ENERGY	**ARRA**	81.087	UAF 2785	R&DC	10,975	-
ARRA-Renewable Energy Research and Development	ENERGY	**ARRA**	81.087		R&DC	81,553	-
Fossil Energy Research and Development (Pass-through from Sandia National Laboratories)	ENERGY		81.089	643168	R&DC	67,610	-
Fossil Energy Research and Development (Pass-through from Sandia National Laboratories)	ENERGY		81.089	746154	R&DC	28,729	-
Fossil Energy Research and Development	ENERGY		81.089		R&DC	1,054,403	40,590

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Fossil Energy Research and Development	ENERGY		81.089			325,140	-
Defense Nuclear Nonproliferation Research (Pass-through from University of Mississippi)	ENERGY		81.113	CTBTO2003-0005	R&DC	44	-
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG) (Pass-through from Alaska Housing Finance Corporation)	ENERGY	**ARRA**	81.128		R&DC	32,639	-
ARRA-Geologic Sequestration Training and Research Grant Program	ENERGY	**ARRA**	81.133		R&DC	139	-
Miscellaneous (Pass-through from Battelle Pacific Northwest Lab)	ENERGY		81.999	DE-AC05-76RL01830	R&DC	34,342	-
Miscellaneous (Pass-through from Battelle Pacific Northwest Lab)	ENERGY		81.999	DE-AC06-76RL01830	R&DC	58,525	-
Miscellaneous (Pass-through from Inland Northwest Research Alliance)	ENERGY		81.999	DE-FG02-05ER64132	R&DC	66,903	-
Miscellaneous (Pass-through from Inland Northwest Research Alliance)	ENERGY		81.999	DE-FG07-02ID14277		10	-
Miscellaneous	ENERGY		81.999		R&DC	182,536	-
Federal Supplemental Educational Opportunity Grants	USDOE		84.007		SFAC	512,491	-
Higher Education - Institutional Aid	USDOE		84.031			10,011,353	-
Federal Family Education Loans	USDOE		84.032		SFAC	67,997,997	-
ARRA-Federal Work-Study Program	USDOE	**ARRA**	84.033		SFAC	257,269	-
Federal Work-Study Program	USDOE		84.033		SFAC	327,177	-
TRIO - Student Support Services	USDOE		84.042		TRIOC	771,620	-
TRIO - Talent Search	USDOE		84.044		TRIOC	926,948	-
TRIO - Upward Bound	USDOE		84.047		TRIOC	1,240,883	21,516
ARRA-Federal Pell Grant Program	USDOE	**ARRA**	84.063		SFAC	5,119,033	-
Federal Pell Grant Program	USDOE		84.063		SFAC	12,687,117	-
TRIO - Educational Opportunity Centers	USDOE		84.066		TRIOC	668,961	-
Fund for the Improvement of Postsecondary Education	USDOE		84.116			1,130,894	-
Fund for the Improvement of Education	USDOE		84.215			127,452	-
Tech-Prep Education	USDOE		84.243	EN 0500151		-	876
Federal Direct Student Loans	USDOE		84.268		SFAC	67,500	-
Indian Education - Special Programs for Indian Children	USDOE		84.299			247,587	-
Education Research, Development and Dissemination	USDOE		84.305			411,161	-
Research in Special Education (Pass-through from University of Hawaii)	USDOE		84.324	PO Z834829, 658889, Z880577	R&DC	17,266	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	USDOE		84.325			93,394	-
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants) (Pass-through from Anchorage School District)	USDOE		84.330	Agmt Dated 1/20/09	R&DC	(6)	-
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	USDOE		84.333			46,820	-
Teacher Quality Partnership Grants	USDOE		84.336		TQPG	1,490,507	184,790
Alaska Native Educational Programs (Pass-through from Alaska Pacific University)	USDOE		84.356	Agreement Dtd 4/21/08	R&DC	2,084	-
Alaska Native Educational Programs (Pass-through from Doyon Foundation)	USDOE		84.356	MOA 11-30-06		512	-
Alaska Native Educational Programs (Pass-through from Project GRAD Kenai Peninsula)	USDOE		84.356	MOA Dtd 10/01/09		7,127	-
Alaska Native Educational Programs (Pass-through from Project GRAD Kenai Peninsula)	USDOE		84.356	MOA Dtd 11/6/09		7,752	-
Alaska Native Educational Programs (Pass-through from Association of Alaska School Boards)	USDOE		84.356	S356K060003	R&DC	104	-
Alaska Native Educational Programs	USDOE		84.356			4,736,804	250,129
School Leadership (Pass-through from Alaska Staff Development Network)	USDOE		84.363	409-RAPPS		14,375	-
Mathematics and Science Partnerships	USDOE		84.366	RSA 0500796		-	28,835
Academic Competitiveness Grants	USDOE		84.375		SFAC	67,085	-
National Science and Mathematics Access to Retain Talent (SMART) Grants	USDOE		84.376		SFAC	415,984	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE		84.379		SFAC	22,565	-
Miscellaneous (Pass-through from Anchorage School District)	USDOE		84.999	Agreement Amended 05/09	R&DC	64,248	-
Miscellaneous (Pass-through from National Writing Project Corporation)	USDOE		84.999	Contract 09-AK02		115,919	-
Miscellaneous (Pass-through from National Writing Project Corporation)	USDOE		84.999	Contract 92-AK01		11,193	-
Miscellaneous (Pass-through from Program Income Account)	USDOE		84.999	PNWPC001		36,338	-
Miscellaneous (Pass-through from Alaska Humanities Forum)	USDOE		84.999	PR/PO 9P11071 Amend 1	R&DC	2,354	10,320
Miscellaneous (Pass-through from Anchorage School District)	USDOE		84.999	PR/PO 9P13709 Amend 1	R&DC	37,452	-
Denali Commission Program (Pass-through from Alaska Public Broadcasting)	DC		90.100	Agreement 174-05		39,494	-
Denali Commission Program	DC		90.100		R&DC	465,672	-
Denali Commission Program	DC		90.100			573,042	93,884
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	USDHHS		93.048		R&DC	228,651	-
Maternal and Child Health Federal Consolidated Programs (Pass-through from Children's Hospital Los Angeles)	USDHHS		93.110	5 H98MC08579-02-00 HRSA		48,194	-
Maternal and Child Health Federal Consolidated Programs (Pass-through from University of Arizona, Tucson)	USDHHS		93.110	T04MC0034	R&DC	2,488	-
Environmental Health	USDHHS		93.113		R&DC	111,950	-

The notes to the schedule are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2010
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Cluster	Federal Expenditures	Provided to Subrecipient
Nursing Workforce Diversity	USDHHS		93.178			9,288	-
Mental Health Research Grants	USDHHS		93.242		R&DC	1,494,076	152,249
Occupational Safety and Health Program	USDHHS		93.262		R&DC	67,799	-
Alcohol Research Programs	USDHHS		93.273		R&DC	(3,108)	-
Drug Abuse and Addiction Research Programs (Pass-through from Pacific Institute for Research and Evaluation Louisville Center)	USDHHS		93.279	0049.02.01 R01 DA015966-04A2	R&DC	32,112	-
Drug Abuse and Addiction Research Programs (Pass-through from Terra Nova Learning Systems)	USDHHS		93.279	1R44DA022907-01		30	-
Drug Abuse and Addiction Research Programs	USDHHS		93.279		R&DC	509,791	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS		93.283			332,236	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS		93.283		R&DC	8,674	-
National Center for Health Workforce Analysis	USDHHS		93.300		R&DC	31,803	-
Minority Health and Health Disparities Research	USDHHS		93.307		R&DC	603,811	7,399
Advanced Nursing Education Traineeships	USDHHS		93.358			28,944	-
National Center for Research Resources	USDHHS		93.389		R&DC	5,252,259	-
National Center for Research Resources	USDHHS		93.389			223,054	-
ARRA-Nursing Workforce Diversity	USDHHS	**ARRA**	93.417			207,921	-
Family Connection Grants (Pass-through from OnTrack)	USDHHS		93.605	Agreement Dtd 01/19/2010	R&DC	2,282	-
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through from University of Kansas Center For Research)	USDHHS		93.632	Contract FY2009-034		12,567	-
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS		93.632			431,478	-
ARRA-Trans-NIH Recovery Act Research Support (Pass-through from President & Fellows of Harvard College)	USDHHS	**ARRA**	93.701	1U24RR029825-01	R&DC	140,780	-
ARRA-Trans-NIH Recovery Act Research Support (Pass-through from Alaska Native Tribal Health Consortium)	USDHHS	**ARRA**	93.701	3U01MS048069-04S2	R&DC	5,670	-
ARRA-Trans-NIH Recovery Act Research Support	USDHHS	**ARRA**	93.701		R&DC	1,774,640	58,604
ARRA-National Center for Research Resources, Recovery Act Construction Support	USDHHS	**ARRA**	93.702			45,837	-
ARRA-Community Services Block Grant (Pass-through from Rural Alaska Community Action Program)	USDHHS	**ARRA**	93.710		CSBGC	4,712	-
Health Careers Opportunity Program (Pass-through from University of Washington)	USDHHS		93.822	5 D18 HP02864-007	R&DC	438	-
Area Health Education Centers Infrastructure Development Awards	USDHHS		93.824			1,141,561	984,940
Cardiovascular Diseases Research	USDHHS		93.837		R&DC	56,075	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS		93.847		R&DC	693,687	158,766
Extramural Research Programs in the Neurosciences and Neurological	USDHHS		93.853		R&DC	337,014	110,868
Allergy, Immunology and Transplantation Research (Pass-through from J. Craig Venture Institute)	USDHHS		93.855	IGSP Agreement 12-2-09	R&DC	15,597	-
Specially Selected Health Projects	USDHHS		93.888			444,367	-
Block Grants for Prevention and Treatment of Substance Abuse (Pass-through from University of Washington)	USDHHS		93.959	EN 0660357		1,803	-
Geriatric Education Centers	USDHHS		93.969			391,609	-
Miscellaneous (Pass-through from Iowa State University)	USDHHS		93.999	1RC2DA028879-01		3,026	-
Miscellaneous (Pass-through from SE AK Regional Health Consortium)	USDHHS		93.999	1U17RH08544-01-00	R&DC	66,914	-
Miscellaneous (Pass-through from Center for Public Service Communications)	USDHHS		93.999	Agreement# 2008-06 Amend 2		38,423	-
Miscellaneous (Pass-through from Mount Sinai School of Medicine)	USDHHS		93.999	NIH BAANIHNIAIDDMID 07	R&DC	875,593	-
Miscellaneous (Pass-through from UCLA School of Public Health)	USDHHS		93.999	NIH HHSN266200700009 C	R&DC	(84,598)	-
Miscellaneous	USDHHS		93.999		R&DC	61,262	-
Learn and Serve America - Higher Education (Pass-through from Community College National Center for Community Engagement)	USCNCS		94.005	06LHHAZ001		10,808	-
ARRA-Volunteers in Service to America	USCNCS	**ARRA**	94.013			5,000	-
Volunteers in Service to America	USCNCS		94.013			3,868	-
Social Security - Work Incentives Planning and Assistance Program	SSA		96.008			93,462	-
Centers for Homeland Security (Pass-through from University of Hawaii)	USDHS		97.061	Z884255	R&DC	549,044	76,312
USAID Development Partnership for University Cooperation and Development (Pass-through from International Research Exchange Board)	USAID		98.012			74,515	-
Total for UNIVERSITY OF ALASKA						**241,599,919**	**6,041,741**
Total Federal Financial Assistance						**3,360,734,672**	**431,052,480**

The notes to the schedule are an integral part of this schedule.

STATEWIDE ABBREVIATIONS

A

AAC	Alaska Administrative Code *or* Alaska Aerospace Corporation
AADC	Alaska Aerospace Development Corporation
AAL	Actuarial Accrued Liabilities
AAM	Alaska Administrative Manual
AC	Aging Cluster
ACES	Alaska's Clear and Equitable Share
ACF	Administration for Children and Families
ACPE	Alaska Commission on Postsecondary Education
ACS	Alaska Court System *or* Affiliated Computer Systems, Inc.
ADM	Administrative
ADN	Associate Degree of Nursing
ADP	Automated Data Processing
AEA	Alaska Energy Authority
AF	Agency Fund
AFB	Air Force Base
AFRI	Agriculture and Food Research Initiative
AGP	Aquaculture Grants Program
AHCC	Alaska Housing Capital Corporation
AHFC	Alaska Housing Finance Corporation
AIDEA	Alaska Industrial Development and Export Authority
AIDS	Acquired Immunodeficiency Virus Syndrome
AIGA	Alaska Insurance Guarantee Association
AK	Alaska
AKFIN	Alaska Fisheries Information Network
AKPAY	Alaska Statewide Payroll System
AKSAS	Alaska State Accounting System
ALAE	Allocated Loss Adjustment Expenses
ALDER	Alaska Data Enterprise Reporting
AMBBA	Alaska Municipal Bond Bank Authority
AMHS	Alaska Marine Highway System
AMHT	Alaska Mental Health Trust
AMHTA	Alaska Mental Health Trust Authority
AMLR	Abandoned Mine Land Reclamation
ANGDA	Alaska Natural Gas Development Authority
ANTHC	Alaska Native Tribal Health Consortium
AOC	Annual OPEB Cost
AOM	Administrative Operations Manager
APC	Annual Pension Cost
APFC	Alaska Permanent Fund Corporation
AR	Accounts Receivable

ARs	Appropriations
ARC	American Red Cross
ARFF	Aircraft Rescue and Firefighting
ARHCT	Alaska Retiree Health Care Trusts
ARLF	Agriculture Revolving Loan Fund
ARMB	Alaska Retirement Management Board
ARPA	Advanced Research Projects Agency
ARRA	American Recovery and Reinvestment Act
ARRC	Alaska Railroad Corporation
ARS	Agricultural Research Service
AS	Alaska Statute
ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Institute
ASPIB	Alaska State Pension Investment Board
AWP	Average Wholesale Price

B

BLM	Bureau of Land Management
BZPP	Buffer Zone Protection Program

C

CAEF	Commercial Assistance Enterprise Fund
CAFR	Comprehensive Annual Financial Report
CAP	Cost Allocation Plan
CAP – SSSE	Community Assistance Program State Support Services Element
CASA	Court Appointed Special Advocate
CBRF	Constitutional Budget Reserve Fund (Alaska)
CC	Collocation Code
CCC	Child Care and Development Cluster
CCDBG	Child Care and Development Block Grant
CCDF	Child Care Development Fund
CDBG	Community Development Block Grants
CDC	Center for Disease Control
CDLIS	Commercial Drivers License Information System
CEDA	Community Economic Development Association
CEGC	CDBG – Entitlement Grants Cluster
CFDA	Catalog of Federal Domestic Assistance
CFPC	Public Housing Capital Fund Cluster
CFR	Code of Federal Regulations
Ch	Chapter
CH	Chapter
CIAP	Coastal Impact Assistance Program

CDLIS	Commecial Drivers License Information System
CIP	Capital Improvement Projects
CMMI	Capability Maturity Model Integration
CMP	Care Management Program
CMS	Centers for Medicare and Medicaid Services
CNC	Child Nutrition Cluster
CNS	Certified Negotiation Specialist
COA	Chart of Accounts
COPs	Certificates of Participation
COURT	Alaska Court System/Alaska Judicial Council
CPA	Certified Public Accountant
CPF	Capital Project Fund
CSBGC	Community Services Block Grants Cluster
CSED	Child Support Enforcement Division
CSREES	Cooperative State Research, Education, and Extension Service

D

DAS	Division of Administrative Services
DC	Denali Commission
DCCED	Department of Commerce, Community, and Economic Development (AK)
DCP	Deferred Compensation Plan
DCRA	Division of Community and Regional Affairs (Alaska)
DEA	Drug Enforcement Administration
DEC	Department of Environmental Conservation (Alaska)
DEED	Department of Education and Early Development (Alaska)
DFG	Department of Fish and Game (Alaska)
DFISX	International Small Company Portfolio managed by Dimensional Fund Advisors LP
DGS	Division of General Services
DHCS	Division of Health Care Services
DHSS	Department of Health and Social Services (Alaska)
DISSIC	Disability Insurance/SSI Cluster
DISVX	DFA International Small Cap Value Portfolio managed by Dimensional Fund Advisors LP
DLA	Defense Logistics Agency *or* Division of Legislative Audit
DLWD	Department of Labor and Workforce Development (Alaska)
DMA	Division of Medical Assistance
DME	Division of Medical Equipment
DMVA	Department of Military and Veterans Affairs (Alaska)
DNA	Deoxyribonucleic Acid
DNR	Department of Natural Resources (Alaska)
DOA	Department of Administration (Alaska)
DOC	Department of Corrections (Alaska)
DOF	Division of Finance

DOL	Department of Law (Alaska)
DOR	Department of Revenue (Alaska)
DOTPF	Department of Transportation and Public Facilities (Alaska)
DOT&PF	Department of Transportation and Public Facilities (Alaska)
DP	Data Processing Unit
DPA	Division of Public Assistance
DPCU	Discretely Presented Component Unit
DPH	Division of Public Health
DPS	Department of Public Safety
DRB	Division of Retirement and Benefits
DSDS	Division of Senior and Disability Services
DSF	Debt Service Fund
DSMAF	Deposits, Suspense, and Miscellaneous Agency Funds
DSS	Division of Senior Services
DTF	Department of Treasure and Finance
DTFAA	Department of Transportation Federal Aviation Agency
DTFR	Department of Transportation Federal Railroad
DUR	Drug Utilization Review
DVOP	Disabled Veterans' Outreach Program
DW	A Department-wide Cost Allocation Methodology

E

EAC	Election Assistance Commission
EAEF	Energy Assistance Enterprise Fund
EEARP	Energy Efficient Appliance Rebate Program
EECBG	Energy Efficient Conservation Block Grants
EF	Enterprise Fund
EFAC	Emergency Food Assistance Cluster
EFSPC	Emergency Foods and Shelter Program Cluster
EHCY	Education of Homeless Children and Youth Cluster
EIS	Environmental Impact Statement *or* Eligibility Information System
EIV	Enterprise Income Verification
EISC	Early Intervention Services (IDEA) Cluster
ELF	Economic Limit Factor
EMGF	Emerging Markets Growth Fund
EMS	Emergency Medical Services
ENERGY	U.S. Department of Energy
EPA	U.S. Environmental Protection Agency
EPORS	Elected Public Officers Retirement System
EPW	Earth Penetration Weapon
ESC	Employment Service Center
ESP	Environmental Studies Program

ETA	Employment and Training Administration
ETS	Enterprise Technology Services
ETSGC	Education Technology State Grants Cluster
ETV	Education and Training Vouchers
EUC	Extended Unemployment Compensation
EVOS	Exxon Valdez Oil Spill

F

F&M	Facilities and Maintenance
F&WC	Fish and Wildlife Cluster
FAA	Federal Aviation Administration
FAC	Federal Additional Compensation
FAS	Foreign Agricultural Service
FASB	Financial Accounting Standards Board
FAUC	Federal Additional Unemployment Compensation
FDA	Food and Drug Administration
FE	Funding Excess
FEMA	Federal Emergency Management Agency
FFEL	Federal Family Education Loan
FFELP	Federal Family Education Loan Program
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FHWA	Federal Highway Administration
FIA	Fairbanks International Airport
FICA	Federal Insurance Contributions Act
FIFO	First In, First Out
FMAP	Federal Medical Assistance Percentage
FMS	Finance and Management Services
FNMA	Federal National Mortgage Association
FNS	Food and Nutrition Service
Forestry	Division of Forestry (Alaska)
FR	Federal Register
FRA	Federal Railroad Administration
FSA	Farm Service Agency
FSS	Flight Service Station
FTA	Federal Transit Administration
FTC	Federal Transit Cluster
FSSLA	First Special Session Law of Alaska
Fund	Alaska Permanent Fund
FVPSP	Family Violence Prevention and Services Program
FWS	Fish and Wildlife Service
FX	Foreign currency
FX Forward	Foreign currency forward exchange contracts
FY	Fiscal Year

G

G&C	Grants and Contracts Unit
GAAP	generally accepted accounting principles
GAAS	generally accepted auditing standards
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement
GeFONSI	General Fund and Other Non-Segregated Investments
GF	General Fund
GOV	Office of the Governor
GSA	U.S. General Services Administration

H

HAAM	Office of Acquisition Management
HAP	Housing Assistant Plan
HAPs	Housing Assistance Payments
HCB	Home- and Community-Based Agency
HCBS	Home and Community Based Services
HCS	Health Care Services
HDSC	Head Start Cluster
HIPAA	Health Insurance Portability and Accountability Act
HIV	Human Immunodeficiency Virus
HLSC	Homeland Security Cluster
HMGP	Hazard Mitigation Grant Program
HMS	Health Management Services
HOME	HOME Improvement Partnerships Program
HOP	HOME Opportunity Program
HPCC	Highway Planning and Construction Cluster
H.R.	House Resolution
HRA	Health Reimbursement Arrangement
HRSA	Health Resources and Services Administration
HSC	Highway Safety Cluster *or* Homeland Security Cluster
HUD	U.S. Department of Housing and Urban Development

I

IAC	Impact Aid Cluster
IAF	International Airport Fund
IASA	Improving America's Schools Act of 1994
IC	Immunization Cluster
ICPC	Indian CDBG Program Cluster
IDEA	Individuals with Disabilities Act
IEVS	Income Eligibility and Verification System
IGSP	Institute of Genome Science and Policy
IHBGC	Indian Housing Block Grants Cluster

IHS	Indian Health Service
ILOBC	Independent Living Services for Older Individuals Who Are Blind Cluster
ILSC	Independent Living State Grants Cluster
IMLS	Institute of Museum and Library Services
IPA	Intergovernmental Personnel Act
ISF	Information Services Fund
IT	Information Technology
ITA	International Trade Administration
ITQSG	Improving Teacher Quality State Grants

J

JAG	Justice Assistance Grants
JEA	Joint Enforcement Agreement
JGTRRA	Job and Growth Tax Relief Reconciliation Act
JRS	Judicial Retirement System

K

KABATA	Knik Arm Bridge and Toll Authority
KWF	Kenai Watershed Forum

L

LAA	Local Administrative Area
LAW	Department of Law (Alaska)
LBA	Legislative Budget and Audit Committee (Alaska)
LC	Library of Congress *or* Ledger Code
LEA	Local Education Agencies
LLC	Limited Liability Company
LIBOR	London Interbank Offered Rate
LIHEA	Low-Income Home Energy Assistance
LUST	Leaking Underground Storage Tanks

M

MAXCARS	Maximus Cost Allocation and Rate System
MC	Medicaid Cluster
MD&A	Management's Discussion and Analysis
MEBA	Marine Engineers' Beneficial Association (Pension Plan)
Medicaid	Medical Assistance Program
MFCU	Medicaid Fraud Control Unit
MHTA	Alaska Mental Health Trust Authority
MIS	Management Information System
MMIS	Medicaid Management Information Systems
MMS	Minerals Management Service
MOA	Memorandum of Agreement

MOE	Maintenance of Effort
MOU	Memorandum of Understanding
MS	Microsoft
MSA	Master Settlement Agreement and Final Judgment
MSCI EAFE	Morgan Stanley Capital International - Europe, Australasia, and Far East
MSRP	Manufacturer's Suggested Retail Price

N

NARA	National Archives and Records Administration
NASA	National Aeronautics and Space Administration
NCHIP	National Criminal History Improvement Program
NCHS	National Center for Health Statistics
NCLB	No Child Left Behind
NEA	National Endowment for the Arts
NEH	National Endowment for the Humanities
NFAH	National Foundation on the Arts and the Humanities
NGB	National Guard Bureau
NGNMRS	National Guard and Alaska Naval Militia Retirement System (Alaska)
NHTSA	National Highway Traffic Safety Administration
NIH	National Institute of Health
NIOSH	National Institute for Occupational Safety and Health
NIST	National Institute of Standards and Technology
NMFS	National Marine Fisheries Service
NMRT	Northwest Marine Retirement Trust
NOAA	National Oceanic and Atmospheric Administration
NPO	Net Pension Obligation
NPR	National Petroleum Reserve
NPRB	North Pacific Research Board
NPS	National Park Service
NR	Not Reported in CAFR
NRSRO	Nationally Recognized Statistical Rating Organization
NSF	National Science Foundation
NSP	Neighborhood Stabilization Program
NTSC	Northern Tobacco Securitization Corporation

O

O&M	Operations and Maintenance
OA	Office of Administration *or* Operational Adjustment
OAEF	Other Agencies Enterprise Fund
OAH	Office of Administrative Hearings
OAR	Office of Air and Radiation
OASH	Office of the Assistant Secretary for Health
OD&D	Occupation Death & Disability
OCS	Office of Children's Services

ODEP	Office of Disability Employment Policy
OEE	Office of Environmental Education
OG	Office of the Governor (Alaska)
OGRA	Oil and Gas Revenue Auditor
OIG	Office of Inspector General
OISE	International Science and Engineering
OLDC	Online Data Collection
OMB	U.S. Office of Management and Budget
ONR	Office of Naval Research
OPA	Office of Population Affairs
OPEB	Other Post-Employment Benefits
OPP	Office of Pesticide Programs
OSHA	Occupational Safety and Health Administration
OSMRE	Office of Surface Mining Reclamation and Enforcement
OSWER	Office of Solid Waste and Emergency Response
OTC	Over-the-Counter Securities Market
OTIS	On-line Tax Information System
OW	Office of Water

P

PA	Prior Authorization
PACAP	Public Assistance Cost Allocation Plan
PAPI	Precision Approach Path Indicator
PATH	Projects for Assistance in Transition from Homelessness
PCA	Personal Care Assistant
PDM	Pre-Disaster Mitigation
Pension Funds	Pension Trust Funds' Investments
PERM	Payment Error Rate Measurement
PERS	Public Employees' Retirement System
PERS-DB	Public Employees' Retirement System – Defined Benefits
PERS-DCR	Public Employees' Retirement System – Defined Contribution Retirement
PF	Permanent Funds
PHA	Public Housing Agency
PHD	Public Housing Division
PHMSA	Pipeline and Hazardous Materials Safety Administration
PL	Public Law
PO	Purchase Order *or* Processing Office
POS	Point of Sale
PPA	Prior Period Adjustments
PPT	Petroleum Profit Tax
PR	Procurement Request
PSF	Public School Fund
PTF	Pension and Other Employee Benefit Trust Fund

PWEDC	Public Works and Economic Development Cluster

Q

QE	Quarter Ending

R

R&D	Research and Development
R&DC	Research and Development Cluster
RD	Responsibility/Distribution Codes
RDI	Resource Data Incorporated
REIL	Runway End Identifier Lights
REIT	Real Estate Investment Trust
REOMB	Recipient Explanations of Medical Benefits
RFP	Request for Proposal
RHF	Retiree Health Fund
RMP	Retiree Major Medical Insurance
RPL	Revised Program/Legislative
RRR	Reduce, Reuse, Recycle
RS	Registration Standard
RSA	Reimbursable Services Agreement
Rx	Medical Prescription

S

S&P	Standard &Poors
S8PBC	Section 8 Project-Based Cluster
SAAMS	Seward Association for Advancement of Marine Science
SAMHSA	Substance Abuse and Mental Health Services Administration
SAS	Statement on Auditing Standards
SB	Senate Bill
SBA	Small Business Administration
SBJPA	Small Business Job Protection Act of 1996
SBR	Supplemental Budgetary Requirements
SBRF	Statutory Budget Reserve Fund
SBS	Supplemental Benefits System (Alaska)
SCHIP	State Children's Health Insurance Program
SDSC	Statewide Data Systems Cluster
SEC	Special Education Cluster
SEFA	Schedule of Expenditures of Federal Awards
SF	Division of School Finance or Sport fishing
SFA	Student Financial Assistance
SFAC	Student Financial Assistance Program Cluster
SFAG	State Family Assistance Grant
SF Rev Bond	Sport Fishing Revenue Bonds
SFSF	Statewide Fiscal Stabilization Fund

SFSFC	State Fiscal Stabilization Fund Cluster
SFY	State Fiscal Year
SSBG	Social Services Block Grant
SHSGP	Statewide Homeland Security Grant Program
SHSP	Statewide Homeland Security Program
SIFMA	Securities Industry and Financial Markets Association
SIGC	School Improvement Grants Cluster
SIR	Self-Insured Retention
SJI	State Justice Institute
SL	Money Market Fund
SLA	Session Laws of Alaska
SMART	National Science and Mathematics Access to Retain Talent Grant
SNAP	Supplemental Nutrition Assistance Program
Social Security	Social Security System
SOP	Standard Operating Procedures
SPCS	State Property Control System
SPMP	Skilled Professional Medical Personnel
SRC	Schools and Roads Cluster
SRF	Special Revenue Fund
SRS	Software Requirements Specification
SSA	Social Security Administration
SSCPC	CDBG – State Administered Small Cities Program Cluster
SSI	Supplemental Security Income Program
SSSLA	Second Special Session Law of Alaska
STAR	Science to Achieve Results
State	State of Alaska
STEP	State Training and Employment Program
SW	Statewide
SWSA	Statewide Single Audit
SWW	Statewide Waiver

T

TA	Travel Authorization
TANF	Temporary Assistance for Needy Families
TANFC	TANF Cluster
TAPS	Trans-Alaska Pipeline System
TBA	To-Be-Announced
TEACH	Teacher Assistance for College and Higher Education Grants
The Bank	Bank of New York Mellon
The Fund	Alaska Permanent Fund
The State	State of Alaska
The Trustees	APFC's Board Members
TIAC	Title I, Part A Cluster
TIPS	Treasury Inflation-Protected Securities

TLS	Teaching and Learning Support
TPL	Third-Party Liability
TQPG	Teacher Quality Partnership Grants Cluster
TRIOC	TRIO Cluster
TRS	Teachers' Retirement System
TRS-DB	Teachers' Retirement System – Defined Benefits
TRS-DCR	Teachers' Retirement System – Defined Contribution Retirement
TSA	Treasury State Agreement
TSPC	Transit Services Program Cluster
TSRs	Tobacco Settlement Revenues
Treasury	Treasury Division, Department of Revenue (Alaska)
Trusts	Common Trust Funds

U

UA	University of Alaska
UAAL	Unfunded Actuarial Accrued Liabilities
UC	Unemployment Compensation
UI	Unemployment Insurance
U of A	University of Alaska
UPL	Upper Payment Limit
URA	Uniform Relocation Assistance and Real Properties Acquisition Policies Act
U.S.	United States
USAF	Office of the Air Force
USAID	U.S. Agency for International Development
USASMDC	U.S. Army Special Missile Defense Command
USC	United States Code
USCG	U.S. Coast Guard
USCNCS	U.S. Corporation for National and Community Services
USDA	U.S. Department of Agriculture
USDHHS	U.S. Department of Health and Human Services
USDHS	U.S. Department of Homeland Security
USDHUD	U.S. Department of Housing and Urban Development
USDOC	U.S. Department of Commerce
USDOD	U.S. Department of Defense
USDOE	U.S. Department of Education
USDOI	U.S. Department of the Interior
USDOJ	U.S. Department of Justice
USDOL	U.S. Department of Labor
USDOS	U.S. Department of State
USDOT	U.S. Department of Transportation
USDVA	U.S. Department of Veterans Affairs
USEEOC	U.S. Equal Employment Opportunity Commission
USFS	U.S. Forest Service

USFWS	U.S. Fish and Wildlife Service (USDOI)
USGS	U.S. Geological Survey (USDOI)
USGSA	U.S. General Services Administrator
USIA	U.S. Information Agency
USSBA	U.S. Small Business Administration
USTREAS	U.S. Treasury
USSTURAA	U.S. Surface Transportation and Uniform Relocation Assistance Act

V

VA	Veterans Affairs
VRC	Vocational Rehabilitation Cluster

W

WAFD	Western Alaska Fisheries Disaster
WAI	Wostman & Associates
Wells Fargo	Wells Fargo Insurance Services
WFL	Western Federal Lands
WGS	WIC Grants to States
WIA	Workforce Investment Act
WIAC	Workforce Investment Act Cluster
WIC	Women, Infants, and Children Special Supplemental Nutrition Program
WOTC	Work Opportunity Tax Credit Program

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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

BECKY HULTBERG, COMMISSIONER

SEAN PARNELL, GOVERNOR

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March 16, 2011

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MAR 17 2011

LEGISLATIVE AUDIT

Ms. Pat Davidson, CPA
Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Re: State of Alaska Single Audit for the Fiscal Year Ended June 30, 2010

Dear Ms. Davidson:

Thank you for the opportunity to respond to the "Confidential" preliminary State of Alaska Single Audit for the Fiscal Year Ended June 30, 2011 for the Department of Administration.

Recommendation No. 1

The state accountant should improve internal controls over the inclusion of audited financial statements into the State's Comprehensive Annual Financial Report (CAFR).

Agency Response:
The Division of Finance (DOF) concurs with this recommendation. Historically, there were two methods in which the financial information from audited financials is incorporated into the CAFR. Typically the financial statement templates are prepared and submitted to DOF by the agency or corporate accountants directly involved in the day-to-day administration of the funds. However, there are also situations in which the templates were directly filled out by the DOF accountant from the audited financial statements. DOF will take action to improve the controls over gathering information for the CAFR to ensure that information is accurately reported.

Regarding the method of obtaining the templates directly from the accountants within the agencies or corporations, DOF will reconcile the audited financial statements to the provided template. Reclassified activity from the audited financial statements will be sufficiently documented to ensure that changes in presentation are explained and justified. DOF accountants will be responsible

to contact the accountants within the agencies and corporations to ensure they understand the reason for any reclassifications and agree with the revised presentation for purposes of the CAFR.

In the past, DOF accountants input the accounting information directly into the templates for some funds. This was the manner in which all of the pension funds were incorporated into the FY 2010 CAFR. In future years, DOF will request that the pension fund accountants within the Division of Retirement and Benefits actually prepare and submit the templates. This will allow the DOF accountant to perform the reconciliation as described above. This change in responsibility will also ensure that the accountant that is most familiar with the day-to-day accounting of that particular fund will be involved in the classification of that financial activity within the CAFR, and have a reconciliation process in place to verify the accuracy. The same documentation and understanding of any reclassified amounts will be the responsibility of the DOF accountant and supporting information will be available in the fund work papers.

The procedures for these funds will include this reconciliation process to ensure that the CAFR work papers are sufficiently documenting the cross walk between the audited financial statement and the templates used to input the information into the final financial statements. We also plan to have discussions with the agency and corporate accountants to ensure they understand the importance of providing accurate information within these templates for incorporation into the CAFR.

Recommendation No. 2

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

Agency Response:

The Department of Administration (DOA) concurs with this recommendation. After completion of the development of the Software Requirements Specification (SRS) in February 2010 based on the business needs of three Department of Administration divisions, Division of General Services (DGS), Enterprise Technology Services (ETS), and Division of Administrative Services (DAS), ETS was prepared to initiate procurement specifications and purchase a compatible software solution for implementation.

However after further consideration, ETS is now pursuing the development of a basic software solution within ETS only that will allow ETS to begin entering, tracking, and managing capital asset data.

Recommendation No. 3

The state accountant should improve procedures to ensure the capital asset accounts are properly reported in the State's CAFR.

Agency Response:

The Division of Finance (DOF) concurs with this recommendation. Due to staff turnover for the past two years, this issue was not sufficiently resolved from the previous year. The procedures for the capital assets section for CAFR will be enhanced to adequately account for the Department of Transportation and Public Facilities report of capital assets and ensure that the duplication related to the reimbursable service agreements are removed.

Sincerely,

Becky Hultberg
Commissioner

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State of Alaska
Department of Revenue

Commissioner Bryan Butcher

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Pat Davidson, Legislative Auditor
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March 18, 2011

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MAR 18 2011
LEGISLATIVE AUDIT

Dear Ms. Davidson:

Thank you for your agency's review of the Department of Revenue, Tax Division, as part of the FY2010 Statewide Single Audit. We appreciate the opportunity to respond to the recommendation contained in the preliminary report attached to your letter dated February 28, 2011. The deficiencies identified in your letter are itemized and addressed below for the Tax Division.

Recommendation No. 4
DOR's commissioner should ensure staff within its Tax Division implement controls to improve the auditing of oil and gas severance tax revenues.

Item 1: The division continues to conduct audits without developing standard processes including audit plans and procedures.

Response: We disagree. The division is, and has been, in the process of developing standard processes including audit plans and procedures. Development of standard processes is an ongoing project. As you are aware, the legislature significantly changed the way oil and gas production tax is calculated with the passage of the Petroleum Profits Tax (PPT) in 2006. In 2007, the legislature made further changes to the production tax through the passage of Alaska's Clear and Equitable Share (ACES) legislation. These two major pieces of legislation completely overhauled the production tax scheme and instituted a new tax credit program. The Division has worked diligently over the last four years to implement the changes while continuing to work on audits of tax returns filed under the previous tax structure. Implementation includes not only developing standard processes, but also drafting regulations, hiring and training new auditors, developing tax return forms, establishing tax credit audit and examination procedures, educating taxpayers, and various other duties that accompany the implementation of what is basically a new tax program. You are aware that the oil and gas production tax is administered without automated systems. This means that all processes are performed manually which further strains the Tax Division's limited resources. Although development of standard processes is not yet complete, this does not mean that the Division is not and has not been working on developing those processes.

Item 2: A significant portion of an audit's methodology and results were insufficiently documented.

Response: We agree. The audit in question was started by a highly experienced individual who retired a few months after the audit was opened. The audit was then transferred to another senior auditor

who resigned his position before the audit was completed. The audit was transferred yet again to another senior auditor who had to quickly familiarize himself with all issues within the audit and complete the audit within a short period of time. As stated above, oil and gas production tax audits are conducted without the assistance of automated systems. All audit work, including transaction sampling and testing, is performed manually. Data for this particular audit included over 2 million documents with thousands of transactions per document. During the course of the audit, the auditors manually tested over 1 million transactions. The time it took to perform the manual testing caused the auditor to run out of time to complete proper documentation of audit findings prior to expiration of the statute of limitations. The Tax Division took the position that it was in the best interest of the state to issue the audit with insufficient documentation and with a less detailed audit report than to miss the statute of limitations and, in effect, issue no audit at all. The auditor was instructed to issue the audit, but continue to document audit findings and complete the audit report after the fact. The taxpayer was informed that it would receive a more comprehensive explanation of our adjustments at a later date.

Item 3: The deficiencies in audit documentation forced the tax section to issue a less detailed report than what is issued as part of their standard report format.

Response: We agree. See explanation under Item 2, above.

Item 4: Audit supervisors did not review and approve audit methodology prior to audits being conducted.

Response: We agree, but disagree that this in an issue. It is not common practice for the Tax Division to approve audit methodology prior to audits being conducted. Audits are assigned to auditors based on their level of experience and their job class. Audits of the largest oil and gas production taxpayers are assigned to Oil and Gas Revenue Auditor IV's (OGRA IV). Under the class specifications, OGRA IV's "serve as lead auditor having complete responsibility for the largest oil and gas production tax . . . audits." The particular audit in question was assigned to an OGRA IV who was required to perform the audit with no day-to-day oversight. Audit methodology is at the auditor's discretion provided, however, that the end result is that the auditor has accurately evaluated tax liabilities. As stated previously in this letter, the Tax Division is still implementing what is essentially a new tax program and specific audit methodology has not yet been defined for these audits.

Item 5: Audit supervisory reviews were limited, sporadically documented, and only conducted at the end of the audit.

Response: We agree. Audit reviews in all programs are conducted at the end of audits. That is common practice in all audits in the audit profession. We also agree that supervisory reviews were limited and sporadically documented in some of the audits closed during the fiscal year. Again, this was due to the continual implementation of PPT, ACES and the new credit program. Implementation has put a strain on audit resources. Money requested to continue contract audits has been reduced which put further strain on our resources. However, management continually communicates with staff on tax issues via meetings and emails, and has discussions about the proper application of statutes and regulations. As a result of the poor documentation of the audit identified in issues 2 and 3, management has instituted the practice of meeting with the audit leads and team members on the largest audits at least once a month to discuss the progress of the audit and any issues that may have arisen that require management input.

The bulk of the findings in the audit report are attributable to:

- staff turnover, particularly at the supervisory level;
- the inability to recruit senior level auditors at current pay levels, despite intensive recruitment efforts over the last two years; this means (1) less experienced auditors are working major audits,

and (2) supervisors are having to spend time conducting complex audits, instead of using that time to supervise and developing audit manuals, processes and procedures; and

- lack of automated tax processing systems to manage and share information; this dramatically increases the amount of time needed to complete audits and review returns, and thus, siphons resources away from program development.

As junior auditors in the Production Tax Audit Group gain experience, they will be able to take on more complex and higher volume audit work. This should relieve some of the resource strain, provided these auditors continue working for the Department once they reach senior levels. Over the last three years, great efforts have been made by the Department to obtain an automated tax processing system to manage and share information, but funding for this project has not yet been forthcoming.

We believe that we have addressed the findings and recommendation presented in the preliminary audit report, however we would welcome any additional comments or questions from you or your staff.

Sincerely,

Bryan Butcher
Commissioner

Cc: Bruce Tangeman, Deputy Commissioner, Tax Division, DOR
Johanna Bales, Acting Director, Tax Division, DOR
Ginger Blaisdell, Director, Administrative Services Division, DOR
Brook Larson, Finance Officer, DOR

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STATE OF ALASKA

Department of Education & Early Development

Office of the Commissioner

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March 16, 2011

RECEIVED
MAR 17 2011
LEGISLATIVE AUDIT

Pat Davidson, Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

The Department of Education & Early Development (DEED) appreciates the opportunity to respond to the audit recommendations in the preliminary audit report on the State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2010.

Recommendation No. 5
DEED's Division of Teaching and Learning Support (TLS) director should ensure personal service expenditures charged to federal programs comply with federal cost principles.

The department understands the requirements outlined in OMB Circular A-87 and agrees with the importance of keeping an accurate record of personnel costs. The department will review our timekeeping procedures to ensure that personal service costs for employees working on multiple federal programs are accurately documented and accurately reflect an after-the-fact distribution of actual employee activity.

Recommendation No. 6
DEED's TLS director should develop and submit the required state distribution plan for the Emergency Food Assistance Cluster (EFAC) to ensure compliance with federal regulations.

The department agrees with recommendation No. 6. The department has completed drafting a new state distribution plan and has submitted the new plan to the United States Department of Agriculture (USDA), Food and Nutrition Services' Regional Office for review and approval. In addition, the department will develop a procedure to safeguard administrative program documents.

Sincerely,

Mike Hanley

Mike Hanley
Commissioner

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STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

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March 23, 2011

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MAR 2 3 2011
LEGISLATIVE AUDIT

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RE: Preliminary Audit Report, Department of Health and Social Services (DHSS), FY 10 Statewide Single Audit

Dear Ms. Davidson:

Thank you for the opportunity to respond to the Preliminary FY10 Statewide Single Audit report recommendations for Department of Health and Social Services (DHSS). The department's response is as follows:

Recommendation No. 7

The Finance and Management Services (FMS) assistant commissioner should ensure personal services expenditures charged to federal programs comply with federal cost principles.

The department partially concurs with this recommendation.

The department has a policy of positive time keeping for most employees. If an employee works 100% of their time on a federal program they are expected to submit a certification every 6 months attesting to that fact. If they work on federal programs part of the time, they are instructed to track their actual time worked and code the benefitting program.

Recommendation No. 7 contains a statement that "According to the Department of Administration, Division of Personnel staff, many DHSS timesheets do not identify the time worked by program and costs are charged to federal programs based on management estimates." We are unaware of charges being made based on "management estimates"? Each employee has default coding in the AKPAY system to which payroll will be charged if no coding is entered in a timesheet. In many cases the default coding is appropriate. It would be legitimate for an employee whose time is allocated based on an approved PACAP allocation methodology to allow their time to default to the allocable CC in AKPAY. It would not be appropriate that an employee directly charging federal programs allow their time to default to percentage based coding.

Over the last two years the department has made ongoing efforts to inform employees of the positive time keeping requirement. Regular reminders that positive time keeping is a requirement and that certifications are due every 6 months, have been provided to Administrative Managers at the bi-weekly Managers' meeting. They have also been reminded that staff are not to charge time based on budget but based on where they actually spent their time. In addition, the department added a "*Cost Allocation and Positive Time Keeping*" class to the fall training academies held in Juneau, Fairbanks and Anchorage.

In a continuing effort to train staff in proper time keeping, a department wide notification is being sent to all DHSS employees reiterating the standing practice. In addition, on a quarterly basis, the PACAP statistics coordinator will send the electronic certification form to Administrative Managers with a reminder to have it completed by employees working 100% of their time on a single federal program.

With over 3,500 employees spread across the state, this effort will be a continual process.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 8

DHSS' internal audit manager should ensure that management decisions related to subrecipient audit findings are issued timely.

The department concurs with this recommendation.

As part of the subrecipient monitoring process, the audit section will coordinate with program managers to include follow-up of programmatic findings. A single management decision letter will be issued by the audit section for both financial and programmatic findings within six months of receiving the subrecipient audit report.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 9

The Division of Public Assistance's (DPA) director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.

The department concurs with this recommendation. The division has several activities underway to address the vendor monitoring finding. These activities are the result of concerns identified in the FY2009 audit and I believe shared with you during the FY2010 audit process. The corrective compliance activities underway to ensure vendors participating in the Women, Infants and Children (WIC) program are adequately monitored include:

- A comprehensive assessment of WIC Vendor Management responsibilities. Following the FY 2009 audit, the division sought and secured federal WIC Operational Adjustment (OA) in SFY 10 to complete the evaluation and seek recommended solutions. A professional service contract was procured with Resource Data Inc. (RDI) to review all aspects of Vendor Management including compliance policies, procedures and practices, vendor support and technical assistance needs, data needs, organizational structure and staffing and work flow, and automation improvements. This assessment was completed on September 30, 2010 and the division is in the process of reviewing the findings and recommendations and developing an action plan for implementing solutions. These improvements include operational changes to the staff and management infrastructure to support vendor management responsibilities and automating manual processes. These actions are expected to lead to significant improvements and correct the deficiencies noted in the SFY09 and SFY10 audits.

- Examining options to deal with the challenges in meeting the requirements of 7 CFR 24.12 (j)(4) (i) in Alaska. The October 13, 2010 Management Letter No. 1 cites insufficient vendor monitoring efforts and lack of managerial controls that resulted in program deficiencies.

While on-site compliance buys may be the preferred method of monitoring vendors, the federal regulations allow states some alternatives. 7CFR 246.12 (j) (4) (i) states: "*A compliance investigation of a high risk vendor may be considered complete when the State agency determines that a sufficient number of compliance buys have been conducted to provide evidence of program noncompliance, when two compliance buys have been conducted in which no program violations are found, or if an inventory audit has been completed.*"

Alaska's remoteness and geography present a multitude of extenuating circumstances that make it difficult for (expense, weather, and other geographic challenges) monitoring vendors through on-site compliance. WIC staff must rely on inventory audits to offset the time and expense of traveling to many remote areas of Alaska where WIC vendors are located.

In FFY2009 (overlapping with SFY2010), program staff attempted to complete thirteen (13) on-site visits (four more than the 5% required to meet federal standards). Of the 13 buys, two (2) met the criteria of being "completed"; one (1) vendor voluntarily withdrew from enrollment as a result of deficiencies identified.; and the ten (10) remaining vendors needed follow-up visits that staff were not able to perform because of workload and extenuating travel circumstances. In SFY2010, WIC vendor staff began conducting inventory audits as a means of monitoring high-risk vendors and to supplement on-site compliance buys.

The Division of Public Assistance expects that the activities outlined above will correct the program management deficiencies noted in Management Letter No.1 and bring Alaska's WIC vendor monitoring responsibilities into compliance with federal requirements in SFY2011.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 10

DHSS' DPA director should implement policies and procedures to ensure the accurate and timely documentation of client participation status.

The department partially concurs with this recommendation.

DHSS concurs that the Division of Public Assistance (DPA) director should implement policies and procedures to ensure the accurate and timely documentation of client participation status. DHSS further concurs that not all caseworkers are adequately documenting the circumstances under which a client who is not exempted from the work participation requirements, and is not participating, is not subject to sanction.

There are a variety of legitimate good cause reasons which allow clients, who are not participating, to not be subject to sanction (see 7 AAC 45.261). DPA will take action to reinforce expectations of case workers to document these circumstances, and to target monitoring for compliance with this standard through Work Services Quarterly Reviews.

DHSS concurs that not all cases coded as family type 14 (required to participate, but not participating; and not subject to sanction for the reporting month) on the ACF-199 Performance Report meet the definition. DHSS does not concur that the use of code 14 could "*potentially result in a faulty participation rate.*" Although there are some errors on line 49 of the ACF -199 that could affect the participation rate, this specific error cannot.

All family types that do impact the participation rate – those that exempt the family from the participation rate – are coded correctly. Family type 14 does not exempt the family from the rate. ACF does not use code 14 in determining whether a family met the rate or not. The family is in the denominator of the participation rate calculations regardless. The family is in the numerator as meeting or not meeting the rate based on the number of countable hours verified and reported by Alaska. Family type 14 does not affect the rate.

DHSS is conducting a thorough review of EIS data fields, TANF data downloads, syntax and algorithms that affect the coding of family type 14 for line 49 of the ACF-199 report to determine what changes can be made to correct the coding error.

All necessary steps will be taken, as DPA explores development and design of a new eligibility information system, to ensure that the need to accurately and thoroughly document code line 49 of the ACF-199 will be supported by the new system.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 11

DHSS' TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

The department concurs with this recommendation.

The Division of Public Assistance (DPA) will change the application procedures to ensure that Alaska's TANF program will be in full compliance with 42 USC 608(a)8. DPA will evaluate its current application (form GEN 50B) to ensure that a question regarding past felonies is included and that eligibility workers screen all TANF applicants during the initial eligibility interview to ensure compliance with this standard. DPA will ensure that this standard is reflected in the Alaska Temporary Assistance Program Manual and in new worker training on Alaska's TANF program.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 12

DPA's administrative manager should improve procedures over the federal Child Care and Development Fund's (CCDF) program reporting requirements.

DHSS partially concurs with this recommendation.

Staff turnover occurred in the DPA administrative manager position effective May 2010.

DPA staff realized inaccuracies occurred with the federal ACF-696 report. Subsequently, federal financial reports were adjusted for categories of funding and classification of expenditures that were previously overstated by September 30, 2010. These adjustments resulted in DPA meeting the MOE requirement for FFY 09.

DHSS disagrees that the reporting error resulted from lack of written procedures. Meetings were held and email communications occurred between DPA staff, DLA staff, and federal CCDF staff where federal regulations and procedures were provided on how to prepare, classify, and report federal financial information. DPA staff continually refers to federal regulations to accurately complete the ACF-696 federal report. Furthermore, the ACF-696 report is electronically submitted using the Online Data Collection (OLDC) system. The federal reporting system has built in checks and balances to ensure the financial data is reported, claimed, and categorized accurately. If errors occur, the electronic system prevents the successful processing of the report. DPA staff must address any reporting errors generated with the submission.

The State's accounting system is used to determine the CCDF federal program expenditures for each reporting period. These expenditures represent approximately 97% of the total cost. Maxcars is the managerial accounting system used to allocate the department's indirect costs, which represent approximately 3% of the total CCDF program expenditures. The CCDF report is prepared using the State's accounting system for program expenditures with Maxcars providing the indirect allocation accessed to the program.

Current DPA staff and program support personnel are in constant communication regarding the program financial management. The team approach that currently exists does result in accurate financial management and oversight of the program.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 13

FMS' assistant commissioner should ensure reimbursement of Health Facilities Licensing and Certification costs are claimed in accordance with federal regulation.

The department does not concur with the legislative audit finding that the department is ineligible to claim 75% reimbursement for Health Facility Survey staff who conduct facility surveys.

We have requested a letter from the CMS Survey, Certification and Enforcement Center clarifying the federal claiming rate for State Agency Survey and Certification activities. We will provide Legislative Audit with a copy of their response.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 14

DHSS' deputy commissioner for Medicaid and Health Care Policy should ensure necessary changes occur to prevent over billing Medicaid for third party liability administrative costs.

The department partially concurs with this recommendation.

At the time of its interpretation of CFR guidelines, the department believed it was acting in good faith to follow CFR guidelines based upon the following: the state, through its contract with Health Management Systems (HMS), pursues Medicaid pay and chase and cost avoidance activities. The contractor also collects Medicaid insurance premiums. The department interpreted the efforts of HMS as having the effect of a direct reduction of Title XIX claims. It interpreted these efforts to be consistent with the treatment of health care premiums, which are FMAP instead of ADM and also result in a direct reduction of Title XIX claims.

The department will make a structure change to the TPL code to claim these costs as Medicaid administration at 50%. This change will be effective for the QE March 31, 2011. In addition, it will adjust its requests for federal reimbursement on the CMS 64 to pay back the alleged overbilled amount once the correct figures have been agreed upon.

The department disputes the assertion that it overbilled Medicaid by $223,538 of which $199,299 were American Recovery and Reinvestment Act (ARRA) funds. It respectfully requests the supporting documentation from which these figures were obtained.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 15

The DHSS deputy commissioner for Medicaid and Health Care Policy should ensure compliance with program regulations concerning the enrollment of Personal Care Assistants (PCA) and the processing and payment of PCA program claims.

The department concurs with this recommendation.

Health Care Services and Senior and Disability Services jointly implemented a PCA enrollment effort in September 2010. The effort began with structural preparations so that MMIS would process the claims correctly. We then began preparing and educating the PCA agencies for their role including holding a "Town Hall Meeting" to solicit input and allay concerns. Based upon this input, we developed a streamlined enrollment process to minimize the administrative burden to the Agencies and individual rendering PCA's. Affiliated Computer Services (ACS) began receiving and processing enrollment applications in November 2010. Currently, we have approved enrollments for 3,160 individual PCA's and will begin mailing out their Medicaid Contract Identification numbers beginning February 28, 2011. We are in process with an additional 945 applications for a total of 4,105 unique Personal Care Assistants at the time of this writing.

Effective March 15, 2011, we will require rendering PCA identification numbers on all claims from PCA Agencies.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 16

The HCS director should ensure the Medicaid fiscal agent complies with the contract requirements related to surveillance and utilization reviews.

DHSS concurs with this recommendation.

Health Care Services has been carefully monitoring contract performance and meeting weekly with the fiscal agent executive management team. We have determined that contract

performance may not improve in the near future and are preparing a notice of contract non-compliance. We are requiring a corrective action plan and will continue to monitor performance.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 17

The HCS director should develop written policies and procedures for the alternative reimbursement methodology over durable medical equipment and supplies (DME).

DHSS concurs with this recommendation.

The need for this alternative pricing methodology arose from an urgent need to fairly reimburse DME providers for increases in shipping incurred for items to Alaska and to ensure continuity of services to Alaska Medicaid recipients. The cost plus 40% pricing methodology satisfied this need but was not incorporated into regulation. At the time, DME providers expressed concern that providing invoices showing actual dealer cost would invalidate the contracts with their manufacturers.

DHCS intends to incorporate specific criteria for utilizing the cost plus 40% pricing methodology in forthcoming regulations and stipulate the following:

- The DME provider must prove that providing the item at the set allowable rate or by the current pricing methodology will result in a profit margin of less than 10%
- The DME provider must provide actual dealer cost, including any applicable discounts on an unaltered invoice that:
  - Contains the DME provider's name
  - Is not more than one year old, and
  - Is a quote that is valid at the time the Prior Authorization (PA) request is submitted (i.e. a quote dated January 18th stating the quote is valid for 90 days cannot be used with a PA for September dates of service)
- An invoice that contains white out, blacked out portions or is altered in any way will not be accepted
- A printout from a website used as evidence of DME provider cost must be in invoice form and show all final discounts (i.e. a printout from the "cart")
- The physician must certify that the item requested under the cost plus 40% methodology is the only item that meets the recipients medical needs

- The cost plus 40% pricing methodology can only be requested for items that have a set rate
- DHCS will research any DME provider request for cost plus 40% pricing methodology. If DHCS is able to obtain the same item directly from the specified manufacturers' website, at an amount that is within 5% of the dealer's cost without a manufacturer contract, cost plus 40% will not be authorized and pricing will revert back to the set rate or 80% of MSRP, whichever is lower.

Incorporating these items into regulations will serve as the basis for policy and guidance to Affiliated Computer Services, Inc. (ACS), DHSS' Medicaid fiscal agent.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 18

FMS' assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet *OMB Circular A-133* reporting requirements.

DHSS concurs with this recommendation.

Specific documentation regarding the cycle and processes for preparation and review of the annual federal schedule will be completed by November 30, 2011.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 19

DHSS' FMS assistant commissioner should ensure uncollectible accounts receivable are removed from AKSAS.

The department partially concurs with this recommendation.

Finance and Management Services staff has submitted transactions that will liquidate the accounts receivable associated with the supplemental appropriations received from the

Legislature. However, DHSS has not settled with the Centers for Medicare and Medicaid Services for the school based services in deferral status. The accounts receivable reported in the accounting system represent the amounts claimed but not yet paid by CMS. While additional revenue collections may be unlikely, as long as these claims remain in deferred status, DHSS believes that some of the claims could be paid by CMS when settled.

Supplemental appropriations were authorized by the Legislature for accounts receivables establish for school based services claims for the following fiscal years and amounts:

AR 23315-04 Medicaid State Programs	$1,380,444
AR 23928-05 Medicaid School Based Administrative claims	$ 221,290
AR 23928-06 Medicaid School Based Administrative claims	$2,283,323
AR 23928-07 Medicaid School Based Administrative claims	$3,060,691

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

Recommendation No. 20

FMS' assistant commissioner should take measures to resolve revenue shortfall issues.

The department concurs with the intent of this recommendation, although disputes the specifics regarding the amounts identified as shortfalls.

DHSS is actively taking steps to further reduce revenue shortfalls. Management has quarterly financial reviews with all DHSS divisions to identify potential AR shortfalls by monitoring budgets through projections. Each quarter, divisions access their year-to-date revenues and expenditures and project out through the remaining fiscal year. As revenue shortfalls are identified, divisions work with the Budget Unit to prepare supplemental requests prior to the fiscal year end.

Over the past couple years we have been able to better understand and correct some of our budget projections where we were over projecting federal revenue collections. Through increased awareness, training with the division and quarterly projections, we expect fewer shortfalls in the future.

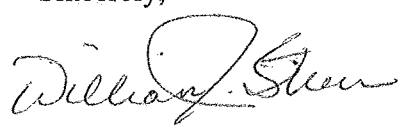
It typically takes up to two years for some of the federal revenues to be resolved due to the nature of federal reporting and reconciliation processes. Many of the appropriations listed for FY10 will be resolved since we are still in the process of collecting federal revenue. We may still file

amended federal reports for FY09 through the remainder of FY11, if we discover that claims were incomplete or need correction. We will be asking for ratifications for the two FY09 appropriations, if additional revenues are not forthcoming for the period in question during the 2012 legislative cycle.

Contact Person: Alison Elgee, Assistant Commissioner
Finance and Management Services
Telephone: (907) 465-1630

If you have any additional questions, please contact Alison Elgee at (907) 465-1630 or by email at Alison.Elgee@alaska.gov.

Sincerely,



William J. Streur
Commissioner

cc: Patrick Hefley, Deputy Commissioner
Alison Elgee, Assistant Commissioner, Finance Management Services
Kimberli Poppe-Smart, Director, Division of Health Care Services
Ronald Kreher, Acting Director, Division of Public Assistance
Barbara Reid, Deputy Director, Finance Management Services
Bob Wright, Audit Manager, Finance Management Services

STATE OF ALASKA

Department of Labor and Workforce Development

OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

P.O. BOX 111149
JUNEAU, ALASKA 99811-1149

PHONE: (907) 465-2700
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March 14, 2011

RECEIVED
MAR 14 2011
LEGISLATIVE AUDIT

Ms. Pat Davidson
Alaska State Legislature
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson,

This letter provides a general response from the Department of Labor and Workforce Development (DLWD) related to the Division of Legislative Audit finding detailed in the Single Audit for the Fiscal Year Ended June 30, 2010.

Finding:

The Department of Labor and Workforce Development's (DLWD) Information Technology (IT) Manager should address weaknesses over the Unemployment Compensation (UC) Information System.

Response:

DLWD acknowledged the identified weaknesses in logical access information system controls, policies, and procedures for the UC Information System. DLWD has since taken actions to proactively remediate all identified UC system vulnerabilities.

The improvement of logical access controls and development of policy and procedures were reprioritized by DLWD as high priority work items. The identified security weaknesses have been resolved and remaining remediation automation tasks are currently undergoing full system implementation and will be finished by June 1st, 2011. All remediation and policy development efforts are being conducted in accordance with National Institute of Standards and Technology (NIST) best practice guidance.

DLWD understands the need for adequate access controls to reduce the risk of unauthorized access to the UC information system. DLWD is dedicated to adhering to core security principles including the Principle of Least Privilege, meaning an individual will be granted only enough privilege to accomplish assigned tasks, but no more.

Thank you for the opportunity to respond to this finding.

Sincerely,

Clark Bishop
Commissioner

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STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT
Office of the Commissioner

Sean Parnell, Governor
Susan Bell, Commissioner

March 22, 2011

RECEIVED
MAR 2 2 2011
LEGISLATIVE AUDIT

Ms. Pat Davidson, Legislative Auditor
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Re: Preliminary Report of Department of Commerce, Community, and Economic Development (DCCED) FY10 Statewide Single Audit

Dear Ms. Davidson,

Thank you for the February 28, 2011 preliminary audit regarding the FY10 Statewide Single Audit recommendations. I appreciate your review and the opportunity to respond to the two recommendations.

Recommendation No.22
This recommendation was fully addressed prior to Management Letter No. 1 in October 2010. The six identified American Recovery and Reinvestment Act (ARRA) Section 1511 certificates were prepared and published on the Alaska.gov/recovery website. All subsequent State Fiscal Stabilization Fund projects meeting the U.S. Department of Education (USDOE) definition of infrastructure are identified at the time the department receives a proposed written scope of work. Section 1511 certificates are prepared and posted at the time a grant agreement is fully executed and before expenditures take place.

The Division of Community and Regional Affairs (DCRA) website is updated to include a description of all ARRA funded programs administered by the division and includes a link to copies of each Section 1511 certificate and to Recovery.gov. These procedures ensure full compliance with ARRA Section 1511.

Recommendation No.23
DCRA has ensured that ARRA 1512 reports are correctly prepared and adequately reviewed. The issues noted in the preliminary audit report were previously discussed with the USDOE federal representative and were considered immaterial.

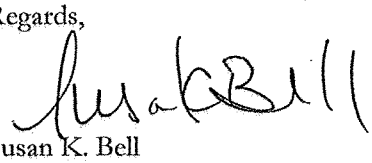
Grant staff administering this program participated in a teleconference with Jesse Levin, USDOE federal representative, on January 21, 2011. The purpose of the discussion was to clarify ways to report information on the 1512 reports. Items discussed included the three errors mentioned in your previous Management Letter No. 2. Guidance was provided on the correct way to report subrecipient and vendor information. Ms. Levin stated that the errors from previous reports were not 'made at a level of materiality' and as such they would not require us to correct the old reports. However, grant staff corrected the 1512 report that was submitted on January 10, 2011 to accurately reflect the information.

P.O. Box 110800, Juneau, Alaska 99811-0800
Telephone: (907) 465-2500 Fax: (907) 465-5442 Text Telephone: (907) 465-5437
Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us/

DCRA supervisory staff has and will continue to review information in 1512 reports before they are submitted. Errors occurred because of a misinterpretation of federal guidance at several levels. With the latest guidance from USDOE, provided via recent telephone and email exchange, grant staff now have a clear understanding of the reporting requirements. All future 1512 reports will be submitted reflecting accurate information.

Again, thank you for an opportunity to respond to the management letter finding. If you have any additional questions please contact me at 465-2500.

Regards,



Susan K. Bell
Commissioner

cc: JoEllen Hanrahan, Director, Division of Administrative Services, DCCED

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

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ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

March 17, 2011

Pat Davidson, Legislative Auditor
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
MAR 15 2011
LEGISLATIVE AUDIT

RE: Audit Control Number 02-40011-11

Dear Ms. Davidson:

Thank you for the opportunity to respond to the Preliminary Audit Report for the Statewide Single Audit for the fiscal year ending June 30, 2010. The following are our specific comments:

Recommendation No. 24

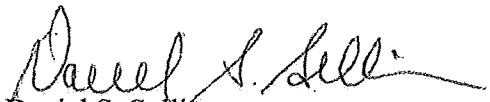
The director of DNR's Division of Support Services should implement procedures to ensure that the federal suspension and debarment requirements are being met.

DNR agrees with the recommendation, and notes that none of the seven tested vendors identified in the audit was on the suspended/debarred list. DNR has already taken steps to deal with existing contracts and has a plan for ensuring that this requirement is met in the future. For existing contracts that have or potentially have federal funding, we have printed confirmation that the contractor is not suspended/debarred from the Excluded Parties List and put it in the contract files for all of Forestry's existing contracts that we don't anticipate amending in the near future. We have amended some contracts for other reasons, and in those we added certification language to the applicable contracts that were amended. We have awarded some contracts (such as new helicopter contracts with Evergreen), and added appropriate language to the contracts that were in process.

To ensure future compliance, DNR's Procurement Officer has spoken with the Department of Administration's Division of General Services to ask them their plan to address this issue on a statewide level since this requirement applies across all departments/agencies that receive federal funds. They have prepared a Procurement Information Message that gives departments guidance on this issue, and provides a certification form for departments to use in their contracts and solicitations. Since February, we have added this form to all of our solicitations that have federal funding and might equal or exceed $25,000. We are in the process of modifying all of our miscellaneous agreement templates, such as grant agreements, cooperative agreements, memorandums of agreement, etc. to include a suspended/debarred certification form. We are also in the process of modifying our DNR procurement policies and procedures to include guidance on this issue.

Thank you for the opportunity to respond.

Sincerely,



Daniel S. Sullivan
Commissioner

cc: Jeanmarie Davis, Director, Support Services Division
Fabienne Peter-Contesse, Deputy Director, Support Services Division
Marlys Hagen, Procurement Officer, Support Services Division
Bill Andrews, Finance Officer, Support Services Division

STATE OF ALASKA

SEAN PARNELL, GOVERNOR

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DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

March 7, 2011

RECEIVED
MAR 0 8 2011
LEGISLATIVE AUDIT

Pat Davidson
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson:

Thank you for the opportunity to comment on the preliminary audit report on the *State of Alaska Single Audit, for the Fiscal Year Ended June 30, 2010.* There were no new findings or recommendations for the Department of Fish and Game and the prior year recommendation has been resolved, so we have no comments on the report.

It has been a pleasure working with the audit staff from the Division of Legislative Audit, and we appreciate the time and effort spent on the audit of our agency.

Sincerely,

Cora Campbell

Cora Campbell
Commissioner

cc: Kevin Brooks, Director, Division of Administrative Services
Cristine O'Sullivan, Finance Officer, Division of Administrative Services

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State of Alaska
Department of Public Safety

Sean Parnell, Governor
Joseph A. Masters, Commissioner

March 3, 2011

RECEIVED
MAR 0 3 2011
LEGISLATIVE AUDIT

Pat Davidson
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Davidson,

Thank you for allowing me to respond to the recommendation contained in the preliminary audit report for the FY10 Statewide Single Audit. The department's response to the recommendation follows:

Recommendation No. 25

The DPS Finance Officer should take measures to resolve revenue shortfall issues.

The department agrees with this recommendation.

Revenue shortfalls occur, in part, due to timing differences between the posting of expenditures and collection of revenues. DPS is implementing processes to mitigate the effect of the timing difference.

If you have any questions, please contact Dan Spencer, Director of the Division of Administrative Services, at 465-5488.

Sincerely,

Joseph A. Masters
Commissioner

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5700 E. Tudor Road – Anchorage, AK 99507 – Voice (907) 269-5086 – Fax (907) 269-4543
Juneau Office – Voice (907) 465-4322 – Fax (907) 465-4362

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STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

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☐ Juneau Office: 3132 Channel Drive

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March 16, 2011

RECEIVED
MAR 15 2011
LEGISLATIVE AUDIT

Ms. Pat Davidson, Legislative Auditor
Division of Legislative Audit
PO Box 11330
Juneau, AK 99811-3300

Dear Ms. Davidson:

Thank you for your letter dated February 28, 2011, relating to the preliminary Statewide Single Audit. The preliminary audit includes the following recommendation, and our response follows:

Recommendation No. 26

DOTPF's finance officer should implement internal controls to prevent premature lapsing of capital appropriations' termination years.

The department concurs with this recommendation and last year established internal controls to prevent this from occurring in the future. The Operating Programs Unit Accountant reviews all appropriations (ARs) rolling up to AR 66999-15, the upper level AR for DOT&PF capital interdepartmental RSA's, to ensure that those ARs are extended, if necessary. This review is completed weekly beginning in April of each year and extends through the re-appropriation period. Emails to Project Managers are sent out to determine if they anticipate an extension. In addition, expenditure and revenue actuals are monitored to ensure they are in balance prior to termination. In conjunction with the receipt of an amendment extending the completion date of an RSA, the DOT&PF Operating Finance Office RSA coordinator extends the appropriation term year.

The three AR's referenced in Recommendation No. 26 were administrative allowance AR's based off disaster RSA's with the Department of Military and Veterans Affairs (DMVA). DOT&PF's Finance Officer worked directly with DMVA's Finance Officer and we were able to bill against the RSA's. Due to the diligent work completed by both agencies DOT&PF has *no* AR's in shortfall status and will continue to monitor all appropriations so this oversight will not happen again in the future.

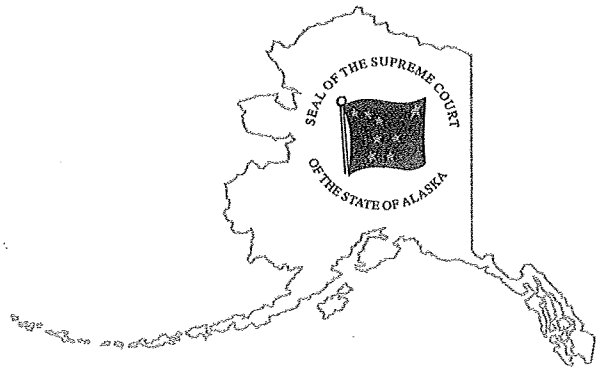
If you have any questions, please feel free to contact Laura Baker, Director, Division of Administrative Services, at 465-3911.

Sincerely,

Marc Luiken
Commissioner

cc: Laura Baker, Director, Division of Administrative Services, DOT&PF

CHRISTINE E. JOHNSON
Administrative Director



Alaska Court System

303 K STREET
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March 14, 2011

Ms. Pat Davidson, CPA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
MAR 17 2011
LEGISLATIVE AUDIT

Dear Ms. Davidson:

We have reviewed the preliminary FY10 Single Audit Report compiled by you and your staff. The court system is in agreement with the outcome of "no recommendations" for this audit period.

Thank you for the opportunity to review this information prior to finalization. If you require any additional financial information from the court system, please feel free to contact me at 264-0528 or the court system's chief financial officer, Rhonda McLeod at 264-8215.

Very truly yours,

Christine E. Johnson

cc: Rhonda McLeod, Chief Financial Officer

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State of Alaska
Department of Revenue

Commissioner Bryan Butcher

SEAN PARNELL, GOVERNOR
333 Willoughby Avenue, 11th Floor
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Fax: (907) 465-2389

Pat Davidson, Legislative Auditor
Legislative Budget & Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

March 18, 2011

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MAR 17 2011
LEGISLATIVE AUDIT

Dear Ms. Davidson:

Thank you for agency's review of the Alaska Housing Finance Corporation as part of the FY2010 Statewide Single Audit. We appreciate the opportunity to respond to the recommendations contained in the preliminary report dated February 28, 2011.

Recommendation No. 27

Finding 10-01: Lack of Documentation to Assess Rent Reasonableness – Eligibility - Compliance – Direct Program CFDA: 14.881

Criteria: According to the OMB A-133 Compliance Supplement, the public housing agency's (PHA's) administrative plan must state the methods used to determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units. The PHA must determine that the rent to owner is reasonable at the time of initial leasing, and must maintain records to document the basis for such determination. The PHA determination must consider unit attributes such as the location, quality, size, unit type, age of unit, amenities, housing services, and maintenance and utilities provided by the owner. The Corporation's policies state that Form SE315 (Unassisted Unit Comparability Survey) will be used to document the information necessary to make a reasonable rent determination. As stated in the procedures, two forms shall be placed in the client folder.

Condition: Of the 60 participant files tested, three files were found to have deficiencies in the documentation of a reasonable rent determination.

Questioned Costs: None identified.

Context: We reported a similar finding when we tested the files for this program in 2005, 2008, and 2009. At that time, AHFC revised the Unassisted Unit Comparability Survey form and trained staff on proper procedures for the program. During our current testing we still found that 3 of the 60 files tested were deficient in this area.

Effect: The Corporation may be paying unreasonable rent for participants.

Cause: The Corporation failed to obtain sufficient documentation supporting compliance with the requirement as stated in their administrative plan.

Recommendation: We recommend that management review their process for documenting rent reasonableness, and establish controls to ensure that the procedures are followed and that documentation is adequate. We also recommend that AHFC continue to perform periodic file reviews, in order to identify and correct deficiencies in documentation.

AHFC Response and Corrective Actions: Staff researched the files in question. While it's irrefutable that there were deficiencies in the documentation, further examination of whether the rent to owner fell within a given range of reasonable rent was affirmed. In one instance a rent reasonable form used for a new move-in was included in the file; upon further examination, staff found that all four units in a 4-plex apartment building were assisted. Reasonable rent had been established for the other units whose rent was equal to the unit in question.

In a second case, the rent reasonableness forms were absent. The file had grown large enough that a second file was created according to policy. The rent reasonableness forms were mistakenly not moved to the new file.

In the third case, staff did not locate comparable rent forms for a 3 bedroom unit. They made a prudent professional judgment of reasonable rent. At a subsequent time, comps of $1,426 and $1,550 were included in the file documenting that the $1,275 rent to owner was reasonable.

With regard to the reoccurrence of the finding, staff is well versed in what is reasonable rent based largely on their professional experience with the rental market; however, the mechanism for documentation has shortcomings due to reliance upon paper verifications which can easily become outdated. In August 2010 AHFC issued a notice of intent to award to the firm, YARDI, for new PHD software. The new software will contain an electronic database of comparable rent, ensuring a much more foolproof method of documentation. Summarizing from their sample report literature: the market survey comparable report provides a date specified comparison of the selected property to comparable properties; if grouped by property, the software will generate a graph that represents the market base rent, rent per square foot or effective rent. None of these capabilities exist with the current software.

CFDA: 14.881
Questioned Costs: None Identified

Federal Agency: USDHUD
Noncompliance
Eligibility

Recommendation No. 28

Finding 10-02: Lack of Third Party Verification of Income – Eligibility – Compliance – Direct Program CFDA: 14.881

Criteria: According to the OMB A-133 Compliance Supplement, the public housing agency (PHA) must document third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Condition: Of the 88 participant files tested, five files were found to have deficiencies in the documentation of third party income verification.

Questioned Costs: None identified.

Context: Third party verification is required to determine if all income is included in the HAP payment calculation. Amounts not verified through a third party source could significantly change the income calculations. We reported a similar finding when we tested the files for this program in 2009.

Effect: The Corporation may have inaccurately calculated voucher payments.

Cause: The Corporation failed to obtain sufficient documentation supporting compliance with the requirement as stated in their administrative plan.

Recommendation: We recommend that management review their process for obtaining third party income verification, and establish controls to ensure that the procedures are followed and that documentation is adequate throughout the program. We also recommend that AHFC continue to perform periodic file reviews, in order to identify and correct deficiencies in documentation.

AHFC Response and Corrective Actions: In two cases, staff used a lesser form of documentation than third-party verification. The income in question was state Aid to Disabled and SSI benefits. When the August reexamination of income occurred, staff obtained electronic third-party verifications that substantiated the income calculation.

Similarly, in a second file, staff used a client statement about unemployment benefits without benefit of third-party verification. Electronic verification is now present in the file. No change to income calculation was required.

In the third file, staff reviewed the electronic database for Adult Public Assistance benefits, but failed to enter a print-screen in the file. That is now corrected.

The issue with the fourth file was lack of employment verification. A letter was sent to the employer, but not returned. The form letter was noted as unreturned; as was a note of non-response to a phone call. Staff used a self declaration of income, which is technically acceptable. A subsequent database search on the HUD EIV system substantiated the correct income.

The last file in question also relied on a self declaration involving SSI benefits. This was also a new move-in where EIV data was not available. The tenancy was terminated after five months due to program violations before an EIV database search was to occur.

None of the above findings resulted in over or underpayment of housing assistance; nevertheless, the Public Housing Division recognizes the importance of documentation of income in an income-based program. The Division is reexamining its quality control procedures to ensure client files are free of error. Obtaining third-party verification of income from employers is problematic due to its reliance on them returning letters to AHFC. Recently, HUD has changed both the hierarchy of verifications and method for securing EIV database verification on new housing assistance clients. Those changes should lessen the importance of relying on employer contacts for income verification. AHFC also supports the national legislative agenda of the National Association of Housing & Rehabilitation Officials who seek regulatory relief in this area through: "(1) Simplified utility allowances and rent reasonableness procedures. (2) Simplified tenant rent structure and income documentation requirements."

CFDA: 14.881
Questioned Costs: None Identified

Federal Agency: USDHUD
Noncompliance
Eligibility

Recommendation No. 29

Finding 10-03 Subrecipient Monitoring – Compliance – Direct Program CFDA 14.239, 14.218

Criteria: Acquisitions financed with grant funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), and its implementing regulations at 49 CFR Part 24. The grantee must ensure that the owner is informed in writing of what the grantee believes to be the market value of the property; and that the grantee will not acquire the property if negotiations fail to result in an amicable agreement (see 49 CFR 24.101(b)(1) & (b)(2)).

Condition: The HUD Regional Relocation Specialist found during her review of the Corporation's subrecipients that voluntary sales disclosure letters were not issued prior to the execution of purchase and sale agreements and often did not contain legitimate estimates of fair values. She also found that files did not sufficiently evidence compliance with the relocation requirements of 49 CFR Part 24.

Questioned Costs: None known

Context: The findings in the HUD Review all relate to the Corporation's monitoring of subrecipients.

Effect: The Corporation was not compliant with the URA acquisition and relocation criteria.

Cause: The Corporation's policies and procedures were not sufficient to enable the Corporation's staff to adequately monitor subrecipients' compliance with URA acquisitions and relocation requirements.

Recommendation: The Corporation followed HUD's recommendation and revised its policies and procedures related to URA. In addition, we recommend that the Corporation provide training to its subrecipients.

AHFC Response and Corrective Actions: Findings noted above all pertain to the HOME Investment Partnership Program under CFDA 14.239 which was audited by HUD in August of 2009. The corresponding Finding from that audit was closed on July 7, 2010.

The HOME Opportunity Program (HOP) Policy and Procedure Manual has been amended to ensure compliance with the voluntary acquisition requirements of 49 CFR 24.101 (b) (1)-(5) and monitoring of the activities of pertinent sub-recipients will be based on the amendments. Enforcement of URA provisions in HOME funded activities has been enhanced. Presentation to AHFC of evidence to support URA compliance has been made a precondition for processing funds disbursement requests to awardees.

Sub-recipients are required to issue the HOP Voluntary Sales Disclosure form, prior to the execution of purchase and sales agreements. If there is already a purchase offer in place at the time of HOP application, sub-recipients are required to document this fact in the file and issue the Voluntary Sales Disclosure as soon as possible. Because it is difficult to obtain a valid estimate of market value prior to the purchase offer, sellers will be provided a preliminary estimate of value. After the appraisal of the property has been completed, the sub-recipient will notify the seller of the appraised value and affirm, in writing, the seller's intention to sell the property.

Staff members from AHFC, HOME and NSP grantees attended an AHFC requested URA Training on May 19, 2010, at AHFC, which was taught by Regional URA Specialist (and monitor), Jade Santoro. "All the Right Moves" URA Training is being hosted by HUD in Anchorage on September 8-10, 2010, and will be attended by staff from AHFC, NSP and HOME grantees.

CFDA: 14.281, 14.239
Questioned Costs: None Identified

Federal Agency: USDHUD
Noncompliance
Subrecipient Monitoring

Recommendation No. 30

Finding 10-04: Unexecuted Lease Agreement – Special Tests and Provisions – Compliance – Direct Program CFDA 14.881

Criteria: According to 24 CFR 982.308 (b)(1) The tenant and the owner must enter a written lease for the unit. The lease must be executed by the owner and the tenant.

Condition: Of the 100 participant files tested, we found two instances where Housing Assistance Payments (HAPs) were made on behalf of a participant to a landlord without documentation in the file of an executed lease between the tenant and landlord.

Questioned Costs: None identified.

Context: One of files that was found to be deficient in this requirement was found by the Corporation's staff. The case worker was no longer employed and the tenant moved before the correction of the deficiency was completed. In the other instance, the tenant file was incomplete, in that the portion of the file that might have contained the lease was unable to be located by the Corporation's staff.

Effect: The Corporation may be making HAPs for participants who haven't officially entered into a lease agreement with their landlord.

Cause: The Corporation's field staff failed to keep documentation of an executed lease agreement.

Recommendation: We recommend that management continue to educate field staff about applicable policies and procedures. We also recommend that the Corporation continue to perform periodic file reviews in order to identify and correct deficiencies in documentation.

AHFC Response and Corrective Actions: It is clearly stated in policy that a copy of the lease be included in the file for both the public housing program and Housing Choice Voucher program. The absence of a lease in the public housing tenant file is a staff oversight by someone who no longer works at the corporation. The absence of the lease in the voucher file is likely due to the length of tenancy at one location. As new files were created, the lease was probably not forwarded to the new file as required by policy. A copy is now secured.

CFDA: 14.881
Questioned Costs: None Identified

Federal Agency: USDHUD
Noncompliance
Special Tests and Provisions

Sincerely,

Bryan Butcher
Commissioner

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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March 23, 2011

Members of the Legislative Budget
and Audit Committee:

Agency responses to audit recommendations have been incorporated into this report twice. Agency responses are first paired with the audit recommendations in Section II. The responses then reappear in Section IV of this report.

We have reviewed the responses submitted by various agencies to the recommendations made in this report. Generally, the agencies concur with the recommendations. However, the Department of Revenue disagrees, in part, with Recommendation No. 4. We reviewed DOR's response and nothing in the response persuades us to revise the recommendation.

In summary, we reaffirm the findings and recommendations presented in this report.

Pat Davidson, CPA
Legislative Auditor

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