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

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August 8, 2013

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, 2012. 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 12, recommendations on financial and compliance matters, required auditor's reports on internal controls and compliance, and the Schedule of Expenditures of Federal Awards.

This report is a reissue of the 2012 statewide *OMB Circular A-133* federal compliance report previously released on March 28, 2013. The reissuance is necessary to correct an error in the Schedule of Findings and Questioned Costs (SF&QC) in Section II, Part I, item (i) of the report. We revised the language to properly report that the State of Alaska *did* qualify as a low-risk auditee. The revision required no additional audit procedures to be performed.

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 11 Single Audit contained 35 recommendations; this report presents a total of 41 recommendations, 17 of which were presented, at least in part, last year. Included in this year's recommendations is one recommendation made to the Alaska Energy Authority 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 financial accounting and reporting for the State of Alaska. Its continued efforts toward resolving statewide accounting and reporting concerns are commendable.

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

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

Kris Curtis, CPA, CISA
Legislative Auditor

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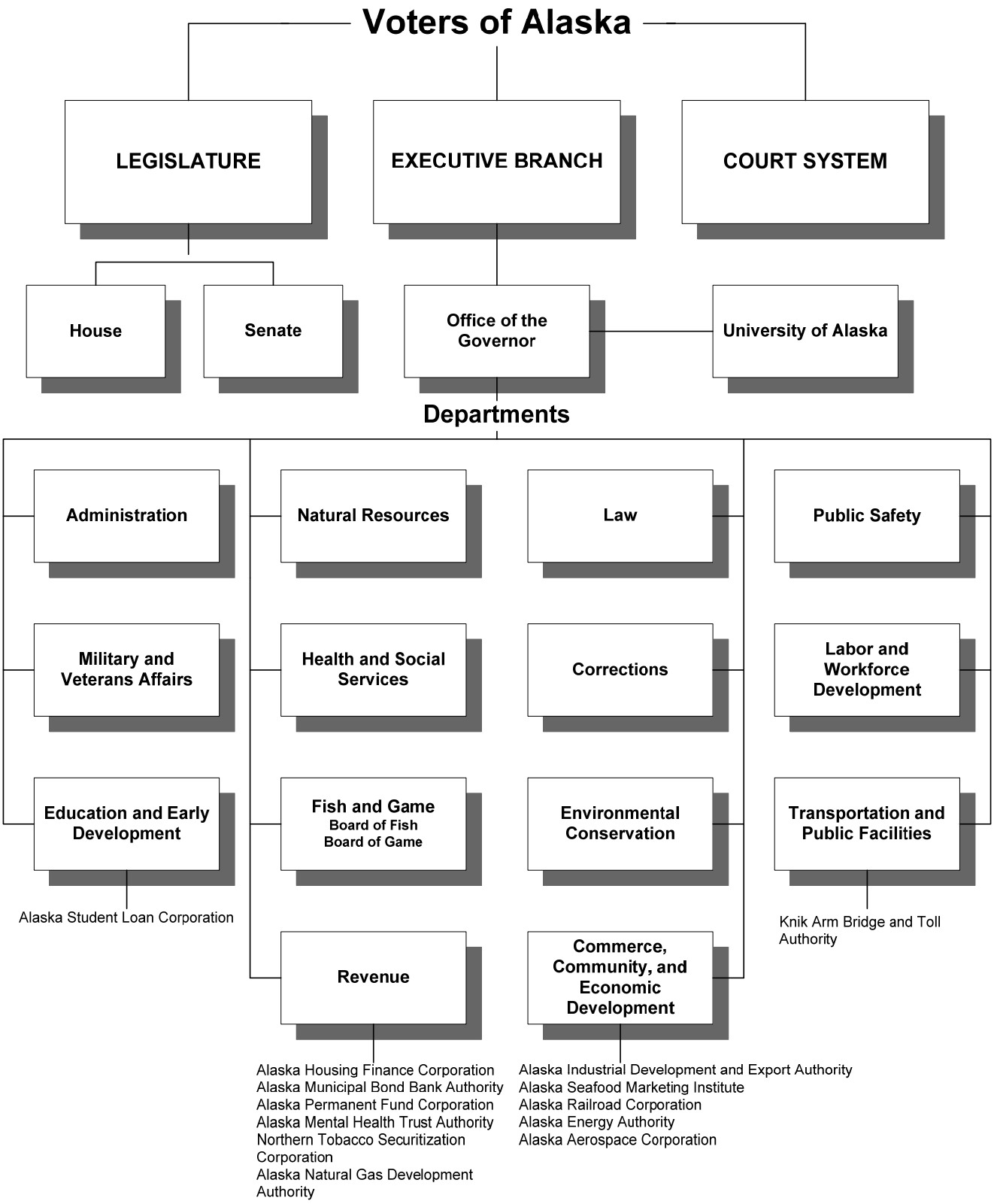
Voters of Alaska
LEGISLATURE
EXECUTIVE BRANCH
COURT SYSTEM
House
Senate
Office of the Governor
University of Alaska
Departments
Administration
Natural Resources
Law
Public Safety
Military and Veterans Affairs
Health and Social Services
Corrections
Labor and Workforce Development
Education and Early Development
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 Corporation

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SECTION I – INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENT

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

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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, 2012, 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	60%	59%	7%
Aggregate Discretely Presented Component Units	5%	8%	1%
Major Funds:			
Alaska Permanent Fund	100%	100%	100%
Aggregate Remaining Fund Information:			
Fiduciary Funds	87%	88%	69%

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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Kris Curtis, CPA, CISA
Legislative Auditor

December 10, 2012

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STATE OF ALASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the State of Alaska, we offer readers of the State's financial statements this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2012. 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 12 by $70.1 billion (net assets). Of this amount, $6.6 billion is invested in capital assets, $39.8 billion is restricted for various purposes, and unrestricted net assets are $23.7 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 $3.9 billion as a result of this year's operations. This increase is primarily attributable to petroleum related income and other revenues attributed to Government-wide Activities.

Fund level

- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of $63.3 billion, with $24.0 billion unrestricted (includes committed, assigned, and unassigned), $38.9 billion nonspendable, and $395 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes $38.3 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 $21.3 billion. This is an increase of $3.8 billion from FY 11. The increase is mainly attributable to petroleum related income.

Long-term debt

- As a result of this year's activity, the State's total long-term debt decreased by $31 million (1.12 percent). The decrease in debt is primarily due to refunding of Sport Fishing Revenue Bonds and General Obligation Bonds, and the extinguishment of lease obligations and Certificates of Participation. Additional information regarding long-term debt can be found in Note 6.

Overview of the Financial Statements

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

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

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

The statement of net 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 96.7 percent of total government-wide cash and investments and 88.3 percent of total government-wide net assets (excluding component units). The governmental funds financial statements present detail on each of these funds, with summarized information on all other governmental funds. In addition, detail for each of the nonmajor governmental funds is available in combining statements elsewhere in this report.

The State's main operating fund is the General Fund. However, the State maintains many accounts and subfunds within the General Fund, including the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund, the Permanent Fund

Dividend Fund, and the Public Education Fund. Because of materiality and public interest in these funds, individual fund data for each of these subfunds is provided in the combining statement for the General Fund elsewhere in this report.

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

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

The proprietary fund financial statements are statement numbers 1.21 through 1.23. The International Airports Fund is a major enterprise fund of the State of Alaska. The International Airports Fund is 8.5 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 $70.1 billion at the close of the most recent fiscal year (see table below). By far the largest portion of the State's net assets (58 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 ($38.3 billion) may not be spent.

The remainder of the State's net assets (42 percent) represents amounts invested in capital assets net of related debt ($6.6 billion), resources that are subject to external restrictions of how they may be used ($1.5 billion), and unrestricted net assets of $23.7 billion, of which $2.1 billion is within the Alaska Permanent Fund.

Net Assets
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11
Current and Other Noncurrent Assets	$ 68,884	$ 65,939	$ 1,138	$ 1,105	$ 70,022	$ 67,044
Capital Assets	6,490	6,403	1,295	1,266	7,785	7,669
Total Assets	75,374	72,342	2,433	2,371	77,807	74,713
Long-term Liabilities	2,155	2,168	586	604	2,741	2,772
Other Liabilities	4,926	5,648	17	20	4,943	5,668
Total Liabilities	7,081	7,816	603	624	7,684	8,440
Net Assets:						
Invested in Capital Assets, Net of Related Debt	5,785	5,619	806	783	6,591	6,402
Restricted	39,110	38,808	680	671	39,790	39,479
Unrestricted	23,398	20,099	344	293	23,742	20,392
Total Net Assets	$ 68,293	$ 64,526	$ 1,830	$ 1,747	$ 70,123	$ 66,273

The net assets of governmental activities increased $3,767 million and business-type activities increased $83 million as a result of this year's operations. The increase for governmental activities is primarily due to petroleum related income and other revenues attributed to Government-wide Activities. The increase in business-type activities is primarily due to an increase in capital 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 12.

Changes in Net Assets

(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11
Revenues						
Program Revenues						
Charges for Services	$ 3,355	$ 3,091	$ 320	$ 311	$ 3,675	$ 3,402
Operating Grants	1,846	2,029	118	107	1,964	2,136
Capital Grants	649	659	111	48	760	707
General Revenues						
Taxes	7,187	5,382	-	-	7,187	5,382
Interest and Investment Income/(Loss)	318	8,075	(14)	(16)	304	8,059
Payments In from Component Units	40	43	-	-	40	43
Other Revenues	59	78	9	-	68	78
Total Revenues	13,454	19,357	544	450	13,998	19,807
Expenses						
General Government	504	466	-	-	504	466
Alaska Permanent Fund Dividend	758	818	-	-	758	818
Education and University	2,405	2,315	-	-	2,405	2,315
Health and Human Services	2,596	2,420	-	-	2,596	2,420
Law and Justice	278	188	-	-	278	188
Public Protection	703	740	-	-	703	740
Natural Resources	404	394	-	-	404	394
Development	598	893	6	3	604	896
Transportation	1,111	1,027	-	-	1,111	1,027
Intergovernmental	254	190	-	-	254	190
Debt Service	73	51	-	-	73	51
Loans	-	-	11	5	11	5
Unemployment Compensation	-	-	303	325	303	325
Airports	-	-	144	134	144	134
Total Expenses	9,684	9,502	464	467	10,148	9,969
Excess (Deficiency) of Revenues						
Over Expenditures	3,770	9,855	80	(17)	3,850	9,838
Transfers	(3)	(1)	3	1	-	-
Change in Net Assets	3,767	9,854	83	(16)	3,850	9,838
Net Assets - Beginning of Year	64,526	54,672	1,747	1,762	66,273	56,434
Net Assets - End of Year	$ 68,293	$ 64,526	$ 1,830	$ 1,746	$ 70,123	$ 66,272

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 $63.3 billion, an increase of $3.7 billion in comparison with the prior year. This increase is from petroleum related income.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of $16.0 billion, and $5.3 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an assigned fund balance of $2.1 billion, and the remaining nonmajor governmental funds had committed fund balances of $616 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 ($38.3 billion), and other items that are nonspendable, such as inventory, compensating balances, advances and prepaid items, and principal ($626 million), and amounts restricted for a variety of other purposes ($395 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 $21.3 billion, while total fund balance reached $21.6 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 227 percent of total General Fund expenditures, while total fund balance represents 230 percent of that same amount.

The fund balance of the State's General Fund increased by $3.8 billion during the current fiscal year. The key factor in this increase is petroleum related income.

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

General Fund revenues for FY 12 were $12.4 billion, an increase of $1.2 billion compared to revenues of $11.2 billion for FY 11. Revenues by source for FY 12 are compared to FY 11 in the following schedule (in millions):

Revenue Source	FY 12	Percent	FY 11	Percent
Taxes	$ 7,163.6	57.7%	$ 5,358.3	47.9%
Rents and Royalties	2,062.1	16.6%	1,875.8	16.8%
Interest and Investment Income/(Loss)	309.5	2.5%	1,159.0	10.3%
Federal	2,464.9	19.9%	2,407.9	21.5%
Miscellaneous	411.2	3.3%	385.6	3.5%
Total Revenue	$ 12,411.3	100.0%	$ 11,186.6	100.0%

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

Alaska Permanent Fund

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

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

The fund is made up of two parts.

- **Nonspendable Fund Balances:** The nonspendable fund balances, or principal, include all historical contributions and appropriations, which are the main body of the fund. At June 30, 2012, this amounted to $35.0 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: $13.7 billion in dedicated mineral revenues; $14.3 billion of fund realized earnings transferred to principal for inflation proofing; $6.9 billion in additional deposits approved by special legislative appropriation, and $153 million in settlement earnings (*State v. Amerada Hess, et al.*).

  A portion of accumulated unrealized appreciation on invested assets is also part of the nonspendable fund balances. The unrealized amounts allocated to contributions and appropriations are nonspendable, unless and until they become realized, at which point they will be transferred to the assigned fund balance. The portion of the unrealized appreciation at the end of the fiscal year allocated to principal amounted to $3.2 billion.

- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation per AS 37.13.145, consist of the realized earnings of the fund and a portion of accumulated unrealized appreciation. From inception through June 30, 2012, realized earnings (both gains and losses) have amounted to $40.8 billion. Of this amount $19.8 billion has been paid out for dividends, $14.3 billion has been transferred to principal for inflation proofing, $4.3 billion has been added to principal by special appropriation, $451 million has been paid out to the General Fund, and $1.9 billion remains in the fund at June 30, 2012 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 $175 million.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a $2.0 billion increase in appropriations (or 12 percent) and can be briefly summarized as follows:

- $1,174.9 million allocated to education
- $245.3 million allocated to transportation
- $220.5 million allocated to development
- The balance is allocated across several expenditure functions.

Of this overall increase in appropriated expenditures, $280.3 million was funded out of an increase in interagency receipts, which represent purchases between departments. 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, 2012, amounts to $6.6 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 12 totaled $365 million for governmental activities and $60 million for business-type activities.

Capital Assets
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11
Land	$ 868	$ 844	$ 31	$ 30	$ 899	$ 874
Buildings	1,190	1,128	750	738	1,940	1,866
Equipment	451	439	32	31	483	470
Infrastructure	2,614	2,476	412	407	3,026	2,883
Construction in Progress	1,367	1,516	70	60	1,437	1,576
Total Capital Assets	$ 6,490	$ 6,403	$ 1,295	$ 1,266	$ 7,785	$ 7,669

In FY 12, increases were primarily in infrastructure with an increase of $143 million and an increase in buildings of $74 million. This increase is attributable to large capital budgets in recent years. Additional information on the State's capital assets can be found in Note 5 in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the State had total bonded debt outstanding of $1,604 million. Of this amount, $610 million was general obligation bonds, and $994 million of revenue bonds payable comprised of $366 million issued by the Northern Tobacco Securitization Corporation (NTSC), $48 million of sport fishing revenue bonds, and $580 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 $580 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 12	FY 11	FY 12	FY 11	FY 12	FY 11
Revenue Bonds Payable	$ 414	$ 422	$ 580	$ 594	$ 994	$ 1,016
General Obligation Debt	610	656	-	-	610	656
Capital Leases Payable	360	393	-	-	360	393
Deferred Revenues and Advances	380	344	-	4	380	348
Certificates of Participation	11	40	-	-	11	40
Compensated Absences	170	161	5	5	175	166
Claims and Judgments	98	75	-	-	98	75
Pollution Remediation	108	74	1	1	109	75
Other Noncurrent Liabilities	1	1	-	-	1	1
Net Pension Obligation	3	2	-	-	3	2
Total	$ 2,155	$ 2,168	$ 586	$ 604	$ 2,741	$ 2,772

The State's total debt decreased by $31 million (1.12 percent) as a result of this year's operations. The decrease in debt is primarily due to refunding of General Obligation Bonds and Revenue Bonds, and the extinguishment of Certificates of Participation and capital leases.

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

Significant Facts

State petroleum revenues increased materially from FY 11 to FY 12. The weighted average production tax rate was higher and was applied to a wellhead value of $103.56 per barrel. In FY 11 $87.32 per barrel average was realized. This resulted in an increase of General Fund tax revenue close to $2 billion from FY 11.

Another significant factor affecting revenues was a decrease of $7.8 billion in interest and investment income between FY 11 and FY 12. In FY11 the Alaska Permanent Fund experienced investment income of $7 billion, compared to a loss of $1.6 million in FY12. The fund experienced a total fund return of -0.01 percent for FY 12. This was the flattest return in the history of the fund. The fund experienced a deficit of revenues over expenditures (net loss) of $99.9 million. Please see Note 1 for further information regarding this blended component unit and how to obtain the separately issued financial statements.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 12 was 7.9 percent, which is lower than the average unemployment rate for FY 11 of 8.4 percent. Alaska's five year average (2008 to 2012) was 7.9 percent. The United States unemployment rate for FY 12 was 8.6 percent.

- The State's major source of unrestricted revenue for the General Fund is petroleum related, which accounted for 71 percent of total revenue, with federal revenue making up another 20 percent, and the balance coming from other sources. As a result, the State's budget is structured around these two revenue sources. During the fiscal year the price per barrel increased, resulting in higher tax rate and an increase of $2 billion in petroleum revenues. Federal funds are generally restricted for use in federal programs and therefore do not provide resources for balancing the State budget.

- FY 12 crude oil and natural gas liquids production for the Alaska North Slope and Cook Inlet averaged 579 thousand barrels per day. This is 17 thousand barrels per day less than in the prior year. FY 12 production, compared to peak production of 2.049 million barrels per day in FY 88, has declined by 72 percent.

- The State of Alaska FY 12 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 ($1,174/resident) was paid to each qualifying Alaskan for a total of $758 million.

Requests for Information

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

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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, 2012
(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 63,478,647	$ 614,646	$ 64,093,293	$ 2,747,979
Accounts Receivable - Net	1,231,956	31,443	1,263,399	65,001
Interest and Dividends Receivable	111,279	19,281	130,560	35,470
Internal Balances	57,028	(57,028)	-	-
Due from Primary Government	-	-	-	31,567
Due from Component Units	81,194	-	81,194	7,264
Due from Other Governments	488,595	8,660	497,255	51,158
Loans, Notes, and Bonds Receivable	18,175	389,735	407,910	3,790,075
Inventories	18,700	-	18,700	16,969
Repossessed Property	-	627	627	350
Net Investment in Direct Financing Leases	-	-	-	255,035
Investments in Projects, Partnerships, or Corporations	-	2,831	2,831	20,373
Restricted Assets	100	113,953	114,053	1,645,034
Securities Lending Collateral	3,334,722	-	3,334,722	31,951
Deferred Outflows	-	-	-	215,757
Other Assets	63,173	13,561	76,734	198,899
Capital Assets:				
Equipment, Net of Depreciation	451,176	32,469	483,645	331,218
Buildings, Net of Depreciation	1,190,304	749,615	1,939,919	804,173
Infrastructure, Net of Depreciation	2,613,743	412,472	3,026,215	855,513
Land / Right-of-Way	868,146	31,161	899,307	101,303
Construction in Progress	1,366,712	69,557	1,436,269	363,067
Total Assets	75,373,650	2,432,983	77,806,633	11,568,156
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,567,775	6,258	1,574,033	165,972
Obligations Under Securities Lending	3,334,722	-	3,334,722	31,951
Due to Primary Government	-	-	-	102,487
Due to Component Units	9,742	-	9,742	5,430
Due to Other Governments	33	2,797	2,830	1,200
Interest Payable	13,263	6,760	20,023	31,504
Derivative Instruments	-	-	-	219,480
Other Current Liabilities	-	1,164	1,164	84,404
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	191,592	3,690	195,282	16,322
Unearned and Deferred Revenue	40,478	783	41,261	25,857
Notes, Bonds, and Leases Payable	96,563	13,740	110,303	198,630
Other Long-term Debt	-	-	-	3,501
Other Noncurrent Liabilities	533	-	533	105
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	184,974	2,393	187,367	4,665
Unearned and Deferred Revenue	339,176	-	339,176	488,380
Notes, Bonds, and Leases Payable	1,298,434	565,839	1,864,273	3,866,432
Other Long-term Debt	-	-	-	7,281
Other Noncurrent Liabilities	3,266	-	3,266	27,425
Total Liabilities	7,080,551	603,424	7,683,975	5,281,026
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	5,784,736	805,993	6,590,729	1,572,627
Restricted for:				
Permanent Funds				
Nonexpendable	38,713,004	-	38,713,004	384,536
Expendable	6,792	-	6,792	93,965
Education	127,801	-	127,801	493,646
Development	196,957	-	196,957	69,714
Unemployment Compensation	-	248,564	248,564	-
Health and Human Services	17,227	407,705	424,932	-
Debt Service	43,013	17,446	60,459	672,883
Other Purposes	4,966	6,434	11,400	56,509
Unrestricted	23,398,603	343,417	23,742,020	2,943,250
Total Net Assets	$ 68,293,099	$ 1,829,559	$ 70,122,658	$ 6,287,130

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, 2012
(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	$ 504,434	$ 13,807	$ 19,059	$ 3,291
Alaska Permanent Fund Dividend	757,576	-	-	-
Education	1,912,994	2,977	250,482	102
University	492,576	-	860	-
Health and Human Services	2,596,033	45,775	1,244,932	64,912
Law and Justice	277,816	19,267	19,703	139
Public Protection	703,039	159,589	45,476	11,616
Natural Resources	403,746	3,053,020	98,658	17,390
Development	597,796	12	104,908	1,884
Transportation	1,110,674	60,945	36,355	536,928
Intergovernmental Revenue Sharing	254,159	-	25,720	-
Debt Service	72,718	-	-	12,548
Total Governmental Activities	9,683,561	3,355,392	1,846,153	648,810
Business-type Activities:				
Loans	11,190	12,030	655	14,398
Unemployment Compensation	302,406	200,070	117,274	-
Airports	144,009	106,764	-	88,965
Development	6,254	1,349	-	7,441
Total Business-type Activities	463,859	320,213	117,929	110,804
Total Primary Government	$ 10,147,420	$ 3,675,605	$ 1,964,082	$ 759,614
Component Units:				
University of Alaska	$ 830,681	$ 183,091	$ 235,725	$ 71,049
Alaska Housing Finance Corporation	390,854	155,632	50,277	129,427
Alaska Industrial Development and Export Authority	56,905	41,383	402	23,279
Nonmajor Component Units	463,050	245,145	96,784	45,877
Total Component Units	$ 1,741,490	$ 625,251	$ 383,188	$ 269,632

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, Special Items, and Extraordinary Items
Change in Net Assets
Net Assets - Beginning of Year
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
$ (468,277)	$	$ (468,277)	$
(757,576)		(757,576)	
(1,659,433)		(1,659,433)	
(491,716)		(491,716)	
(1,240,414)		(1,240,414)	
(238,707)		(238,707)	
(486,358)		(486,358)	
2,765,322		2,765,322	
(490,992)		(490,992)	
(476,446)		(476,446)	
(228,439)		(228,439)	
(60,170)		(60,170)	
(3,833,206)		(3,833,206)	
	15,893	15,893	
	14,938	14,938	
	51,720	51,720	
	2,536	2,536	
	85,087	85,087	
(3,833,206)	85,087	(3,748,119)	
			(340,816)
			(55,518)
			8,159
			(75,244)
			(463,419)
6,069,648	-	6,069,648	11,205
251,826	-	251,826	-
647,256	-	647,256	-
215,407	-	215,407	-
2,556	-	2,556	-
318,107	(13,772)	304,335	56,538
29,997	-	29,997	-
39,463	-	39,463	7,155
-	-	-	537,933
28,887	8,564	37,451	11,020
(3,052)	3,052	-	-
			1,289
7,600,095	(2,156)	7,597,939	625,140
3,766,889	82,931	3,849,820	161,721
64,526,210	1,746,628	66,272,838	6,125,409
$ 68,293,099	$ 1,829,559	$ 70,122,658	$ 6,287,130

STATE OF ALASKA **STATEMENT 1.11**
Balance Sheet
Governmental Funds
June 30, 2012
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 20,788,350	$ 41,201,480	$ 1,382,257	$ 63,372,087
Accounts Receivable - Net	837,920	397,695	4,766	1,240,381
Interest and Dividends Receivable	2,097	109,108	74	111,279
Due from Other Funds	713,206	-	4,852	718,058
Due from Component Units	81,194	-	-	81,194
Due from Other Governments	481,810	-	6,453	488,263
Loans, Notes, and Bonds Receivable	18,103	-	72	18,175
Inventories	15,132	-	-	15,132
Securities Lending Collateral	-	3,334,722	-	3,334,722
Other Assets	36,757	-	254	37,011
Total Assets	$ 22,974,569	$ 45,043,005	$ 1,398,728	$ 69,416,302
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 781,437	$ 752,917	$ 10,320	$ 1,544,674
Obligations Under Securities Lending	-	3,334,722	-	3,334,722
Due to Other Funds	34,286	622,307	17,229	673,822
Due to Component Units	6,983	-	2,759	9,742
Due to Other Governments	33	-	-	33
Unearned and Deferred Revenue	587,115	-	2,205	589,320
Other Liabilities	533	-	407	940
Total Liabilities	1,410,387	4,709,946	32,920	6,153,253
Fund Balances:				
Nonspendable:				
Compensating Balances	110,000	-	-	110,000
Inventory	15,132	-	-	15,132
Principal	-	38,252,477	460,527	38,713,004
Advances and Prepaid Items	40,372	-	-	40,372
Restricted for:				
Debt Service	1,994	-	46,194	48,188
Education	12,095	-	115,706	127,801
Health and Human Services	534	-	16,693	17,227
Development	86,040	-	110,917	196,957
Other Purposes	4,809	-	157	4,966
Committed to:				
Debt Service	8,239	-	-	8,239
Education	2,025,443	-	6,792	2,032,235
Health and Human Services	222,912	-	-	222,912
Public Protection	169,088	-	-	169,088
Permanent Fund	619,442	-	-	619,442
Development	2,086,779	-	608,822	2,695,601
Other Purposes	207,451	-	-	207,451
Assigned to:				
Permanent Fund	-	2,080,582	-	2,080,582
Unassigned:	15,953,852	-	-	15,953,852
Total Fund Balances	21,564,182	40,333,059	1,365,808	63,263,049
Total Liabilities and Fund Balances	$ 22,974,569	$ 45,043,005	$ 1,398,728	$ 69,416,302

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
Governmental Funds
June 30, 2012
(Stated in Thousands)

Total Fund Balances - Governmental Funds		$ 63,263,049
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	278,069	
Buildings, net of depreciation	1,074,504	
Infrastructure, net of depreciation	2,613,743	
Land / right-of-way	868,146	
Construction in progress	1,363,812	
		6,198,274
Some of the state's assets are not current available resources and are not reported in the funds.		
Net pension Asset (Note 7)	525	
Other post employment benefits asset (Note 7)	312	
Unamortized bond issuance cost	5,437	
Unamortized deferred loss on bond refundings	11,851	
		18,125
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).		388,096
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		209,668
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	(98,250)	
Compensated absences	(166,643)	
Pollution remediation	(108,099)	
Capital lease obligations	(359,516)	
Pension benefit obligation	(1,751)	
Other post employment benefits	(1,110)	
		(735,369)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds (Note 6).		
Notes and bonds payable	(1,035,481)	
Accrued interest payable	(13,263)	
		(1,048,744)
Net Assets of Governmental Activities		$ 68,293,099

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

STATE OF ALASKA **STATEMENT 1.13**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 7,163,646	$ -	$ 22,550	$ 7,186,196
Licenses and Permits	117,873	-	30,185	148,058
Charges for Services	197,080	-	196	197,276
Fines and Forfeitures	13,333	-	399	13,732
Rents and Royalties	2,062,103	915,098	19,699	2,996,900
Premiums and Contributions	19,017	-	4,346	23,363
Interest and Investment Income (Loss)	309,468	(1,559)	36,469	344,378
Federal Grants in Aid	2,464,928	-	36,013	2,500,941
Payments In from Component Units	39,463	-	-	39,463
Other Revenues	24,406	-	42,353	66,759
Total Revenues	12,411,317	913,539	192,210	13,517,066
EXPENDITURES				
Current:				
General Government	399,850	91,450	397	491,697
Alaska Permanent Fund Dividend	757,576	-	-	757,576
Education	1,845,251	-	54,129	1,899,380
University	444,083	-	47,774	491,857
Health and Human Services	2,569,119	-	4,739	2,573,858
Law and Justice	277,332	1,477	-	278,809
Public Protection	734,036	-	23	734,059
Natural Resources	295,205	5,460	83,502	384,167
Development	565,558	-	29,804	595,362
Transportation	1,122,635	-	24,132	1,146,767
Intergovernmental Revenue Sharing	254,525	-	-	254,525
Debt Service:				
Principal	73,410	-	61,415	134,825
Interest and Other Charges	24,899	-	52,917	77,816
Total Expenditures	9,363,479	98,387	358,832	9,820,698
Excess (Deficiency) of Revenues Over Expenditures	3,047,838	815,152	(166,622)	3,696,368
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	-	-	204,390	204,390
Bonds Issued Premium	-	-	33,007	33,007
Payment to Refunded Bonds Escrow Agent	-	-	(237,509)	(237,509)
Capital Leases	10,277	-	-	10,277
Transfers In from Other Funds	1,030,669	-	294,174	1,324,843
Transfers (Out to) Other Funds	(306,674)	(622,307)	(414,122)	(1,343,103)
Total Other Financing Sources and Uses	734,272	(622,307)	(120,060)	(8,095)
Net Change in Fund Balances	3,782,110	192,845	(286,682)	3,688,273
Fund Balances - Beginning of Year	17,782,072	40,140,214	1,652,490	59,574,776
Fund Balances - End of Year	$ 21,564,182	$ 40,333,059	$ 1,365,808	$ 63,263,049

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

STATE OF ALASKA **STATEMENT 1.14**

Reconciliation of the Change in Fund Balances to the Statement of Activities
Governmental Funds
For the Fiscal Year Ended June 30, 2012
(Stated in Thousands)

Net Change in Fund Balances - Total Governmental Funds		$	3,688,273
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Primarily this is the amount by which capital outlays exceeded depreciation in the current period (Note 5).			
Capital outlay	413,981		
Depreciation expense	(337,509)		
			76,472
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported in governmental activities in the Statement of Revenues, Expenses, and Changes in Fund Net Assets (Statement 1.22).			
Net current year revenue			13,165
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.			(74,452)
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.			
Refunding bond proceeds	(237,397)		
Accrued interest	2,190		
Repayment of bond principal	94,820		
Payment to refunded bond escrow agent	237,509		
Amortization of bond issue costs	(88)		
			97,034
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.			(10,277)
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	(23,298)		
Compensated absences	(8,840)		
Pollution remediation	(34,067)		
Capital lease payments	43,397		
Pension obligation	(49)		
Other post employment benefits	(469)		
			(23,326)
Change in Net Assets of Governmental Activities		$	3,766,889

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, 2012
(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	$ 131,056	$ 483,590	$ 614,646	$ 106,660
Accounts Receivable - Net	10,205	21,238	31,443	1,157
Interest and Dividends Receivable	-	5,955	5,955	-
Due from Other Funds	7	1,851	1,858	5,080
Due from Other Governments	8,180	480	8,660	20
Loans, Notes, and Bonds Receivable	-	28,761	28,761	-
Inventories	-	-	-	3,568
Other Current Assets	-	-	-	8,349
Total Current Assets	149,448	541,875	691,323	124,834
Noncurrent Assets:				
Interest and Dividends Receivable	-	13,326	13,326	-
Loans, Notes, and Bonds Receivable	-	360,974	360,974	-
Repossessed Property	-	627	627	-
Investment in Projects, Partnerships, or Corporations	-	2,831	2,831	-
Restricted Assets	113,953	-	113,953	-
Other Noncurrent Assets	9,562	3,999	13,561	-
Capital Assets:				
Equipment, Net of Depreciation	32,469	-	32,469	173,107
Buildings, Net of Depreciation	749,615	-	749,615	115,800
Infrastructure, Net of Depreciation	412,472	-	412,472	-
Land / Right-of-Way	31,161	-	31,161	-
Construction in Progress	16,925	52,632	69,557	2,900
Total Noncurrent Assets	1,366,157	434,389	1,800,546	291,807
Total Assets	1,515,605	976,264	2,491,869	416,641
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,469	4,789	6,258	23,101
Due to Other Funds	56,961	1,925	58,886	1,870
Due to Other Governments	-	2,797	2,797	-
Interest Payable	6,760	-	6,760	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	3,649	41	3,690	2,553
Unearned and Deferred Revenue	783	-	783	-
Notes, Bonds, and Leases Payable	13,740	-	13,740	-
Other Current Liabilities	-	1,164	1,164	-
Total Current Liabilities	83,362	10,716	94,078	27,524
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	2,258	135	2,393	1,021
Notes, Bonds, and Leases Payable	565,839	-	565,839	-
Total Noncurrent Liabilities	568,097	135	568,232	1,021
Total Liabilities	651,459	10,851	662,310	28,545
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	753,361	52,632	805,993	291,808
Restricted for:				
Unemployment Compensation	-	248,564	248,564	-
Health and Human Services	-	407,705	407,705	-
Debt Service	17,446	-	17,446	-
Other Purposes	6,216	218	6,434	-
Unrestricted	87,123	256,294	343,417	96,288
Total Net Assets	$ 864,146	$ 965,413	$ 1,829,559	$ 388,096

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 to Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012
(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	$ -	$ 200,070	$ 200,070	$ 108,979
Charges for Goods and Services	105,578	1,265	106,843	104,811
Interest and Investment Income	-	10,233	10,233	-
Allowance for Uncollectible Interest	-	1,162	1,162	-
Fines and Forfeitures	-	49	49	-
Federal Reimbursements	-	117,274	117,274	-
Other Operating Revenues	1,186	-	1,186	1,868
Total Operating Revenues	106,764	330,053	436,817	215,658
OPERATING EXPENSES				
Benefits	-	302,406	302,406	102,169
Operating	79,770	8,897	88,667	100,506
Depreciation	59,476	36	59,512	27,065
Provision for Loan Losses and Forgiveness	-	1,341	1,341	-
Total Operating Expenses	139,246	312,680	451,926	229,740
Operating Income (Loss)	(32,482)	17,373	(15,109)	(14,082)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	2,519	8,957	11,476	606
Interest and Investment Expense	(25,213)	(40)	(25,253)	(1)
Gain (Loss) on Disposal of Capital Assets	(43)	-	(43)	(91)
Other Nonoperating Revenues (Expenses)	(3,222)	1,226	(1,996)	890
Total Nonoperating Revenues (Expenses)	(25,959)	10,143	(15,816)	1,404
Income Before Capital Contributions and Transfers	(58,441)	27,516	(30,925)	(12,678)
Capital Contributions	88,965	21,839	110,804	10,167
Transfers In from Other Funds	3,368	2,550	5,918	15,676
Transfers (Out to) Other Funds	-	(2,866)	(2,866)	-
Change in Net Assets	33,892	49,039	82,931	13,165
Total Net Assets - Beginning of Year	830,254	916,374	1,746,628	374,931
Total Net Assets - End of Year	$ 864,146	$ 965,413	$ 1,829,559	$ 388,096

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, 2012
(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	$ -	$ 117,274	$ 117,274	$ 116
Receipts from Customers	105,623	365	105,988	362
Receipts for Interfund Services Provided	-	5	5	105,059
Receipt of Principal from Loan Recipients	-	42,939	42,939	-
Receipt of Interest and Fees from Loan Recipients	-	15,555	15,555	-
Receipts from Insured	-	198,975	198,975	108,981
Payments to Employees	(44,165)	(745)	(44,910)	(34,006)
Payments to Suppliers	(35,608)	(3,953)	(39,561)	(70,054)
Payments to Other Governments	-	(4,390)	(4,390)	-
Payments to Loan Recipients	-	(40,255)	(40,255)	-
Claims Paid	-	(302,319)	(302,319)	(99,738)
Payments for Interfund Services Used	(2,830)	(4,905)	(7,735)	-
Other Receipts	-	1,547	1,547	1,931
Other Payments	(4,775)	(85)	(4,860)	(3,112)
Net Cash Provided (Used) by Operating Activities	18,245	20,008	38,253	9,539
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	-	(2,861)	(2,861)	-
Operating Subsidies and Transfers In from Other Funds	3,368	2,999	6,367	15,676
Federal Grants	(2,914)	12,790	9,876	-
Proceeds from Issuance of Short-term Debt	-	3,647	3,647	-
Payments on Short-term Debt	-	(3,489)	(3,489)	-
Interest and Fees Paid on Borrowing	-	(5)	(5)	-
Net Cash Provided (Used) by Noncapital Financing Activities	454	13,081	13,535	15,676
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	-	713	713	-
Proceeds from Sale of Capital Assets	-	-	-	1,313
Acquisition and Construction of Capital Assets	(35,650)	(7,688)	(43,338)	(28,525)
Principal Paid on Capital Debt	(13,150)	-	(13,150)	-
Interest and Fees Paid on Capital Debt	(26,448)	(53)	(26,501)	-
Federal Grants	37,809	7,008	44,817	-
Other Receipts (Payments)	-	20	20	890
Net Cash Provided (Used) by Capital and Related Financing Activities	(37,439)	-	(37,439)	(26,322)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	66,922	19	66,941	-
Purchase of Investments	(64,403)	-	(64,403)	-
Interest and Dividends on Investments	-	8,936	8,936	606
Change in Restricted Cash and Investments	31,908	(35)	31,873	-
Net Cash Provided (Used) by Investing Activities	34,427	8,920	43,347	606
Net Increase (Decrease) in Cash	15,687	42,009	57,696	(501)
Cash and Cash Equivalents - Beginning of Year	18,884	441,581	460,465	107,161
Cash and Cash Equivalents - End of Year	$ 34,571	$ 483,590	$ 518,161	$ 106,660

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, 2012
(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)	$ (32,482)	$ 17,373	$ (15,109)	$ (14,082)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	59,476	36	59,512	27,065
Other Reconciling Items	-	(108)	(108)	-
Net Changes in Assets and Liabilities:				
Accounts Receivable - Net	2,067	(4,062)	(1,995)	(796)
Due from Other Funds	-	(333)	(333)	(411)
Due from Other Governments	-	2,294	2,294	-
Loans, Notes, and Bonds Receivable - Net	-	5,232	5,232	-
Repossessed Property	-	36	36	-
Investment in Projects, Partnerships, or Corporations	-	946	946	-
Interest and Dividends Receivable - Net	-	3,161	3,161	-
Inventories	-	-	-	(150)
Other Assets	-	(1,029)	(1,029)	(5,540)
Due to Other Funds	(7,605)	(529)	(8,134)	304
Due to Other Governments	-	(3,788)	(3,788)	-
Accounts Payable and Accrued Liabilities	(22)	158	136	2,989
Other Liabilities	(3,189)	621	(2,568)	160
Net Cash Provided (Used) by Operating Activities	$ 18,245	$ 20,008	$ 38,253	$ 9,539
Reconciliation of Cash to the Statement of Net Assets:				
Total Cash and Investments per the Statement of Net Assets	$ 131,056	$ 483,590	$ 614,646	$ 106,660
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(96,485)	-	(96,485)	-
Cash, End of Year	$ 34,571	$ 483,590	$ 518,161	$ 106,660
Noncash Investing, Capital, and Financing Activities:				
Contributed Capital Assets	22,595	1,209	23,804	10,167
Net Income (Loss) on Investment	-	61	61	-
Discharge of Advance from Other Funds	-	2,488	2,488	-

STATE OF ALASKA **STATEMENT 1.31**
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 449,870	$ 173,699
Investments:		179,884
Short-Term Investments	55,099	
Commercial Paper	186	
U.S. Treasury	1,882,275	
U.S. Government Agency	46,226	
Municipal Bonds	1,996	
Foreign Corporate Bonds	9,284	
Foreign Government Bonds	358,919	
Mortgage-Backed	301,296	
Other Asset-Backed	14,710	
Corporate Bonds	674,452	
Yankees	87,809	
Fixed Income Pool	9,229	
Domestic Equity Pool	4,628,749	
International Equity Pool	2,649,460	
Emerging Markets Pool	984,345	
Private Equity Pool	1,606,063	
Absolute Return Pool	687,125	
Real Assets	1,482,331	
Energy Pool	115,923	
Farmland Pool	638,504	
Timber Pool	228,626	
Participant-Directed	3,022,428	
Other Net Investments	179,337	
Investment Loss Trust Fund Assets	1,921	-
Accounts Receivable - Net	139	5
Contributions Receivable	39,903	-
Interest and Dividends Receivable	28	-
Due from Other Funds	22,007	2,675
Other Assets	5,012	-
Total Assets	20,183,252	356,263
LIABILITIES		
Accounts Payable and Accrued Liabilities	84,900	4,956
Trust Deposits Payable	-	347,104
Due to Other Funds	5,000	4,203
Total Liabilities	89,900	356,263
NET ASSETS		
Held in Trust for:		
Pension Benefits	9,631,986	-
Postemployment Healthcare Benefits	7,234,484	-
Individuals, Organizations, and Other Governments	3,226,882	-
Total Net Assets	$ 20,093,352	$ -

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, 2012
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Premiums and Contributions:	
Employer	$ 632,199
Member	401,603
Other	481,860
Total Premiums and Contributions	1,515,662
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	(193,877)
Interest	111,288
Dividends	313,258
Total Investment Income	230,669
Less Investment Expense	33,647
Net Investment Income	197,022
Other Additions	
Other	44,821
Total Additions	1,757,505
DEDUCTIONS	
Benefits Paid	1,590,453
Insurance Premiums	3,720
Refunds of Premiums and Contributions	25,564
Administrative Expenses	37,673
Total Deductions	1,657,410
Net Increase (Decrease) in Net Assets Held in Trust for:	
Pension Benefits	(180,238)
Postemployment Healthcare Benefits	141,584
Individuals, Organizations, and Other Governments	138,749
Net Assets - Beginning of the Year	19,993,257
Net Assets - End of the Year	$ 20,093,352

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, 2012
(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total
ASSETS					
Cash and Investments	$ 99,360	$ 689,109	$ 342,448	$ 1,617,062	$ 2,747,979
Accounts Receivable - Net	35,760	-	-	29,241	65,001
Interest and Dividends Receivable	301	12,423	4,850	17,896	35,470
Due from Primary Government	5,676	14,209	168	11,514	31,567
Due from Component Units	160	-	5,748	1,356	7,264
Due from Other Governments	33,868	-	1,582	15,708	51,158
Loans, Notes, and Bonds Receivable	10,479	2,525,004	468,611	785,981	3,790,075
Inventories	6,630	-	-	10,339	16,969
Repossessed Property	-	-	350	-	350
Net Investment in Direct Financing Leases	-	53,192	201,843	-	255,035
Investments in Projects, Partnerships, or Corporations	-	-	20,373	-	20,373
Restricted Assets	314,217	607,412	109,948	613,457	1,645,034
Securities Lending Collateral	-	-	-	31,951	31,951
Deferred Outflows	-	215,757	-	-	215,757
Other Assets	143,192	46,176	2,017	7,514	198,899
Capital Assets:					
Equipment, Net of Depreciation	110,322	762	34,199	185,935	331,218
Buildings, Net of Depreciation	646,101	107,973	13,618	36,481	804,173
Infrastructure, Net of Depreciation	36,972	-	28,142	790,399	855,513
Land / Right-of-Way	38,516	16,153	2,281	44,353	101,303
Construction in Progress	265,347	478	31,304	65,938	363,067
Total Assets	1,746,901	4,288,648	1,267,482	4,265,125	11,568,156
LIABILITIES					
Accounts Payable and Accrued Liabilities	62,117	20,843	2,971	80,041	165,972
Obligations Under Securities Lending	-	-	-	31,951	31,951
Due to Primary Government	-	506	582	101,399	102,487
Due to Component Units	-	-	-	5,430	5,430
Due to Other Governments	-	-	-	1,200	1,200
Interest Payable	-	11,323	3,136	17,045	31,504
Derivative Instruments	-	219,480	-	-	219,480
Other Current Liabilities	14,272	68,685	15	1,432	84,404
Long-term Liabilities:					
Portion Due or Payable Within One Year:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	12,332	2,001	-	1,989	16,322
Unearned and Deferred Revenue	20,706	-	-	5,151	25,857
Notes, Bonds, and Leases Payable	8,952	62,220	9,295	118,163	198,630
Other Long-term Debt	-	-	-	3,501	3,501
Other Noncurrent Liabilities	-	105	-	-	105
Portion Due or Payable After One Year:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	3,249	-	1,416	4,665
Unearned and Deferred Revenue	6,392	-	8,956	473,032	488,380
Notes, Bonds, and Leases Payable	145,417	2,345,644	155,135	1,220,236	3,866,432
Other Long-term Debt	-	-	-	7,281	7,281
Other Noncurrent Liabilities	6,542	449	11,736	8,698	27,425
Total Liabilities	276,730	2,734,505	191,826	2,077,965	5,281,026
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	931,674	125,366	109,544	406,043	1,572,627
Restricted for:					
Permanent Funds					
Nonexpendable	-	-	-	384,536	384,536
Expendable	-	-	-	93,965	93,965
Education	368,499	-	-	125,147	493,646
Development	-	-	-	69,714	69,714
Debt Service	6,327	599,584	-	66,972	672,883
Other Purposes	-	28,760	1,368	26,381	56,509
Unrestricted	163,671	800,433	964,744	1,014,402	2,943,250
Total Net Assets	$ 1,470,171	$ 1,554,143	$ 1,075,656	$ 2,187,160	$ 6,287,130

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, 2012
(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	$ 830,681	$ 183,091	$ 235,725	$ 71,049
Alaska Housing Finance Corporation	390,854	155,632	50,277	129,427
Alaska Industrial Development and Export Authority	56,905	41,383	402	23,279
Nonmajor Component Units	463,050	245,145	96,784	45,877
Total Component Units	$ 1,741,490	$ 625,251	$ 383,188	$ 269,632

General Revenues:
Taxes
Severance Taxes
Interest and Investment Income (Loss)
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
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
$ (340,816)	$	$	$	$ (340,816)
	(55,518)			(55,518)
		8,159		8,159
			(75,244)	(75,244)
(340,816)	(55,518)	8,159	(75,244)	(463,419)
-	-	-	11,205	11,205
7,050	12,695	19,899	16,894	56,538
-	-	7,155	-	7,155
484,919	-	916	52,098	537,933
6,398	3,147	-	1,475	11,020
-	-	-	1,289	1,289
498,367	15,842	27,970	82,961	625,140
157,551	(39,676)	36,129	7,717	161,721
1,312,620	1,593,819	1,039,527	2,179,443	6,125,409
$ 1,470,171	$ 1,554,143	$ 1,075,656	$ 2,187,160	$ 6,287,130

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STATE OF ALASKA
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

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

The **Alaska Permanent Fund Corporation** (APFC) is a public corporation and government instrumentality in the Department of Revenue (AS 37.13.040). A governor-appointed six-member board manages APFC. The Legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the State Constitution. The beneficiaries of the Fund are all present and future generations of Alaskans. The Fund represents 64 percent of the total cash and investments and 58 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 financial statements for SBS are for the fiscal year ended January 31, 2012.

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. The financial statements for DCP are for the fiscal year ended December 31, 2011.

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

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

However, Chapters 18 and 19, Session Laws of Alaska (SLA) 1993, which became effective August 11, 1993, eliminated the ability of AEA to construct, own, and acquire energy projects, and the programs operated by AEA were transferred to the Department of Community and Regional Affairs. The corporate structure of AEA was retained but the board of directors of the Alaska Industrial Development and Export Authority (AIDEA) is now the board of directors of AEA 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. Although ANGDA still exists statutorily, the Alaska Legislature did not appropriate funds to ANGDA for FY 12 operations. As a result, the board members with expired terms were not reappointed to the board, there are no longer employees of ANGDA, the office was closed, and all records were transferred to the Department of Revenue. ANGDA financial statements may be obtained from the Department of Revenue, Administrative Services Division, P.O. Box 110410, Juneau, AK 99811-0410.

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

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

The **University of Alaska** is established as a corporation and is an instrumentality of the State (AS 14.40.040). A board of regents appointed by the Governor and confirmed by the Legislature governs the university. The Legislature approves the

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

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

B. BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. The fund financial statements focus on major funds, of which the State has three: the General Fund and the Alaska Permanent Fund, both of which are governmental funds; and the International Airports Fund, which is an enterprise fund. All nonmajor funds are summarized into a single column on the

respective fund statements: governmental; proprietary, which includes enterprise and internal service fund types; and fiduciary, which includes pension (and other employee benefit) trust funds, and agency funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resource 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, the Short-term Fixed Income Pool, and the Short-term Liquidity Pool operate as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents. At June 30, 2012, the assets of the GeFONSI pool were comprised of shares in the Short-term Fixed Income Pool, the Short-term Liquidity 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, 2012, 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 $170.2 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave. Accumulated sick leave may be used only for actual illness. When an employee separates from state service, any sick leave balance to their credit is reduced to zero without additional compensation to the employee. See Note 12 for disclosure of the amount of the sick leave contingency.

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

NET ASSETS / FUND BALANCE

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

FUND BALANCE COMPONENTS

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

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

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

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

- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed. The Alaska Legislature is the body authorized to assign amounts to a specific purpose. Alaska Statue 37.13.020 authorizes the Legislature to assign the funds in the Earnings Reserve Account, a component of the Alaska Permanent Fund.

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

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

The appropriated balance in the General Fund (fund 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, 2012 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Compensating Balances	$ 110,000	$ -	$ -	$ -	$ -
Inventory	15,132	-	-	-	-
Principal	-	38,713,004	-	-	-
Advances and Prepaid Items	40,372	-	-	-	-
Total Nonspendable	165,504	38,713,004	-	-	-
Restricted:					
Debt Service	1,994	-	-	46,194	-
Education	12,095	-	9,485	-	106,221
Health & Human Services	534	-	16,693	-	-
Development	86,040	-	38,926	-	71,991
Other Purposes	4,809	-	157	-	-
Total Restricted	105,472	-	65,261	46,194	178,212
Committed					
Debt Service	8,239	-	-	-	-
Education	2,025,443	6,792	-	-	-
Health & Human Services	222,912	-	-	-	-
Public Protection	169,088	-	-	-	-
Permanent Fund	619,442	-	-	-	-
Development	2,086,779	-	608,822	-	-
Other Purposes	207,451	-	-	-	-
Total Committed	5,339,354	6,792	608,822	-	-
Assigned					
Permanent Fund	-	2,080,582	-	-	-
Total Assigned	-	2,080,582	-	-	-
Unassigned	15,953,852	-	-	-	-
Total Fund Balance	$ 21,564,182	$ 40,800,378	$ 674,083	$ 46,194	$ 178,212

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 ($38,252 million), $460 million of the Public School Trust Fund restricted net assets, and $385 million of the Alaska Mental Health Trust Authority (a discretely presented component unit) restricted net assets are nonexpendable. The remaining $7 million (one percent) of the Public School Trust Fund restricted net assets, and $94 million (20 percent) of the Alaska Mental Health Trust Authority restricted net assets are expendable.

Net Assets Restricted by Enabling Legislation

The government-wide statement of net assets reports $39.8 billion of restricted net assets for the primary government, of which $26.6 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 either restricted or committed fund balance and do not constitute expenditures or liabilities. See Note 12 for additional information on encumbrances within the governmental funds. Unencumbered balances of annual appropriations lapse at the end of the fiscal year.

Expenditures of funds are made only upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain. Transfers between appropriations are not authorized. Agencies faced with potential over expenditure of appropriations must (1) reduce the rate of expenditures, (2) seek relief through supplemental appropriations, or (3) request necessary approvals to receive and expend additional funds. In order to provide sufficient funding for several programs during FY 12, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 12 operating budget of $116.9 million were enacted, of which $119.3 million was appropriated from the General Fund, $9.9 million was reduced from other funds, and $7.5 million was appropriated from federal funds. In addition, the total supplemental appropriations for the FY 12 capital budget of $81.7 million were enacted, of which $59.7 million was appropriated from the General Fund, $6.1 million was appropriated from other funds, and $15.9 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 12, the Office of Management and Budget estimated the limit to be approximately $9.4 billion. The FY 12 budget passed by the legislature after vetoes was $7.3 billion (unrestricted General Fund revenues only), or $2.1 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." All borrowing from the CBRF was completely repaid in FY 10 and no borrowing activity from the CBRF occurred during FY 11 or FY 12.

NOTE 3 – PRIOR PERIOD ADJUSTMENTS

ALASKA MENTAL HEALTH TRUST AUTHORITY

The Alaska Mental Health Trust Authority (AMHTA) acquired a building in FY 11 which was accounted for as a capital asset. Subsequent to year end, it was determined that the building should have been accounted for as an investment in real estate under Governmental Accounting Standard Board Statement No. 52. The effect of this prior period adjustment on AMHTA within Statement 6.01 for FY 12 is as follows (in thousands):

	Beginning Balance	Prior Year Adjustment	Restated Beginning Balance	FY 2012 Activity	Ending Balance
Cash and Investments	$ 491,229	$ 4,969	$ 496,198	$ (12,928)	$ 483,270
Buildings, Net of Depreciation	11,089	(4,969)	6,120	(249)	5,871
Invested in Capital Assets, Net of Related Debt	13,629	(4,969)	8,660	412	9,072
Restricted for Permanent Funds, Nonexpendable	390,747	4,969	395,716	(11,180)	384,536

See Note 5 for the prior period adjustment resulting in a restated beginning balance for buildings.

NOTE 4 – DEPOSIT AND INVESTMENT RISK

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

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

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

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

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

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

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

Deposits and investments at June 30, 2012, are as follows:

	Fair Value (in thousands)						
Investment Type	Short-term Fixed Income Pool	Short-term Liquidity Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	Tobacco Revenue Fixed Income	Other	Total
Deposits	$ 33,361	$ -	$ -	$ -	$ -	$ 104,609	$ 137,970
Money Market	-	-	-	-	27,842	-	27,842
ACPE Note	-	-	-	-	-	67,500	67,500
Commercial Paper	284,100	-	5,000	5,000	-	-	294,100
Corporate Bonds	759,976	-	1,277,548	771,145	-	-	2,808,669
Mortgage-backed	70,819	-	312,723	1,338,578	-	-	1,722,120
Other Asset-backed	2,942,106	-	34,361	102,627	-	-	3,079,094
U.S. Government Agency	100,037	-	408,957	153,002	-	-	661,996
U.S. Treasury Bills	4,411,775	803,422	681,242	43,972	-	-	5,940,411
U.S. Treasury Bonds	-	-	-	213,776	-	-	213,776
U.S. Treasury Notes	-	-	5,639,146	827,447	-	-	6,466,593
U.S. Treasury Strips	-	-	5,027	-	-	-	5,027
Yankees:							
Corporate	174,855	-	-	181,521	-	-	356,376
Government	-	-	51,399	81,310	-	-	132,709
Domestic Equity	-	-	-	-	-	2,309,691	2,309,691
International Equity	-	-	-	-	-	1,732,898	1,732,898
Total Invested Assets	8,777,029	803,422	8,415,403	3,718,378	27,842	4,214,698	25,956,772
Pool related net assets (liabilities)	(235,151)	131	(7,717)	(279,552)	-	828	(521,461)
Net Invested Assets before earnings distribution to participants	8,541,878	803,553	8,407,686	3,438,826	27,842	4,215,526	25,435,311
Earnings payable to participants	(3,147)	-	-	-	-	-	(3,147)
Other pool ownership	(662,527)	899	208,713	452,915	-	-	-
Ownership under other fiduciary responsibility:							
Alaska Retirement Management Board	(593,719)	-	-	-	-	-	(593,719)
Exxon Valdez Oil Spill Trustee Council	(1)	-	-	(54,865)	-	(125,018)	(179,884)
University of Alaska	-	-	-	-	-	-	-
Alaska Student Loan Corporation	(1,945)	-	-	-	-	-	(1,945)
Alaska Mental Health Trust Authority	(4,173)	-	-	(12,910)	-	(25,942)	(43,025)
Total Invested Assets	$ 7,276,366	$ 804,452	$ 8,616,399	$ 3,823,966	$ 27,842	$ 4,064,566	$ 24,613,591

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, 2012, the expected average life of individual fixed rate securities ranged from one day to one year and the expected average life of floating rate securities ranged from eight days to fourteen years.

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

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

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

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

Intermediate-term Fixed Income Pool - ± 20% of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2012 was 2.66 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, 2012 was 5.07 years.

At June 30, 2012, the effective duration by investment type was as follows:

	Effective Duration (in years)	
	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool
Cash Equivalent	0.26	0.26
Corporate	1.62	6.93
Mortgage-backed	1.28	1.70
Other Asset-backed	2.43	1.89
U.S. Government Agency	1.24	5.40
U.S. Treasury Bill	0.30	0.43
U.S. Treasury Bonds	-	15.53
U.S. Treasury Notes	2.78	5.23
U.S. Treasury Strip	5.26	-
Yankees:		
Corporate	2.63	4.20
Government	1.72	7.30
Portfolio Effective Duration	2.23	4.28

Other Fixed Income

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

Credit Risk

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

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

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

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

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, 2012, the Tobacco Revenue Fixed Income Securities consisted of commercial paper rated A-1.

At June 30, 2012, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	Rating	Short-term Fixed Income Pool	Short-term Liquidity Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool
Commercial Paper	Not Rated	3.33%	-	0.06%	0.12%
Corporate Bonds	A	3.60%	-	3.52%	10.01%
Corporate Bonds	AA	4.94%	-	7.54%	3.03%
Corporate Bonds	AAA	-	-	0.66%	0.65%
Corporate Bonds	BB	-	-	-	0.20%
Corporate Bonds	BBB	-	-	1.21%	4.91%
Corporate Bonds	Not Rated	0.35%	-	0.06%	0.13%
U.S. Government Agency	A	-	-	0.06%	-
U.S. Government Agency	AA	1.17%	-	4.75%	0.33%
Mortgage-backed	A	-	-	-	0.78%
Mortgage-backed	AA	-	-	1.27%	26.94%
Mortgage-backed	AAA	0.46%	-	1.73%	3.05%
Mortgage-backed	BBB	-	-	-	0.04%
Mortgage-backed	CCC	-	-	0.02%	-
Mortgage-backed	Not Rated	0.37%	-	0.61%	2.81%
Other Asset-backed	A	0.08%	-	-	-
Other Asset-backed	AA	1.90%	-	-	-
Other Asset-backed	AAA	26.15%	-	0.27%	1.65%
Other Asset-backed	CCC	-	-	-	0.03%
Other Asset-backed	Not Rated	6.30%	-	0.13%	0.11%
Other Pool Ownership	Not Rated	-	0.11%	2.42%	11.12%
U.S. Treasury Bill	AA	51.67%	99.87%	7.91%	1.08%
U.S. Treasury Bond	AA	-	-	-	5.25%
U.S. Treasury Note	AA	-	-	65.44%	20.32%
U.S. Treasury Strip	AA	-	-	0.06%	-
Yankees:					
Corporate	A	0.62%	-	0.30%	1.33%
Corporate	AA	1.42%	-	0.66%	1.21%
Corporate	AAA	-	-	0.50%	0.81%
Corporate	BBB	-	-	0.32%	1.10%
Government	A	-	-	0.01%	0.15%
Government	AA	-	-	0.54%	0.64%
Government	BBB	-	-	-	0.32%
Government	Not Rated	-	-	0.04%	2.07%
No Credit Exposure		(2.36%)	0.02%	(0.09%)	(0.19%)
		100.00%	100.00%	100.00%	100.00%

Custodial Credit Risk – Deposits

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

For interest-bearing accounts, Treasury's policy with regard to custodial credit risk is to collateralize state deposits to the extent possible. The bond indentures governing the investment of tobacco revenue related bond proceeds, do not establish policy with regard to custodial credit risk. At June 30, 2012, the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	$ 219

Concentration of Credit Risk

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

At June 30, 2012, The Commissioner did not have any exposure to any one issuer greater than five percent of invested assets.

Foreign Currency Risk

The Commissioner of Revenue formally adopts asset allocation policies for each fund at the beginning of each fiscal year which places policy limitations on the amount of international securities each fund is allowed to hold. The following policies were in place during FY 12 and invested assets included the following holdings at June 30, 2012, for the funds invested in the International Equity Pool:

	Policy	Actual
Constitutional Budget Reserve Fund, Subaccount	32% ± 5%	29%
Power Cost Equalization Endowment Fund	23% ± 5%	21%
Retiree Health Insurance Fund, Long Term Care	9% ± 4%	7%
Mental Health Trust Reserve	21% ± 5%	19%
Exxon Valdez Settlement Investments	23% ± 7%	23%

At June 30, 2012, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows:

Currency	Fair Value (in thousands)
Deposits:	
Euro Currency	$ 83
Japanese Yen	136
	219
Investments - International Equity:	
Australian Dollar	12,497
Canadian Dollar	4,573
Danish Krone	2,113
Euro Currency	57,845
Japanese Yen	29,398
New Zealand Dollar	1,660
Pound Sterling	49,927
Swedish Krona	7,571
Swiss Franc	6,940
	172,524
Total	$ 172,743

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

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy for contingencies. The International Equity Pool investment includes the following income from derivative investments at June 30, 2012 (in thousands):

	Changes in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
FX Forwards	Investment Revenue	$ (56)	Long-term Instruments	$ -	$ -

Additionally the International Equity Pool had the following income from foreign exchange transactions at June 30, 2012 (in thousands):

Net Realized Gain on Foreign Currency	$ 2,236

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, 2012, the International Equity Pool had no outstanding contracts.

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

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

PENSION FUNDS

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

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

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

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

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

Deposits and investments at June 30, 2012 are as follows:

	Fair Value (in thousands)				
	Fixed Income Pools				
	Short-term	Retirement	U.S. Treasury	High Yield	International
Bridge Loans	$ -	$ -	$ -	$ 3,757	$ -
Commercial Paper	19,521	-	-	-	-
Convertible Bonds	-	-	-	4,101	-
Corporate Bonds	52,219	-	91,237	377,844	-
Deposits	2,292	-	-	22,485	1,670
Foreign Corporate Bonds	-	-	-	736	8,549
Foreign Government Bonds	-	-	-	-	358,920
Mortgage-backed	4,866	11,742	55,940	-	-
Municipal Bonds	-	-	1,996	-	-
Other Asset-backed	202,154	-	2,557	-	-
Short-term Investment Fund	-	-	-	-	2,798
U.S. Government Agency	6,874	-	9,120	-	-
U.S. Treasury Bills	303,136	-	-	-	-
U.S. Treasury Bonds	-	-	124,082	-	-
U.S. Treasury Notes	-	-	1,379,072	-	-
U.S. TIP Bonds	-	-	-	-	-
U.S. TIP Notes	-	-	-	-	-
Yankees:					
Corporate	12,014	-	13,065	29,523	-
Government	-	-	6,586	-	-
Fixed Income Pools:					
Equity	-	-	-	-	-
Warrants	-	-	-	16	-
Emerging Markets Debt Pool	-	-	-	-	-
Broad Domestic Equity Pools:					
Deposits	-	-	-	-	-
Equity					
Futures	-	-	-	-	-
Limited Partnership	-	-	-	-	-
Mutual Fund					
Options					
U.S. Treasury Bills	-	-	-	-	-
Broad International Equity Pool:					
Deposits	-	-	-	-	-
Equity	-	-	-	-	-
Rights	-	-	-	-	-
Mutual Fund					
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)	(16,264)	106	(147,454)	4,833	4,267
Other Pool Ownership	(301,493)	7,864	187,995	-	-
Total Invested Assets	$ 285,319	$ 19,712	$ 1,724,196	$ 443,295	$ 376,204

This table continued on the next page.

Deposits and investments at June 30, 2012 are as follows (continued):

	Fair Value (in thousands)			
	Fixed Income Pools			
	Convertible	TIPS	Other	Total
Bridge Loans	$ -	$ -	$ -	$ 3,757
Commercial Paper	-	-	-	19,521
Convertible Bonds	101,504	-	-	105,605
Corporate Bonds	804	-	-	522,104
Deposits	1,532	-	-	27,979
Foreign Corporate Bonds	-	-	-	9,285
Foreign Government Bonds	-	-	-	358,920
Mortgage-backed	-	-	-	72,548
Municipal Bonds	-	-	-	1,996
Other Asset-backed	-	-	-	204,711
Short-term Investment Fund	-	-	19,463	22,261
U.S. Government Agency	-	-	-	15,994
U.S. Treasury Bills	-	-	-	303,136
U.S. Treasury Bonds	-	-	-	124,082
U.S. Treasury Notes	-	-	-	1,379,072
U.S. TIP Bonds	-	75,242	-	75,242
U.S. TIP Notes	-	119,989	-	119,989
Yankees:				
Corporate	-	-	-	54,602
Government	-	-	-	6,586
Fixed Income Pools:				
Equity	6,559	-	-	6,559
Warrants	2,654	-	-	2,670
Emerging Markets Debt Pool	-	-	124,050	124,050
Broad Domestic Equity Pools:				
Deposits	-	-	46,993	46,993
Equity	-		4,268,534	4,268,534
Futures	-	-	1,581	1,581
Limited Partnership	-	-	241,656	241,656
Mutual Fund			40,763	40,763
Options			(20,109)	(20,109)
U.S. Treasury Bills	-	-	2,275	2,275
Broad International Equity Pool:				
Deposits	-	-	49,941	49,941
Equity	-	-	2,378,531	2,378,531
Rights	-	-	43	43
Mutual Fund			200,657	200,657
Emerging Markets Equity Pool	-	-	860,295	860,295
Private Equity Pool:				
Limited Partnerships	-	-	1,606,063	1,606,063
Absolute Return Pool:				
Limited Partnerships	-	-	687,125	687,125
Real Estate Pool:				
Commingled Funds	-	-	275,127	275,127
Limited Partnerships	-	-	351,886	351,886
Real Estate	-	-	669,896	669,896
Real Estate Investment Trust Pool:				
Equity	-	-	185,421	185,421
Energy Pool:				
Limited Partnerships	-	-	115,923	115,923
Farmland Pool:				
Agricultural Holdings	-	-	609,207	609,207
Farmland Water Pool:				
Agricultural Holdings	-	-	29,295	29,295
Timber Pool:				
Timber Holdings	-	-	228,627	228,627
Participant Directed:				
Collective Investment Funds	-	-	222,184	222,184
Pooled Investment Funds	-	-	112,757	112,757
Net Other Assets/(Liabilities)	691	1,070	14,332	(138,419)
Other Pool Ownership	-	627	105,007	-
Total Invested Assets	$ 113,744	$ 196,928	$ 13,427,523	$ 16,586,921

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, 2012, the expected average life of individual fixed rate securities ranged from two days to 25 years and the expected average life of floating rate securities ranged from 12 days to nine 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, 2012 was 5.07 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, 2012 was 3.86 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the High Yield Fixed Income portfolio to ± 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 Constrained Index at June 30, 2012 was 4.21 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 blended benchmark of 70% Citigroup Non-USD World Government Bond Index and 30% JP Morgan Global Bond Emerging Markets Broad Diversified Index. The effective duration for the Citigroup Non-USD World Government Bond Index at June 30, 2012, was 7.26 years and the effective duration of the JP Morgan Global Bond Index at June 30, 2012 was 4.75 years, for a blended duration of 6.50 years at June 30, 2012.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the TIPS portfolio to ± 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, 2012 was 9.27 years.

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

At June 30, 2012, 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
Cash Equivalent	0.26	0.26	-	-	0.26
Convertible Bonds			0.12		
Corporate Bonds	-	3.83	3.82	-	-
Foreign Corporate Bonds	-	-	-	3.27	-
Foreign Government Bonds	-	-	4.81	5.48	-
Mortgage-backed	-	2.49	-	-	-
Other Asset-backed	-	0.83	-	-	-
U.S. Government Agency	-	7.27	-	-	-
U.S. Treasury Bonds	-	6.83	-	-	9.91
U.S. Treasury Notes	-	3.48	-	-	2.22
Yankees:					
Corporate	-	2.14	3.74	-	-
Government	-	1.23	-	-	-
Portfolio Effective Duration	1.66	3.36	3.57	5.34	5.16

Defined Contribution Pooled Investment Funds

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

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

At June 30, 2012, the duration of the government corporate debt, and mortgage-backed securities was 5.06 years and the duration of the Barclays Capital Aggregate Bond Index was 5.07 years.

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

Defined Contribution Collective Investment Funds

The ARMB does not have a policy to limit interest rate risk for its collective investment funds. At June 30, 2012, the modified duration of collective investment funds that consisted solely of debt securities were as follows – SSgA Money Market Trust: 49 days, SSgA World Government Bond Ex-U.S. Index: 7.40 years, SSgA Long U.S. Treasury Bond Index: 16.63 years, SSgA TIPS Index: 5.12 years, Barclays Gov/Corp Bond Fund: 5.67 years, and the Barclays Intermediate Bond Fund: 3.64 years.

Credit Risk

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

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

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

Retirement Fixed Income:

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

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

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

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

U.S. Treasury Fixed Income:

No more than 30 percent of the portfolio's assets may be invested in securities that are not nominal, United States Treasury obligations or the internally managed short term or substantially similar portfolio at the time of purchase.

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

High Yield Fixed Income:

No more than ten 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 ten 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. Only one rating is necessary.

International Fixed Income:

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

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

Convertible Bond:

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

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

Investments are limited to instruments with a credit rating above CCC- by Standard & Poor's and C3 by Moody's. However, the manager may continue to hold securities downgraded below CCC- by Standard & Poor's and C3 by Moody's if such an investment is considered appropriate given the ARMB's investment objective.

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

TIPS:

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

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

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

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

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

- Corporate debt obligations must carry a rating of at least A or better by Moody's, Standard & Poor's or Fitch rating services.
- Commercial paper must bear the highest rating assigned by Moody's, Standard & Poor's, or Fitch rating services.

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

At June 30, 2012, 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
Bank Loans	BB	-	-	-	0.36%	-	-	-
Bank Loans	Not Rated	-	-	-	0.49%	-	-	-
Commercial Paper	Not Rated	3.33%	-	-	-	-	-	-
Convertible Bonds	A	-	-	-	0.25%	-	8.26%	-
Convertible Bonds	AAA	-	-	-	-	-	1.56%	-
Convertible Bonds	B	-	-	-	0.07%	-	13.72%	-
Convertible Bonds	BB	-	-	-	-	-	19.40%	-
Convertible Bonds	BBB	-	-	-	0.37%	-	17.19%	-
Convertible Bonds	CCC	-	-	-	-	-	0.58%	-
Convertible Bonds	Not Rated	-	-	-	0.49%	-	29.24%	-
Corporate Bonds	A	3.60%	-	2.72%	-	-	-	-
Corporate Bonds	AA	4.94%	-	0.94%	-	-	-	-
Corporate Bonds	B	-	-	-	39.68%	-	-	-
Corporate Bonds	BB	-	-	-	33.38%	-	-	-
Corporate Bonds	BBB	-	-	1.17%	3.22%	-	-	-
Corporate Bonds	CCC	-	-	-	6.25%	-	-	-
Corporate Bonds	Not Rated	0.35%	-	0.57%	2.44%	-	-	-
Equity	B	-	-	-	-	-	1.33%	-
Equity	BB	-	-	-	-	-	3.00%	-
Equity	BBB	-	-	-	-	-	2.15%	-
Equity	CCC	-	-	-	-	-	0.35%	-
Equity	Not Rated	-	-	-	-	-	1.27%	-
Foreign Corporate Bonds	A	-	-	-	-	3.07%	-	-
Foreign Corporate Bonds	AA	-	-	-	-	0.67%	-	-
Foreign Government Bonds	A	-	-	-	-	21.37%	-	-
Foreign Government Bonds	AA	-	-	-	-	1.56%	-	-
Foreign Government Bonds	BB	-	-	-	-	4.49%	-	-
Foreign Government Bonds	BBB	-	-	-	0.17%	2.24%	-	-
Foreign Government Bonds	Not Rated	-	-	-	-	65.42%	-	-
Government Agency	AA	1.17%	-	0.53%	-	-	-	-
Mortgage-backed	AA	-	31.67%	1.82%	-	-	-	-
Mortgage-backed	AAA	0.46%	7.96%	0.47%	-	-	-	-
Mortgage-backed	CCC	-	10.53%	-	-	-	-	-
Mortgage-backed	Not Rated	0.37%	9.40%	0.95%	-	-	-	-
Other Asset-backed	A	0.08%	-	0.13%	-	-	-	-
Other Asset-backed	AA	1.90%	-	-	-	-	-	-
Other Asset-backed	AAA	26.15%	-	-	-	-	-	-
Other Asset-backed	Not Rated	6.30%	-	0.02%	-	-	-	-
Other Pool Ownership	Not Rated	-	39.90%	10.90%	-	-	-	0.32%
Short-Term Investment Fund	Not Rated	-	-	-	-	0.74%	-	-
U.S. Treasury Bills	AA	51.67%	-	-	-	-	-	-
U.S. Treasury Bonds	AA	-	-	7.20%	-	-	-	38.21%
U.S. Treasury Notes	AA	-	-	79.99%	-	-	-	60.93%
Yankees:								
Corporate	A	0.62%	-	0.44%	-	-	-	-
Corporate	AA	1.42%	-	-	-	-	-	-
Corporate	B	-	-	-	3.44%	-	-	-
Corporate	BB	-	-	-	2.76%	-	-	-
Corporate	BBB	-	-	0.32%	-	-	-	-
Corporate	Not Rated	-	-	-	0.47%	-	-	-
Government	AA	-	-	0.29%	-	-	-	-
Government	Not Rated	-	-	0.09%	-	-	-	-
No Credit Exposure		(2.36%)	0.54%	(8.55%)	6.16%	0.44%	1.95%	0.54%
		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; however, any uninvested U.S. Cash held in accounts is fully insured by the Federal Deposit Insurance Corporation (FDIC) under section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act effective December 31, 2010. This section of the Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts through December 31, 2012, at all FDIC insured depository institutions thereby limiting custodial credit risk.

At June 30, 2012, the ARMB's invested assets had the following uncollateralized and uninsured deposits (in thousands):

International Equity Pool	$ 49,941
International Fixed Income Pool	1,670
	$ 51,611

Concentration of Credit Risk

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

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

At June 30, 2012, the ARMB's invested assets did not have exposure to any one issuer greater than five percent of total invested assets.

Foreign Currency Risk

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

Pension Fund	Fixed - Income	Global Equity Ex-U.S.	Private Equity Pool
Public Employees' Retirement System	21%	27%	13%
Teachers' Retirement System	21%	27%	13%
Judicial Retirement System	21%	27%	13%
Alaska National Guard and Naval Militia System	64%	22%	-

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

At June 30, 2012, 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	$ -	$ 342
Brazilian Real	-	50
Canadian Dollar	-	256
Danish Krone	-	125
Euro Currency	-	43,123
Hong Kong Dollar	-	159
Hungarian Forint	271	-
Israeli Shekel	-	36
Japanese Yen	267	4,071
Mexican Peso	1,062	-
New Zealand Dollar	-	27
Norwegian Krone	-	81
Peruvian Nouveau Sol	-	-
Pound Sterling	-	971
Singapore Dollar	-	102
South African Rand	70	
South Korean Won	-	-
Swedish Krona	-	67
Swiss Franc	-	531
	$ 1,670	$ 49,941

At June 30, 2012, the ARMB had exposure to foreign currency risk with the following investments (in thousands):

	Amount (in thousands)			
	International Fixed Income Pool		Broad International Equity	Private Equity Pool
Currency	Foreign Government	Corporate	Equity	Limited Partnerships
Australian Dollar	$ -	$ -	$ 92,387	$ 37
Brazilian Real	21,426	-	8,596	-
Canadian Dollar	-	-	87,018	-
Chilean Peso	3,388	-	-	-
Columbian Peso	3,553	-	-	-
Czech Koruna	-	-	818	-
Danish Krone	-	-	20,609	-
Euro Currency	61,172	3,589	629,319	152,118
Hong Kong Dollar	-	-	78,259	-
Hungarian Forint	16,961	-	-	-
Indian Rupee	-	-	7,313	-
Indonesian Rupiah	3,325	-	5,325	-
Israeli Shekel	6,720	-	984	-
Japanese Yen	132,071	2,548	470,258	-
Malaysian Ringgit	5,742	-	-	-
Mexican Peso	27,735	2,412	896	-
New Taiwan Dollar	-	-	1,884	-
New Zealand Dollar	-	-	7,427	-
Norwegian Krone	-	-	10,528	-
Peruvian Nouveau Sol	1,246	-	-	-
Polish Zloty	40,077	-	758	-
Pound Sterling	20,395	-	496,737	24,928
Singapore Dollar	-	-	30,498	-
South African Rand	11,463	-	3,727	-
South Korean Won	-	-	45,925	-
Swedish Krona	-	-	53,591	-
Swiss Franc	-	-	140,753	-
Thailand Baht	-	-	11,581	-
Turkish Lira	3,646	-	-	-
	$ 358,920	$ 8,549	$ 2,205,191	$ 177,083

At June 30, 2012, the ARMB also had exposure to foreign currency risk in the Emerging Markets Equity Pool. This pool consists of investments in commingled investment funds; therefore, no disclosure of specific currencies is made.

Foreign Exchange, Derivative, and Counterparty Credit Risk

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

On June 30, 2012, the ARMB had the following derivative instruments outstanding (in thousands):

	Change in Fair Value		Fair Value at June 30, 2012		
Type	Classification	Amount	Classification	Amount	Notional
Equity Options Bought	Investment Revenue	$ 1,007	Options	$ -	$ -
Equity Options Written	Investment Revenue	25,120	Options	(20,034)	(3,701)
FX Forwards	Investment Revenue	838	Long Term Instruments	71	23,278
Index Futures Long	Investment Revenue	2,260	Futures	-	51
Index Options Brought	Investment Revenue	19	Options	-	-
Index Options Written	Investment Revenue	409	Options	(76)	(7)
Rights	Investment Revenue	99	Common Stock	43	104
Warrants	Investment Revenue	9	Common Stock	16	10
		$ 29,761		$ (19,980)	$ 19,735

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, 2012 the ARMB had the following counterparty credit and counterparty concentration risk associated with its investment derivative positions:

Counterparty Name	Net Exposure (in thousands)	S&P Rating	Fitch Rating	Moody's Rating
Credit Suisse London Branch (GFX)	$ 74	A+	A	A1
State Street Bank London	43	A+	A+	A1
Mellon Bank N.A.	11	A+	AA-	Aa3
Bank of America N.A.	10	A	A	A3

	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, 2012	$ 138
Effect of Collateral Reducing Maximum Exposure	-
Liabilities Subject to Netting Arrangements Reducing Exposure	-
Resulting Net Exposure	$ 138

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, 2011, Deferred Compensation Plan investments totaled $600 million.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or at http://doa.alaska.gov/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, 2011, are as follows:

	Fair Value (in thousands)	Weighted Average Maturity
Bond Fund	$ 122	4.34 years
Government/Credit Bond Index Fund	32,800	8.21 years
Institutional Treasury Money Market Fund	7,823	32 days
Intermediate Bond Fund	16,383	4.08 years
Long U.S. Treasury Bond Index Fund	6,482	16.45 years
U.S. TIPS Index Fund	9,529	4.15 years
World Government Bond Ex-U.S. Index Fund	1,950	7.03 years

Interest Income Fund

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

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

> For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration synthetic investment contracts was 3.24 years at December 31, 2011. The duration of the Barclays Capital Intermediate Aggregate Index was 3.47 years at December 31, 2011.
>
> Duration is a measure of interest rate risk. In the case of the Deferred Compensation Plan's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity using all fixed income securities underlying the contracts and their related cash flows.

The ARMB does not have a policy to limit interest rate risk for the reserve. The balance in the reserve is invested in the custodian's Institutional Treasury Money Market Fund, which has a weighted average maturity of 32 days at December 31, 2011.

Pooled Investment Funds

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

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

> For government and corporate debt securities, duration is limited to ± 0.2 years of the Barclays Aggregate Bond Index. At December 31, 2011, the duration of the Barclays Aggregate Bond Index was 4.95 years, and the duration of the Aggregate Bond Trust was 5.04 years.

The weighted average maturity of the money market portfolio was 35.73 days at December 31, 2011.

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

Credit Risk

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

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

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

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

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

At December 31, 2011, 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	$ -	$ 367	$ 367
Short-term Investment Fund	Not Rated	2,786	-	2,786
U.S. Government Agency	AA	11,221	-	11,221
Mortgage-backed	AAA	3,956	-	3,956
Mortgage-backed	AA	71	-	71
Mortgage-backed	A	355	-	355
Mortgage-backed	BBB	56	-	56
Mortgage-backed	Not Rated	64,278	-	64,278
Other Asset-backed	AAA	2,048	-	2,048
Other Asset-backed	AA	321	-	321
Other Asset-backed	Not Rated	674	-	674
Corporate Bonds	AA	2,381	-	2,381
Corporate Bonds	A	14,280	-	14,280
Corporate Bonds	BBB	9,807	-	9,807
Yankees:				
Corporate	AA	1,592	-	1,592
Corporate	A	2,346	-	2,346
Corporate	BBB	1,656	-	1,656
Government	AAA	3,184	-	3,184
Government	AA	1,076	-	1,076
Government	A	317	-	317
Government	BBB	27	-	27
Deposits and Investments with no credit exposure:				
Deposits		(2,432)	-	(2,432)
U.S. Treasury Notes	AAA	53,276	-	53,276
Collective Investment Funds		-	291,542	291,542
Pooled Investment Funds		-	53,044	53,044
Domestic Equity		-	65,253	65,253
Total		$ 173,276	$ 410,206	$ 583,482

Custodial Credit Risk

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

Concentration of Credit Risk

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

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

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

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

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

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

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

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

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

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

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

At December 31, 2011, the Deferred Compensation Plan invested assets included $42.3 million in Federal National Mortgage Association (FNMA) securities, which represented 7.26 percent of the Deferred Compensation Plan's total invested assets. FNMA is a U.S. Government Agency.

Foreign Currency Risk

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

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

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

SUPPLEMENTAL BENEFITS SYSTEM

The State's Supplemental Benefits System (SBS) holds investments in several collective investment funds, the State's internally managed Short-term Fixed Income Pool (under the fiduciary responsibility of the Commissioner of Revenue), a Stable Value Fund and wholly-owned Pooled Investment Funds. At January 31, 2012, SBS investments totaled $2.613 billion.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or at http://doa.alaska.gov/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. These investments with their related weighted average maturities at January 31, 2012 are as follows:

	Fair Value (in thousands)	Weighted Average Maturity
Government/Credit Bond Index Fund	$ 54,267	8.15 years
Institutional Treasury Money Market Fund	36,343	42 days
Intermediate Bond Fund	13,993	4.06 years
Long U.S. Treasury Bond Index Fund	20,695	16.20 years
U.S. TIPS Index Fund	19,665	4.63 years
World Government Bond ex-U.S. Index Fund	5,074	7.34 years

Short-term Fixed Income Pool

The Investment Loss Trust Fund and the SBS's cash and cash equivalents are invested in the State's internally managed Short-term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months in maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years in maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and 12 month prepay speeds for other securities. At January 31, 2012, the expected average life of individual fixed rate securities ranged from one day to 23 months and the expected average life of floating rate securities ranged from one day to 23 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 3.08 years at January 31, 2012. The duration of the Barclays Capital Intermediate Aggregate Index was 3.35 years at January 31, 2012.
>
> Duration is a measure of interest rate risk. In the case of the SBS's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity of all fixed income securities underlying the contracts and their related cash flows. Duration of the SBS's structured payout synthetic investment contracts is the weighted average maturity of the contract payments.

The ARMB does not have a policy to limit interest rate risk for the reserve. The balance in the reserve is invested in the custodian's Institutional Treasury Money Market Fund.

Pooled Investment Funds

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

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

> For government and corporate debt securities, duration is limited to ± 0.20 years of the Barclays Aggregate Bond Index. At January 31, 2012, the duration of the Barclays Aggregate Bond Index was 4.86 years and the duration of the Aggregate Bond Trust was 4.88 years.

The weighted average maturity of the money market portfolio was 31.69 days at January 31, 2012.

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

Credit Risk

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

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

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

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

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

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

At January 31, 2012, 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	$ -	$ -	$ -	$ 1,691	$ 1,691
Short-term Investment Fund	Not Rated	-	5,823	-	-	5,823
Commercial Paper	Not Rated	290	-	84	-	374
U.S. Government Agency	AA	163	20,179	47	-	20,389
U.S. Government Agency:						
Discount Notes	Not Rated	1	-	-	-	1
Municipal Government	AAA	14	-	4		18
Mortgage-backed	AAA	89	7,476	26	-	7,591
Mortgage-backed	AA	2	89	-	-	91
Mortgage-backed	A	6	476	2	-	484
Mortgage-backed	BBB	-	68	-	-	68
Mortgage-backed	Not Rated	64	106,866	18	-	106,948
Other Asset-backed	AAA	2,358	2,949	678	-	5,985
Other Asset-backed	AA	91	384	26	-	501
Other Asset-backed	Not Rated	381	1,950	110	-	2,441
Corporate Bonds	AA	1,143	5,148	329	-	6,620
Corporate Bonds	A	290	22,115	83	-	22,488
Corporate Bonds	BBB	-	16,003	-	-	16,003
Corporate Bonds	Not Rated	62	468	18	-	548
Yankees:						
Corporate	AA	94	2,924	27	-	3,045
Corporate	A	99	4,922	29	-	5,050
Corporate	BBB	-	2,484	-	-	2,484
Government	AAA	-	5,903	-	-	5,903
Government	AA	-	1,526	-	-	1,526
Government	A	-	823	-	-	823
Government	BBB	-	54	-	-	54
Deposits and Investments with No Credit Exposure:						
Deposits		-	(5,498)	-	-	(5,498)
U.S. Treasury Bills	Not Rated	1,523	-	438	-	1,961
U.S. Treasury Notes	AA	-	83,675	-	-	83,675
Participant-directed Funds						
Collective Investment Funds		-	-	-	573,195	573,195
Pooled Investment Funds		-	-	-	1,613,098	1,613,098
Domestic Equity		-	-	-	89,606	89,606
Total Invested Assets		6,670	286,807	1,919	2,277,590	2,572,986
Pool Related Net Assets/(Liabilities)		(202)	-	2	-	(200)
Total		$ 6,468	$ 286,807	$ 1,921	$ 2,277,590	$ 2,572,786

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At January 31, 2012, the SBS Plan's deposits were uncollateralized and uninsured.

Concentration of Credit Risk

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

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

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

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

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

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

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

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

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

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

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

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

At January 31, 2012, SBS had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

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

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

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

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

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

ALASKA PERMANENT FUND CORPORATION

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

Investments and Related Policies

Carrying value of investments

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

State investment regulations

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

Investment policy – Asset allocation

The Trustees have established a long-term goal of achieving a five percent real rate of return 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, 2012, 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		55%	
	Global Credit		11%
	Public/Private Credit		2%
	Global Equity		36%
	Private Equity		6%
Real Assets		19%	
	Real Estate		12%
	Infrastructure		4%
	U.S. Treasury Inflation Protection Securities		3%
Special Opportunities		18%	
	Absolute Return Mandate		6%
	Real Return Mandate		7%
	Emerging Markets Multi-Asset		2%
	Debt Opportunities		1%
	Other (future opportunities)		2%

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 dollar allocation for the interest rate risk class is six percent, with the green zone range set at six to 12 percent, yellow zone ranges set at five to six percent and 12 to 20 percent, and red zone ranges set at allocations of less than five percent or greater than 20 percent. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

Interest Rate Risk

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

At June 30, 2012, the Fund held fixed income investments with floating, variable, and step interest rates, valued at $313,281 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero to 13 percent.

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

Forward Exchange Contracts

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

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

Futures

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

Cash and Temporary Investments

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

Cash and temporary investments, which include the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30, 2012 (in thousands):

Cash	$ 65,692
Pooled Funds	1,204,082
U.S. Treasury Bills	725,777
Total Cash and Temporary Investments	$ 1,995,551

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

Marketable Debt Securities

Marketable debt securities at June 30, 2012, are summarized as follows (in thousands), categorized by debt instrument type and by country of registration:

	Cost	Fair Value	Unrealized Gains/(Losses)
Treasury and Government Notes/Bonds	$ 1,968,449	$ 2,120,430	$ 151,981
Mortgage-backed Securities	654,231	668,378	14,147
Corporate Bonds	2,535,429	2,678,638	143,209
Commercial Mortgage/Asset-backed Securities	307,918	327,838	19,920
Non-U.S. Treasury and Government Bonds	1,174,305	1,229,104	54,799
Non-U.S. Corporate Bonds	516,791	544,267	27,476
Total Marketable Debt Securities	$ 7,157,123	$ 7,568,655	$ 411,532

Marketable Debt Credit Ratings

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate (approximately 87 percent of bond mandates at June 30, 2012), issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating BBB or better, or Moody's Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organizations (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Managers with high yield mandates (approximately 13 percent of bond mandates at June 30, 2012) are allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2012, 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	$ 373,463	$ 475,543	$ 849,006	11.23%
AA	99,267	225,065	324,332	4.29%
A	858,320	502,050	1,360,370	17.97%
BBB	1,120,426	402,715	1,523,141	20.12%
BB	61,531	102,151	163,682	2.16%
B	67,843	43,457	111,300	1.47%
CCC	41,529	2,511	44,040	0.58%
CC	5,932	-	5,932	0.08%
C	-	222	222	0.00%
Total fair value of rated debt securities	2,628,311	1,753,714	4,382,025	57.90%
Commingled Bond Funds	383,985	-	383,985	5.07%
Not rated	4,220	19,657	23,877	0.32%
U.S. government explicitly backed by the U.S. government	2,270,459	-	2,270,459	30.00%
U.S. government implicitly backed by the U.S. government	508,309	-	508,309	6.71%
Total fair value debt securities	$ 5,795,284	$ 1,773,371	$ 7,568,655	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, 2012, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration
Domestic Bonds		
Treasuries and Government Notes/Bonds	36.59%	7.15
Mortgage-backed Securities	11.53%	3.16
Corporate Bonds	46.22%	6.84
Commercial Mortgage and Asset-backed Securities	5.66%	3.39
Total Domestic Bonds	100.00%	6.33
Non-domestic Bonds		
Non-U.S. Treasury and Government Bonds	69.31%	6.24
Non-U.S. Corporate Bonds	30.69%	5.90
Total Non-domestic Bonds	100.00%	6.14

Preferred and Common Stock

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

Preferred and common stocks and commingled stock funds at June 30, 2012 are summarized as follows (based on currency of trade), and include the net fair value of equity index futures of $12.3 million:

	Cost	Fair Value	Unrealized Gains/(Losses)
Direct Investments			
Domestic	$ 7,572,152	$ 9,058,849	$ 1,486,697
Non-domestic	6,822,145	6,923,856	101,711
Commingled Funds	1,768,034	1,442,286	(325,748)
Total Preferred and Common Stock	$ 16,162,331	$ 17,424,991	$ 1,262,660

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, 2012, the Fund's cash holdings, foreign currency forward contracts, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows, shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded (in thousands):

Foreign Currency	Cash and Equivalents	Foreign Exchange Forward Contracts	Public and Private Equity	Debt	Total Foreign Currency Exposure
Australian Dollar	$ 665	$ (2,704)	$ 417,588	$ -	$ 415,549
Brazilian Real	2,806	(230)	107,718	36,817	147,111
British Pound Sterling	1,585	(557)	1,324,507	97,674	1,423,209
Canadian Dollar	1,702	(1,422)	599,188	45,842	645,310
Chilean Peso	47	-	2,144	7,438	9,629
Chinese Yuan Renminbi	-	-	1,582	-	1,582
Colombian Peso	8	-	2,262	28,348	30,618
Czech Koruna	46	(96)	769	5,260	5,979
Danish Krone	1,070	(14)	52,907	-	53,963
Egyptian Pound	5	-	248	-	253
Euro Currency	16,648	(8,841)	1,806,100	220,144	2,034,051
Hong Kong Dollar	3,478	3	385,389	-	388,870
Hungarian Forint	31	-	732	3,473	4,236
Indian Rupee	274	3	88,011	-	88,288
Indonesian Rupiah	23	4	67,446	5,726	73,199
Israeli Shekel	603	(17)	25,713	660	26,959
Japanese Yen	12,005	3,422	1,284,795	208,676	1,508,898
Malaysian Ringgit	609	(17)	20,393	10,734	31,719
Mexican Peso	6,965	(1,562)	49,321	63,072	117,796
Moroccan Dirham	9	-	126	-	135
New Zealand Dollar	138	(237)	12,392	-	12,293
Norwegian Krone	(114)	2,072	36,029	4,902	42,889
Philippine Peso	(1,971)	(3)	10,924	17,340	26,290
Polish Zloty	1,065	(137)	9,064	6,497	16,489
Russian Ruble	-	-	-	9,362	9,362
Singapore Dollar	1,013	45	95,386	-	96,444
South African Rand	32	(25)	59,104	10,448	69,559
South Korean Won	(243)	(615)	180,879	36,242	216,263
Swedish Krona	1,103	2,469	162,131	25,811	191,514
Swiss Franc	6,770	(1,340)	404,779	-	410,209
Taiwan Dollar	362	-	85,087	-	85,449
Thai Baht	-	-	85,893	311	86,204
Turkish Lira	(4,117)	(3)	44,528	20,675	61,083
Uruguayan Peso	-	-	3,633	15,064	18,697
Total foreign currency exposure	$ 52,617	$ (9,802)	$ 7,426,768	$ 880,516	$ 8,350,099

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

Real Estate

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, a multi-family real estate operating company, and other entities which 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.

The APFC periodically reviews real estate investments for other than temporary impairment. During FY 12 it was determined that seven real estate properties were impaired and would not recover their carrying costs over the remaining estimated holding period of the assets. In order to reflect the impairment in the statutory net income and fund balance classification, $137 million of unrealized losses were realized through a write-down of cost to fair value. The impairment has no impact on the carrying value of investments or on the net increase/(decrease) in the fair value of investments.

Real estate investments at June 30, 2012, are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Gains/(Losses)
Real Estate Investment Trusts	$ 238,243	$ 305,424	$ 67,181
Alaska Residential Mortgage	13	13	-
Directly Owned Real Estate:			
Retail	706,681	1,268,578	561,897
Office	1,383,960	1,497,394	113,434
Industrial	222,394	243,715	21,321
Multifamily	927,128	1,072,009	144,881
Total Real Estate	$ 3,478,419	$ 4,387,133	$ 908,714

Alternative Investments

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

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

Absolute return strategies are investments in specialized funds with low market correlation. The Fund's absolute return strategies are managed through three limited partnerships, in which the Fund is the only limited partner ("fund-of-one"). External investment management services are provided by institutional investment managers who have acknowledged their status as fiduciaries with respect to the Fund. Absolute return strategies invest in a diversified portfolio of underlying limited partnership interests or similar limited liability entities. Each fund-of-one provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit. Many absolute return investments by their nature 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 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. During FY 12 it was determined that six private equity funds were impaired and would not recover their carrying costs over the remaining estimated holding period of the assets. In order to reflect the impairments in the statutory net income and fund balance classification, $25.7 million of unrealized losses were realized through a write-down of cost to fair value. The impairments have no impact on the carrying value of investments or on the net increase in the fair value of private equity investments.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include: toll roads; airports; deep water ports; communication towers; and energy generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund's investment strategy. The Fund holds

infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates. 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 or credit opportunity 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 and funds undergo annual independent audits. Distressed debt and mezzanine investments by their nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Alternative investments at June 30, 2012, are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Real return	$ 2,590,826	$ 2,924,216	$ 333,390
Absolute return	2,167,773	2,418,605	250,832
Private equity	1,524,201	1,712,867	188,666
Infrastructure	829,378	863,240	33,862
Distressed and mezzanine debt	1,074,563	1,163,583	89,020
Total alternative investments	$ 8,186,741	$ 9,082,511	$ 895,770

As of June 30, 2012, the APFC, on behalf of the Fund, had outstanding future funding commitments of: $1.4 billion for private equity; $787 million for infrastructure; and $344 million for distressed and mezzanine debt investments combined. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

Emerging Markets Total Opportunities

In FY 11, the APFC added two emerging market multi-asset class mandates; portfolios that will invest across the spectrum of liquid securities: stocks, bonds and currency. This flexibility gives the managers the ability to select the most advantageous publicly traded investments from both a risk and return perspective without the limitation of security type.

Emerging market mandates at June 30, 2012 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Emerging Markets Total Opportunities	$ 599,504	$ 524,814	$ (74,690)

Alaska Certificates of Deposit

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

Securities Lending

State regulations at 15 AAC 137.510 and APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Fund. Through a contract with the Bank of New York Mellon (the Bank), the Fund lends marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or marketable securities guaranteed by the U.S. government or a U.S. government agency. Under APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of the loaned securities for domestic securities (and non-domestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for

other non-domestic loaned securities. The APFC can sell securities that are on loan. If a borrower fails to return the loaned securities (borrower default), the Bank can use cash collateral (and the proceeds on the sale of any non-cash collateral) to purchase replacement securities. Generally, the APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, the reinvestment of cash collateral, default on collateral investments, or a borrower's failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Fund's balance sheets and invested by the Bank on behalf of the Fund. As of June 30, 2012, 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, 2012, the value of securities on loan is as follows (in thousands):

Fair Value of Securities on Loan	$ 3,104,391
Cash Collateral	3,334,722

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the year ended June 30, 2012, the Fund incurred no losses from securities lending transactions. The Fund received income of $6,691 thousand from securities lending for the year ended June 30, 2012, which is recorded in real estate and other income on the statements of revenues, expenditures and changes in fund balances.

Investment Income by Source

Investment income during the year ended June 30, 2012, is summarized as follows (in thousands):

Interest	
Marketable Debt Securities	$ 288,524
Alaska Certificates of Deposit	1,848
Short-term Domestic and Other	6,898
Total Interest	$ 297,270
Dividends	
Domestic Stocks	$ 237,253
Non-domestic Stocks	239,112
Total Dividends	$ 476,365
Real Estate and Other Income	
Directly Owned Real Estate Interest	$ 1
Directly Owned Real Estate Net Rental Income	155,719
Real Estate Investment Trust Dividends	11,089
Real Return Interest and Dividends	26,641
Absolute Return Management Expenses, Net of Dividend and Interest Income	(16,881)
Distressed and Mezzanine Debt Interest Income, Net of Fees	28,850
Infrastructure Interest and Dividend Income, Net of Fees	2,615
Private Equity Management Expenses Net of Dividend Income	(2,020)
Class Action Litigation Income	1,695
Loaned Securities, Commission Recapture and Other Income	7,058
Total Real Estate and Other Income	$ 214,767

Foreign Exchange Contracts Futures and Off-Balance Sheet Risk

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2012 ranged between two and 157 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, 2012 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts for FY 12 are summarized as follows (in thousands):

Face Value of FX Forward Contracts	$ 2,712,297
Net Unrealized Holding Losses on FX Forward Contracts	(9,633)
Fair Value of FX Forward Contracts	$ 2,702,664
Change in Unrealized Holding Losses	$ (4,250)
Realized Gains	47,696
Net Increase in Fair Value of FX Forward Contracts	$ 43,446

Certain APFC equity investment managers are permitted to trade in equity index futures for the Fund's account, and beginning in FY 12, the internal fixed income management team began trading U.S. Treasury index futures. Equity index futures are traded in both domestic and non-domestic markets based on an underlying stock exchange value. Equity and fixed income index futures are settled with cash for the net difference between the trade price and the settle price.

Activity and balances related to equity index futures for FY 12 is summarized as follows (in thousands):

Face Value of Equity Index Futures	$ 124,318
Net Unrealized Holding Gains on Futures	12,280
Fair Value of Equity Index Futures	$ 136,598
Change in Unrealized Holding Gains	$ 7,146
Realized Losses	(25,045)
Net Decrease in Fair Value of Futures	$ (17,899)

Activity and balances related to U.S. Treasury index futures for FY 12 is summarized as follows (in thousands):

Face Value of U.S. Treasury Index Futures	$ 81,372
Net Unrealized Holding Losses on Futures	(932)
Fair Value of U.S. Treasury Index Futures	$ 80,440
Change in Unrealized Holding Losses	$ (932)
Realized Gains	43
Net Decrease in Fair Value of U.S. Treasury Futures	$ (889)

The face value of FX forward contracts and futures shown in these schedules is not required to be included in the Fund's balance sheets. All other balance and activity amounts shown above are included in the Fund's financial statements within the net increase/(decrease) in fair value of investments on the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

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

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

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

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

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

Capital asset activities for the fiscal year ended June 30, 2012, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	$ 522	$ 23	$ -	$ 545
Land	322	1	-	323
Construction in progress	1,516	464	(613)	1,367
Total capital assets not being depreciated	2,360	488	(613)	2,235
Capital assets being depreciated:				
Buildings	1,643	159	(76)	1,726
Intangible - Software	49	4	-	53
Equipment	856	58	(14)	900
Infrastructure	6,242	444	(2)	6,684
Total capital assets being depreciated	8,790	665	(92)	9,363
Less accumulated depreciation for:				
Buildings	(515)	(32)	11	(536)
Intangible - Software	(43)	(3)	-	(46)
Equipment	(423)	(45)	12	(456)
Infrastructure	(3,766)	(307)	3	(4,070)
Total accumulated depreciation	(4,747)	(387)	26	(5,108)
Total capital assets being depreciated, net	4,043	278	(66)	4,255
Capital assets, net	$ 6,403	$ 766	$ (679)	$ 6,490

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	$ 1	$ -	$ 31
Construction in progress	60	66	(56)	70
Total capital assets not being depreciated	90	67	(56)	101
Capital assets being depreciated:				
Buildings	994	41	-	1,035
Equipment	82	7	-	89
Infrastructure	740	31	-	771
Total capital assets being depreciated	1,816	79	-	1,895
Less accumulated depreciation for:				
Buildings	(256)	(29)	-	(285)
Equipment	(51)	(5)	(1)	(57)
Infrastructure	(333)	(26)	-	(359)
Total accumulated depreciation	(640)	(60)	(1)	(701)
Total capital assets being depreciated, net	1,176	19	(1)	1,194
Capital assets, net	$ 1,266	$ 86	$ (57)	$ 1,295

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), 100.4 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	$ 5
Education	2
Health and Human Services	1
Law and Justice	3
Natural Resources	4
Development	1
Public Protection	6
Transportation	316
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.	27
Total Depreciation Expense – Governmental Activities	$ 365
Business-type Activities	
Enterprise	$ 60

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, 2012 (in millions):

	Beginning Balance (restated)	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	$ 8	$ -	$ -	$ 8
Land	86	4	-	90
Library, media, and museum collections	59	1	-	60
Construction in progress	189	319	(145)	363
Infrastructure	11	-	-	11
Total capital assets not being depreciated	353	324	(145)	532
Capital assets being depreciated/depleted:				
Intangible - Software	1	-	-	1
Intangible - Right of Use	21	-	-	21
Land	4	-	-	4
Buildings	1,555	77	(2)	1,630
Equipment	555	35	(14)	576
Infrastructure	1,357	49	-	1,406
Total capital assets being depreciated/depleted	3,493	161	(16)	3,638
Less accumulated depreciation/depletion for:				
Intangible - Right of Use	(3)	(1)	-	(4)
Buildings	(774)	(53)	-	(827)
Equipment	(302)	(33)	13	(322)
Infrastructure	(514)	(48)	-	(562)
Total accumulated depreciation/depletion	(1,593)	(135)	13	(1,715)
Total capital assets being depreciated/depletion, net	1,900	26	(3)	1,923
Capital assets, net	$ 2,253	$ 350	$ (148)	$ 2,455

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.

One component unit restated beginning balances for capital assets displayed in the table above. Subsequent to year-end, the Alaska Mental Health Trust Authority determined that a building acquired in FY 11 should have been accounted for as an investment in real estate under GASB 52 – *Land and Other Real Estate as Investments by Endowments*. See Note 3 for further information on this restatement.

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 12 totaling $1,605 thousand and $1,884 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, 2012 is as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Bond Anticipation Notes	$ -	$ 3,488	$ 3,488	$ -

LONG-TERM LIABILITIES

The following table summarizes changes in long-term liabilities for the fiscal year ended June 30, 2012 (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 422,536	$ 32,827	$ 41,218	$ 414,145	$ 3,931
General obligation debt	655,633	205,595	251,267	609,961	63,747
Capital leases payable	392,636	10,278	43,398	359,516	22,420
Unearned & deferred revenue	344,486	38,492	3,324	379,654	40,478
Certificates of participation	39,600	-	28,225	11,375	6,465
Compensated absences	161,198	156,821	147,802	170,217	141,876
Claims and judgments	74,790	58,240	34,780	98,250	37,200
Pollution Remediation	74,032	40,911	6,844	108,099	12,516
Other noncurrent liabilities	1,083	48	193	938	533
Net pension obligation	2,182	679	-	2,861	-
Total	$2,168,176	$ 543,891	$ 557,051	$2,155,016	$ 329,166

The Sport Fishing Refunding Revenue Bonds issued in December 2011 were used to refund certain outstanding sport fish revenue bonds the state previously issued in 2006. The State issued $29.9 million in Revenue Bonds to refund $31.8 million of outstanding Revenue Bonds. The issuance of the new bonds achieved a total debt service savings of $5.3 million and a net present value savings of over $2.7 million.

The General Obligation Refunding Bond Series 2012A were issued in February 2012 to refund a portion of the State's General Obligation Bonds, Series 2003A. The State issued $175.6 million of General Obligation Bonds to refund $193 million of outstanding General Obligation Bonds. The issuance of the new bonds achieved a total debt service savings of $33.0 million and a net present value savings of approximately $27.1 million.

A capital lease obligation of the State was diminished through the extinguishment of $20.6 million of optionally redeemable lease revenue bonds of the Municipality of Anchorage in October 2011.

Optionally redeemable obligations of three state certificates of participation issues totaling $22 million par amount were extinguished in November 2011.

An FY 12 General Fund appropriation of $150 million replaced authority to issue general obligation bonds approved in 2008, and extinguished the ability to incur this previously approved debt.

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

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

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

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 593,597	$ -	$ 14,018	$ 579,579	$ 13,740
Unearned & deferred revenue	4,249	-	3,466	783	783
Compensated absences	4,499	4,001	3,730	4,770	3,515
Claims and judgements	260	-	260	-	-
Pollution Remediation	1,313	50	50	1,313	175
Other noncurrent liabilities	327	-	327	-	-
Total	$ 604,245	$ 4,051	$ 21,851	$ 586,445	$ 18,213

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, 2012, the following were the general obligation bond debt outstanding (in millions):

Year Ending June 30	Principal	Interest	Total
2013	$ 57.2	$ 25.9	$ 83.1
2014	60.5	23.8	84.3
2015	29.7	22.4	52.1
2016	30.7	21.4	52.1
2017	96.7	20.1	116.8
2018-2022	53.5	81.2	134.7
2023-2027	67.2	60.8	128.0
2028-2032	135.3	30.1	165.4
2033-2037	45.0	2.5	47.5
Total debt service requirements	575.8	$ 288.2	$ 864.0
Unamortized bond premium	34.2		
Total principal outstanding	$ 610.0		

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

costs of State transportation projects. The Series 2009A Bonds were issued for the purpose of paying $165,000,000 of the costs of State transportation projects. The Series 2010 A, B, and C Bonds were issued for the purpose of paying $200,000,000 of the costs of State education projects. The Series 2012A Bonds were issued for the purpose of refunding $191,410,000 on the 2003A Series Bonds.

Federal subsidies related to the interest payments made during the year on the bonds were $5.4 million.

The amount of General Obligation Bonds authorized but not issued at June 30, 2012 was $198.8 million.

REVENUE BONDS

As of June 30, 2012, the following were the revenue bonds outstanding (in millions):

	Governmental Activities		Business-Type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2013	$ 3.5	$ 19.7	$ 13.7	$ 27.5
2014	12.8	19.5	14.4	26.9
2015	13.6	19.0	20.6	26.1
2016	14.3	18.4	21.7	25.1
2017	12.0	17.7	21.4	24.1
2018-2022	40.6	82.1	153.6	99.2
2023-2027	49.0	71.2	194.9	55.7
2028-2032	43.9	59.9	100.4	15.3
2033-2037	56.8	47.7	26.2	3.3
2038-2042	75.8	31.8	-	-
2043-2047	91.8	135.4	-	-
Total debt service requirements	414.1	$ 522.4	566.9	$ 303.2
Unamortized bond (discounts)/premiums	(5.1)		12.7	
Plus accreted value	5.2		-	
Total principal outstanding	$ 414.2		$ 579.6	

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, 2012 includes $368.6 million in principal, $504.1 million in interest, $7.9 million in unamortized discount, and $5.2 million in accreted value on the Series 2006B and Series 2006C Bonds.

Alaska Sport Fishing Revenue Bonds

The State of Alaska Sport Fishing (SF) Revenue Bonds Series 2006 were issued under Article 5A of Chapter 15 of Title 37 of the Alaska Statutes. The bonds were issued to provide a portion of the funds necessary to finance the construction and renovation of fisheries rehabilitation, enhancement and development projects that benefit sport fishing. These revenue bonds are special, limited obligations of the State secured by and payable from the sport fishing facilities surcharge imposed under AS 16.05.340 and from funds received from the federal government which by their terms are not restricted in use and legally available for the payment for debt service on Parity Bonds. The bonds are not general obligations of the State, and the State does not pledge its full faith and credit to the payment of the bonds. Sport Fishing revenue bond total at year end includes $45.5 million in principal, $18.3 million in interest, and $2.8 million in unamortized premium.

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund (IAF). Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports revenue bonds. There are $23.2 million of bonds authorized by the Alaska Legislature that have not been issued. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Assets. No International Airports Revenue Bonds were refunded during FY 12. At June 30, 2012 there was no bond interest arbitrage rebate liability. Federal subsidies related to the interest payments made during the year on Build American Bonds were $430 thousand.

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
2013	$ 36.6	$ 22.4	$ 18.9	$ 41.3
2014	27.8	22.7	17.8	40.5
2015	20.2	22.9	16.7	39.6
2016	16.0	20.4	15.6	36.0
2017	10.5	19.5	3.7	23.2
2018-2022	19.2	86.1	61.2	147.3
2023-2027	4.4	71.6	41.5	113.1
2028-2032	1.8	75.7	21.2	96.9
2033-2037	0.8	17.3	2.3	19.6
2038-2042	0.2	-	0.3	0.3
2043-2047	0.2	-	0.3	0.3
2048-2052	0.2	-	0.3	0.3
2053-2057	0.3	-	0.3	0.3
2058-2062	1.7	0.9	1.2	2.1
Total	$ 139.9	$ 359.5	$ 201.3	$ 560.8

Leases at June 30, 2012 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, 2012 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	$ 393,567	$ -
Equipment	9,347	-
Less: Accumulated Depreciation	(43,398)	-
	$ 359,516	$ -

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, 2012 (in millions):

Governmental Activities	Certificates of Participation		
Year Ending June 30	Principal	Interest	Total
2013	$ 6.5	$ 0.5	$ 7.0
2014	1.6	0.2	1.8
2015	1.6	0.2	1.8
2016	1.7	0.1	1.8
Total	$ 11.4	$ 1.0	$ 12.4

E. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Principal	Interest	Total
2013	$ 202.1	$ 168.3	$ 370.4
2014	264.2	160.2	424.4
2015	166.5	152.4	318.9
2016	148.4	101.9	250.3
2017	200.0	181.4	381.4
2018-2022	825.1	577.6	1,402.7
2023-2027	693.5	404.7	1,098.2
2028-2032	686.9	248.0	934.9
2033-2037	532.0	122.1	654.1
2038-2042	317.6	28.2	345.8
2043-2047	59.0	0.8	59.8
Total debt service requirements	4,095.3	$ 2,145.6	$ 6,240.9
Unamortized (discounts)/premiums	19.3		
Unamortized swap termination penalty	(17.2)		
Deferred amount on refunding	(20.0)		
Total principal outstanding	$ 4,077.4		

The preceding table does not include $813 thousand of Alaska Energy Authority arbitrage interest payable.

F. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

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

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether the derivative was hedgeable or not. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net 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 swaps' fair value. As of June 30, 2012, AHFC has not posted any collateral and is not required to post any collateral.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2012, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating [7]
GP01A [1]	12/1/2008	2.4530%	67% of 1M LIBOR [4]	12/1/2030	A+/Aa3
GP01B	8/2/2001	4.1427%	67% of 1M LIBOR	12/1/2030	AAA/Aa3
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	AAA/Aa3
SC02C [3]	12/5/2002	4.3030%	SIFMA [6] +0.115%	7/1/2022	A+/Aa1
E071AB	5/31/2007	3.7345%	70% of 3M LIBOR	12/1/2041	AAA/Aa1
E071BD	5/31/2007	3.7200%	70% of 3M LIBOR	12/1/2041	A+/Aa1
E091A	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	A/A1
E091B	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AAA/Aa1
E091ABD	5/28/2009	3.7400%	70% of 3M LIBOR	12/1/2040	A+/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, 2012, 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, 2012	Fair Values June 30, 2011	Change in Fair Values
GP01A	$ 57,865	$ 64,284	$ (6,419)	$ (1,025)	$ (5,394)
GP01B	70,715	90,021	(19,306)	(12,628)	(6,678)
E021A1	44,540	51,937	(7,397)	(2,469)	(4,928)
E021A2	98,985	107,749	(8,764)	(4,797)	(3,967)
SC02C	60,250	69,939	(9,689)	(7,171)	(2,518)
E071AB	143,622	192,144	(48,522)	(21,818)	(26,704)
E071BD	95,748	127,714	(31,966)	(13,955)	(18,011)
E091A	72,789	98,022	(25,233)	(11,238)	(13,995)
E091B	72,789	98,056	(25,267)	(11,375)	(13,892)
E091ABD	97,052	130,246	(33,194)	(14,460)	(18,734)
Total	$ 814,355	$ 1,030,112	$ (215,757)	$ (100,936)	$ (114,821)

As of June 30, 2012, 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
2013	12,470	1,927	27,347	41,744
2014	13,020	1,906	26,911	41,837
2015	13,570	1,884	26,455	41,909
2016	14,160	1,861	25,980	42,001
2017	17,200	1,837	25,485	44,522
2018-2022	129,935	8,479	116,141	254,555
2023-2027	150,840	6,895	91,626	249,361
2028-2032	169,685	5,031	64,954	239,670
2033-2037	166,540	2,994	37,423	206,957
2038-2042	126,935	874	10,123	137,932
	$ 814,355	$ 33,688	$ 452,445	$ 1,300,488

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, 2012, AHFC is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps 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 32 percent of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 31 percent of the total notional amount of the swaps is held with one counterparty rated A+/Aa1. Of the remaining swaps, one counterparty is rated AAA/Aa3, another counterparty is rated

A/A1, and the remaining counterparty is rated A+/Aa3, approximating 21 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, 2012, SIFMA was 0.18 percent and 1 month LIBOR was 0.24525 percent, resulting in a SIFMA/LIBOR ratio of 73.4 percent. The 3 month LIBOR was 0.4606 percent resulting in a SIFMA/LIBOR ratio of 39.1 percent. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk

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

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

Rollover Risk

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

INVESTMENT DERIVATIVES

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

The significant terms and credit ratings of AHFC's investment derivatives as of June 30, 2012, are shown below:

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

The change in fair value of the investment derivatives as of June 30, 2012, 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, 2012	Fair Values June 30, 2011	Change in Fair Values
SC02B	$ 14,555	$ 18,278	$ (3,723)	$ (1,958)	$ (1,765)

Credit Risk

As of June 30, 2012, AHFC was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated A+/Aa1.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

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

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

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

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

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

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

At June 30, 2012 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, 2012 was capped at 22 percent of compensation.

The state's contributions to PERS-DB for the fiscal years ended June 30, 2012, 2011 and 2010 were $201.2, $237.7, and $233.1 million respectively for the year. For the FY 12 contributions, $90.7 million was for pensions and $110.5 million was for postemployment benefits. The contributions were equal to the required contributions in FY 12.

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 3 FSSLA 2011 appropriated $242.6 million from the General Fund to the PERS-DB as an additional state contribution for FY 12. The portion of this payment attributable to State of Alaska employers is $142,164 thousand, of which $76,712 thousand is for pensions and $65,452 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, 2012 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 1.11 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, 2012 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, 2012, 2011, and 2010 were $5.7, $6.0, and $6.1, million respectively, equal to the required contributions for each year. For the FY 12 contributions, $3.0 million was for pensions and $2.7 million was for postemployment benefits. The contributions were equal to the required contributions in FY 12.

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 3 FSSLA 2011 appropriated $234.5 million from the General Fund to the TRS-DB as an additional state contribution for FY 12. The portion of this payment attributable to State of Alaska employers is $15,197 thousand, of which $10,199 thousand is for pensions and $4,998 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, 2012, was 47.58 percent of compensation. Total contributions for FY 12 were $5 million for pensions, and $1 million for postemployment benefits.

Included in these amounts is $2.3 million appropriated in Chapter 3 FSSLA 2011 from the General Fund to JRS as an additional state contribution for FY 12.

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

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

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

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

The actuarial valuation as of June 30, 2010 set the contribution rates for the year ended June 30, 2012. The State of Alaska's net pension obligation for FY 12 follows (in thousands):

	Pension	OPEB
Annual Required Contribution	$ 5,237	$ 1,433
Interest on net pension asset	127	53
Adjustment to annual required contribution	(108)	(45)
Annual Pension Cost (APC)/OPEB Cost (AOC)	5,256	1,441
Contributions Made	(5,046)	(972)
Increase in Obligation	210	469
Net Pension Obligation/(Asset) Beginning of Year	1,541	641
Net Pension Obligation/(Asset) End of the Year	$ 1,751	$ 1,110

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

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
	2010	$ 5,248	71.0%	$ 751
	2011	5,246	85.0%	1,541
	2012	5,255	96.0%	1,751

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	Net OPEB Obligation /(Asset)
	2010	$ 1,443	55.4%	$ (82)
	2011	1,432	49.4%	642
	2012	1,441	67.5%	1,110

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 3 FSSLA 2011 appropriated $13 thousand from the General Fund to the NGNMRS's as an additional state contribution for FY 12.

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
2006	$ 15,588	$ 25,458	$ (9,870)	61.2%
2008	28,371	28,905	(534)	98.2%
2010	32,001	30,034	1,966	106.5%

The actuarial valuation as of June 30, 2010 set the contribution rates for the year ended June 30, 2012. The State of Alaska's net pension obligation for FY 12 follows:

Annual Required Contribution	$ 2,415,077
Interest on net pension asset	(30,019)
Adjustment to annual required contribution	57,369
Annual Pension Cost (APC)	2,442,427
Contributions Made	(2,603,300)
Decrease in Net Pension Asset	(160,873)
Net Pension Obligation/(Asset) Beginning of Year	(363,871)
Net Pension Obligation/(Asset) End of the Year	$ (524,744)

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

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
2010	$ 2,415	107.8%	(190)
2011	2,415	107.2%	(364)
2012	2,415	106.6%	(525)

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, 2012, 2011, and 2010 was $2.0 million, $2.0 million, and $2.1 million. In FY12 there was no covered payroll. EPORS is a closed plan and no separate financial statement is issued for EPORS. However, an actuarial valuation on EPORS was performed as of June 30, 2010.

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

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

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

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

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

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

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
	2010	1,617	100.0%	-
	2011	1,510	100.0%	-
	2012	1,501	100.0%	-

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	OPEB Obligation /(Asset)
	2010	463	100.0%	-
	2011	483	100.0%	-
	2012	505	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	$11,299,831
Teachers' Retirement System	4,649,915
Judicial Retirement System	127,536
Alaska National Guard and Alaska Naval Militia Retirement System	32,701

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
	6/30/11	6/30/11	6/30/11	6/30/10	6/30/10
Retirees & beneficiaries receiving benefits & Terminated members with future benefits	33,773	11,868	103	1,798	37
Current active employees:					
Vested	21,640	5,911	45	*	-
Nonvested	2,753	1,392	27	4,085	-
	58,166	19,171	175	5,883	37

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

FUNDING STATUS AND PROGRESS

Actuarial Method and Assumptions

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

The following main assumptions were used in the actuarial valuation.

System	Investment Rate of Return	Actuarial Cost Method	Amortization Method	Equivalent Single Amorization Period	Salary Scale Increase	Valuation Date
PERS	8% Includes Inflation at 3.12%	Entry age normal; level percentage of pay for pension; level dollar for healthcare	Level dollar, closed	18 years	Peace Officer/Firefighter: Merit –2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of services, 1.50% granding down to 0% Productivity – 0.5% per year.	6/30/2011
TRS	8% Includes Inflation at 3.12%	Entry age normal; level percentage of pay for pension; level dollar for healthcare	Level dollar, closed	18 years	6.11% for first 5 years of service grading down to 3.2% after 20 years	6/30/2011
JRS	8% Includes Inflation at 3.12%	Entry age normal; level percentage of pay for pension; level dollar for healthcare	Level dollar, closed	21 years	4.12%	6/30/2010
NGNMR	7% Includes Inflation at 3.12%	Entry age normal	Level dollar, open	20 years less average military service of active members	None	6/30/2010
EPORS	4.75% Includes Inflation at 3.12%	Entry age	Level dollar basis	25 years	None	6/30/2010

		Health Care Inflation	
		Medical	Rx
For all systems above:	FY12	6.40%	7.10%
	FY13	5.90%	5.90%

For PERS assets are at fair value, with 20 percent of the investment gains or losses recognized in each of the current and preceding four years. For 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 $797.4 thousand in FY 12.

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, 2012, there were 160 employers participating in PERS-DCR. There were no retirees or beneficiaries currently receiving benefits, 778 terminated plan members entitled to future benefits, and 12,865 active members, of which 11,952 are general employees and 913 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 12 for each member's compensation was 0.48 percent for medical coverage and 0.14 percent for death and disability (0.99 percent for peace officers and firefighters). HRA is $154.04 per month for full time employees and $1.18 per hour for part time employees.

The PERS pension contributions for the year ended June 30, 2012 by the employees were $24,428 thousand and the State of Alaska employers were $15,268 thousand. The PERS other postemployment contributions for the year ended June 30, 2012 were $12,155 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, 2012 is $339,301 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, 2012, there were 58 employers participating in TRS-DCR. There were no retirees or beneficiaries currently receiving benefits, 634 terminated plan members entitled to future benefits, and 3,128 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 12 for each member's compensation was 0.49 percent for medical coverage, zero percent for death and disability. HRA is $154.04 per month for full-time employees and $1.18 per hour for part-time employees.

The TRS pension contributions for the year ended June 30, 2012 by the employees were $428 thousand and the State of Alaska employers were $374 thousand. The TRS other postemployment contributions for the year ended June 30, 2012 were $192 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, 2012 is $142,400 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, 2012, there were twenty other employers participating in SBS. There were approximately 40,000 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, 2012, were $136,843 thousand. The State's covered payroll was approximately $1,116,174 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, 2012, were $3,508 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, 2012. 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 $1,113 thousand in FY 12.

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, 2011 the Deferred Compensation Plan had approximately 9,800 participants.

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

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

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

Deferred Compensation Plan net assets as of December 31, 2011 were $601,310 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, 2012, 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	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ -	$ 4,852	$ 7	$ 414	$ 4,211	$ 24,802	$ 34,286
Alaska Permanent Fund	622,307	-	-	-	-	-	622,307
Nonmajor Governmental Funds	17,229	-	-	-	-	-	17,229
International Airports	56,961	-	-	-	-	-	56,961
Nonmajor Enterprise Funds	1,925	-	-	-	-	-	1,925
Internal Service Funds	1,870	-	-	-	-	-	1,870
Fiduciary Funds	9,203	-	-	-	-	-	9,203
Other	3,711	-	-	1,437	869	(120)	5,897
Total	$ 713,206	$ 4,852	$ 7	$ 1,851	$ 5,080	$ 24,682	$749,678

The $622 million balance due from the Alaska Permanent Fund to the General Fund includes $565.3 million for payment of 2012 Permanent Fund dividends to qualified residents of the State and $17.1 million to be transferred to the Alaska Capital Income Fund. The balance is for administrative and associated costs of the 2012 Permanent Fund Dividend Program.

The majority of the "Other" due from Other Funds and due to Other Funds balances are attributable to FY 12 activity during the reappropriation period in July and August 2012 that caused the movement of cash balances between funds after June 30, 2012. The amounts reported as "Other" are reconciling amounts resulting from reporting differences for certain funds included in the fund financial statements at June 30, 2012.

INTERFUND TRANSFERS

	Transfers to						
Transfers From	General Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Other	Total
General Fund	$ -	$ 285,005	$ 3,368	$ 2,550	$ 15,676	$ 75	$ 306,674
Alaska Permanent Fund	622,307	-	-	-	-	-	622,307
Nonmajor Governmental Funds	405,496	8,626	-	-	-	-	414,122
International Airports	-	-	-	-	-	-	-
Nonmajor Enterprise Funds	2,866	-	-	-	-	-	2,866
Fiduciary Funds	-	543	-	-	-	(543)	-
Total	$ 1,030,669	$ 294,174	$ 3,368	$ 2,550	$ 15,676	$ (468)	$ 1,345,969

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 $565.3 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program and a $17.1 million transfer to the Alaska Capital Income Fund.

Transfers from Fiduciary Funds to Nonmajor Governmental Funds of $543 thousand represent interest earnings on appropriations to the Investment Loss Trust (SBS) allocated by legislation for debt service expenditures not represented on SBS audited financial statements.

The transfer from the General Fund to Nonmajor Governmental Funds includes $200 million to the Alaska Housing Capital Corporation.

Transfers from the General Fund to Other represent payments made by the State of Alaska on behalf of Knik Arm Bridge & Toll Authority (KABATA) for $75 thousand that were not recorded by KABATA within their audited financial statements. Payments represent $40 thousand for pension related expenses and $35 thousand for other post-employment benefit related expenses.

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, personnel, data processing, communications and other services to AEA. AIDEA recognized revenue totaling $6,955 thousand for providing these services during the year ending June 30, 2012. At June 30, 2012 AIDEA had $5,128 thousand receivable from AEA for services and borrowings.

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

On July 17, 2009, the Alaska Student Loan Corporation (ASLC) entered into a Trust and Loan Agreement with the State of Alaska Department of Revenue. The Loan Agreement provides up to $100 million to ASLC for the purposes of financing education loans. The loan is a four-year bullet loan accruing interest on the outstanding principal balance using a variable rate of interest equal to the most current rolling five-year average return on the State's General Fund. The interest rate is reset annually and was 4.16% for the year ending June 30, 2012. Interest is payable semi-annually in January and July. The loan is a limited obligation secured by pledged assets. ASLC has the right to prepay the loan, in whole or in part, at any time, without penalty or premium. The Trust Agreement was entered into to secure payment of the loan. Loan proceeds drawn are deposited in the trust until education loans are originated. Education loans originated with loan proceeds, payments received on those loans, and earnings on pledged assets are all pledged to the trust. Loan payable was $67,500 thousand at June 30, 2012.

Northern Tobacco Securitization Corporation (NTSC) entered into a memorandum of agreement with Alaska Housing Finance Corporation (AHFC) that retains AHFC as administrator with respect to the preparation of all reports and other instruments and documents that are required by NTSC to prepare, execute, file or deliver pursuant to the bond indentures and the related agreements for a monthly fee. NTSC also entered into a sub-lease agreement with AHFC for office space, overhead and operating services from AHFC for a monthly fee. The cost to NTSC for these services provided by AHFC for the year ended June 30, 2012 was approximately $9 thousand.

Alaska Gasline Development Corporation (AGDC) is a subsidiary of AHFC and utilizes certain AHFC administrative and support services and products such as general commercial liability insurance and risk management, employee medical plans, accounting and financial systems and treasury, IS equipment and software, contract support and other administrative services.

The following amounts were owed, paid or received by AHFC on behalf of AGDC in FY12: Due to AHFC as of June 30, 2011 $1,267 thousand, payments to vendors and payroll $17,940 thousand, received from State of Alaska $18,823 thousand, AGDC insurance $23 thousand for a Total Due to AHFC at June 30, 2012 of $407 thousand.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. SICK LEAVE

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

The estimated amount of unused accumulated sick leave as of June 30, 2012, is $22,268 thousand. This amount was calculated using the base pay on file for each employee as of June 30, 2012. 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 12 expended for school debt was $100,908 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 $1,146,378 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).

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

Additional specialty coverage 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 12, 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, $750,000 for marine risks, and $250,000 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, 2011 and June 30, 2012. The state records its related liability using discounted amounts provided by actuaries. The amount of unpaid claim liabilities for Risk Management is presented at their present value using a 3.0 percent discount interest rate for FY 11 and a 3.0 percent discount interest rate for FY 12. Claims payment amounts include allocated loss adjustment expenses (legal and adjusting). The large increase from FY11 to FY12 is due to the actuarial moving away from a Reserve Development Methodology to a Historical Based Methodology. This is thought to be a more accurate method to reflect the true liability to the State's insurance program.

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2011	$ 72,200,927	$ 35,340,735	$ (35,074,642)	$ 72,467,020
2012	72,467,020	54,545,742	(34,565,411)	92,447,351

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 $5,552 thousand, with an additional possible liability of $9,462 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, 2012, the Alaska Clean Water and the Alaska Drinking Water Funds are committed to funding loans for which they have entered into agreements for communities but funds have not yet been disbursed. The total amounts to be disbursed under these agreements is uncertain as not all of the loans are expected to be fully drawn and some loans may increase with changes in scope of the underlying projects; accordingly, they are not included in the financial statements for these funds. As of June 30, 2012, the Alaska Clean Water and the Alaska Drinking Water Funds have entered into binding commitments, as evidenced by signed loan agreements, for which funds remain to be disbursed totaling $68,779 thousand and $70,413 thousand respectively.

At June 30, 2012, the Alaska Energy Authority had open loan commitments of $9,819 thousand.

At June 30, 2012, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments of $9,226 thousand and loan guarantees of $539 thousand. Under an agreement dated August 2009, AIDEA agreed to sell the Healy Project to Tri-VEC for $50 million, finance the sale, and loan up to an additional $45 million to refurbish, put into operation, and integrate the Healy Project into Golden Valley Electric Association's system.

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

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

H. INVESTMENT COMMITMENTS

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

	Amounts in thousands			
Investment Type/Term	PERS	TRS	JRS	NMRS
Domestic Equity Limited Partnerships				
Withdrawn annually in December with 90-days notice.	$ 14,552	$ 5,971	$ 163	$ 42
Limited Partership				
To be paid through 2022.	604,617	248,079	6,767	-
To be paid through 2019.	28,045	11,507	314	-
Real Estate Investment				
To be paid through 2014.	69,785	27,799	716	-
	$ 716,999	$ 293,356	$ 7,960	$ 42

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 AMHTA. 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, 2011, the General Fund had pollution remediation obligations of $74,032 thousand. As of June 30, 2012, the state had an increase to the obligation of $40,911 thousand and recognized a decrease of $6,844 thousand, for an ending balance of $108,099 thousand in pollution remediation obligation related activities. The state has an estimated potential recovery of $21,753 thousand from other responsible parties.

At July 1, 2011, the International Airports Fund (IAF) reported pollution remediation liabilities of $1,313 thousand for which IAF is in whole or in part a responsible party. As of June 30, 2012 IAF had recognized a decrease of $50 thousand, an

increase of $50 thousand for an ending balance of $1,313 thousand. IAF has an identified $30 thousand expected to be collected from third parties. 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, 2010, the Alaska Railroad Corporation had pollution remediation obligations of $2,316 thousand. As of December 31, 2011, the Alaska Railroad Corporation had additional obligations of $653 thousand and reductions in obligations of $950 thousand, for an ending liability of $2,019 thousand. The Alaska Railroad Corporation estimated the liability for pollution remediation by estimating a reasonable range of potential outlays and multiplying those outlays by the probability of occurrence, reduced by the allocation of liability to other potentially responsible parties where applicable. The liabilities associated with these sites could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

J. ENCUMBRANCES

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

The following shows encumbrances within the restricted and committed fund balances of the governmental funds for the fiscal year ended June 30, 2012 (in thousands):

	Amount (in thousands)
General Fund	$ 1,151,694
Alaska Permanent Fund	64
NonMajor Governmental Funds	97,095
Total Encumbrances	$ 1,248,853

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

At the beginning of FY 13, the Alaska Municipal Bond Bank Authority (AMBBA) released the 1976 Ordinary and Special Reserve to the Custodian account due to a springing covenant that shifted the reserve requirement to the lesser of the three tests (at least 125 percent of the average annual debt service requirement). Per the 1976 resolution the Bond Bank cannot remove principal from the reserve (special or ordinary) until all reserve obligations are paid off. AMBBA has defeased the remaining principal reserve obligations of the 1976 resolution reserves and released excess funds to the Custodial Account. The amount released to the Custodial Account was in excess of $16 million.

Subsequent to June 30, 2012, the AMBBA issued a preliminary statement for the potential upcoming 2012-Series Three general obligation bond issuance in the approximate amount of $20 to $22 million. The 2012-Series Three bond proceeds are going to be used to make four loans to local governments to fund various capital improvement projects and to pay a portion of the costs of issuance of the 2012 Series Three Bonds. The issuance took place October 18, 2012.

State of Alaska Senate Bill 160 included an appropriation of $1.3 million to AMBBA for the defeasance of the Inter-Island Authority's loan obligations to the Authority. The appropriation was effective as of April 15, 2012. The appropriation is shown as a transfer from the primary government in the financial statement activity; however, the actual defeasement through the use of an escrow account was not established until July 2012.

In October 2012 the Ketchikan Gateway Borough will optionally redeem their 2001A Revenue Bonds, which were purchased as a direct investment by AMBBA during FY 12.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2012 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2013 in an amount not to exceed $1,785 thousand. Although this transaction has not yet been finalized, the issuance of the bonds will occur in mid-fiscal year 2013. 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 2012 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2013 in an amount not to exceed $1,864 thousand. Although this transaction has not yet been finalized, the issuance of the bonds is expected to occur in mid-fiscal year 2013. The borrowing is to be secured by interest earnings of the Alaska Drinking Water Fund.

D. ALASKA ENERGY AUTHORITY

Pursuant to legislation, effective January 1, 2013, the Bulk Fuel program, all outstanding Bulk Fuel loans, and the Bulk Fuel Revolving Loan Fund that provides the program's funding will be transferred from the Alaska Energy Authority to the Department of Commerce, Community and Economic Development's Division of Community and Regional Affairs.

E. ALASKA HOUSING FINANCE CORPORATION

In July 2012, the Alaska Housing Finance Corporation (AHFC) issued $145,890 thousand General Mortgage Revenue Bonds II, 2012 Series A and $50,000 thousand General Mortgage Revenue Bonds II, 2012 Series B. The bonds are general obligations of AHFC. The 2012 Series A bonds are tax exempt and bear interest at fixed rates between 0.35 percent and 4.25 percent payable each June 1 and December 1 with a final maturity of December 1, 2040. The 2012 Series B bonds are federally taxable and bear interest at a variable rate payable each June 1 and December 1 with a final maturity of December 1, 2042.

In October 2012, AHFC issued $99,360 thousand State Capital Project Bonds II, Series A and $50,000 thousand State Capital Project Bonds, Series B. The bonds are general obligations of the AHFC. The 2012 Series A bonds are tax exempt and bear interest at fixed rates between two percent and five percent payable each June 1 and December 1 with a final maturity of December 1, 2032. The 2012 Series B bonds are federally taxable and bear interest at a variable rate payable each June 1 and December 1 with a final maturity of December 1, 2042.

F. ALASKA STUDENT LOAN CORPORATION

On September 12, 2012 the Alaska Student Loan Corporation (ASLC) issued $53,120 of Education Loan Revenue Refunding Bonds, Senior Series 2012A, to retire $11,301 of auction rate securities, pay $40,987 of the other debt payable, fund a required reserve account and pay debt issue costs. The bonds are variable rate demand bonds with a weekly interest rate reset maturing December 1, 2043. Interest is payable semiannually on each June 1 and December 1 until maturity or redemption, commencing December 1, 2012. Principal and interest on the 2012A bonds are supported by irrevocable direct-pay letter of credit.

On September 12, 2012 ASLC issued $93,435 of Education Loan Revenue Refunding Bonds which represents $78,435 of Senior Series 2012B-1 bonds and $15,000 of Senior Series 2012B-2 bonds. These bonds are variable rate demand bonds and were issued to retire $92,408 of auction rate securities, fund a required reserve account and pay debt issue costs. The 2012B-1 bonds are term rate bonds whose interest rate rests annually each June 1. The 2012B-2 bonds are weekly interest rate reset bonds. The 2012B bonds mature on December 1, 2043. Interest is payable semiannually on each June 1 and December 1 until maturity or redemption, commending December 1, 2012. Principal and interest on the 2012B bonds are supported by an irrevocable direct-pay letter of credit. In addition, principal and interest on the 2012B bonds that are tendered by bond holders and purchased by the letter of credit provider are supported by a stand-by bond purchase agreement issued by the State of Alaska, Department of Revenue acting on behalf of the State.

On September 17, 2012 ASLC made a $40,987 principal payment on the loan payable to the State of Alaska.

On September 18, 2012 ASLC redeemed auction rate securities at par in the amount of $57,800.

On October 10, 2012 ASLC will redeem auction rate securities at par in the amount of $48,200.

On November 19, 2012, the Corporation legally defeased $20,980,000 in bonds representing those outstanding under the 2004 Indenture dated February 1, 2004. Cash in the amount of $21,989,683 was used to purchase State and Local Government Securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. As a result, the escrow account investments and the defeased bonds will no longer be recorded on the Corporation's balance sheet. The Corporation defeased the bonds to reduce its total debt service payments over the next six years by $1,192,317 and to have loans and other excess asserts released from the 2004 Indenture.

G. GOVERNMENTAL ACTIVITIES

In 1984 a class action complaint was filed against the State of Alaska alleging that 3:1 differential charged for non-resident Commercial Fisheries Entry Commission limited entry permits and commercial fishing crew licenses was unconstitutional under the Privileges and Immunities and Commerce Clauses of the U.S. Constitution.

In March, 2010, after being appealed to the Alaska Supreme Court four times, an $82.3 million judgment was entered against the State. The State immediately appealed to the Alaska Supreme Court on two grounds, but the parties stipulated, and the superior court ordered, that if the State paid the judgment on or before June 30, 2010, that no interest on the judgment amount would accrue beyond January 31, 2010. The State timely paid the judgment amount of $82.3 million, and it was held by a third-party trust administrator in an interest-earning trust account subject to further order of the court after the conclusion of any appeal by either party.

The State won the appeal on the grounds that the wrong interest rate had been applied, and in April, 2012, the Alaska Supreme Court's decision became final and the case was remanded back to the Superior Court for recalculation of the judgment amount according to the corrected interest rate. After an August 2012 order clarifying the proper application of interest, on October 19, 2012, the Court affirmed the revised calculations and ordered a refund of $48.8 million, plus proportional interest earned in the trust account until paid, which the State will receive in FY 13 and record into the General Fund.

The State of Alaska won a multi-million dollar arbitration award against BP Exploration (Alaska) Inc. The dispute related to money damages for oil production shortfalls caused by the 2006 pipeline leaks and pipeline replacements in the Prudhoe Bay oilfield. BP admitted liability for purposes of the arbitration, but contended that the State suffered no losses and asked the arbitration panel to award zero damages. Following a four week hearing in May and June, the three arbitrator panel issued a unanimous decision in favor of the State on October 31, 2012. The award is final, binding, and non-appealable. After adjustment for previously agreed upon credits, the final award with prejudgment interest is $245 million; in addition, BP will pay $10 million to settle civil assessments for the spills. In total, BP will pay the State $255 million for the 2006 spills and pipeline shutdowns.

H. STATE OF ALASKA – GENERAL OBLIGATION BONDS

A ballot measure, Bonding Proposition A, was approved by the voters in the 2012 general election held on November 6th, authorizing the State of Alaska to issue its general obligations bonds in the principal amount of not more than $453,499 thousand for the purpose of paying the cost of design and construction of state transportation projects. The State of Alaska plans to issue general obligation bond based upon future cash flow projections for the projects and the State Bond Committee's decisions.

NOTE 14 – SPECIAL ITEMS

A. ALASKA STUDENT LOAN CORPORATION

The Alaska Student Loan Corporation purchased $10,300 of its outstanding auction rate securities on November 30, 2011, for $9,579. On December 6, 2011, the Alaska Student Loan Corporation cancelled the bonds purchased resulting in a gain on the cancellation of $721.

The Alaska Student Loan Corporation purchased $5,000 of its outstanding auction rate securities on December 2, 2011, for $4,600. On December 6, 2011, the Alaska Student Loan Corporation cancelled the bonds purchased resulting in a gain on the cancellation of $400.

The Alaska Student Loan Corporation purchased $2,100 of its outstanding auction rate securities on March 21, 2012 for $1,932. On March 21, 2012, the Alaska Student Loan Corporation cancelled the bonds purchased resulting in a gain on the cancellation of $168.

REQUIRED

SUPPLEMENTARY INFORMATION

STATE OF ALASKA **STATEMENT 2.01**

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012
(Stated in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	$ 5,158,356	$ 5,158,357	$ 6,891,950	$ (1,733,593)
Licenses and Permits	121,195	122,914	117,872	5,042
Charges for Services	224,074	229,870	197,080	32,790
Fines and Forfeitures	15,850	15,850	13,333	2,517
Rents and Royalties	1,942,751	1,943,085	2,065,166	(122,081)
Premiums and Contributions	315	340	19,017	(18,677)
Interest and Investment Income	748,521	748,521	309,468	439,053
Other Revenues	65,214	65,214	25,549	39,665
Restricted:				
Federal Grants in Aid	7,026,374	6,986,281	2,322,567	4,663,714
Interagency	695,542	975,865	658,492	317,373
Payments In from Component Units	86,381	87,034	39,463	47,571
Other Revenues	29,888	29,888	1,173	28,715
Total Revenues	16,114,461	16,363,219	12,661,130	3,702,089
EXPENDITURES				
Current:				
General Government	825,530	835,494	627,546	207,948
Alaska Permanent Fund Dividend	761,956	761,956	757,576	4,380
Education	1,047,646	2,222,514	2,121,695	100,819
University	538,441	542,682	444,151	98,531
Health and Human Services	3,289,975	3,315,338	2,686,497	628,841
Law and Justice	306,580	347,911	323,225	24,686
Public Protection	949,090	1,090,128	901,809	188,319
Natural Resources	628,391	667,465	415,263	252,202
Development	1,293,583	1,514,037	862,958	651,079
Transportation	6,129,584	6,374,871	2,285,252	4,089,619
Intergovernmental Revenue Sharing	197,450	258,813	258,531	282
Debt Service:				
Principal	73,343	78,344	73,410	4,934
Interest and Other Charges	15,626	25,126	24,899	227
Total Expenditures	16,057,195	18,034,679	11,782,812	6,251,867
Excess (Deficiency) of Revenues Over Expenditures	57,266	(1,671,460)	878,318	(2,549,778)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	4,724,157	4,729,157	5,535,491	(806,334)
Transfers (Out to) Other Funds	(4,811,844)	(4,811,844)	(4,811,844)	-
Total Other Financing Sources and Uses	(87,687)	(82,687)	723,647	(806,334)
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, Budgetary Basis	$ (30,421)	$ (1,754,147)	1,601,965	$ (3,356,112)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING:				
Adjust Expenditures for Encumbrances			1,927,035	
Basis Difference			253,110	
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, GAAP Basis			3,782,110	
Fund Balances - Beginning of Year			17,782,072	
Fund Balances - End of Year			$ 21,564,182	

Note to Required Supplementary Information – Budgetary Reporting
For the Fiscal Year Ended June 30, 2012

The Budgetary Comparison Schedule – General Fund presents comparisons of the original and final adopted budget with actual data on a budgetary basis. The State issues a separate legal basis budgetary report, which demonstrates legal compliance with the budget. A copy of this report may be obtained by contacting the State of Alaska, Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204, or may be viewed online at http://doa.alaska.gov/dof/reports/cafr.html.

The legislature's legal authorization (appropriations) to incur obligations is enacted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). The reconciliation of the budgetary basis to GAAP is shown directly on the Budgetary Comparison Schedule – General Fund. Both the annual operating budget and the net continuing total budget are included.

The types of differences are as follows:

- Encumbrances are included for total authorized expenditures, although for GAAP purposes they are excluded.
- There was financial activity related to reimbursable services agreements (RSA) and interfund transactions that were recorded in the general fund and in other funds. For budgetary purposes, that activity was left in the general fund, but for GAAP purposes it was eliminated from the general fund.
- Basis differences arise when the budgetary basis of accounting differs from the basis of accounting applicable to fund type when reporting on operations in accordance with GAAP. This difference is comprised of the following in the general fund (in thousands):

Petroleum Severance Taxes and Royalties	$	264,020
Medical Assistance Program		(15,495)
Working Reserve		(28)
Tobacco Tax		2,769
Alcohol Tax		1,433
Tire Tax		(7)
Vehicle Rental Tax		2
Commercial Passenger Vessel Excise Tax		416
Total General Fund Basis Difference	$	253,110

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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 12 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 Administration, Information System Controls Over Alaska Data Enterprise Reporting (ALDER), January 4, 2008.* Audit Control Number 02-10005-08.

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

5. *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 12 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, 2012

	----------*Control Deficiencies*----------					
	Basic Financial Statements		*Federal Programs*			
State Department	*Material Weakness*	*Significant Deficiency*	*Material Weakness*	*Significant Deficiency*	*Federal Compliance*	*Other State Issues*
GOV						
DOA		4				1, 2, 3
DOL						
DOR		5, 6				
DEED				7, 8	7, 8	
DHSS			11	9, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21	10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23	24, 25
DLWD				28	26, 27, 28	29
DCCED						30
DMVA				31, 32, 34	31, 32, 33, 34, 35	
DNR						
DFG						
DPS						
DEC						
DOC						
DOTPF				36, 37, 38, 39	36, 37, 38, 39	40
Court System						
Component Units				41	41	

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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, 2011*.

No new recommendations have been made during the FY 12 statewide single audit.

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DEPARTMENT OF ADMINISTRATION

Three recommendations were made to the Department of Administration (DOA) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011*. Prior year Recommendation Nos. 1, 2, and 3 are not resolved and are reiterated in this report as Recommendation Nos. 1, 2, and 3.

One new recommendation has been made during the FY 12 statewide single audit and is included as Recommendation No. 4.

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Recommendation No. 1

The Enterprise Technology Service (ETS) director should implement procedures to properly account for capital assets owned by the Information Services Fund (ISF).

Prior Finding

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

- Consistently capitalize the cost of capital improvements;
- Employ a consistent methodology for tracking capital asset disposal; and
- Provide a formal inventory reconciliation process.

This finding was first reported in the FY 06 statewide single audit. The finding was attributed to inadequate procedures including manual processes and lack of communication between staff. From FY 07 through FY 10, little progress was made to address the problem. In FY 11, ETS did implement an asset tracking system which appeared adequate to meet basic asset tracking needs.

Although some progress was made to implement a system for managing capital asset data, ETS did not establish sufficient procedures for entering and tracking assets. As a result, the system used did not provide complete and accurate asset tracking and valuation. No comprehensive inventory was completed for the ISF capital assets.

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

Legislative Audit's Current Position

Although procedures were performed in FY 12 to ensure data from ETS' prior asset system transferred accurately into the new system, no progress was made to improve the accuracy of the data itself. Consequently, data originally input into the new system is unreliable. No physical inventory has been completed for ISF capital assets.

We recommend ETS' director continue to develop and implement procedures to properly account for ISF capital assets.

Agency Response – Department of Administration

The Department of Administration (DOA), Division of Enterprise Technology Service (ETS) concurs with this recommendation. Although ETS is currently following the GASB 34 and the AAM 55 for capital assets and booked those during FY 12 into the FASGOV 500 system for asset and inventory, there was not a comprehensive physical inventory of all assets completed in FY 12. ETS is in the process of reviewing those assets to take necessary actions.

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

Recommendation No. 2

ETS' director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit members of the public from anonymously accessing the State's wide area network (WAN).

Prior Finding

There is a significant control deficiency in management of certain system accounts on networks within the State's WAN. This control deficiency increases the risk of inappropriate access to all state systems. ETS' director and the state security officer are aware of the vulnerability but regard the security weakness as a lower priority compared with other information technology projects.

The National Institute of Standards and Technology (NIST)[1] publishes best practices for information systems and network management. NIST recommends personnel tasked with network management ensure that each networked system is configured such that it does not permit unauthorized access to itself or other networks. Furthermore, personnel must not configure a networked system such that it permits anonymous access to the system, except to the extent that such access is required for an authorized purpose.

Legislative Audit's Current Position

The significant control deficiency in management of certain system accounts on networks within the State's WAN remains unchanged. DLWD is working with ETS to resolve this issue. However, a cost effective way to limit anonymous access has not been identified.

We again recommend ETS' director and the state security officer continue to work with DLWD's IT manager to limit anonymous access to the State's WAN.

[1]NIST is the federal technology agency that works with industry to develop and apply technology measurements and standards.

Auditor's Note

The details related to this control weakness are being withheld from this report to prevent the weakness from being exploited. Pertinent sensitive details have been communicated to agency management in a separate, confidential document.

Agency Response – Department of Administration

The Department of Administration (DOA), Division of Enterprise Technology Service (ETS) and the Department of Labor and Workforce Development (DLWD) both concur with this recommendation.

DLWD has begun taking steps to address this finding, meanwhile they continue to work with ETS to find a solution that is secure and continues to provide the same level of service that is fiscally sound. DLWD and ETS will continue to work together until an acceptable solution is found.

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

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The DLWD IT manager will continue to work with ETS' director to determine the most cost effective way to limit members of the public from anonymously accessing the State's WAN. The DLWD IT manager is developing cost estimates for a separate network for public access computers.

Contact Person: *Brynn Keith, Deputy Commissioner*
Division of Administrative Services
(907) 465-4518

Recommendation No. 3

DOA's commissioner and the State's chief procurement officer should consider amending the procurement rules contained in the *Alaska Administrative Manual* (AAM), Section 82, Appendix 1.

Prior Finding

In FY 11, not all of the State's significant contracts were required to adhere to the State's procurement law. *Alaska Administrative Manual*, Section 82, Appendix 1 exempted the following activities from the procurement code:

> *Transfers or expenditures of funds where the end product of the transaction does not result in consideration in the form of supplies, services, or professional services being returned to the State.*

For example, the Department of Education and Early Development (DEED) had two multi-year projects worth a total of $25.9 million that provide professional services to school districts. DEED believed AAM 82, Appendix 1 pertained to school districts receiving the related consideration; therefore, these two projects were exempt from the procurement law. This exemption applied even though the contracts were paid with state funds, negotiated by state employees, and entered into using state contract forms.

Alaska Statute 36.30.005 assigned procurement authority to DOA's commissioner and the State's chief procurement officer. Both of these individuals are charged with creating and enforcing procurement laws that provide a fair, competitive, and open procurement process. It is unclear why all state negotiated contracts were not subjected to the safeguards provided by the procurement law.

Legislative Audit's Current Position

In FY 12, no changes were made to amend the procurement rules contained in AAM 82, Appendix 1. DOA is working with the Department of Law to identify appropriate amendments.

We again recommend DOA's commissioner and the State's chief procurement officer consider amending the procurement rules contained in AAM 82, Appendix 1 to support the prudent use of state funds.

Agency Response – Department of Administration

The Chief Procurement Officer and Commissioner of Administration concur with this recommendation. However, other high priority projects and issues have prevented the Chief Procurement Officer from addressing this matter. We anticipate resolution prior to May 1, 2013.

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

Recommendation No. 4

The state accountant should improve internal controls over the categorization of expenditures in the State's comprehensive annual financial report (CAFR).

Division of Finance (DOF) procedures for reporting capital leases are insufficient to prevent or detect substantial misstatements in the CAFR and represent a significant internal control deficiency. Capital lease expenditures totaling $66 million (principal and interest) were misclassified as general government expenditures in the draft FY 12 CAFR. Audit adjustments were processed to correctly report capital lease expenditures as debt service expenditures in the final FY 12 CAFR.

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

Generally accepted accounting principles require that capital lease expenditures be reported in the same manner as other general obligation bonded debt. General obligation bonded debt is reported in the CAFR as debt service expenditures. DOF accountants were unaware that governmental accounting standards required capital lease payments be categorized as debt service expenditures.

We recommend the state accountant improve internal controls over the categorization of expenditures in the State's CAFR.

Agency Response – Department of Administration

The Division of Finance (DOF) concurs with this recommendation. Within the Alaska Statewide Accounting System (AKSAS), there is a one to one relationship between an appropriation and the functional category assigned. Historically, most of the expenditures for the Department of Administration have come from a series of high level appropriations in legislation that are categorized with the function code of "G" for general government expenditures based on the overall purpose to the department. In this particular instance, debt service expenditure activity is part of a larger general appropriation for the Division of General Services (DGS) in AKSAS, and it is not possible to structure these components separately under function "D" for Debt Service in AKSAS.

To compensate for the mixture of general government activity and debt service activity within one appropriation, DOF will request additional information from the DGS. A supporting schedule submitted by the DGS for all capital and operating leases for the fiscal year will be provided and analyzed. DOF will enter a manual adjustment from general government expenditure redirecting the portion identified as debt service for the year. This manual entry was completed in FY 12 as part of the audit review and subsequent adjustment. DOF is working to finalize the procedure to formalize this step in the CAFR reporting process beginning in FY13.

DOF corrected the function code in AKSAS for the capital lease appropriations that were outlined as debt in the language section of the operating bill for debt service.

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

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, 2011*.

No new recommendations have been made during the FY 12 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, 2011.* Prior year Recommendation No. 4 is not resolved and is reiterated in this report as Recommendation No. 5.

One new recommendation has been made during the FY 12 statewide single audit and is included as Recommendation No. 6.

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Recommendation No. 5

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

Prior Finding

From FY 08 through FY 11, significant deficiencies in controls over the Tax Division's severance tax revenue audits were reported. Control deficiencies included insufficient audit oversight, a lack of standard procedures guiding the audit process, inadequate audit reviews, and untimely tax return reviews and reconciliations. Additionally, the Tax Division lacked standardized templates for the annual tax return.

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. DOR's main tool for ascertaining the correctness of severance tax revenues is its Tax Division audit section. Historically, DOR's audit section relied upon standard audit programs and supervisors' review and oversight to ensure that audits were timely, accurate and that audit results could withstand the scrutiny of the administrative appeal process and, in some cases, litigation. With the passage of more complex tax laws such as the *Petroleum Profits Tax*[2] (PPT) and *Alaska's Clear and Equitable Share*[3] (ACES), management has struggled to implement sufficient controls over auditing severance taxes.

Legislative Audit's Current Position

Tax Division management has made improvements in audit oversight, written standard procedures, and audit reviews; nevertheless, the control deficiencies identified in prior audits have not been fully addressed.

Written standard procedures were implemented in FY 11 for audits started during the fiscal year. However, due to the multiple-year timeframe for the Tax Division to complete audits, we could not confirm the full implementation of these procedures. As of the end FY 12, no audits were completed under the new procedures. Additionally, the audit plan guiding Tax Division auditors in conducting audits under the PPT and ACES tax laws was not fully designed as of the end of FY 12. Tax Division management expects the audit plan to be completed in FY 13 and used for audits started during that fiscal year.

Although no tax return audits were completed in FY 12 under the new procedures, the division did complete an audit of a 2006 tax return and audits of tax credits. Our assessment of the related audit files found that supervisory reviews by the audit tax master were not documented, and the audit supervisor review checklist was not consistently completed.

[2]PPT was enacted in August 2006.
[3]ACES was enacted in November 2007.

Since passage of the ACES tax legislation, the Tax Division has worked on updating the annual tax return reporting template with worksheets to support all summary tax calculations. This has been a work-in-progress for over four years and is not complete. Consequently, the Tax Division receives tax calculation support in various formats from taxpayers which impedes analysis of the data by Tax Division auditors.

In 2011, the legislature appropriated $34.7 million for a new tax revenue management system. The new system should help facilitate data analysis by division auditors. However, according to Tax Division management, the project will take at least five years to complete.

Oil and gas severance taxes, totaling approximately $5.9 billion in FY 12, are a significant source of revenue for the State of Alaska. Insufficient internal controls over auditing severance tax revenues may result in revenue loss and increase the risk that tax revenue assessments will not hold upon appeal.

We recommend DOR's commissioner take action to ensure that Tax Division management continues to improve controls over auditing severance tax revenues. Specifically, standardized audit processes and a standard tax return reporting template should be fully developed and implemented.

Agency Response – Department of Revenue

We agree with Legislative Audit's position that management needs to continue to improve audit oversight by implementing standard audit procedures and controls. As stated in your agency's letter, written standard procedures were implemented in FY 11. However, as further stated, due to the multi-year timeframe in which the Tax Division completes its audits, your agency was unable to confirm the implementation of those written procedures. In FY 13, we expect to conduct current and new audits under the written standard procedures, and also expect to refine those standards as we move forward.

We also agree with Legislative Audit's concern regarding the annual tax return reporting template. The Tax Division has finalized the tax return, and it will be required to be utilized by all oil and gas taxpayers for their 2012 tax year filing which is due March 31, 2013. Further, we recently engaged a contractor to assist us in building standard input tables for the tax return which will assist both the Department, and oil and gas taxpayers in the future. Input tables will allow us to gather the information electronically, and store that information in a database which will make it much easier to pull oil and gas production tax information for reporting and audit purposes. These input tables are ready for industry to utilize when filing their 2012 taxes. Finally, we plan to begin working with Fast Enterprises on our new Tax Revenue Management System (TRMS) next month. The current plan is that the four phases of project implementation will take three years, so by spring of 2016, we will have implemented the TRMS system for all of our tax types. As noted in your findings, the new system will help facilitate data analysis conducted by all of our auditors.

Contact Person: *Jerry Burnett, Director*
Administrative Services Division
(907) 465-2312

Recommendation No. 6

DOR's Permanent Fund Dividend Division (PFDD) director should improve system controls to protect the integrity of the Dividend Application Information System (DAIS).

Two deficiencies were noted in DAIS system controls. During FY 12, an edit check was inappropriately removed. The edit check was removed to facilitate correcting an error. Additionally, there was an inadequate segregation of duties between DAIS programs. The lack of segregation of duties was due to staff vacancies and competing priorities.

The National Institute of Standards and Technology (NIST) publishes best practices for information systems and network management. NIST recommends that system information validity be checked through system edits. NIST also recommends that certain functions within information systems, such as the ability to alter programs and access data, be segregated.

Together these deficiencies represent a significant control deficiency. During FY 12, the DAIS generated approximately $662 million of expenditures. Without proper segregation of duties or effective edit controls, the risk of unallowable or improper dividend expenditures increases.

We recommend the PFDD director improve system controls to protect the integrity of the DAIS and prevent improper dividend payments.

Auditor's Note

The details related to this control weakness are being withheld from this report to prevent the weakness from being exploited. Pertinent sensitive details have been communicated to agency management in a separate, confidential document.

Agency Response – Department of Revenue

We agree with Legislative Audit's recommendation. We provided a detailed confidential response on November 5, 2012 to this recommendation as made in the management letter dated October 22, 2012.

The Permanent Fund Dividend division is taking steps to mitigate risk associated with single points of control within our payment system. The Department's IT plan includes a rewrite of DAIS in a more modern code set called .NET. The security and flexibility of this code, along

with added process controls detailed in our response to the management letter, should adequately address the concerns expressed by the legislative auditors.

Contact Person: *Jerry Burnett, Director*
Administrative Services Division
(907) 465-2312

DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT

Four recommendations were made to the Department of Education and Early Development (DEED) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011*. Prior year Recommendation Nos. 5, 6, 7, and 8 have been resolved.

Two new recommendations have been made during the FY 12 statewide single audit and are included as Recommendation Nos. 7 and 8.

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Recommendation No. 7

The Division of Teaching and Learning Support (TLS) director should develop and implement procedures to ensure that subaward reports comply with *Federal Funding Accountability and Transparency Act* (FFATA) reporting requirements.

DEED staff failed to file any FY 12, Child and Adult Care Food Program (CACFP),[4] FFATA reports. A total of 255 FFATA reports for CACFP were required to be submitted in FY 12. Additionally, multiple FFATA reporting errors were identified for the following three programs: Improving Teacher Quality (ITQ), Special Education (SPED) – Grants to States, and SPED – Preschool Grants. Errors included failure to submit required FFATA reports, incorrect award amounts, and untimely filing. Errors by program are as follows:

Program	Total FFATA Reports Tested	No. of Reports Not Filed	Incorrect Amount Reported	Filed Late
SPED (84.027)[5]	15	4	3	4
SPED (84.173)[6]	1	0	0	1
ITQ (84.367)[7]	8	4	1	1
Total	24	8	4	6

Per federal regulation 2 CFR 170, federal award recipients are required to report each subaward that obligates $25,000 or more in federal funds. This information must be reported no later than the end of the month following the month in which the obligation was made.

DEED personnel mistakenly believed that the United States Department of Agriculture (USDA) waived the FFATA reporting requirement for the FFY 12 CACFP award. Additionally, DEED lacks formal procedures to ensure that FFATA reports are completed accurately and submitted timely. Failing to comply with FFATA requirements reduces transparency and may jeopardize future federal funding.

We recommend TLS' director develop and implement procedures to ensure compliance with FFATA subaward reporting requirements.

CFDA: 10.558, 84.027, 84.173, 84.367 Federal Agency: USDA, USDOE
Questioned Costs: None Significant Deficiency, Noncompliance Reporting

[4]Federal Assistance Identification Number (FAIN): 12127AKAK3N1099
[5]FAIN: H027A110016
[6]FAIN: H173A110019
[7]FAIN: S367A110003

Agency Response – Department of Education and Early Development

The department agrees with recommendation No. 7 and has taken steps to develop and implement procedures to ensure compliance with the new FFATA sub-award reporting requirements that went into effect March 1, 2011. A new tracking log has been created to keep track of the grants awarded by program and ensure accurate filing of the monthly FFATA reporting.

Contact Person: *Mark Lewis, Director*
Administrative Services
(907) 465-2875

Recommendation No. 8

TLS' director should develop and implement procedures to comply with federal universal identifier registration requirements.

In FY 12, DEED staff did not obtain a universal identifying number (Dun and Bradstreet Data Universal Numbering System [DUNS]) for any of the 94 CACFP subrecipients prior to disbursing CACFP funds.[8] According to 2 CFR 25.200(b)(3), each entity, including DEED's CACFP subrecipients, applying for federal funds must provide a DUNS number in each application it submits.

DEED disburses CACFP funds to subrecipients on a reimbursement basis. DEED did not have formal procedures to collect entities' DUNS numbers prior to disbursing CACFP funds. Failure to collect a DUNS number from a subrecipient hampers DEED's ability to submit reports required by FFATA and diminishes the quality of information available to the public.

We recommend TLS' director develop and implement procedures to comply with the federal requirement to collect DUNS numbers prior to awarding federal funds .

CFDA: 10.558 Federal Agency: USDA
Questioned Costs: None Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Education and Early Development

The department agrees with recommendation No. 8 and is in the process of implementing procedures to comply with federal universal identifier registration requirements. For FY2013, CACFP sponsors were not approved for participation if they did not submit a DUNS number to the department. All CACFP sponsors submitted a DUNS number for

[8]FAINs: 12127AKAK3N1099, 12127AKAK3N2020

FY2013. In addition, the Child Nutrition Programs utilize an on-line database, the CNP Web, for program sponsor applications and monthly claims. The CNP Web will be adjusted so the DUNS requirement is met during the annual update/renewal process. Program sponsors will not be approved for participation under the Child Nutrition Programs without a DUNS number on file.

Contact Person: *Mark Lewis, Director*
Administrative Services
(907) 465-2875

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DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Sixteen 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, 2011*. Prior year Recommendation Nos. 11, 16, and 22 have been resolved. Prior year Recommendation Nos. 17 and 18 were not significant issues in the current year and are not reiterated in this report. Prior year Recommendation Nos. 10, 12, 13, 14, 15, 20, 23, and 24 are not resolved and have been included in this report as part of Recommendation Nos. 9, 10, 11, 12, 13, 14, 24, and 25, respectively. Some of the issues associated with prior year Recommendation Nos. 9, 19, and 21 have been resolved. The unresolved portion of prior year Recommendation Nos. 9, 19, and 21 have been included in this report as part of the new Recommendation Nos. 15, 16, and 17.

In addition to the three new current year recommendations mentioned above (Recommendation Nos. 15 through 17), six additional new recommendations have been made and are included in this report as Recommendation Nos. 18 through 23.

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Recommendation No. 9

The Finance and Management Services (FMS) assistant commissioner should ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.

Prior Finding

Expenditures eligible for federal reimbursement are reconciled to federal revenues quarterly by DHSS staff to ensure federal revenues are drawn and received timely. During FY 11, this important control did not function effectively for the following five major federal programs:

- Medical Assistance Program (Medicaid);
- Children's Health Insurance Program (CHIP);
- Temporary Assistance for Needy Families (TANF);
- Child Care and Development Fund (CCDF); and
- Adoption Assistance.

Eleven of 14 FY 11 quarterly reconciliations covering the five major federal programs above contained errors. The errors were in four main areas. (1) Reconciliations were not performed or not performed in sufficient time to be an effective control; (2) necessary reconciliation adjustments were not processed; (3) the reconciliation did not contain all eligible expenditures; and/or (4) information in the reconciliations could not be traced to the Alaska state accounting system (AKSAS) because of accounting structure changes processed after the reconciliations were performed.

A lack of written policies or procedures for performing reconciliations contributed to the errors.

Legislative Audit's Current Position

In FY 12, 15 of the 18 reconciliations[9] tested were not performed timely (less than two months after the quarter's end). For three of the reconciliations, there was no evidence that necessary reconciliation adjustments were processed or processed fully. Specific errors by federal program include the following.

- CCDF – Reconciliations for the CCDF program were not performed for the quarter ended September 30, 2011. Three reconciliations for the quarter ended March 31, 2012, were performed three and a half months after the quarter's close.

[9]DHSS fiscal staff may use several reconciliations each quarter for one federal program depending on how the expenditures are tracked. For example, administrative costs may be tracked separately from program costs and each type of cost may require a separate reconciliation.

- Medicaid – Only a portion of the reconciling adjustment for the quarter ended March 31, 2012, could be identified in accounting records. Three Medicaid reconciliations performed for the quarter ended September 30, 2011, were performed more than three months after the quarter's close. Three of four Medicaid reconciliations for the quarter ended March 31, 2012, were performed more than three months after the quarter's close. Third quarter reconciliations were performed late, in part, because staff resources were diverted to work with the federal Centers for Medicare and Medicaid Services (CMS) on corrections to prior period adjustments. These adjustments affected revenue and resulted in the re-submission of Medicaid financial reports for the quarters ending December 31, 2011, and March 31, 2012.

- CHIP – Only a portion of the first quarter reconciling adjustment could be identified in accounting records. The reconciliation for the quarter ended September 30, 2011, was performed six months after the quarter's close. Reconciliations for the quarter ended March 31, 2012, were performed over three months after the quarter's close. The lateness of the third quarter reconciliations can be attributed, in part, to the resubmission of the financial reports referenced above.

- TANF – No evidence of the necessary reconciliation adjustment for the quarter ended March 31, 2012, could be found in accounting records. Reconciliation for the quarter ended September 30, 2011, was performed seven months after the quarter's close. Reconciliations for the quarter ended March 31, 2012, were performed over three months after the quarter's close.

During FY 12, there continued to be a lack of written policies or procedures for performing reconciliations. Additionally, competing priorities combined with staff turnover within the revenue unit contributed to the untimely reconciliations.

United States Office of Management and Budget (OMB) Circular A-87, Attachment A, Section C.1.a states that for costs to be allowable for federal reimbursement, they must be reasonable and necessary for the proper and efficient performance and administration of federal awards. Not performing reconciliations accurately and/or timely increases the risk that DHSS staff could over-draw federal revenues resulting in an interest liability. It may also lead to under-drawing revenues which results in a loss of interest revenue to the State.

We recommend the FMS assistant commissioner ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.

CFDA: 93.767, 93.778, 93.558, 93.575 Federal Agency: USDHHS
Questioned Costs: None Significant Deficiency
Cash Management

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. DHSS continues to develop and implement written policies and procedures, and to ensure reconciliations are timely and in accordance with the federal reporting guidelines. However, the recommendation fails to consider some issues that are beyond the control of the department or fail to consider whether a standard reconciliation process may exist that can adequately address the broad spectrum of federal grants managed by DHSS. The OMB Circular A-133 chapter 6-Internal Control (June, 2012) page 6-1 states that "Non-federal entities could have adequate internal control even though some or all of the characteristics included in Part 6 are not present. Further non-federal entities could have other appropriate internal controls operating effectively that have not been included in this part 6. Non-Federal entities and their auditors will need to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements."

Each DHSS federal grant has terms and conditions that will vary. The specific terms and conditions provide the guidance for the reconciliation. The reconciliation processes will differ between federal grant programs and what may be accepted as a reconciliation process for one grant may not be acceptable for another. Also, costs that may be allowable under one grant may not be allowable under others. DHSS accounts for and prepares reports for approximately 250 federal grants that include a broad range of fiscal reporting requirements and reporting considerations. The DHSS federal grants vary in that some may be issued for a specific amount with expenditures reported on a cumulative basis in a format of no more than 2 or 3 pages, others may be for a specific amount requiring different matching requirements over one to several years, and still others, such as Title XIX-Medicaid are open-entitlements with no expenditure limitations and a reporting format averaging 400 pages quarterly. Other factors which increase the complexity include the federal reporting timelines (quarterly; biannual; annual) and the federal financial participation (FFP) rates applied also vary from 100% FFP reported annually to multiple FFP rates applied to various types of expenditures based on various program requirements required to be reported quarterly. The OMB Circular A-133 overview in chapter 1 (June, 2012) page 1-5 recognizes the existence of federal program diversity and notes that some programs may operate somewhat differently than described due to (1) the complexity of governing federal and state laws and regulations; (2) the administrative flexibility afforded non-federal entities; and (3) the nature, size, and volume of transactions involved.

Additionally, federal program and reporting changes do occur and may result in re-submission of federal reports, such as the CMS-64. When this occurs, the quarterly reconciliations may be delayed and/or re-created due to the nature of the changes or timing of the re-submission. While some of the Medicaid delays were due to changes to reporting prior period adjustments, DHSS also experienced delays due to CMS reporting system (MBES/CBES) functionality changes or updates that prevented the reporting of current quarter expenditures in quarter ending (qe) 03/31/12 and which was corrected in qe 06/30/12.

Finally, DHSS is adversely impacted by limitations within the Alaska State Accounting System (AKSAS) in regards to how structure changes are processed. In order to comply with federal program requirements, it is necessary for DHSS to make changes to existing program code structure. DHSS is performing within the State of Alaska requirements with structure changes. Specifically, the requested change is vetted for propriety, reviewed and approved by the Division of Finance before AKSAS is revised. The FMS revenue section maintains the hardcopy files of the structure transaction process (STP) registers issued by AKSAS after each structure change.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove the recommendation. The use of reconciliations is DHSS' main internal control to ensure expenditures eligible for federal reimbursement are drawn and received timely. Alternative internal controls were not brought to our attention during the audit.

Recommendation No. 10

The Division of Public Assistance (DPA) director should ensure only valid expenditures are charged to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

Prior Finding

In May 2011, the WIC subsystem[10] erroneously created an additional file of food warrant transactions totaling $119,819 that interfaced with AKSAS and resulted in duplicate charges to the program.

During the monthly reconciliation process, the erroneous posting was identified by DHSS staff. However, due to insufficient follow-up and inadequate supervisory review, the error was not corrected. Although the monthly Food and Nutrition Service (FNS) 798 report was

[10]The WIC subsystem contains a detailed listing of all the food warrants issued to participants. Daily, the system compiles all the warrants redeemed into an interface file based on bank information also contained on the WIC subsystem. The next working day, the interface file is submitted for posting the food warrant expenditures to AKSAS.

correct, the erroneous posting resulted in an over draw of federal funds on award 7AK700AK7.

Federal program cost guidance in *OMB Circular A-87*, Attachment A, Section E.1 states, "*Direct costs are those that can be identified specifically with a particular final cost objective*." In this case, there were no real costs associated with the erroneous posting.

Legislative Audit's Current Position

During FY 12, additional reconciliation procedures were implemented; however, the overdrawn federal funds have not been adjusted through WIC federal draws. Accordingly, we again recommend DPA's director ensure only valid expenditures are charged to the WIC program. Additionally, we recommend DHSS staff process an adjustment to amend a future federal draw for this program.

CFDA: 10.557 Federal Agency: USDA
Questioned Costs: $119,819 Noncompliance
Allowable Costs

Agency Response – Department of Health and Social Services

DHSS concurs with finding. Efforts to reconcile revenue and expenditure reporting within DPA are ongoing. This finding will be resolved within 2013.

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Recommendation No. 11

The FMS assistant commissioner should develop procedures to comply with *Federal Funding Accountability and Transparency Act* (FFATA) subaward reporting requirements.

Prior Finding

During FY 11, DHSS staff did not file the required reports to comply with FFATA subaward reporting requirements for 14 of 16 WIC subrecipients. Reports were not filed because DHSS management was not familiar with the new federal reporting requirements. Failing to comply with FFATA requirements may jeopardize future federal funding.

Per federal regulation 2 CFR 170, federal award recipients are required to report each subaward that obligates $25,000 or more in federal funds. This information must be reported no later than the end of the month following the month in which the obligation was made.

Legislative Audit's Current Position

During FY 12, FFATA subaward reporting requirements were applicable for nine Social Services Block Grant (SSBG) subrecipients, two CCDF subrecipients, and 15 WIC subrecipients. Failure to adhere to FFATA reporting requirements resulted in a material weakness and material noncompliance for the SSBG program only. DHSS is aware of the reporting requirements but chose not to complete them due to competing priorities.

We again recommend the FMS assistant commissioner develop procedures to comply with FFATA reporting requirements.

	Federal Agency: USDA, USDHHS
CFDA: 10.557, 93.575	Significant Deficiency, Noncompliance
CFDA: 93.667	Material Weakness, Material Noncompliance
Questioned Costs: None	Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. FFATA is an unfunded federal mandate and the department is working toward absorbing the associated workload and costs. In FY12 DHSS FMS staff conducted initial research, including following up with the Office of Inspector General (OIG) on treatment for specific sub-recipients. A workgroup was formed, initial forms and processes drafted and the workgroup reviewed draft documentation, including self-certification forms and notification language. In FY13 an implementation workgroup has assessed the department's resources; determined the universe of federal awards that are subject to FFATA reporting; are finalizing the processes; updating the necessary forms, and creating a communication package on FFATA reporting requirements to be distributed to the department's sub-recipients. Implementation is scheduled for FY 2014.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove the recommendation. DHSS partially concurs with the recommendation. However, it is unclear

what part of the recommendation DHSS management does not concur with. DHSS' planned corrective action appears to address the recommendation.

The number of SSBG subrecipients subject to FFATA subaward reporting requirements noted above is incorrect. The number of should be eight instead of nine.

Recommendation No. 12

DPA's director should ensure reports are monitored and follow-up is performed as required for the WIC program.

Prior Finding

In FY 11, adequate monitoring and follow-up was not performed in accordance with federal WIC program requirements for two of four special tests and provisions requiring report review. Specifically, the food instrument and cash value voucher (FI) disposition report and the FI price enforcement and error report were not monitored by program staff. Report monitoring includes review and appropriate follow-up within 120 days of detecting questionable items or suspected errors. The deficiencies identified were as follows.

> ***FI Disposition Reports***: Program staff is required to review four, monthly FI disposition reports: expired, lost/stolen, duplicate, and un-match. Three months, or 12 reports, were tested; of those, nine were not reviewed nor was follow-up performed within 120 days of the report date as required by 7 CFR 246.12(q). The expired and lost/stolen reports were not reviewed at all, and the duplicate and un-match reports were partially reviewed by staff in half of the reports tested. Additionally, insufficient documentation existed to determine if appropriate follow-up had occurred within the required 120-day timeframe.
>
> ***FI Price Enforcement and Error Reports:*** Seven of 26 bi-weekly FI price enforcement and error reports covering a three month time period were tested. All seven lacked sufficient documentation to determine if WIC staff were compliant with program requirements per 7 CFR 246.12(k)(1). These requirements mandate review and appropriate follow-up within 120 days of report issuance. Although evidence suggests review and follow-up action was performed, insufficient documentation existed to determine compliance during FY 11.

Insufficient report monitoring was due, in part, to a lack of procedures for report review and follow-up, and inadequate oversight by program managers to ensure review activities were completed as required. Report monitoring primarily ensures costs of food items are contained, and only eligible participants receive benefits. By not performing adequate monitoring functions sufficiently and routinely, food costs could unreasonably increase, and ineligible participants could receive benefits; both result in reducing benefits available for eligible participants. According to 7 CFR 246.23(a)(4), *Claims and Penalties*, the federal

oversight agency could establish a claim against the State for not taking appropriate follow-up action on redeemed FIs that cannot be matched against valid enrollment and issuance records.

Legislative Audit's Current Position

Improvements were made to the WIC[11] program during FY 12; however, deficiencies still exist resulting in non-compliance for two of four special tests and provisions which require report review and follow-up. Specific FY 12 deficiencies were as follows.

> ***FI Disposition Reports***: In FY 12, review procedures were drafted for three of the four reports (expired, duplicate, and unmatch); however, only the review procedures for the unmatch report adequately address federal requirements. Procedures were not drafted for lost/stolen FIs. Furthermore, testing of reports for three months showed only the duplicate and unmatch reports met review requirements within 120 days of the report date. The other two reports were not reviewed by WIC staff.
>
> ***FI Price Enforcement and Error Reports***: Draft procedures were developed but lacked sufficient detail to identify what types of questionable items require follow-up. Of the five bi-weekly reports tested, three lacked sufficient evidence that questionable items or suspect errors were reviewed. The first page on three of five reports had dates and initials of the reviewer identifying review had occurred within 120 days; however, detail report pages with questionable items had insufficient evidence to indicate whether follow-up was adequately performed.

We recommend DPA's director develop and implement, or as applicable, improve report monitoring procedures for both review and follow-up activities for the WIC program. Furthermore, the director should ensure program managers perform adequate oversight of WIC program report monitoring.

CFDA: 10.557 | Federal Agency: USDA
Questioned Costs: None | Significant Deficiency, Noncompliance Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The WIC Program is currently rewriting the vendor Policy and Procedure manual regarding the internal controls followed by State staff to improve report monitoring and management oversight in FY13. The WIC Vendor section is formalizing a workgroup of vendor and other State staff to address concerns in this audit recommendation. A workgroup will also be instrumental in assisting in the transition to a

[11]Federal Grant Award Ref. No.: 7AK700AK7 for program years 2011 and 2012.

new client database system, SPIRIT, and to a new banking service contractor, Solutran in FY14.

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Recommendation No. 13

DPA's director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.

Prior Finding

In FY 10, WIC vendor monitoring was not performed in accordance with federal requirements. The requirements include compliance investigations of high-risk vendors[12] and review of vendors potentially deriving more than 50 percent of their annual food sales revenue from WIC food instruments. Of nine required compliance investigations of high-risk vendors, only two were completed according to 7 CFR 246.12(j)(4)(i). Additionally, program staff did not review the FFY 09 annual federal report, *"Authorized Vendors Potentially Meeting the Above-50-Percent Criterion,"* as required by 7 CFR 246.12(g)(4)(i). The report identified 10 potential above-50-percent vendors, one of which should have been suspended from the program.

In FY 11, the prior year finding was partially resolved; program staff reviewed the annual above-50-percent report as federally required. Deficiencies with high-risk vendor monitoring continued, resulting in non-compliance. All of the required number of compliance investigations were performed and completed for FFY 10; however, one of ten investigations did not comply with federal documentation requirements according to 7 CFR 246.12(j)(6)(i)-(ii). Although the investigation was completed and determined successful, program staff did not sufficiently document the required information for the compliance buy. Insufficient vendor monitoring was due to inadequate oversight by program managers.

Legislative Audit's Current Position

In FY 12, deficiencies were again identified with high-risk vendor monitoring. Three of the nine required compliance investigations in FFY 11 met federal requirements. The other six investigations, designated as inventory audits, lacked sufficient and appropriate documentation to qualify as successful inventory audits. Draft inventory audit procedures were developed; however, they are insufficient to meet federal regulation 7 CFR 246.2 which

[12]High risk vendors are vendors identified as having a high probability of committing a vendor violation of federal program requirements.

defines inventory audits as an analytical review of WIC food sales compared to a vendor's purchased food invoices and receipts for a specific time frame.

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 result in reducing benefits available for eligible participants.

We recommend DPA's director ensure vendors participating in the WIC program are adequately monitored according to federal requirements. Additionally, WIC program managers should improve management and oversight of staff performing high-risk vendor compliance investigations.

CFDA: 10.557 Federal Agency: USDA
Questioned Costs: None Significant Deficiency, Noncompliance
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. The WIC Vendor Section has revised the Vendor Policy and Procedure manual to strengthen the monitoring processes of High-Risk and non-High-Risk vendors. In FY13 the WIC Vendor section will form a workgroup of vendor and other State staff to review the vendor monitoring processes. The workgroup will also solicit best practices from other State WIC Agencies who have similar challenges of managing large geographic areas and the systems and strategies they use to monitor urban and rural vendors.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove the recommendation. DHSS partially concurs with the recommendation. However, it is unclear what part of the recommendation DHSS management does not concur with. DHSS' planned corrective action appears to address the recommendation.

Recommendation No. 14

The Division of Senior and Disabilities Services (DSDS) director should establish written procedures and provide oversight to ensure provider files include completed certification requirements.

Prior Finding

DSDS staff lacked adequate procedures to ensure provider certification files were accurate and complete. Provider certification files did not consistently contain supporting provider certification documentation, and multiple files were missing records. DSDS management reported that the findings were caused by staffing resource issues leading to problems in areas such as document filing.

Federal regulations require DSDS staff to comply with minimum protection requirements[13] and provide satisfactory safeguard assurances to be eligible to provide home and community based waiver services.[14] Furthermore, federal regulations require the State to maintain sufficient information to support compliance with the required assurances.[15] State regulations require home and community based waiver service providers to meet applicable certification criteria, including the qualifications and program standards set out in DHSS' home and community based waiver service certification application packet.[16] As an additional protection and safeguard requirement, state regulations require all certified providers to furnish proof of a valid fingerprint-based criminal history check.[17]

The health and welfare of service recipients are at risk when DSDS certification files cannot provide assurance that providers and their employees were properly screened and adequately trained prior to certification.

Legislative Audit's Current Position

DSDS management made progress in improving provider certification file completeness. Specifically, DSDS staff converted files and created a checklist of information to be included in the files.

However, more effort is necessary to ensure that provider certification files are complete. Seven of 20 files reviewed were incomplete for one or more of the reasons identified below.

- Three files did not have the required information in the certification application form, yet their applications were approved.

[13] *Title 42 of the Code of Federal Regulations, Part 441, Subpart 404.*
[14] *Title 42 of the Code of Federal Regulations, Part 441, Subpart 352.*
[15] *Title 42 of the Code of Federal Regulations, Part 441, Subpart 353.*
[16] *Title 7 of the Alaska Administrative Code (AAC), Section 130, Subsection 220* and 7 AAC 125.060.
[17] *Title 7 of the Alaska Administrative Code, Section 10, Subsection 910.*

- Two files did not contain employee background checks.

- One file contained evidence that a debarred, service provider employee did not have documents supporting the individual's maintained employment.

- One file contained a background check in progress though the re-certification application was approved.

We recommend DSDS' director establish written procedures and provide oversight to ensure provider files include completed certification requirements.

CFDA: 93.778 Federal Agency: USDHHS
Questioned Costs: None Significant Deficiency, Noncompliance
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. The department established written procedures in FY 13 and has completed the file conversion to ensure provider files are complete with documentation of certification requirements.

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Recommendation No. 15

The FMS assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal cost principles.

Time charged to federal programs was not adequately supported for employees who worked on multiple programs. Timesheets for seven of 32 tested employees that worked on multiple federal programs did not properly identify the time worked by program or other cost objective. According to DHSS staff, if time worked by program is not specifically identified, the employee's time will be charged to programs based on default coding entered in the payroll system. Without the use of positive timekeeping, the time charged to federal programs is not in compliance with federal requirements. Federal programs affected by these errors include Medicaid, TANF, and CCDF.

Additionally, time charged by one of eight tested employees who worked on a single federal program was not supported by periodic (at least semi-annual) certifications. The individual directly assigned to the Medicaid program was unaware of the certification requirement.

OMB Circular A-87, Attachment B, Section 8.h.4 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.

OMB Circular A-87, Attachment B, Section 8.h.3 further requires that, when employees are expected to work solely on a single federal award or cost objective, personal service charges be supported by periodic (at least semi-annual) certifications that the employee worked solely on that program for the period covered by the certification. These certifications must 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 DHSS management consistently implement positive time keeping or other federally approved methods, and ensure that personal service expenditures of employees working solely on a federal program are supported by certifications.

CFDA: 93.778 — Federal Agency: USDHHS
Questioned Costs: $41,107 — Significant Deficiency, Noncompliance
CFDA: 93.558, 93.575 — Allowable Costs
Questioned Costs: None

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. DHSS implemented policy and procedures on positive time keeping at the beginning of SFY 2012. This policy and associated certification forms are distributed quarterly throughout the year. Additional actions have been taken by agency divisions to consistently implement the positive time keeping measures. In FY13 the Division of Public Assistance (DPA) Administrative Operations Manager required all timekeepers to attend the timekeeper training, in conjunction with quarterly statistical report monitoring to review personal service expenditures.

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Recommendation No. 16

The FMS assistant commissioner should comply with Medicaid expenditure reporting requirements.

The CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program) report for the quarter ended September 30, 2011, over-reported the federal share of Medicaid program expenditures by $205,768.[18] The over reporting was due to a lack of clear procedures for preparing federal reports, including post preparation review. Subsequent to September 2011, DHSS fiscal staff began drafting appropriate procedures.

According to 42 CFR 430.30, the CMS-64 report should reflect "*the state's accounting of actual recorded expenditures*." Errors in the CMS-64 report could lead to inaccurate decisions by policymakers and may hamper the ability to compare expenditures between fiscal periods.

We recommend the FMS assistant commissioner comply with Medicaid reporting requirements. Additionally, necessary corrections should be made to adjust for the reporting error.

CFDA 93.778 Federal Agency: USDHHS
Questioned Costs: None Noncompliance
Reporting

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. During FY12 and FY13 the new Federal Allocation Management Unit conducted retroactive reviews to verify expenditures reported and/or assist in reconciling previous Medicaid claims associated with quarterly CMS-64 reports prior to quarter ending December 31, 2011. The specific reporting error identified in recommendation #16 was identified and corrected in the CMS-64 report for the quarter ending September 30, 2012 and supporting documentation was previously provided to legislative audit. Under Federal regulations CFR 45 Part 95 Subpart A, DHSS has the ability to correct any error identified for up to seven quarters in the past.

During FY 12 the Federal Allocation Management Unit drafted and implemented both a check-list and procedures for the preparation of the CMS-64 federal report; modified the existing excel workbook and created additional reporting tools to assist with increased transparency of the expenditures being inputted and/or validated. Additional procedures for the verification and validation of the reported expenditures were drafted and implemented to assist with the certification of the CMS-64. The manual for CMS-64/21 reporting was

[18]The $205,768 over reported on the first quarter, FY 12 CMS-64 report was included on line 50, column E of the 64.9 Base section of the report which rolls up to line 6, column B of the CMS-64 Summary section.

reviewed by the CMS Federal Compliance Officer during a site visit in September 2012. Additional internal controls implemented in FY12 include a comparison between the Federal Allocation Management Unit CMS-64 report to an independently produced report of Medicaid expenditures in Health Care Services. Any discrepancies are investigated by both units and corrected.

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Recommendation No. 17

DHSS' commissioner should establish an effective Medicaid surveillance and utilization control program.

The Medicaid surveillance and utilization control program DHSS administers is not effective. DHSS relies on a nonperforming fiscal agent to meet their surveillance and utilization control requirements. The fiscal agent has been noncompliant with their contract terms since FY 05.

In FY 12, the fiscal agent's current performance does not provide for an effective surveillance and utilization program. In FY 12, the fiscal agent:

- Worked 58 of 100 required surveillance and utilization cases (less than 15 cases per quarter).
- Closed 27 of 100 cases during the year (less than seven cases per quarter).
- Did not work state referred cases because the State did not request any.

Federal regulations[19] require a post-payment review process to develop and review utilization and provider service profiles and to develop exception criteria so that the State may correct recipient and provider misutilization practices. Division of Healthcare Services (DHCS) management reported that outdated methodologies and lack of expertise by fiscal agent staff contributed to continued issues with the surveillance and utilization control program.

Failure to meet surveillance and utilization review requirements increases the risk of Medicaid fraud and abuse associated with allowable costs, allowable activities, and eligibility. The financial consequences can been extensive given that the State annually pays over $1 billion for Medicaid services (state and federal funds).

We recommend DHSS' commissioner establish an effective Medicaid surveillance and utilization control program.

[19]*Title 42 of the Code of Federal Regulations, Part 456, Subpart 23* and 42 CFR 456.3-4.

CFDA: 93.767, 93.775, 93.778 Federal Agency: USDHHS
Questioned Costs: Indeterminate Significant Deficiency, Noncompliance
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS does not concur with the recommendation. The department has a review process in place that adheres to federal regulations as cited by legislative audit (Title 42 CFR 456.23 and 42 CFR 456.3-4) and that is followed by its fiscal agent. A corrective action plan was completed on this program in FY11 and since FY12 this program has satisfied both federal and state requirements. In FY12 the DHSS Surveillance and Utilization Review (SUR) program required its contractor to initiate 28 provider reviews per quarter (112 per year) and in its Care Management program 80 cases per quarter (320 cases per year) of recipients who are over utilizing services. In FY12 the fiscal agent initiated reviews on 113 provider cases and 320 recipient cases for a total of 433 cases.

At issue is the interpretation of what is considered a case review and the period of time the review should be completed. The state's review process begins when a case initiation is developed. The case initiation process by the fiscal agent includes conducting a claims analysis of a provider who meets exception criteria as derived from a modified claims report (JSURS Exception Report) identifying high risk providers and submitting an initiation report to the Division of Health Care Services (DHCS). If all the billings for procedures line up with treatment for the diagnosed disease DHCS may determine not to request provider records.

The federal requirements and department do not require a case to be initiated and completed in the same quarter or even the same fiscal year because several variables outside the control of the contractor and department exist. For example, if records are requested, the timeframe for the case review may be extended for several months, especially if the provider has an untimely response. Other issues impacting the period of time it takes to complete a case include the appeal process if the provider disagrees with the findings or a fraud case may be initiated requiring the case to be open until the investigation is complete.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provides sufficient information to persuade us to remove or revise this recommendation. Despite cases being initiated, only a small portion of surveillance and utilization cases were desk reviewed and closed. The level of performance was not adequate

for the State's $1.4 billion Medicaid program (state and federal funds). DHSS' surveillance and utilization control program is not effective in addressing the federal regulation which requires a post-payment review process to correct misutilization practices of beneficiaries and providers.

Recommendation No. 18

The Division of Behavioral Health (DBH) director should ensure out-of-state residential psychiatric treatment center (RPTC) providers are paid in accordance with federal and state requirements.

All 23 out-of-state residential psychiatric treatment provider files lacked documentation supporting the rate utilized during FY 12. Specific issues with provider files included the following.

- Five provider-rate files were missing and not available for our review.
- Three provider files existed, but did not contain information on the rate determinations.
- Fifteen provider files did not contain sufficient information to support the rate determinations. Specific issues are as follows.
    - All 15 files did not provide evidence that DBH management had considered all of the required factors in deciding to negotiate a specific payment agreement.
    - All 15 files did not provide evidence that the rate determinations were for a specific period of time, not to exceed two years.
    - Eight of 15 files did not provide evidence that out-of-state service charges did not exceed providers' usual charges for the same services to the general public.

Furthermore, DBH does not have written procedures for renegotiating the out-of-state RPTC rate every two years as required by regulations. Currently, DBH management does not plan on renegotiating the out-of-state rates unless requested by the provider.

According to 7 AAC 145.025, DHSS may negotiate a specific payment agreement for unique expertise, for specialized services not available in the State, or for specific services that are necessary to treat the recipient. Factors that DHSS management should consider in deciding to negotiate a specific payment agreement include the following:

1. The medical necessity for the out-of-state service;
2. Whether the service is widely available out of state or available only from a limited number of out-of-state providers;
3. The professional standing of the provider within the health care service community for the unique expertise or specialized service;

4. Any extreme circumstance concerning the medical needs of the patient; and
5. Whether a specific payment agreement is necessary to ensure access to appropriate medical services that otherwise would not be available.

Regulations require the payment agreement to be for a specific period, not to exceed two years. Furthermore, charges to DHSS for out-of-state services may not exceed the provider's usual and customary charges for the same service to the general public.

OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, requires that costs must be adequately documented to be allowable under federal awards.

DBH personnel is responsible for negotiating and documenting rates for the out-of-state residential psychiatric treatment providers; yet, they do not have written policies and procedures that sufficiently describe how to implement the regulation. Furthermore, DBH personnel was unaware of requirements for documenting the rate determination methodology. Consequently, out-of-state residential psychiatric treatment providers were paid a total of $6,281,688 in Medicaid funds and $246,486 in CHIP funds for the services provided during FY 12. Funds paid in excess of the State's rate for residential psychiatric treatment providers were $195,662 for Medicaid and $4,255 for CHIP.

We recommend DBH's director ensure out-of-state RPTC provider are paid in accordance with federal and state regulations. DBH's director should develop and implement detailed written policies and procedures documenting the methodology for rate determination. The provider files should support the rate determination and should be maintained in accordance with state and federal requirements.

CFDA: 93.778 Federal Agency: USDHHS
Questioned Costs: $195,662 Significant Deficiency, Noncompliance
CFDA: 93.767 Allowable Costs
Questioned Costs: None

Agency Response – Department of Health and Social Services

DHSS concurs that a role of the Division of Behavioral Health is to ensure payment of out-of-state residential psychiatric treatment center (RPTC) providers in accordance with federal and state regulations.

In FY13 the department has revised the written policies and procedures supporting out-of-state rate determinations, updated each provider file with a documented summary supporting the rate determinations, and are developing regulations designed to clarify and improve the out-of-state rate methodology. Division staff have reviewed all of the rate files and summarized factors (as documented in the files) that supported the rate determination. In all cases, the out-of-state provider was paid for services at a rate that did not exceed the provider's usual and customary charges for the same service to the general public. In FY13

an independent review of these cases will be conducted by the Office of Rate Review to assist in resolving the questioned costs.

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Recommendation No. 19

DPA's director should ensure all FIs are accounted for within 120 days of the first valid date for use by program participants.

In FY 12, FIs were not reviewed and reconciled within 120 days of the valid issuance date.[20] The reconciliation ensures accountability of all FIs issued, including review of questionable items or suspected errors. Additionally, the reconciliation process provides data necessary to calculate the unreconciled FI rate[21] as federally required.

Agency personnel were not aware of the federal reconciliation requirement of FI disposition reports. Consequently, reconciliation procedures are limited to WIC subsystem FIs redeemed and AKSAS expenditures. The monthly process ensures any differences in aggregate benefits issued that are greater than one half of one percent are followed up. However, procedures do not exist to calculate the unreconciled FI rate.

The reconciliation of FIs, including review of questionable items, facilitates accountability of all FIs issued and cost containment of food items. Absent a routine one-to-one FI reconciliation, there is potential for unreasonable increases in food costs which result in reducing benefits available for eligible participants. Additionally, there is an increased risk of fraud or abuse that could go undetected.

We recommend DPA's director improve reconciliation procedures to account for all FIs issued within 120 days of the first valid issuance date.

CFDA: 10.557 Federal Agency: USDA
Questioned Costs: None Significant Deficiency, Noncompliance
Special Tests and Provisions

[20]*Title 7 of the Code of Federal Regulations, Part 246, Subpart 12(q), Food Instrument and Cash-Value Voucher Disposition.*
[21]The unreconciled rate is the percentage of FIs identified as redeemed, but for which there is no record of issuance on WIC exception reports. The calculation of the unreconciled rate is a component of the reconciliation process and is used, in part, to identify potential fraud or inappropriate use of FIs.

Agency Response – Department of Health and Social Services

DHSS partially concurs with this recommendation. During FY13 the WIC Vendor section will form a workgroup of vendor and State staff to develop strategies to ensure all FIs are accounted for within 120 days of the first valid date for use by participants. The program will strengthen training for local agencies in procedures for voiding FIs that have been re-issued. WIC will explore the possibility of requiring the banking service contractor to reject checks that have been voided in the client database system and review the new client database system for possible automated functionality to void unredeemed FIs that have aged out.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove the recommendation. DHSS partially concurs with the recommendation. However, it is unclear what part of the recommendation DHSS management does not concur with. DHSS' planned corrective action appears to address the recommendation.

Recommendation No. 20

The FMS assistant commissioner should design and implement the required system security measures for the Eligibility Information System (EIS).

FMS management does not have a security plan[22] for the EIS or a program for conducting periodic EIS risk analyses. Additionally, required biennial system security reviews were not performed for the system.

The EIS is used to determine eligibility for multiple federal program recipients, and its security plays a critical role in ensuring the eligibility determination is correctly performed. Lack of sufficient security measures puts EIS hardware at risk of theft, software at risk of unauthorized use, and data at risk of being compromised and lost.

[22]The security plan should address the following: (a) physical security of ADP resources; (b) equipment security to protect equipment from theft and unauthorized use; (c) software and data security; (d) telecommunications security; (e) personnel security; (f) contingency plans to meet critical processing needs in the event of short or long-term interruption of service; (g) emergency preparedness; and, (h) designation of an Agency ADP Security Manager.

Federal regulations[23] require DHSS management responsible for EIS security establish a security plan and program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. Additionally, regulations require DHSS to review EIS security on a biennial basis and to maintain review reports with the supporting documentation. At a minimum, the biennial reviews should include an evaluation of physical and data security operating procedures, and personnel practices.

The EIS was out of compliance with system security requirements because DHSS staff did not understand federal requirements.

We recommend DPA's director design and implement the required system security measures for the EIS. Specifically, management should design and implement a security plan and a program for conducting periodic risk analyses. Additionally, management should ensure biennial EIS security reviews are performed and written documentation of the review, including supporting documentation, are maintained in accordance with federal requirements.

CFDA: 93.778 | Federal Agency: USDHHS
Questioned Costs: None | Significant Deficiency, Noncompliance
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. In FY13 DHSS is complying with a corrective action plan through the Office of Civil Rights (OCR) and is currently conducting assessment of all DHSS computer systems, including EIS that store and process Electronic Protected Health Information (ePHI). Additionally, an Information Technological and Security workgroup is developing a security plan to specifically address the requirements in Title 45 of the Code of Federal Regulations, Part 95, Subpart 621 (1996) the Automated Data Processing (ADP) reviews.

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[23]*Title 45 of the Code of Federal Regulations, Part 95, Subpart 621.*

Recommendation No. 21

The Grants and Contracts Unit manager should develop procedures to ensure subrecipients provide a Dun and Bradstreet Data Universal Numbering System (DUNS) number in each application for federal funding.

A review of 26 subrecipient grant files showed no evidence that a DUNS number was obtained for subrecipients. The Grants and Contracts Unit staff does not have procedures for obtaining subrecipient grantees' DUNS numbers prior to awarding federal funding. During FY 12, this finding applied to the following major federal programs: CCDF, WIC, and SSBG.

According to 2 CFR 25.110, a subrecipient must include its DUNS number in each application for funding that it submits.

We recommend that the Grants and Contracts Unit manager develop procedures to ensure subrecipients applying for federal funding submit their DUNS number during the grant application process.

CFDA: 10.557, 93.667, 93.575
Questioned Costs: None

Federal Agency: USDA, USDHHS
Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. In FY13 the department is finalizing the procedures necessary for implementation of Federal Funding Accountability and Transparency Act (FFATA) reporting for FY14. The DUNS number is also a reporting element required for the Federal Funding Accountability and Transparency Act (FFATA), which the department has been working toward compliance since FY12 and which will require a coordinated approach.

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Recommendation No. 22

DPA's director should ensure an annual review is done over vendors potentially receiving above 50 percent of their annual food sales revenue from the WIC program.

Program staff did not obtain and review the FFY 11 federal report, "*Authorized Vendors Potentially Meeting the Above-50-Percent Criterion*," as federally required by

7 CFR 246.12(g)(4)(i)(F). The FNS annually generates the report which lists potential vendors who sold more than 50 percent of their total food sales to WIC participants through FIs. The state plan prohibits above-50-percent vendors from participating in the WIC program. For any vendors listed on the annual report, program staff must perform follow-up and determine if WIC sales were greater than 50 percent and take appropriate action.

In January 2012, WIC staff encountered difficulties accessing the federal database that generates the report. By April 2012, following several unsuccessful attempts to obtain the report from the federal FNS representative, WIC staff did not further pursue acquiring the report. Failure to review the annual FNS report could result in inappropriate vendor participation in the WIC program. This may result in participants being charged higher prices for food and also reduce the total food benefits available to participants.

We recommend DPA's director ensure WIC staff annually review the above-50-percent annual report and take appropriate action as necessary.

CFDA: 10.557 Federal Agency: USDA
Questioned Costs: None Noncompliance
Special Tests and Provisions

Agency Response – Department of Health and Social Services

DHSS does not concur with this recommendation. In FY12 this requirement was outside the state's control. The USDA federal vendor report was not made available to WIC Vendor staff by the federal oversight agency and as a result the state agency was not able to meet this compliance requirement during the FY12. The WIC Vendor staff contacted USDA by email on at least eight occasions from January 1 –March 1, 2012 , and by telephone during the same period requesting assistance in providing and accessing data in the system. Staff also discussed the lack of access to the system in a personal meeting with USDA in June 2012. USDA notified WIC Vendor staff on November 23, 2012 that Alaska's FFY 2011 information was now available in the system. In SFY 13 WIC staff has been able to access the system to enter FFY2012 data, and that data entry was completed on January 22, 2013.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

Recommendation No. 23

DPA's administrative manager should strengthen procedures over reporting expenditures to ensure federal financial reports are accurate.

Federal expenditures reported as administrative costs[24] were overstated by $388,415 on the FFY 09, Administration for Children and Families (ACF) 196 report for the quarter ended September 30, 2011. Additionally, maintenance of effort expenditures[25] (MOE) were overstated by $988,415 on the FFY 11, ACF-196 report for the quarter ended September 30, 2011.

The $388,415 overstatement of expenditures was caused by errors in supporting worksheets maintained by DPA's administrative manager. This error also overstated reported MOE expenditures on the September 30, 2011, ACF-196 report.[26] Additionally, due to staff oversight, the reported MOE did not include a reduction of $600,000 that was part of the corrective action plan implemented by DPA and approved by ACF to meet the TANF two-parent participation rate. Reporting errors could lead to incorrect decisions by program administrators, and in this case, result in DHSS erroneously reporting the MOE requirement was satisfied.

For the period ending September 30, 2011, MOE for the FFY 11 grant was reported as $37,814,867; the MOE requirement was $37,146,055. The errors noted above overstated MOE by $988,415. Consequently, the FFY 11 MOE was $319,600 under the required amount.

According to 45 CFR 265.7(a), each state's quarterly reports (the TANF Data Report and the TANF Financial Report) must be complete, accurate, and filed by the due date. Furthermore, under 45 CFR 263, states are required to maintain an amount of "*qualified state expenditures*." This amount is called basic MOE and is calculated as a percentage of historic state TANF expenditures. If a state does not meet the basic MOE requirements for a given fiscal year, penalties result. The penalty consists of a reduction of a state's federal grant for the following fiscal year in the amount of the difference between a state's qualified expenditures and the required basic MOE. If application of a penalty results in a reduction of federal TANF funds, a state is required, in the subsequent fiscal year, to spend from state funds an amount equal to the reduction, in addition to the required basic MOE.

We recommend DPA's administrative manager strengthen procedures to ensure the federal financial reports are accurate and MOE requirements are met. Furthermore, we recommend the final ACF-196 report for the quarter ended September 30, 2011 be adjusted and resubmitted to reflect accurate expenditures.

[24]Costs were reported on line 6.j., column A of the ACF-196 report.
[25]Costs were reported in column B of the ACF-196 report.
[26] FFY 11 grant award.

CFDA: 93.558
Questioned Costs: $319,600

Federal Agency: USDHHS
Noncompliance
Matching, Level of Effort, Earmarking
Reporting

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. DHSS revenue accountants and the DPA administrative manager developed written procedures for preparing quarterly TANF reports, effective January 2012. The procedures are attached to this response as enclosure #1 and have been performed since the preparation of the March 31, 2012 TANF report.

The department has already corrected the misreported amount on the quarter ended December 31, 2012 TANF reports. The reported federal expenditures were decreased to remove the misreported $388,415. Valid expenditures from subsequent quarters were "pushed back" to the FFY 2009 TANF report. Revenues received from the FFY 2009 TANF grant award are fully supported by valid TANF expenditures.

Corrections, totaling $388,415 to the FFY 2011 TANF report also occurred for the Maintenance of Effort (MOE) overstatement. DHSS had valid federal expenditures that qualified for MOE. The expenditures were reclassified from federal reimbursable to the MOE. This resulted in additional TANF federal grant authority to be used in the subsequent quarters.

Additionally, DHSS decreased the reported MOE by $600,000 due to the subsequent managerial decision to meet the TANF two parent participation rate. It should be noted, this decision was made after the quarter end 09/30/11 report had already been submitted.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation. DHSS' corrective action took place after audit fieldwork ended, thus we have not audited the resubmitted report.

Recommendation No. 24

DHSS' commissioner should take steps to address deficiencies in internal controls over its fiscal administration.

Prior Finding

In FY 11, numerous systematic control deficiencies associated with DHSS' financial management were detected. Many of these deficiencies were associated with DHSS' cost allocation system, Maximus Cost Allocation and Rate System (MAXCARS), which was implemented in 2008. MAXCARS was not designed to facilitate federal reporting nor was it designed to facilitate cash management. However, DHSS relied on this system to accomplish both of those important tasks.

To compensate for the system's shortcomings in cash management and federal reporting, DHSS management implemented numerous manual processes. These manual processes did not prove successful in terms of effectively using DHSS' resources or in providing reliable, accurate data in a timely manner. The resulting increase in workloads and associated problems contributed to high DHSS fiscal staff turnover.

DHSS' inability to effectively maintain its accounting structures also made accounting for its fiscal activity difficult. DHSS lacked a formally documented process to ensure accounting structures were updated accurately and timely.

Specifically, we found the following control deficiencies.

1. Program code changes altered historical accounting data without an adequate audit trail.
2. Untimely allocation of federal revenue receipts prevented management from actively managing their budget.
3. Lack of and/or inappropriate approval for three expenditure transactions.
4. Untimely and inaccurate reconciliations of federal revenues to qualified expenditures.
5. Poor documentation and lack of support for certain federal reports.
6. Untimely federal reporting.

The control deficiencies could lead, in part, to unsupported or inappropriate expenditures, lost interest revenue, increased likelihood of questioned costs for federal programs, and difficulty in managing budgets. *Alaska Administrative Manual* (AAM), Section 10.035 requires that each state agency maintain records sufficient for audit purposes. Alaska Statute 37.05.150 requires AKSAS to provide records by pertinent classification showing the actual revenue or receipts at all times. Alaska Statute 37.10.030 states that the employee approving a transaction is responsible for its accuracy and will be held accountable for improper payments.

Legislative Audit's Current Position

Numerous systematic control deficiencies associated with DHSS' financial management continue to exist. MAXCARS problems previously discussed persisted throughout FY 12. DHSS is in the process of obtaining a replacement cost allocation system and expects to implement the new system in FY 13. No progress was made by DHSS' fiscal staff in effectively maintaining their accounting structures to facilitate the audit process.

Vacancies and turnover in key fiscal positions, including the assistant commissioner position responsible for FMS, stressed DHSS' capacity to meet their fiscal responsibilities.

In FY12, the following specific issues were noted.

1. Program Code Changes – Testing found twenty program codes were determined to be affected by structure changes. Changing a program code forever alters the accounting records; therefore, changes to program codes should be limited and well documented. FMS does not provide oversight or appropriate approval of program code changes, thereby making it impossible to tie DHSS' subsidiary cost allocation system to AKSAS. No logging or tracking of these changes is maintained to provide an adequate audit trail.

2. Untimely Reconciliations – Ten of 18 quarterly reconciliations of federal revenue to qualifying expenditures tested were not done timely (less than two months after quarter end). Quarterly reconciliations are done to verify only amounts expended for qualified expenditures of federal programs are drawn down. Lack of timely reconciliations can lead to either an interest liability or lost interest revenue to the State as well as increasing the risk of mismanaging DHSS' budget which could lead to appropriation shortfalls.

3. Untimely Draws – Six out of six Medicaid draws over $1 million tested for timeliness were found to be drawn two weeks or more after the expenditure reading date. State policy, specifically AAM 45.050 and AAM 45.060, requires that billings be prepared within one week. Due to late submissions of required Standard Form (SF) 425 reports, DHSS' draw authority was revoked until the reports were received, resulting in lost interest revenue. Not drawing timely may also lead to appropriation shortfalls.

Accordingly, we again recommend that DHSS' commissioner improve internal controls over its financial management. As part of improving internal controls, we recommend DHSS management improve maintenance of accounting structures. We also recommend continued consideration of alternative systems to facilitate federal reporting and cash management.

Agency Response – Department of Health and Social Services

DHSS partially concurs with the recommendation. Federal compliance and revenue maximization is the priority for DHSS. Changes to the program structure are necessary to comply with federal reporting requirements and the DHSS public assistance cost allocation plan (PACAP). Due to the differing fiscal year time periods (FFY vs. SFY) DHSS needs to make the changes requested by federal funding partners. AKSAS functionality fails to provide for an electronic audit trail when changes are made and there is no AKSAS feature available to prevent the alteration of the accounting records when structure changes are necessary. DHSS does maintain hard copy MAXCARS financial reports from the time the quarterly cost allocation plan (CAP) was implemented. Also, DHSS is performing within the State of Alaska requirements with structure changes. Specifically, the requested change is vetted for propriety, reviewed and approved by the Division of Finance before AKSAS is revised. The FMS revenue section maintains hardcopy files of the structure transaction process (STP) register issued by AKSAS after each structure change.

The reconciliation process and the associated timelines may differ, just as federal programs differ in reporting schedules and in the nature of the grant. For example, some programs may accumulative expenditures requiring an annual report, while others, such as Title XIX or IV-E are open-entitlements requiring quarterly federal reporting. The reconciliation processes may differ, as will the timelines.

During SFY 2012 draws for Medicaid were adversely impacted by changes to the federal report for Medicaid CMS-64 for qe 12/31/11 and qe 03/31/12. Both quarterly reports were re-submitted due to changes to the program and report requirements. DHSS worked with CMS on the various reporting issues and the re-submittals occurred with federal guidance and approval. The re-submissions also delayed and/or rendered the quarterly reconciliations incorrect. However, the revenue section has also re-distributed program assignments in FY13 based on schedules and federal timelines. The re-distribution should assist DHSS in completing timely draws and reconciliations.

During SFY 2012 DHSS filled all key vacant positions, including the Assistant Commissioner's position in August, 2011. In the beginning of SFY 2013 DHSS lost several key management positions to retirement, promotional opportunities, and normal turnover. As with other departments, DHSS continues to struggle with recruiting within the financial job classes and qualified staff.

Despite these challenges, FMS management continues to collaborate on the development, updating and review of new and/or existing agency processes and procedures. In SFY 13 over 15 policies and procedures have been approved and posted in the first six months. Additionally, FMS is streamlining the revenue collection processes through system enhancements of the new cost allocation system; continuing to satisfy the federal reporting requirements for 250 federal grants, including the timely quarterly reporting of large federal programs, such as Title XIX-Medicaid, in addition to, providing fiscal support to a

department of over 3,000 staff, whose primary function is to provide services to the vulnerable citizens of Alaska.

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Legislative Auditor's Additional Comments

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provides sufficient information to persuade us to remove or revise this recommendation. We emphasize the importance of logging or tracking program codes changes to provide an adequate audit trail. Timely quarterly reconciliations and draws continue to be an important step in avoiding interest liability or lost interest revenue in addition to mitigating the risk of appropriation shortfalls.

Recommendation No. 25

The FMS assistant commissioner should take measures to resolve revenue shortfall issues.

The *State Budget Act* provides that if actual collections fall short of appropriated program receipts, an agency is required to reduce its budget by the estimated reduction in collections.

Ten potential shortfalls previously identified in FY 09, FY 10, and FY 11 are still outstanding in FY 12 in the following amounts.

Appropriation	Appropriation Title	Amount
AR 22975-09	Senior and Disabilities Services	$ 1,782,804
AR 22980-09	Departmental Support Services	$ 111,376
AR 22812-10	WIA Youth Juvenile Justice - RSA	$ 8,310
AR 22820-10	Bring the Kids Home - RSA	$ 4,123
AR 22930-10	Health Care Services	$ 1,897,003
AR 22970-10	Public Health	$ 818,473
AR 22980-10	Departmental Support Services	$ 828,632
AR 23847-10	Safety and Support Equipment	$ 30,663
AR 22794-11	Future Use	$ 1,739
AR 22970-11	Public Health	$ 480,448

Additionally, four new potential shortfalls have been identified.

Appropriation	Appropriation Title	Amount
AR 26116-12	Deferred Maintenance, Renovation, Repair, and Equipment	$ 25,291
AR 26122-12	Replacement of Telephone Systems	$ 15,224
AR 26212-12	Mental Health Special Needs Housing	$ 15,000
AR 26123-12	Safety and Support Equipment for Workers	$ 13,000

The revenue shortfalls are a result of weaknesses in internal controls over monitoring revenue collections, untimely revenue billings, and ineffective yearend financial processes. We recommend the FMS assistant commissioner work with division directors to collect earned revenues where possible. Additionally, the FMS assistant commissioner should work with the Office of Management and Budget to correct revenue shortfalls and request supplemental appropriations if necessary. We further recommend the FMS assistant commissioner improve procedures for billing and monitoring revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Health and Social Services

DHSS concurs with the recommendation. In FY13 Finance Management Services (FMS) will research the outstanding appropriations that are in a revenue shortfall status. Also, during the budget development cycle for SFY 15, FMS will resolve the under collection or will seek ratification for those amounts that are deemed uncollectible.

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DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Three recommendations were made to the Department of Labor and Workforce Development (DLWD) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011*. Prior year Recommendation No. 27 has been resolved. Prior year Recommendation Nos. 25 and 26 are reiterated in this report as Recommendation Nos. 26 and 27.

Two new recommendations have been made during the FY 12 statewide single audit and are included as Recommendation Nos. 28 and 29. Furthermore, a recommendation related to this department, which requires cooperation with the Department of Administration, is included as Recommendation No. 2.

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Recommendation No. 26

The Employment Security Division (ESD) director should ensure that personal service expenditures charged to federal programs comply with federal cost principles.

Prior Finding

The *Workforce Investment Act* (WIA) program is funded by three federal grants. Many DLWD employees engage in activities that may be charged to multiple WIA grants or to both WIA and non-WIA programs. In testing 33 timesheets, 17 (51 percent) showed that a time-allocation methodology was used to allocate personal service cost expenditures between multiple federal programs. Follow-up interviews with four of these employees discovered that at least three separate methodologies were being used, none of which were federally approved.

United States Office of Management and Budget Circular A-87, Attachment B, Section 8.h.4 requires that, when employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be documented and reflect an after-the-fact distribution of actual employee activity (commonly referred to as "*positive timekeeping*"). Alternative methods of time and wage allocation using a substitute system are permitted if approved by the cognizant federal agency.

According to ESD management, employees were instructed to use positive timekeeping when working on multiple programs; however, there were no written guidelines that define *positive timekeeping*. Consequently, employees did not have a clear understanding of positive timekeeping. Not using either positive timekeeping or a federally approved time-allocation methodology could result in over- or under-charging allowable expenditures to federal programs, and the State may be asked to repay unallowable personal service costs.

Legislative Audit's Current Position

In response to the prior finding, DLWD management developed and implemented procedures to address charging personal services expenditures to federal programs. The procedures were implemented in April 2012. The new personal service procedures do not include a federally approved time-allocation methodology for activities charged to multiple programs. DLWD management incorrectly considers evenly splitting the time between programs to be an acceptable methodology.

In testing 29 FY 12 timesheets, seven (24 percent) showed that a time-allocation methodology was used to allocate personal service cost expenditures between multiple

federal programs.[27] Of the seven timesheets containing errors, three (10 percent) were submitted after the new procedures were implemented.

We again recommend the ESD director ensure that personal service expenditures charged to federal programs comply with federal requirements . Furthermore, if alternative distribution methods are preferred, DLWD management should obtain federal approval.

CFDA: 17.258, 17.278 Federal Agency: USDOL
Questioned Costs: $14,749 Noncompliance
Allowable Costs

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The ESD director will continue to ensure that personal service expenditures charged to federal programs comply with federal cost principles. The employee timesheets noted by legislative audit as having errors were direct charged using positive timekeeping for working with clients co-enrolled in multiple federal programs. DLWD management, the ESD director, and employees considered evenly splitting staff time between programs as an acceptable methodology. DLWD management will obtain clarification from the federal cognizant agency regarding practices of allowable time charging when assisting co-enrolled clients and internal positive timekeeping procedures will be modified to include an approved methodology. By June 30, 2013, all employees who work with co-enrolled clients will receive additional training.

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Recommendation No. 27

The Division of Business Partnerships (DBP) director should ensure the ETA-9091 annual performance progress report for the WIA program is accurate.

Prior Finding

The Employment and Training Administration (ETA) 9091 performance progress report submitted in FY 11 for program year 2009[28] was not accurate. The program year 2009 report

[27]The federal programs were WIA Adult (CFDA 17.258) and WIA Dislocated Worker (CFDA 17.278), which were both funded under Federal Assistance Identification Number (FAIN) AA213811155A2. Questioned costs totaling $14,749 of which $6,446 and $8,303 were for CFDAs 17.258 and 17.278, respectively
[28] FAIN: AA171060855A2

validation[29] summary showed 73 of 320 program outcomes had an error rate exceeding the United States Department of Labor (USDOL) tolerable error rate. Consequently, the WIA program was not in compliance with performance reporting requirements. Per a discussion with DBP staff, the excessive error rate was primarily due to unknown programming issues with the system used to produce the annual performance reports. However, the inaccuracies could also have been due to other reasons. DBP staff was researching the differences to determine the exact cause.

Federal regulations[30] required an annual performance progress report for each of the three federal grants that fund the WIA program. USDOL guidance for reporting performance outcomes stipulates that state grantees will be considered non-compliant with reporting requirements when they fail to submit an accurate annual report. Per federal regulations,[31] states submitting inaccurate annual performance progress reports may be treated as failing to comply with reporting requirements and subject to a sanction of five percent or less of the total grant award. Any sanction would be in addition to having to repay the amount of any incentive funds granted based on the invalid report. Furthermore, failure to accurately report could disqualify the State from potential WIA incentive grants.

Legislative Audit's Current Position

The ETA-9091 performance progress report submitted in FY 12 for program year 2010[32] was not accurate. The program year 2010 report validation summary showed that 45 of 321 program outcomes had an error rate exceeding the USDOL tolerable error rate. Consequently, the WIA program was not in compliance with performance reporting requirements.

The Division of Administrative Services director identified the cause of the inaccuracies to be DLWD's use of a calculation model different from what was used by USDOL. In FY 12, DLWD adopted the generic calculation model used by USDOL to eliminate all variances and ensure compliance. However, per discussion with DBP staff, this decision was made after the ETA-9091 report was submitted for program year 2010, resulting in a continuation of the finding.

We recommend DBP's director ensure that the ETA-9091 annual progress report for the WIA program is accurate.

CFDA: 17.258, 17.259, 17.278
Questioned Costs: None

Federal Agency: USDOL
Noncompliance
Reporting

[29]Report validation compares the performance results reported by a state to those calculated by USDOL, Employment and Training Administration's validation software to verify the accuracy of the State's report.
[30]*Title 20 of the Code of Federal Regulations, Part 667, Subpart 300(e).*
[31]*Title 20 of the Code of Federal Regulations, Part 667, Subpart 300(e)(2).*
[32]FAIN AA201801055A2.

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The DBP director will continue to ensure that annual performance progress reports for the WIA program are accurate. This finding was resolved shortly after it was initially reported in the Single Audit for Fiscal Year 2011. DLWD concurred with the recommendations of the original audit, and adopted the generic calculation model used by the United States Department of Labor to eliminate variances and ensure future compliance. However, this change was made after the Employment and Training Administration 9091 performance progress report for program year 2010 was submitted. The DBP director made a modification on March 2, 2012, to the procedures used when developing the 9091.

The Department considers this finding corrected.

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Recommendation No. 28

DBP's director should develop and implement procedures to ensure compliance with *Federal Funding Accountability and Transparency Act* (FFATA) subaward reporting requirements.

DLWD staff did not file FY 12 FFATA subaward reports for the WIA program. Per federal regulation 2 CFR 170, recipients of federal awards are required to report each subaward that obligates $25,000 in federal funds. This information must be reported no later than the end of the month following the month in which the obligation was made.

DLWD management was not aware of the applicability of FFATA reporting requirements. Furthermore, DLWD does not have procedures to ensure that FFATA subaward reports are completed and submitted timely.

In FY 12, seven WIA subawards totaling approximately $996,540 were subject to FFATA reporting requirements.[33] DLWD did not submit any of the seven reports. Failing to comply with FFATA requirements reduces government transparency and may jeopardize future federal funding.

We recommend DBP's director develop and implement procedures to ensure compliance with the FFATA subaward reporting requirements.

[33]These seven subawards were funded under FAIN AA213811155A2.

CFDA: 17.259 | Federal Agency: USDOL
Questioned Costs: None | Significant Deficiency, Noncompliance Reporting

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The DBP director and division staff are in the process of developing procedures for ensuring compliance with FFATA subaward reporting requirements. DBP will have these procedures implemented by April 31, 2013, and will furnish information for both the previous and current sub-awards that require reporting.

Contact Person: *Brynn Keith, Deputy Commissioner*
Division of Administrative Services
(907) 465-4518

Recommendation No. 29

DLWD'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.

Two potential shortfalls were identified:

Appropriation	Appropriation Title	Amount
AR 27994-11	Workforce Development Federal Stimulus	$24,525
AR 27766-12	AVTEC Maritime Training Facility	$31,128

The revenue shortfall for AR 27994-11 is due to not processing all the year-end revenue adjusting entries to distribute federal funds already received. The shortfall for AR 27766-12 is due to inadequate documentation to support the associated accounts receivable.

We recommend DLWD's finance officer collect and record outstanding earned revenues to correct revenue shortfalls if possible and request supplemental appropriations if necessary. We further recommend the finance officer improve procedures for billing and monitoring revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Labor and Workforce Development

The Department concurs with the recommendation. The DLWD finance officer will take measures to resolve revenue shortfall issues. During fiscal year 2012, the DLWD finance office experienced significant turnover of staff responsible for the timely billing and

monitoring of revenue collections. Further analysis is required to identify the exact solutions for resolving the perceived shortfalls identified during the Single Audit for Fiscal Year 2012.

The DLWD finance officer will collect and record outstanding earned revenues to correct the revenue shortfalls if possible and request supplemental appropriations if necessary. The DLWD finance officer will also improve procedures for billing, monitoring revenue collections, and year-end adjusting entries to prevent future revenue shortfalls. Staff will be trained on the new procedures by May 31, 2013.

Contact Person: *Brynn Keith, Deputy Commissioner*
Division of Administrative Services
(907) 465-4518

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

One recommendation was 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, 2011*. Prior year Recommendation No. 28 has been resolved.

One new recommendation has been made during the FY 12 statewide single audit and is included as Recommendation No. 30.

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Recommendation No. 30

DCCED'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 12, one potential shortfall was identified:

Appropriation	Appropriation Title	Amount
AR 29506 -12	Economic Development	$63,896

This shortfall was due to DCCED management expending funds that did not qualify for reimbursement from the federal government.

We recommend that DCCED's finance officer work with the Office of Management and Budget to correct the revenue shortfall if possible and seek a ratification if necessary. Additionally, we recommend that DCCED strengthen internal controls over the establishment of receivables and the recognition of revenue to ensure revenue is recognized only when earned.

Agency Response – Department of Commerce, Community, and Economic Development

The department concurs with this recommendation. The finance officer will review the final accounting transactions for this appropriation after June 30, 2013. Ratification will be requested during the 2014 legislative session if needed to zero balance this appropriation.

Contact Person: *JoEllen Hanrahan, Director*
Division of Administrative Services
(907) 465-2506

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DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

Four recommendations were made to the Department of Military and Veterans' Affairs (DMVA) in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011*. Prior year Recommendation No. 30 has been resolved. Prior year Recommendation Nos. 29, 31, and 32 are not resolved and are reiterated in this report as Recommendation Nos. 31, 32, and 33.

Two new recommendations have been made during the FY 12 statewide single audit and are included as Recommendation Nos. 34 and 35.

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Recommendation No. 31

The Division of Administrative Services (DAS) director should develop and implement procedures to comply with federal suspension and debarment requirements.

Prior Finding

In FY 11, six of six subgrantee files tested for the Disaster Grants – Public Assistance (Presidentially Declared Disasaters) program did not include a clause or condition in the grant agreement regarding subgrantees' responsibility for compliance with federal suspension and debarment requirements. Furthermore, subgrantee files lacked evidence that staff verified that subgrantees were not suspended or debarred.

Additionally, four of four vendor contracts reviewed for the National Guard Military Operations and Maintenance (NGMO&M) program did not include a suspension and debarment clause or condition in the contracts. The vendor files also lacked evidence that DMVA staff verified the contractors were not suspended or debarred.

Per 2 CFR 18.300, participants in covered transactions[34] must verify that the entity with whom they intend to do business is not suspended or debarred. Verification may be accomplished by:

- Checking the Excluded Parties List System or the System of Award Management;
- Collecting a certification from the entity; or
- Adding a clause or condition to the covered transaction with the entity.

Additionally, 2 CFR 180.330 states that before entering into a covered transaction, participants must require that entities:

- Comply with federal requirements as a condition of participation in the transaction; and
- Ensure the requirement to comply is passed on to each person with whom the entity enters into a covered transaction.

By not including a clause or condition in the grant agreement or contract, DMVA increases the risk of entering into a contract with subgrantees or vendors who have been suspended or debarred.

[34]All contracts expected to be equal to or to exceed $25,000 and all subawards to subrecipeints, irrespective of award amount, are considered to be covered transactions. Additionally, 2 CFR 180.220(c) states that a subcontract is also a covered transaction if it is awarded by a participant in a procurement transaction under a grant agreement equal to or expected to exceed $25,000.

Legislative Audit's Current Position

In FY 12, noncompliance with the suspension and debarment requirement continued for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program. Five of the five subgrantee files tested did not include a clause or condition in the grant agreement nor was a certification obtained regarding the subgrantee's responsibility for compliance with federal suspension and debarment requirements. Furthermore, subgrantee files lacked evidence that DMVA staff verified the applicant was not suspended or debarred.

Although DMVA management implemented new suspension and debarment procedures in May 2012, DMVA staff did not understand that verification procedures were applicable to subaward applicants as well as vendors. Additionally, management was unaware that suspension and debarment verification should be performed prior to entering into a grant award.

In FY 12, three of seven NGMO&M program vendor files tested did not have evidence that DMVA staff verified the vendor was not suspended or debarred. DMVA management implemented new suspension and debarment verification procedures in May 2012. The three erred items were dated before the new procedures were implemented. No errors were noted for items tested with dates originating after May 2012.

We recommend DAS' director continue to develop and implement procedures to ensure compliance with federal suspension and debarment requirements.

CFDA: 12.401, 97.036 Federal Agency: USDHS, USDOD
Questioned Costs: None Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Agency Response – Department of Military and Veterans' Affairs

DMVA concurs with the recommendation. Division of Administrative Services and Division of Homeland Security staff will develop and implement procedures to ensure federal suspension and debarment requirements are met for all "covered transactions" for procurement contracts for goods and services and nonprocurement transactions. DMVA will improve the processes implemented May 1, 2012 effective February 1, 2013 to ensure federal suspension and debarment compliance documentation is retained. DMVA will implement a policy to ensure all vendors, as required by OMB A-133, whom we intend to do business with is not suspended or debarred, we will check the Excluded Parties List or the System of Award Management and keep the appropriate support noting the vendor is not on the list or the vendor is not found. DMVA will implement a policy to ensure that all subawards to subrecipients include a clause regarding that subrecipient's responsibility to check the Excluded Parties List System or the System of Award Management.

Contact Person: *Susan Colligan, Director*
Administrative Services Division
(907) 428-6881

Recommendation No. 32

DAS' director should develop and implement procedures to ensure *Federal Funding Accountability and Transparency Act* (FFATA) reports are submitted timely and accurately.

Prior Finding

During FY 11, DMVA staff did not file the required FFATA reports to comply with the subaward reporting requirement for three of three subawards issued after October 1, 2010, for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program. DMVA management did not have procedures to ensure FFATA reports for subawards were completed and submitted timely. Failure to comply with FFATA requirements may jeopardize future federal funding.

According to 2 CFR 170, all prime recipients of individual federal grants greater than or equal to $25,000, awarded on or after October 1, 2010, are required to report subaward data. The reports must be filed by the end of the month following the month in which the prime recipient awards any subgrant greater than, or equal to, $25,000.

Legislative Audit's Current Position

In FY 12, DMVA staff did not submit FFATA reports for 14 of the 14 qualifying subawards totaling $4 million for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program.[35]

The federal award agency, the Federal Emergency Management Agency (FEMA), is responsible for updating award information in the FFATA Subaward Reporting System (FSRS). Due to technical problems between the FSRS and the USAspending.gov website, DMVA staff was unable to report subaward information. It was not until September 2012, upon auditor inquiry, that DMVA staff inquired with FEMA regarding resolving the problem.

Furthermore, four of 12 subaward reports tested for the State Homeland Security Program[36] were not filed timely or accurately. The errors included incorrect reporting of the month and year of the subaward obligation and the report submission date. Additionally, one of the 12

[35]Federal Award Identification Numbers (FAIN): 1992DRAKP0000000:1; 4050DRAKP0000000:1; and 4054DRAKP0000000:1.
[36]FAIN: EMW2011SS00053

subaward reports was not filed. Lack of supervisory review of reporting data resulted in failing to comply with FFATA requirements.

We again recommend DAS' director develop and implement procedures to ensure FFATA reports are submitted timely and accurately.

CFDA: 97.036, 97.067 Federal Agency: USDHS
Questioned Costs: None Significant Deficiency, Noncompliance Reporting

Agency Response – Department of Military and Veterans' Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure that Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports are submitted. DMVA will improve the policy implemented May 1, 2012 effective February 1, 2013 to ensure timely processing of FFATA reports. Once a Disaster Grant that qualifies under Federal 2 CFR 170 reaches or exceeds $25,000 awarded on or after October 1, 2010 the Disaster Relief Fund (DRF) Accountant III will then run a report to identify all grants that meet the criteria as noted above. The DRF Accountant III will then log onto FFATA Subaward Reporting System (FSRS) at www.FSRS.com and verify all grant recipients listed on the report are in the FSRS. If the identified subrecipients are not listed in FSRS the DRF Accountant will inquire with the Federal Agency responsible for input of the subrecipient information as to status.

Contact Person: Susan Colligan, Director
Administrative Services Division
(907) 428-6881

Recommendation No. 33

DAS' director should develop and implement procedures to ensure management decisions on audit finding are issued timely.

Prior Finding

Federal award recipients that subgrant federal funds are required to perform monitoring activities. Monitoring includes issuing timely management decision for deficiencies identified in subrecipient *United State Office of Management and Budget (OMB) Circular A-133* audit reports. In FY 11, DMVA staff failed to issue a management decision within the federally required six-month time period for one of the seven monitoring files reviewed for the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program.

DMVA management did not have procedures to ensure follow-up on subrecipient *OMB Circular A-133* audit findings occurs timely. Furthermore, upon inquiry, DMVA management was unable to provide evidence of management decisions issued during FY 11. Monitoring subrecipient audit findings is a significant control which, if not properly implemented, can lead to noncompliant grantees receiving federal funds.

OMB Circular A-133, Section 400(d)(5) requires pass-through entities to "*issue a management decision on audit findings within six months after receipt of the subrecipients audit report and ensure that the subrecipient takes appropriate and timely corrective action*."

Legislative Audit's Current Position

In FY 12, two subrecipients of the Disaster Grants – Public Assistance (Presidentially Declared Disasters) program had *OMB Circular A-133* audit findings that were not addressed by DMVA management. DMVA management failed to issue decisions within the required six month period. One management decision was issued 97 days late; the other was six days late. DMVA management implemented new audit tracking procedures in May 2012. However, the subrecipient audits required follow up prior to May 2012.

We again recommend DAS' director develop and implement procedures to ensure management decisions are issued timely.

CFDA: 97.036 Federal Agency: USDHS
Questioned Costs: None Noncompliance
Subrecipient Monitoring

Agency Response – Department of Military and Veterans' Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement policies and procedures to ensure that management decisions on audit findings are issued in a timely manner. DMVA will improve the processes implemented May 1, 2012 effective February 1, 2013 to ensure subrecipient's management decisions on audit findings are issued within a timely manner. The process will include notification to the DMVA Finance Officer from the State Single Audit point of contact, once notified the DMVA Finance Officer will draft a memo to notify the sub-recipient that per OMB Circular A-133 they "must issue a management decision on audit findings within six months after the receipt of the subrecipient's audit report." Included in the memo the DMVA Finance Officer will request correspondence from the subrecipient regarding management decisions on audit findings to ensure that the subrecipient takes timely and appropriate corrective action on all audit findings. DMVA Finance Officer will note that in cases of continued inability or unwillingness of a subrecipient to address audit findings or have required audits, DMVA will take appropriate actions using sanctions. DMVA Finance Officer will include the DMVA Grant Administrator for aforementioned subrecipient on all correspondence to subrecipient.

Contact Person: *Susan Colligan, Director*
Administrative Services Division
(907) 428-6881

Recommendation No. 34

DAS' director should develop procedures and provide training to employees working on multiple federal programs to ensure personal service costs comply with federal requirements.

DMVA staff did not use positive, after-the-fact timekeeping when charging time to the Homeland Security Grant Program. Based on our review of 80 timesheets, 49 (61 percent) showed evidence that time was allocated inappropriately between multiple programs. Evidence suggests employee time was allocated to multiple programs on a predetermined basis.

OMB Circular A-87, Attachment B, Section 8.h.4 requires, in part, that when employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be documented and reflect an after-the-fact distribution of actual activity of each employee. Alternative methods of time and wage allocation using a substitute system are permitted if approved by the cognizant federal agency.

According to DMVA's State Homeland Security Program[37] management, employees are instructed to use positive timekeeping when working on multiple programs. DMVA does not have written guidance that defines *positive timekeeping*. Consequently, employees may not have a clear understanding of federal requirements.

Not using positive timekeeping or a federally approved time allocation methodology may result in over- or under-charging allowable expenditures to federal programs. DMVA may be required to repay unallowable personal service costs.

We recommend DAS' director develop procedures and provide necessary training to employees working on multiple federal programs, to ensure personal service costs are documented in compliance with *OMB Circular A-87*.

CFDA: 97.067 Federal Agency: USDHS
Questioned Costs: $69,186 Significant Deficiency, Noncompliance
Allowable Costs

[37]The State Homeland Security Program is a funding stream with a unique objective within the Homeland Security Grant Program.

Agency Response – Department of Military and Veterans' Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure positive timekeeping or a federally approved time allocation method is used when employees work on multiple activities or cost objectives. DMVA will implement procedures effective March 1, 2013 to ensure employees working on multiple activities or cost objectives use positive timekeeping or a federally approved time allocation method.

DMVA does not agree these costs in question are ineligible under the grant. They are costs for personnel time required under the grant and we can fully support that the activities fall within the guidelines of the grants. A review will result in products and activities accomplished that support program elements under the grant.

Contact Person: *Susan Colligan, Director*
Administrative Services Division
(907) 428-6881

Legislative Auditor's Additional Comments

We have reviewed DMVA's response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

The resolution of questioned costs will be determined by the United States Department of Defense.

Recommendation No. 35

DAS' director should ensure time certifications are obtained for employees working solely on a single federal award or cost objective.

FY 12 personal services charged to the NGMO&M program were not adequately supported. Three of 25 timesheets reviewed for the NGMO&M program did not have certification supporting the time charged to the program.

OMB Circular A-87, Attachment B, Section 8.h.3 requires that when employees are expected to work solely on a single federal award or cost objective, personal service charges must be supported by periodic certifications that the employee worked solely on a single program for the period covered by the certification. These certifications must be prepared at least semi-annually and be signed by the employee or supervisor having firsthand knowledge of the work performed by the employee.

Management was unaware of the requirement to maintain periodic time certifications for the employees who worked solely on a single federal award or cost objective. Furthermore, DMVA staff responsible for reviewing timesheets was unaware that certifications must be prepared at least semi-annually.

Without submitting a certification at least semi-annually, the personal services charged to the program are not in compliance with federal requirements resulting in questioned costs.

We recommend DAS' director ensure the personal service expenditures of employees working solely on a single federal program are supported by the appropriate certifications.

CFDA: 12.401 Federal Agency: USDOD
Questioned Costs: $16,433 Noncompliance
Allowable Costs

Agency Response – Department of Military and Veterans' Affairs

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure when employees are expected to work solely on a single federal award or cost objective, their personal service charges be supported by periodic certification. DMVA will implement procedures effective March 1, 2013 to ensure employees working solely on one cost objective have a certification statement on their timesheet or a certification prepared at least semi-annually.

DMVA does not agree these costs in question are ineligible under the grant. As all of the timesheets noted were for a single individual who has solely worked on one cost objective. A review will result in products and activities accomplished that support program elements under the grant. Finally, supervisors can attest staff who worked on a single fund source did work 100% of their time on eligible activities within that single cost objective.

Contact Person: *Susan Colligan, Director*
Administrative Services Division
(907) 428-6881

Legislative Auditor's Additional Comments

We have reviewed DMVA's response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

The resolution of questioned costs will be determined by the United States Department of Homeland Security.

DEPARTMENT OF NATURAL RESOURCES

No recommendations were made to the Department of Natural Resources in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011*.

No new recommendations have been made during the FY 12 statewide single audit.

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DEPARTMENT OF FISH AND GAME

No recommendations were made to the Department of Fish and Game in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011*.

No new recommendations have been made during the FY 12 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, 2011.* Prior year Recommendation No. 33 has been resolved.

No new recommendations have been made during the FY 12 statewide single audit.

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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, 2011*.

No new recommendations have been made during the FY 12 statewide single audit.

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DEPARTMENT OF CORRECTIONS

No recommendations were made to the Department of Corrections in the *State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2011*.

No new recommendations have been made during the FY 12 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, 2011*. Prior year Recommendation No. 34 has been resolved.

Five new recommendations have been made during the FY 12 statewide single audit and are included as Recommendation Nos. 36 through 40.

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Recommendation No. 36

DOTPF's highway safety administrator should develop and implement procedures to ensure that personal service expenditures billed to federal programs comply with the *United States Office of Management and Budget (OMB) Circular A-87* requirements.

Personal service expenditure testing of two employees that worked on multiple programs showed neither employee used positive timekeeping to document actual hours worked on the federal Highway Safety Cluster (HSC) grant program. Furthermore, two employees working full-time on the HSC grant program did not submit certifications affirming that they worked solely on the federal program. The time records tested were for Alaska Court System (ACS) employees. DOTPF established a reimbursable service agreement (RSA) with ACS to provide funding for ACS-administered Driving under the Influence courts from Alcohol Impaired Driving Countermeasures Incentive Grants (*Catalog of Federal Domestic Assistance* (CFDA) 20.601) which is part of the HSC.

Per *OMB Circular A-87*, Attachment B, Section 8.h.4 when employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports or equivalent documentation unless a statistical sampling system or other substitute system has been approved by the cognizant federal agency. When employees work solely on a single federal award or cost objective, charges for their salaries and wages should be supported by periodic (at least semi-annual) certifications that the employees worked solely on that program for the period covered by the certification (*OMB Circular A-87*, Attachment B, Section 8.h.3). Certifications should be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Due to a lack of procedures, neither DOTPF nor ACS ensured that federal requirements were met which resulted in questioned costs of $85,528.[38]

We recommend the highway safety administrator develop and implement procedures to ensure that personal service expenditures billed to federal programs comply federal requirements. This includes ensuring that RSA servicing agencies adhere to these requirements.

CFDA: 20.601 | Federal Agency: USDOT
Questioned Costs: $85,528 | Significant Deficiency, Noncompliance
Allowable Costs

Agency Response – Department of Transportation and Public Facilities

The department concurs with this recommendation. The Alaska Highway Safety Office (AHSO) has implemented the requirement that all grantees who request reimbursement for personal services submit certified personnel activity reports or equivalent documentation.

[38]Federal Award Identification Number (FAIN):18X9204100AK11

This requirement will be added to the Agreement Conditions, which each grantee signs when they submit their grant application. This requirement will also be added to the Pre-Award Check List and reviewed during the grant award meetings. The AHSO has implemented a requirement that all AHSO employees billing federal programs for personal services expenditures will document actual hours worked and certify their timesheet. The department is in the process of having employees sign National Highway Transportation Safety Administration (NHTSA) certifications.

Contact Person: *Mary Siroky, Director*
Division of Administrative Services
(907) 465-3911

Recommendation No. 37

DOTPF's highway safety administrator should develop and implement procedures to ensure compliance with federal level-of-effort requirements.

DOTPF's Highway Safety Office (HSO) lacks procedures to ensure compliance with federal HSC program level-of-effort requirements. Furthermore, the level of effort needed for meeting program requirements is not known by current program staff.

Five programs within the HSC include a level-of-effort requirement. Per federal regulations,[39] level-of-effort requirements vary by program. In general, total expenditures in a given fiscal year must meet or exceed average expenditures in FFY 03 and FFY 04.

The HSO was unable to provide documentation showing that it met the level-of-effort requirements.[40] Due to extensive turnover and a lack of consistent record keeping, expenditure records from FFY 03 and FFY 04 are unavailable. Failure to meet level-of-effort requirements may jeopardize future federal funding.

We recommend the highway safety administrator develop and implement procedures to ensure compliance with level-of-effort requirements. This includes identifying and documenting the average program expenditures for FFY 03 and FFY 04.

CFDA: 20.601, 20.602, 20.610, 20.612, 20.613 Federal Agency: USDOT
Questioned Costs: None Significant Deficiency, Noncompliance
Matching, Level of Effort, Earmarking

[39]*Title 23 of the Code of Federal Regulations, Part 1350;* 23 USC 410(a)(2); 23 USC 405(a)(2); 23 USC 408(e)(3); and Section 2011(b) of SAFETEA-LU.
[40]FAINs: 18X9204100AK11, 18X9204080AK11, 18X9202100AK11, 18X9202110AK11

Agency Response – Department of Transportation and Public Facilities

The department concurs with this recommendation. AHSO each year completes a grant application for each funding section. This application certifies the level of effort has been met. The reports of expenditures are calculated and kept in the Grants Tracking System and can be accessed at any time for any year. The AHSO confirmed with NHTSA that the reports can be pulled from the Grant Tracking System and is in the process of obtaining the required documentation.

Contact Person: *Mary Siroky, Director*
Division of Administrative Services
(907) 465-3911

Recommendation No. 38

DOTPF's highway safety administrator should develop and implement procedures to ensure compliance with *Federal Funding Accountability and Transparency Act* (FFATA) subaward reporting requirements.

DOTPF staff did not file required FFATA subaward reports for HSC programs. Per federal regulation 2 CFR 170, recipients of federal awards are required to report each subaward that obligates $25,000 or more in federal funds. This information must be reported no later than the end of the month following the month in which the obligation was made.

DOTPF management was not aware of the applicability of FFATA reporting requirements. Furthermore, DOTPF does not have procedures to ensure that FFATA reports for subawards are completed and submitted timely.

In FY 12, approximately 14 HSC subawards totaling $826,939 were subject to FFATA reporting requirements.[41] Failing to comply with FFATA requirements reduces government transparency and may jeopardize future federal funding.

We recommend the highway safety administrator develop and implement procedures to ensure compliance with FFATA subaward reporting requirements.

CFDA: 20.600, 20.601, 20.612, 20.613 Federal Agency: USDOT
Questioned Costs: None Significant Deficiency, Noncompliance
Reporting

[41]FAINs: 18X9204020AK11, 18X9204020AK12, 18X9204050AK11, 18X9204050AK12, 18X9204100AK11, 18X9202100AK11, 18X9202110AK11

Agency Response – Department of Transportation and Public Facilities

AHSO has been in contact with the National Highway Traffic Safety Administration Region office regarding this reporting requirement. The region office will work with AHSO to get them caught up with the reporting. This reporting requirement will be added to the description of duties for the Highway Safety Administrator in the AHSO desk manual.

Contact Person: *Mary Siroky, Director*
Division of Administrative Services
(907) 465-3911

Recommendation No. 39

DOTPF's highway safety administrator should develop and implement procedures to ensure subrecipients of federal funding obtain a Dun and Bradstreet Data Universal Numbering System (DUNS) number and subrecipients are informed of the federal award information for the program providing the funding.

The HSO lacks procedures to obtain the subrecipients' DUNS numbers before granting awards. Furthermore, seven of 12 subaward agreements tested did not identify the CFDA number of the federal program funding the subaward.[42]

Per 2 CFR 25.110, a lower-tier recipient must provide the awarding agency with its DUNS number prior to receiving a subaward. Per *OMB Circular A-133,* Section 400(d), at the time of the subaward, the subrecipient must be informed of the federal award information (i.e. CFDA title and number; award name and number; if the award is research and development; and name of federal awarding agency) and applicable compliance requirements.

DUNS numbers were not obtained because HSO staff was unaware of the requirement to obtain subawardees' DUNS numbers before granting subawards. The CFDA number was not identified because standard subrecipient agreement forms lacked a field for the Federal Assistance Identification Number (FAIN) and CFDA. These weaknesses increase the risk that the HSO provided subawards to unregistered recipients and reduce the ability of subrecipients to accurately track the source of federal funding they receive.

We recommend the highway safety administrator develop and implement procedures to ensure federal funding subrecipients provide a DUNS number and are informed of the federal award information for the program providing the funding.

[42]FAINs: 18X9204020AK11, 18X9204020AK12, 18X9204100AK11, 18X9202100AK11, 18X9202110AK11, 18X9202110AK12

CFDA: 20.600, 20.601, 20.612, 20.613
Questioned Costs: None

Federal Agency: USDOT
Significant Deficiency, Noncompliance
Subrecipient Monitoring

Agency Response – Department of Transportation and Public Facilities

The department concurs with this recommendation. AHSO will obtain DUNS numbers from current grantees. For the FY14 grant year, a new field will be added to the grant application requesting the applicants DUNS number. Grantees DUNS numbers will also be added to the grant agreements. The AHSO will also add a field to include the Federal Grant Award number to provide the required information to the sub recipients.

Contact Person: *Mary Siroky, Director*
Division of Administrative Services
(907) 465-3911

Recommendation No. 40

DOTPF'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 12, four potential shortfalls were identified:

Appropriation	Appropriation Title	Amount
AR 68785-12	North Pole Road/Rail Crossing Reduction	$ 1,230
AR 68801-12	06 South Central Flood Admin Allowance Culvert	$ 3,650
AR 68935-12	06 South Central Flood Petersville Road Beyond MP 31.6	$34,750
AR 69086-12	DOC Roof and Exterior Wall Repairs Rehabilitation	$ 2,550

These revenue shortfalls are due to DOTPF fiscal staff failing to process revenue billings in a timely manner, not fully collecting revenue under RSAs, and not processing adjustments to correct revenue accounting errors.

We recommend that DOTPF's finance officer collect any remaining revenues and request a supplemental appropriation if necessary. Additionally, we recommend that DOTPF strengthen internal controls over billing and monitoring revenue collections to prevent future revenue shortfalls.

Agency Response – Department of Transportation and Public Facilities

The Department of Transportation & Public Facilities (DOT&PF) does not concur with this recommendation. Revenues are billed based on the requirements of the reimbursable agreement. Billings are monitored in accordance with the AAM 40 and AAM 45.

DOT&PF has two appropriations from FY2012 that revenues have not been received. The two appropriations are being closely monitored and are not in revenue shortfall. Final billings were submitted timely for the following reimbursable agreements with the Department of Military & Veterans Affairs (DMVA). The agreements are for the 1663 disaster which is undergoing an Office of the Inspector General (OIG) audit. Once the audit has been finalized, DMVA will make the final payments.

AR 68801-12 06 South Central Flood Admin Allowance Culvert	*$3,650*
AR 68935-12 06 South Central Flood Petersville Road Beyond MP 31.6	*$34,750*

DOT&PF is actively working all terminated appropriations to ensure that any necessary corrective action be addressed.

Contact Person: *Mary Siroky, Director*
Division of Administrative Services
(907) 465-3911

Legislative Auditor's Additional Comments

We have reviewed DOTPF's response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

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, 2011*.

No new recommendations have been made during the FY 12 statewide single audit.

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COMPONENT UNITS

This section includes one federal compliance recommendation to Alaska Energy Authority (AEA). A complete copy of AEA's report may be obtained directly from AEA.

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Recommendation No. 41

Suspension and Debarment – Finding and Significant Deficiency.

Program: State Energy Program (CFDA 81.041) and Energy Efficiency and Conservation Block Grant Program (CFDA 81.128)

Criteria: Non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services that are expected to equal or exceed $25,000 or meet certain other specified criteria. All non-procurement transactions (i.e., sub-awards to sub-recipients), irrespective of award amount, are considered covered transactions.

When a grant recipient enters into a covered transaction, it must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration, collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.

Condition: We tested 12 covered transactions totaling $4,855,065, representing 75% of the program expenditures for these two major programs. For 10 of these items, the Authority was unable to evidence they verified the vendors and / or sub-recipients were not included on the EPLS, nor was there a clause or condition to the covered transaction in the related agreements. We compared these vendors and sub-recipients to the EPLS and found none of them were listed.

Cause: The Authority's procedures do not always ensure that documentation evidencing review of the EPLS is retained nor was there a clause or condition included in the agreement.

Effect: Suspension and debarment is not always verified.

Questioned Costs: None

Recommendation: The Authority should modify their procedures to ensure that a search of the EPLS was completed, and such documentation is retained, prior to execution of vendor or grant agreements or to include a clause or condition to the covered transaction in all related agreements.

CFDA: 81.041, 81.128 Federal Agency: ENERGY
Questioned Costs: None Significant Deficiency, Noncompliance
Procurement and Suspension and Debarment

Agency Response – Alaska Energy Authority

The Authority agrees and has evaluated suspension and debarment verification procedures and has taken corrective action, including (1) implementing procedures where verification of the EPLS is being documented when issuing federally funded contracts or grants and (2) will include in federally funded proposals a vendor certification clause whereby the vendor self certifies eligibility to participate in receiving federal funds.

Contact Person: *Amy Adler, Controller*
Alaska Energy Authority
(907) 771-3013

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012

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 were no instances of noncompliance which were material to the basic financial statements.

d) A material weakness in internal controls over the Social Service Block Grant program and significant deficiencies in internal controls over other major federal programs were disclosed by the audit.

e) The independent auditor's report on compliance with requirements applicable to each major federal program expressed a qualified opinion for reporting on the Social Services Block Grant program and an unqualified opinion for all other programs.

f) There were several audit findings that were required to be reported under Section 510(a) of *United States Office and Management and Budget* (OMB) *Circular A-133*. These are summarized in Part III of this Schedule of Findings and Questioned Costs. The detail findings and recommendations can be read in Section II – Recommendations and Questioned Costs of this report.

g) The State of Alaska has 35 major federal programs for the fiscal year ended June 30, 2012 as follows:

CFDA or Other Identifying Number	Federal Program Title
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.665	School and Roads - Grants to States
11.557	**ARRA** - Broadband Technology Opportunities Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.117	Mortgage Insurance - Homes
15.226	Payments in Lieu of Taxes

Part I – Summary of Auditor's Results (*continued*)

CFDA or Other Identifying Number	Federal Program Title
17.258, 17.259, 17.278	**ARRA** - WIA Cluster
17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
20.500, 20.507	**ARRA** - Federal Transit Cluster
20.601 et al	Highway Safety Cluster
47.082	**ARRA** - Trans-NSF Recovery Act Research Support
66.040	**ARRA** - State Clean Diesel Grant Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
81.041	**ARRA** - State Energy Program
81.042	**ARRA** - Weatherization Assistance for Low-Income Persons
81.127	**ARRA** - Energy Efficient Appliance Rebate Program (EEARP)
81.128	**ARRA** - Energy Efficiency and Conservation Block Grant Program
84.007, 84.032L, 84.033, 84.063, 84.268, 84.376, 84.379, 84.408	Student Financial Assistance Cluster
84.027, 84.173, 84.391, 84.392	**ARRA** - Special Education Cluster (IDEA)
84.367	Improving Teacher Quality State Grants
84.377, 84.388	**ARRA** - School Improvement Grants
84.394, 84.397	**ARRA** - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)
84.410	Education Jobs Funding
93.558, 93.714, 93.716	**ARRA** - Temporary Assistance for Needy Families Cluster

Part I – Summary of Auditor's Results (*continued*)

CFDA or Other Identifying Number	Federal Program Title
93.575, 93.596	Child Care and Development Fund Cluster
93.667	Social Service Block Grants
93.702	**ARRA** - National Center for Research Resources, Recovery Act Construction Support
93.767	Children's Health Insurance Program
93.778, 93.777, 93.775	Medicaid Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.056	Port Security Grant Program
97.067	Homeland Security Grant Program
Various	Research and Development Cluster

h) A threshold of $10,171,521 was used to distinguish between Type A and Type B programs as those terms are defined in *OMB Circular A-133*.

i) The State of Alaska qualifies as a low-risk auditee under Section 530 of *OMB Circular A-133*.

Part II – Findings related to the Basic Financial Statements

Significant Deficiencies

State Department	Recommendation Number
Administration	Recommendation No. 4
Revenue	Recommendation Nos. 5 and 6

Irregularities and Illegal Acts

There were no reportable findings relating to irregularities and illegal acts.

State of Alaska Division of Legislative Audit
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012

Part III – Federal Findings and Questioned Costs

Federal Agency/ Recommendation Number	Questioned Costs	Comments
ENERGY		
Recommendation No. 41	None	Significant Deficiency, Noncompliance
USDA		
Recommendation No. 7	None	Significant Deficiency, Noncompliance
Recommendation No. 8	None	Significant Deficiency, Noncompliance
Recommendation No. 10	$ 119,819	Noncompliance
Recommendation No. 11	None	Significant Deficiency, Noncompliance
Recommendation No. 12	None	Significant Deficiency, Noncompliance
Recommendation No. 13	None	Significant Deficiency, Noncompliance
Recommendation No. 19	None	Significant Deficiency, Noncompliance
Recommendation No. 21	None	Significant Deficiency, Noncompliance
Recommendation No. 22	None	Noncompliance
USDHSS		
Recommendation No. 9	None	Significant Deficiency
Recommendation No. 11	None	Material Weakness, Material Noncompliance, Significant Deficiency, Noncompliance
Recommendation No. 14	None	Significant Deficiency, Noncompliance
Recommendation No. 15	$ 41,107	Significant Deficiency, Noncompliance
Recommendation No. 16	None	Noncompliance
Recommendation No. 17	Indeterminate	Significant Deficiency, Noncompliance
Recommendation No. 18	$ 195,662	Significant Deficiency, Noncompliance
Recommendation No. 20	None	Significant Deficiency, Noncompliance
Recommendation No. 21	None	Significant Deficiency, Noncompliance
Recommendation No. 23	$ 319,600	Noncompliance
USDHS		
Recommendation No. 31	None	Significant Deficiency, Noncompliance
Recommendation No. 32	None	Significant Deficiency, Noncompliance
Recommendation No. 33	None	Noncompliance
Recommendation No. 34	$ 69,186	Significant Deficiency, Noncompliance
USDOD		
Recommendation No. 31	None	Significant Deficiency, Noncompliance
Recommendation No. 35	$ 16,433	Noncompliance

Part III – Federal Findings and Questioned Costs (*continued*)

Federal Agency/ Recommendation Number	Questioned Costs	Comments
USDOE		
Recommendation No. 7	None	Significant Deficiency, Noncompliance
USDOL		
Recommendation No. 26	$ 14,749	Noncompliance
Recommendation No. 27	None	Noncompliance
Recommendation No. 28	None	Significant Deficiency, Noncompliance
USDOT		
Recommendation No. 36	$85,528	Significant Deficiency, Noncompliance
Recommendation No. 37	None	Significant Deficiency, Noncompliance
Recommendation No. 38	None	Significant Deficiency, Noncompliance
Recommendation No. 39	None	Significant Deficiency, Noncompliance

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SECTION III – INTERNAL CONTROL AND COMPLIANCE REPORTS AND SUPPELEMENTARY 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, 2012, which collectively comprise the State of Alaska's basic financial statements and have issued our report thereon dated December 10, 2012. Our report, presented in Section I, was modified to include a reference to other auditors and describes our division of responsibility with other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Alaska Permanent Fund, the Fiduciary Funds – Pension and Other Employee Benefit Trust Funds, and one discretely presented component unit, the Alaska Mental Health Trust Authority. This report does not include results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Certain entities of the State of Alaska were not audited in accordance with *Government Auditing Standards.* These entities include: the Alaska Municipal Bond Bank Authority (a discretely presented component unit) and the Supplemental Benefit System, Public Employees Retirement System and Teachers Retirement System (fiduciary funds).

Internal Control Over Financial Reporting

Management of the State of Alaska is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State of Alaska's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Alaska's

internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Alaska's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to indentify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified deficiencies in internal control over financial reporting, described in the preceding section of Recommendations and Questions Costs, which 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.

Kris Curtis, CPA, CISA
Legislative Auditor

December 10, 2012

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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 for Each Major Federal Program;
Report on Internal Controls Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by *OMB Circular A-133*

Members of the Legislative Budget
and Audit Committee:

Report on Compliance for Each Major Federal Program

We have audited the State of Alaska's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2012. 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.

Managements Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Alaska's major federal programs based on our audit of the type of compliance requirements referred to above. 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*,[1] 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Alaska's

[1]The standards applicable to financial audits are in chapters 1-4 of *Government Auditing Standards*.

compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Alaska's compliance.

Basis for a Qualified Opinion on Social Services Block Grant (CFDA 93.667)

As described in Recommendation No. 11 in the preceding Recommendations and Questioned Costs section, the State of Alaska did not comply with the *Federal Funding Accountability and Transparency Act* reporting requirement applicable to the Social Services Block Grant program (CFDA 93.667) administered by the Department of Health and Social Services. Compliance with such requirements is necessary, in our opinion, for the State of Alaska to comply with the requirements applicable to that program.

Qualified Opinion on Social Services Block Grant (CFDA 93.667)

In our opinion, except for the noncompliance described in the "*Basis for a Qualified Opinion*" paragraph, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Social Services Block Grant program (CFDA 93.667) for the year ended June 30, 2012.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Alaska complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2012.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance 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 and described in detail in Section II - Recommendations and Questioned Costs. Our opinion on each major federal program is not modified with respect to these matters.

State agencies' responses to the noncompliance findings identified in our audit are included in Section II – Recommendations and Questioned Costs as well as in Section IV – Appendices. State agencies' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Subsequent to the issuance of the State of Alaska Statewide Single Audit report for the fiscal year ended June 30, 2012, the National External Audit Review Center discovered a discrepancy in the Schedule of Findings and Questioned Costs in Part I, item (i). This item incorrectly stated, "*The State of Alaska does not qualify as a low-risk auditee under Section 530 of OMB*

Circular A-133." To correct the reporting discrepancy, item (i) was revised to read "*The State of Alaska qualifies as a low-risk auditee under Section 530 of OMB Circular A-133*" and the report is reissued as of August 22, 2013. The discrepancy did not result in additional audit procedures; no other changes were made to the report except for altering the transmittal letter to identify the reason for reissuance.

Report on Internal Control Over Compliance

Management of the State of Alaska is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Alaska's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs in Recommendation No. 11 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal controls over compliance described in the accompanying Schedule of Findings and Questioned Costs and described in detail in Section II – Recommendations and Questioned Costs to be significant deficiencies.

State agencies' responses to the internal control over compliance findings identified in our audit are included in Section II – Recommendations and Questioned Costs as well as Section IV – Appendices. State agencies' responses were not subject to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by *OMB Circular A-133*

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, 2012, and have issued our report thereon dated December 10, 2012, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *OMB Circular A-133* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Kris Curtis, CPA, CISA
Legislative Auditor

August 12, 2013, except for the
Schedule of Expenditures of
Federal Awards, which is dated
December 10, 2012

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
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						
Community Facilities Loans and Grants Cluster						
Community Facilities Loans and Grants	DCCED		10.766	Rural Broadband Internet Access Grant	2,203,165	2,177,746
Total for Community Facilities Loans and Grants Cluster					**2,203,165**	**2,177,746**
Child Nutrition Cluster						
School Breakfast Program	DEED		10.553	17131	8,119,914	8,119,914
School Breakfast Program	DHSS		10.553		196,750	
National School Lunch Program - Food Commodities	DEED		10.555	17132	2,083,824	2,083,824
National School Lunch Program	DEED		10.555	17132	30,047,102	30,047,102
National School Lunch Program	DHSS		10.555		391,902	
Special Milk Program for Children	DEED		10.556	17133	4,218	4,218
Summer Food Service Program for Children	DEED		10.559	17137	1,232,162	1,136,534
Total for Child Nutrition Cluster					**42,075,872**	**41,391,592**
Emergency Food Assistance Cluster						
Emergency Food Assistance Program (Administrative Costs)	DEED		10.568	17138	95,915	84,180
Emergency Food Assistance Program (Food Commodities)	DEED		10.569		478,373	478,373
Total for Emergency Food Assistance Cluster					**574,288**	**562,553**
Forest Service Schools and Roads Cluster						
Schools and Roads - Grants to States	DCCED		10.665	National Forest Receipts	15,381,811	15,381,811
Schools and Roads - Grants to States	DOTPF		10.665		170,000	
Total for Forest Service Schools and Roads Cluster					**15,551,811**	**15,381,811**
Supplemental Nutrition Assistance Program Cluster						
Supplemental Nutrition Assistance Program	DHSS		10.551		185,334,509	37,700
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	DHSS		10.561		13,320,835	
Total for Supplemental Nutrition Assistance Program Cluster					**198,655,344**	**37,700**
Water and Waste Program Cluster						
Water and Waste Disposal Systems for Rural Communities	DEC		10.760		4,495,055	513,311
Total for Water and Waste Program Cluster					**4,495,055**	**513,311**
Plant and Animal Disease, Pest Control, and Animal Care	DEC		10.025		106,614	
Plant and Animal Disease, Pest Control, and Animal Care	DFG		10.025		44,402	
Plant and Animal Disease, Pest Control, and Animal Care	DNR		10.025		238,074	
Inspection Grading and Standardization	DNR		10.162		12,506	
Market Protection and Promotion	DNR		10.163		192,765	
Specialty Crop Block Grant Program - Farm Bill	DNR		10.170		146,014	
Grants for Agricultural Research, Special Research Grants (Pass-through University of California)	UofA		10.200	09-002101-UAF1	3,583	
Grants for Agricultural Research, Special Research Grants	UofA		10.200		409,146	52,665
Grants for Agricultural Research - Competitive Research Grants	UofA		10.206		182,736	
Sustainable Agriculture Research and Education (Pass-through Utah State University)	UofA		10.215	90758036	34,172	
Community Food Projects	UofA		10.225		68,208	
Secondary and Two-Year Postsecondary Agriculture Education Challenge	UofA		10.226		85,830	19,653
Alaska Native Serving and Native Hawaiian Serving Institutions Education	UofA		10.228		1,309,750	
Integrated Programs (Pass-through University of Idaho)	UofA		10.303	BJKH15 SB005	65,526	
Homeland Security - Agricultural (Pass-through University of California)	UofA		10.304	07-002558-12/PENDING	15,084	
Agriculture and Food Research Initiative (AFRI) (Pass-through University of	UofA		10.310	MA110010 / Z986079-01	409,561	
Agriculture and Food Research Initiative (AFRI)	UofA		10.310		34,152	
Beginning Farmer and Rancher Development Program	UofA		10.311		182,824	12,000
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF) (Pass-through University of Minnesota)	UofA	ARRA	10.315	H001344228 ARRA	12,767	
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	UofA		10.443		102,381	18,025
Cooperative Extension Service (Pass-through University of Wyoming)	UofA		10.500	1000782	8,738	
Cooperative Extension Service (Pass-through Utah State University)	UofA		10.500	100906004	15,481	
Cooperative Extension Service (Pass-through Purdue University)	UofA		10.500	8000041653	15,830	
Cooperative Extension Service (Pass-through Purdue University)	UofA		10.500	8000047643	62,532	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	2007-48661-03868 (S08023.03)/P	33,688	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	2010-48661-21868	50,362	
Cooperative Extension Service (Pass-through University of Nebraska-Lincoln)	UofA		10.500	25-6329-0059-801	10,135	
Cooperative Extension Service (Pass-through University of Nebraska Lincoln)	UofA		10.500	25-6365-0040-112	612	
Cooperative Extension Service (Pass-through University of Idaho)	UofA		10.500	BSK701-SB-001 / PO#0028400	1,626	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	S08107.01/.02/.03	(7)	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	S11143	35,606	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	S12068	9,236	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	S12139	21,234	
Cooperative Extension Service (Pass-through Kansas State University)	UofA		10.500	S12200	23,446	
Cooperative Extension Service (Pass-through University of Arizona)	UofA		10.500	Y560309	3,144	
Cooperative Extension Service	UofA		10.500		1,707,525	15,903
Special Supplemental Nutrition Program for Women, Infants, and Children	UofA		10.557	EN 0629001 AMEN #4 DTD 4/10/12	66,362	
Special Supplemental Nutrition Program for Women, Infants, and Children	UofA		10.557	EN 611458	(13)	
Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through State of Oklahoma)	UofA		10.557	PO3409015400 (Orig 3409014142)	13,940	
Special Supplemental Nutrition Program for Women, Infants, and Children	DHSS		10.557		23,179,024	5,767,426
Child and Adult Care Food Program - Food Commodities	DEED		10.558	17134	26,174	26,174
Child and Adult Care Food Program	DEED		10.558	17134	8,623,038	8,541,173
State Administrative Expenses for Child Nutrition	DEED		10.560	17135	647,565	
Commodity Supplemental Food Program	DHSS		10.565		256,352	136,518
WIC Farmers Market Nutrition Program (FMNP)	DHSS		10.572		183,326	
Team Nutrition Grants	DEED		10.574	17400	78,924	
Team Nutrition Grants	DHSS		10.574		24,389	
Senior Farmers Market Nutrition Program	DHSS		10.576		100,455	71,550
ARRA-WIC Grants to States (WGC)	DHSS	ARRA	10.578	WISA-09-AK-01	760,136	
Child Nutrition Discretionary Grants Limited Availability	DEED		10.579	17169	150,121	95,025
Fresh Fruit and Vegetable Program	DEED		10.582	17166	1,428,840	1,355,146
Market Access Program	ASMI		10.601		4,565,434	
Forestry Research	UofA		10.652		2,186	
Cooperative Forestry Assistance	DNR		10.664		3,523,365	
Cooperative Forestry Assistance	UofA		10.664		111,454	
Rural Development, Forestry and Communities	AEA		10.672	DG 11100165	74,262	
Forest Legacy Program	DNR		10.676		36,604	
Forest Health Protection	DNR		10.680		109,485	
Forest Health Protection	UofA		10.680		153,678	
National Forest Foundation	UofA		10.682		981	
ARRA-Recovery Act of 2009: Wildland Fire Management	DNR	ARRA	10.688	09DG11100489003; 09DG111100489011; 10DG11100489017	1,615,095	
Rural Business Enterprise Grants	UofA		10.769		219,785	
Rural Cooperative Development Grants	UofA		10.771		177,662	
Plant Materials for Conservation	DNR		10.905		102,502	
Kenai Dispatch Center	DNR		10.999	07FI11100100006	6,377	
USFS Fire Suppression (AKDF070002)	DNR		10.999	07FI11100100006	6,913,950	
Student Intern Program	DNR		10.999	11PA11100400069	7,590	
Pesticide Recordkeeping	DEC		10.999	12-25-A-5457	18,107	
Kenai Dispatch Center	DNR		10.999	12FI11100400036	28,757	
Hotshot Crew	DNR		10.999	12PA11100100009	29,696	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0109-C-10-0011	152,760	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0109-C-10-0016	8,864	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0116-C-09-0054	11,103	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0116-C-09-0055	1,600	
Sikes Act Environmental Consultation	DNR		10.999	AG0116C110011	16,823	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0116-P-12-0029	17,799	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0120-P-09-0013	14,610	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0120-P-09-0029	15,391	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0120-P-10-0036	29,924	
Miscellaneous US Forest Service-Wildlife Research	DFG		10.999	AG-0120-P-11-0038	5,000	
UAA Chugach Partnership Climate Change Symposium 2011	UofA		10.999	G00006697	792	
Alaska 4-H Military Club Grant (Pass-through Kansas State University)	UofA		10.999	G00006799 / KSU S11106	11,135	
Distinctive Landscape Roles & Contributions Assessment of the Chugach	UofA		10.999	G00007416	21,631	
Alaska Coastal Rainforest Center: Climate Change Scientist	UofA		10.999	G00007625	42,317	
The University of Alaska Southeast GIS Library & the Southeast Alaska Hydrography Database	UofA		10.999	G00007725	29,869	
USDA Contract - Design 24' bridge on Forest Service Road	DOTPF		10.999	USDA 05RO-11100100-120	1,706	
USFS Contract - Fish passage-ways on Mitkof, Hydaburg, and Yakutat	DOTPF		10.999	USFS 07-RO-11100100-076	258,944	
Crow Creek Bridge repair	DOTPF		10.999	USFS-11-DG-11100410-071	23,592	
Total For U.S. DEPARTMENT OF AGRICULTURE					**323,110,281**	**76,175,971**
U.S. DEPARTMENT OF COMMERCE						
Economic Development Cluster						
ARRA - Investments for Public Works and Economic Development Facilities	UofA	ARRA	11.300		354,380	
Investments for Public Works and Economic Development Facilities	DLWD		11.300	805	15,229	
Economic Adjustment Assistance	DCCED		11.307	07-79-05719	6,469	
Economic Adjustment Assistance	DCCED		11.307	SBED	251,167	283,381
Total for Economic Development Cluster					**627,245**	**283,381**

The notes to the Schedule of Expenditures of Federal Awards 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
Integrated Ocean Observing System (IOOS) (Pass-through University of	UofA		11.012	CA10-19	84,741	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska SeaLife	UofA		11.012	Sub Award H2300.56	54,450	
Economic Development-Technical Assistance	UofA		11.303		136,373	
Anadromous Fish Conservation Act Program	DFG		11.405		913	
Interjurisdictional Fisheries Act of 1986	DFG		11.407		94,502	
Interjurisdictional Fisheries Act of 1986	UofA		11.407		(19,859)	
Sea Grant Support (Pass-through University of Mississippi)	UofA		11.417	10-03-058	4,993	
Sea Grant Support	UofA		11.417		1,778,342	168,161
Coastal Zone Management Administration Award (NOAA Tsunami)	DMVA		11.419	35419	2,640	
Coastal Zone Management Administration Awards	DCCED		11.419	NA08NOS4190428	-	(1,879)
Coastal Zone Management Estuarine Research Reserves	DFG		11.420		547,546	
Coastal Zone Management Estuarine Research Reserves	UofA		11.420		1,025	
Pacific Fisheries Data Program (Pass-through Pacific States Marine Fisheries Commission-AKFIN)	DFG		11.437		2,209,950	
Pacific Fisheries Data Program	DFG		11.437		2,981,497	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA		11.438	ADN 820047	34,600	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DCCED		11.438	NA07NMF4380288	823,766	768,516
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DCCED		11.438	NA08NMF4380597	220,866	181,851
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DCCED		11.438	NA10NMF4380355	1,524	1,524
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DCCED		11.438	NA10NMF4380355	945,971	914,216
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	DFG		11.438		17,389,474	850,482
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	DNR		11.438		8,904	
Marine Mammal Data Program	DFG		11.439		2,529,440	
Regional Fishery Management Councils	DFG		11.441		23,889	
Unallied Industry Projects	UofA		11.452		154,796	13,450
Meteorologic and Hydrologic Modernization Development	DMVA		11.467	35457	599,949	153,601
Applied Meteorological Research	DMVA		11.468	35458	6,703	
Unallied Science Program (Pass-Through North Pacific Research Board)	DFG		11.472		291,613	
Unallied Science Program	UofA		11.472		38,929	
Public Safety Interoperable Communications Grant Program	DMVA		11.555	34035	432,876	298,611
ARRA-Broadband Technology Opportunities Program (BTOP)	DEED	**ARRA**	11.557	17353	1,485,700	54,766
ARRA-Broadband Technology Opportunities Program (BTOP)	UofA	**ARRA**	11.557	ADN52008/EN520000	99,589	
ARRA-Broadband Technology Opportunities Program (BTOP)	UofA	**ARRA**	11.557		1,824,335	404,834
National Marine Fisheries Joint Enforcement Agreement	DPS		11.999	11.04 and 06/07/08-NMFS-JEA	1,066,385	
Miscellaneous Inspection Service	DEC		11.999	45ABNAON0252	3,214	
NOAA Pribilof Island Restoration	DEC		11.999	AB133A10SE3096	146	
NOSB Participant Support 2005-2006 (Pass-through Consortium for Oceanographic)	UofA		11.999	G00002937 / LETTER 11/14/2005	(50)	
Research & Education						
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	HA133F-07-SE-3734	1,844	
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	HA133F09SE4456	1,963	
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	HA133F09SE4574	16,905	
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	HA133F10SE3691	1,972	
NOAA Pribilof Island Restoration	DEC		11.999	NAAJ72001102443	2,142	
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	RA133F-11-SE-2006	1,457	
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	WE133F11SE1289	113,859	
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	WE133F11SE1522	90,004	
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	WE133F11SE2094	14,921	
Miscellaneous NOAA-Marine Mammal Research	DFG		11.999	WE133F11SE2411	3,300	
Total For U.S. DEPARTMENT OF COMMERCE					**36,735,344**	**4,091,514**
U.S. DEPARTMENT OF DEFENSE						
Procurement Technical Assistance For Business Firms	UofA		12.002		250,121	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	DEC		12.113		2,926,419	
Basic and Applied Scientific Research (Pass-through University of Texas-San Antonio)	UofA		12.300	0201-15UAF	11,595	
Basic and Applied Scientific Research	UofA		12.300		22,358	
Military Construction, National Guard	DOTPF		12.400	GR 35400	1,884,286	
Military Construction, National Guard	AADC		12.400	W91ZRU-06-2-3038	257,672	
National Guard Military Operations and Maintenance (O&M) Projects	DMVA		12.401	35401	12,966,204	
National Guard Military Operations and Maintenance (O&M) Projects	DOTPF		12.401	GR35401	2,880,365	
National Guard ChalleNGe Program	DMVA		12.404	35404	3,456,350	
National Guard ChalleNGe Program	DOTPF		12.404	GR 35404	(26,840)	
Basic Scientific Research	UofA		12.431		86,706	
Basic, Applied, and Advanced Research in Science and Engineering	UofA		12.630		20,029	
Information Security Grant Program	UofA		12.902		12,464	
King Salmon Airport Contract to maintain USAF safety	DOTPF		12.999	12.F65501-96C0006	455,739	
Access to Joint Tanana Training Complex-2008 (Pass-through from the Federal Railroad Administration)	ARRC		12.999	DTFR53-08-G-00008	12,733,738	
Track Realignment - Ft. Wainwright-2006 (Pass-through from the Federal Railroad Administration)	ARRC		12.999	DTFRDV-06-G-00008	30,526	
Northern Line Realignment & Extension (Pass-through from the Federal Railroad Administration)	ARRC		12.999	DTFRDV-07-G-00006	11,886	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Funding from US Navy for Adak Airport Operations	DOTPF		12.999	N6871104MDC4010	991,795	
Miscellaneous Army-Habitat Restoration	DFG		12.999	W911KB-11-P-002	40,907	
Miscellaneous Army-Wildlife Research	DFG		12.999	W911KB-11-P-0037	293,615	
Miscellaneous Army-Wildlife Research	DFG		12.999	W911KB-11-P-0039	20,000	
Miscellaneous Army-Wildlife Research	DFG		12.999	W912CZ-08-D-0012	735	
Miscellaneous Army-Fish Surveys	DFG		12.999	W912CZ-08-D-0012	33,594	
Miscellaneous Army-Wildlife Research	DFG		12.999	W912CZ-08-D-0012	55,225	
Miscellaneous Army-Wildlife Research	DFG		12.999	W912ZC-08-D-0012	38,765	
Miscellaneous Army-Wildlife Research	DFG		12.999	W9DO-11-D-003	58,905	
Total For U.S. DEPARTMENT OF DEFENSE					**39,513,159**	**-**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
CDBG - Entitlement Grants Cluster						
Community Development Block Grants/Entitlement Grants	AHFC		14.218		4,057,688	3,740,078
Total for CDBG - Entitlement Grants Cluster					**4,057,688**	**3,740,078**
CDBG - State-Administered CDBG Cluster						
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	DCCED		14.228	B-04-DC-02-0001, B-05-DC-02-0001, B-07-DC-02-0001, B-08-DC-02-0001, B-09-DC-02-0001, B-10-DC-02-0001, B-11-DC-02-0001, B-12-DC-02-0001	2,126,441	2,025,357
Total for CDBG - State-Administered CDBG Cluster					**2,126,441**	**2,025,357**
Housing Voucher Cluster						
Section 8 Housing Choice Vouchers	AHFC		14.871		453,802	
Total for Housing Voucher Cluster					**453,802**	**-**
Section 8 Project-Based Cluster						
Section 8 Housing Assistance Payments Program	AHFC		14.195		2,246,942	
Section 8 Moderate Rehabilitation Single Room Occupancy	AHFC		14.249		474,148	474,148
Total for Section 8 Project-Based Cluster					**2,721,090**	**474,148**
Mortgage Insurance - Homes	AHFC		14.117		6,870,479	
Community Development Block Grants/Technical Assistance Program	AHFC		14.227		82,118	82,118
Emergency Shelter Grants Program	AHFC		14.231		216,251	162,642
Supportive Housing Program	AHFC		14.235		22,137	22,137
Shelter Plus Care	AHFC		14.238		840,511	840,511
HOME Investment Partnerships Program	AHFC		14.239		3,971,905	3,640,387
Housing Opportunities for Persons with AIDS	AHFC		14.241		686,714	565,089
ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	AHFC	ARRA	14.257		12,521	12,521
ARRA-Tax Credit Assistance Program (Recovery Act Funded)	AHFC	ARRA	14.258		59,850	49,850
Alaska Native/Native Hawaiian Institutions Assisting Communities	UofA		14.515		1,237,068	386,075
Public and Indian Housing-Indian Loan Guarantee Program	AHFC		14.865		673,824	
Resident Opportunity and Supportive Services - Service Coordinators	AHFC		14.870		17,091	13,400
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	AHFC		14.877		69,000	
Moving to Work Demonstration Program	AHFC		14.881		48,211,849	
Total For U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					**72,330,339**	**12,014,313**
U.S. DEPARTMENT OF THE INTERIOR						
Fish and Wildlife Cluster						
Sport Fish Restoration Program	DFG		15.605		19,270,631	242,897
Wildlife Restoration and Basic Hunter Education	DFG		15.611		15,691,516	
Total for Fish and Wildlife Cluster					**34,962,147**	**242,897**
Indian Adult Education	UofA		15.026		15,543	
Cultural Resource Management	DNR		15.224		102,941	
Cultural Resource Management	UofA		15.224		1,322,671	
Recreation Resource Management	DFG		15.225		15,718	
Payments in Lieu of Taxes	DCCED		15.226	Payments in Lieu of Taxes	10,243,906	10,243,906
Distribution of Receipts to State and Local Governments	DCCED		15.227	National Petroleum Reserve Alaska Impact Mitigation	11,772,524	11,772,524
National Fire Plan - Wildland Urban Interface Community Fire Assistance	DNR		15.228		231,416	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through National Fish and Wildlife Foundation)	DFG		15.231		49,180	
Fish, Wildlife and Plant Conservation Resource Management	DFG		15.231		397,567	
Fish, Wildlife and Plant Conservation Resource Management	DNR		15.231		44,199	
Fish, Wildlife and Plant Conservation Resource Management	UofA		15.231		25,008	
Wildland Fire Research and Studies Program	UofA		15.232		187,205	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Environmental Quality and Protection Resource Management	DNR		15.236		13,204	
Challenge Cost Share	DFG		15.238		36,043	
Management Initiatives	DNR		15.239		59,992	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	DNR		15.250		325,073	
Abandoned Mine Land Reclamation (AMLR) Program	DNR		15.252		1,627,200	
Alaska Coastal Marine Institute	UofA		15.421		128	
Coastal Impact Assistance Program (CIAP)	UofA		15.426	1021200	241,706	
Coastal Impact Assistance Program (CIAP) (Pass-Through Northwest Arctic Borough)	DFG		15.426		47,916	
Federal Oil and Gas Royalty Management	DNR		15.427		95,800	
Fish and Wildlife Management Assistance (Pass-Through National Fish and Wildlife Foundation)	DFG		15.608		64,221	
Fish and Wildlife Management Assistance	DFG		15.608		1,067,988	
Fish and Wildlife Management Assistance	DNR		15.608		21,671	
Cooperative Endangered Species Conservation Fund	DFG		15.615		119,828	
Clean Vessel Act	DFG		15.616		13,751	10,313
Enhanced Hunter Education and Safety Program	DFG		15.626		79,403	
Coastal Program	DFG		15.630		82,399	
Coastal Program	UofA		15.630		35,702	
Partners for Fish and Wildlife	DNR		15.631		25,648	
State Wildlife Grants	DFG		15.634		2,488,673	
Alaska Subsistence Management	DFG		15.636		2,072,875	
Challenge Cost Share	DFG		15.642		1,607	
Service Training and Technical Assistance (Generic Training)	UofA		15.649		9,412	
Research Grants (Generic)	UofA		15.650		160,451	
Migratory Bird Monitoring, Assessment and Conservation	DFG		15.655		66,393	
Endangered Species Conservation – Recovery Implementation Funds	DFG		15.657		129,474	
National Fish and Wildlife Foundation (Pass-through National Fish and Wildlife Foundation)	UofA		15.663	2003-0265-018	237	
National Fish and Wildlife Foundation	UofA		15.663		(60)	
Coastal Impact Assistance Program	DCCED		15.668	38175	429,329	
Coastal Impact Assistance Program	DCCED		15.668	38196	7,413	7,413
Coastal Impact Assistance Program	DCCED		15.668	38383	1,300,000	1,300,000
Coastal Impact Assistance Program	DCCED		15.668	38392	45,450	45,450
Coastal Impact Assistance Program	DCCED		15.668	38396	25,889	25,889
Coastal Impact Assistance Program	DCCED		15.668	38114/38194	181,834	
Coastal Impact Assistance Program	DCCED		15.668		11,397	11,397
Coastal Impact Assistance Program	DCCED		15.668		12,544	12,544
Coastal Impact Assistance Program	DCCED		15.668		16,000	16,000
Coastal Impact Assistance Program	DCCED		15.668		69,746	2,161
Coastal Impact Assistance Program	DCCED		15.668		85,693	85,693
Coastal Impact Assistance Program	DEC		15.668		751,149	
Coastal Impact Assistance Program	DFG		15.668		892,423	
Coastal Impact Assistance Program	DNR		15.668		1,595,431	
Cooperative Landscape Conservation	DNR		15.669		5,932	
Earthquake Hazards Reduction Program	UofA		15.807		65,403	
U.S. Geological Survey-Research and Data Collection	DNR		15.808		435,907	
U.S. Geological Survey-Research and Data Collection	UofA		15.808		73,403	
National Cooperative Geologic Mapping Program	DNR		15.810		220,859	
ARRA-Volcano Hazards Program Research and Monitoring	DNR	ARRA	15.818		311,727	
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	DNR		15.819		7,228	
Disposal of Surplus Wildlife	UofA		15.900		11,065	
Historic Preservation Fund Grants-In-Aid	DNR		15.904		1,226,756	
Historic Preservation Fund Grants-In-Aid	UofA		15.904		18,555	
Outdoor Recreation-Acquisition, Development and Planning	DNR		15.916		283,122	
Native American Graves Protection and Repatriation Act	UofA		15.922		71,408	
Save America's Treasures	DNR		15.929		3,137	
Natural Resource Stewardship	UofA		15.944		24,531	
Cooperative Research and Training Programs_Resources of the National Park System	UofA		15.945		343,867	
Cultural Resources Management	UofA		15.946		25,182	
Miscellaneous US Fish & Wildlife Service - Migratory Bird Regulation Committee Meetings	DFG		15.999	91200119135	2,433	
Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies	DFG		15.999	701817C285/0004	9,729	
Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies	DFG		15.999	701817C285/0005	12,370	
Palmer Hay Flats State Game Refuge	DNR		15.999	C-17-L-1	3,749	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Miscellaneous US Fish & Wildlife Service - Chinook Salmon Sampling	DFG		15.999	F07PX79105	17,728	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou	DFG		15.999	F09PX75731	42,733	
Miscellaneous US Fish & Wildlife Service - Salmon Harvest Assessment-Copper River	DFG		15.999	F10PX79112	33,618	
Miscellaneous US Fish & Wildlife Service - Lake Herring Harvest Assessment	DFG		15.999	F10PX79114	4,883	
Miscellaneous US Fish & Wildlife Service - Climate Change/Impact Studies	DFG		15.999	F10PX79129	19,298	
Miscellaneous US Fish & Wildlife Service - Herring Scale Sampling	DFG		15.999	F11PX02511	3,420	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou	DFG		15.999	F11PX03657	17,493	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Moose	DFG		15.999	F11PX05489	9,542	
Miscellaneous US Fish & Wildlife Service - Adak Oil Spill Response	DFG		15.999	FPNJ10009	3,165	
Sand Point School Loop Rd BIA	DOTPF		15.999	FRH53637	658,294	
Archaeology & Museum Management Mentoring: A Joint Project between UA Museum & Gates Arctic National Park & Reserve	UofA		15.999	G00002924	119	
Checklist of Alaska Lichens	UofA		15.999	G00006152	(224)	
Identify, Catalogue, Curate, Archive, & Report on Vascular Plants from Kodiak NWR	UofA		15.999	G00006158	81	
Vascular & Non-Vascular Plant Specimen Identification, Curation, & Technical Support for Vegetation Monitoring in the Southwest Alaska Network	UofA		15.999	G00006584	382	
Coastal Impact Assistance Program	UofA		15.999	G00007098 / Pending	(53,828)	
Legacy Archival Photos	DNR		15.999	G10PX01780	12,811	
Cook Inlet Tertiary 2010	DNR		15.999	G10PX02372	12,000	
Miscellaneous US Geological Survey - Herring Sample Analysis	DFG		15.999	G11PX00919	8,579	
Miscellaneous National Park Service - Wildlife Research-Bear	DFG		15.999	H9865090053	2,386	
Miscellaneous National Park Service - Walrus Studies	DFG		15.999	H9923070013	11,713	
Miscellaneous National Park Service - Kiana Family Networks Study	DFG		15.999	J8W07060014	12,399	
Miscellaneous National Park Service - Harvest Assessments	DFG		15.999	J8W07090002	117,623	
Miscellaneous BLM - Wildlife Population Monitoring	DFG		15.999	L09AC15892	2,708	
Miscellaneous BLM - ARLIS	DFG		15.999	L10AC16274	36,000	
Miscellaneous BLM - Wildlife Research-Mountain Goats	DFG		15.999	L10AC20287	14,557	
Miscellaneous BLM - Burbot and Pike Research	DFG		15.999	L10PX03147	994	
Consistency Reviews	DNR		15.999	L10PX04502	7,660	
Bureau of Land Management Oversight	DEC		15.999	L11PA00032	84,720	
BLM Fire Suppression	DNR		15.999	LAA040005	1,694,466	
Miscellaneous Minerals Management Service - Marine Mammal Research-	DFG		15.999	M09PC00027	123,874	
Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales	DFG		15.999	M10PC00085	240,203	
Miscellaneous National Park Service - Lake Clark National Park Coastal Region Research and Monitoring	DFG		15.999	P11AC90426	17,054	
National Park Service Oversight	DEC		15.999	P12PX100568	22,752	
National Park Service Oversight	DEC		15.999	P9917110001	2,592	
National Park Service Fish Testing	DEC		15.999	PT11AT90098	33,334	
RTCAP Banners & Brochures	DNR		15.999	R9911100041	2,666	
Total For U.S. DEPARTMENT OF THE INTERIOR					**80,055,216**	**23,776,187**
U.S. DEPARTMENT OF JUSTICE						
JAG Program Cluster						
Edward Byrne Memorial Justice Assistance Grant Program	DPS		16.738		1,042,418	279,236
ARRA-Recovery Act-Edward Bryne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	DPS	ARRA	16.803		1,526,518	262,265
Total for JAG Program Cluster					**2,568,936**	**541,501**
Sexual Assault Services Formula Program	DPS		16.017		122,780	118,463
Juvenile Accountability Block Grants	DHSS		16.523		315,311	
Supervised Visitation, Safe Havens for Children	DPS		16.527		185,666	167,902
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	DHSS		16.529		200,580	
Juvenile Justice and Delinquency Prevention - Allocation to States	DHSS		16.540		548,977	104,615
Missing Children's Assistance (Pass-through National Court Appointed Special Advocate)	DOA		16.543	AK10900-11-0711-S	75,000	
Title V - Delinquency Prevention Program	DHSS		16.548		90,475	82,310
National Criminal History Improvement Program (NCHIP)	DPS		16.554		203,667	
Crime Victim Assistance	DPS		16.575		1,004,851	986,995
Crime Victim Compensation	DOA		16.576	2008VCGX0030, 2009VCGX0011, 2010BCGX0004	853,197	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	DPS		16.580		318,424	
Crime Victim Assistance/Discretionary Grants (Pass-through National Court Appointed Special Advocate)	DOA		16.582	AK11331-11-0112-NI	20,000	
Drug Court Discretionary Grant Program	DOTPF		16.585		24,119	
Drug Court Discretionary Grant Program	DOTPF		16.585		66,662	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Violence Against Women Formula Grants	DPS		16.588		942,137	215,833
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	DPS		16.589		422,330	407,084
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	DPS		16.590		179,902	148,811
Residential Substance Abuse Treatment for State Prisoners	DPS		16.593		119,623	
State Criminal Alien Assistance Program	DOC		16.606	2010-AP-BX-0845	76,214	
Project Safe Neighborhoods	DPS		16.609		64,073	59,535
Public Safety Partnership and Community Policing Grants	DPS		16.710		670,548	
Juvenile Mentoring Program (Pass-through National 4H Council)	UofA		16.726	2011-TY-FX-0031	404	
Juvenile Mentoring Program (Pass-through National 4H Council)	UofA		16.726	3/8/12 Agreement	24,828	
Enforcing Underage Drinking Laws Program	DHSS		16.727		413,534	254,798
Drug Prevention Program	DPS		16.728		41,376	
DNA Backlog Reduction Program	DPS		16.741		181,818	
Paul Coverdell Forensic Sciences Improvement Grant Program	DPS		16.742		192,464	
Congressionally Recommended Awards	DPS		16.753	CY09	76,151	
Harold Rogers Prescription Drug Monitoring Program	DCCED		16.754	2009-PM-BX-0010	120,394	
Northern Border Prosecution Initiative Program	LAW		16.814		18,729	
John R. Justice Prosecutors and Defenders Incentive Act	DOA		16.816	2010-RJ-BX-0026	194,444	
Equitable Sharing Program	DPS		16.922		678,131	
Marijuana Eradication	DPS		16.999	16.05-2 & CY08/CY09	28,007	
Counterdrug Support Program-Asset Forfeiture	DMVA		16.999	35160/AKQNGCD0	69,139	
Federal Equitable Sharing UAFPD	UofA		16.999	G00006407	65,049	
Total For U.S. DEPARTMENT OF JUSTICE					**11,177,940**	**3,087,847**
U.S. DEPARTMENT OF LABOR						
Employment Service Cluster						
Employment Service/Wagner-Peyser Funded Activities	DLWD		17.207	858	8,958,644	
Disabled Veterans' Outreach Program (DVOP)	DLWD		17.801	893	324,794	
Local Veterans' Employment Representative Program	DLWD		17.804	895	175,445	
Total for Employment Service Cluster					**9,458,883**	**-**
Workforce Investment Act Cluster						
WIA Adult Program	DLWD		17.258	922/923	2,892,062	
WIA Youth Activities	DLWD		17.259	952	2,034,875	1,028,182
WIA Youth Activities	UofA		17.259	RS 726126	113,445	
ARRA-WIA Dislocated Workers Formula Grants	DLWD	ARRA	17.278	998	574,172	
WIA Dislocated Workers Formula Grants	DLWD		17.278	886/932/933/937	3,841,734	1,178,770
Total for Workforce Investment Act Cluster					**9,456,288**	**2,206,952**
Labor Force Statistics	DLWD		17.002	850	743,807	
Compensation and Working Conditions	DLWD		17.005	853	108,081	
Unemployment Insurance	DLWD		17.225	864	332,811,446	
Senior Community Service Employment Program	DLWD		17.235	867	1,732,761	1,259,036
Trade Adjustment Assistance	DLWD		17.245	871	274,967	
H-1B Job Training Grants	UofA		17.268		(2,512)	
Community Based Job Training Grants	UofA		17.269		584,228	42,627
Work Opportunity Tax Credit Program (WOTC)	DLWD		17.271	898	77,556	
Temporary Labor Certification for Foreign Workers	DLWD		17.273	856	54,242	
ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	DLWD	ARRA	17.275	899	1,797,765	884,889
ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	UofA	ARRA	17.275		15,833	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	UofA		17.282		229,319	
Occupational Safety and Health - State Program	DLWD		17.503	887	1,347,371	
Consultation Agreements	DLWD		17.504	888	670,465	
Mine Health and Safety Grants	UofA		17.600		33,854	
Transition Assistance Program	DLWD		17.807	897	17,761	
Total For U.S. DEPARTMENT OF LABOR					**359,412,115**	**4,393,504**
U.S. DEPARTMENT OF TRANSPORTATION						
Federal Transit Cluster						
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-03-0039	184,636	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-03-0059	105,890	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-03-0081	52,356	
Federal Transit - Capital Investment Grants	AIDEA		20.500	AK-04-0009-00	59,016	
Federal Transit - Capital Investment Grants	AIDEA		20.500	AK-04-0012-01	3,268,341	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0007	68,829	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0010	2,833	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0015	82,451	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0016	1,277,574	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0017	436,550	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0018	4,974,997	
Federal Transit - Capital Investment Grants	ARRC		20.500	AK-05-0019	8,605,116	
Federal Transit - Capital Investment Grants	AIDEA		20.500	AK-55-0001-02	16,387,275	
Federal Transit - Capital Investment Grants (Pass-through from the Federal Transit Administration)	ARRC		20.500	AK-55-0003	473,690	
Federal Transit - Capital Investment Grants	DOTPF		20.500		7,652,232	2,347,399
ARRA-Federal Transit - Formula Grants	ARRC	ARRA	20.507	AK-96-X001-00	2,054,320	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X043-00	60,445	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X050-00	304,698	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X053-00	375	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X058-00	1,782,048	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X061-00	15,188,308	
Federal Transit - Formula Grants	ARRC		20.507	AK-90-X062-00	2,403,187	
Total for Federal Transit Cluster					**65,425,167**	**2,347,399**
Highway Planning and Construction Cluster						
ARRA-Highway Planning and Construction	DOTPF	ARRA	20.205		6,430,907	
Highway Planning and Construction	KABATA		20.205	PJ E 56047	10,938,921	
Highway Planning and Construction	DOTPF		20.205	WFL-DTFH70-09-E-00002	6,011,350	
Highway Planning and Construction	DOTPF		20.205		353,944,658	2,432,244
Highway Planning and Construction	UofA		20.205		66,673	
Recreational Trails Program	DNR		20.219		1,571,402	
Total for Highway Planning and Construction Cluster					**378,963,911**	**2,432,244**
Highway Safety Cluster						
State and Community Highway Safety	DHSS		20.600		23,818	
State and Community Highway Safety	DOTPF		20.600		1,793,174	785,964
Alcohol Impaired Driving Countermeasures Incentive Grants I	COURT		20.601		235,978	
Alcohol Impaired Driving Countermeasures Incentive Grants I	DOTPF		20.601		605,938	89,909
Occupant Protection Incentive Grants	DOTPF		20.602		31,192	45,585
Safety Belt Performance Grants	DOTPF		20.609		96	
State Traffic Safety Information System Improvement Grants	DHSS		20.610		108,819	
State Traffic Safety Information System Improvement Grants	DOTPF		20.610		514,763	4,032
Incentive Grant Program to Increase Motorcyclist Safety	DOTPF		20.612		96,886	91,318
Child Safety and Child Booster Seats Incentive Grants	DOTPF		20.613		61,038	49,155
Total for Highway Safety Cluster					**3,471,702**	**1,065,963**
Transit Services Programs Cluster						
Capital Assistance Program for Elderly Persons and Persons with Disabilities	DOTPF		20.513		884,717	778,688
Job Access - Reverse Commute	DOTPF		20.516		701,033	265,872
New Freedom Program	DOTPF		20.521		47,019	44,158
Total for Transit Services Programs Cluster					**1,632,769**	**1,088,718**
ARRA-Airport Improvement Program	DOTPF	ARRA	20.106		2,510,670	
Airport Improvement Program	DOTPF		20.106		216,582,374	
Air Transportation Centers of Excellence (Pass-through Embry-Riddle Aeronautical University)	UofA		20.109	61077-UAA PO 142015 Amend 1	7,327	
Highway Research and Development Program (Pass-through University of Idaho, NIATT)	UofA		20.200	KLK262 SB 002	46,468	
Highway Training and Education	UofA		20.215		285,835	
National Motor Carrier Safety	DOTPF		20.218		1,019,909	
Performance and Registration Information Systems Management	DOTPF		20.231		47,898	
Commercial Driver's License Program Improvement Grant	DOA		20.232	CD100210000000, CM100210000000, FM-CDL-033-11-01-00	241,645	
Commercial Vehicle Information Systems and Networks	DOTPF		20.237		30,760	
Commercial Driver's License Information Systems (CDLIS) Modernization	DOA		20.238	CM100210000000	17	
Railroad Development	ARRC		20.314	FR-RLD-0002-09-01-00	7,502,117	
Railroad Development	ARRC		20.314	FR-RLD-0005-10-01-00	604,642	
Railroad Development	ARRC		20.314	FR-RRR-0005-08-01-00	70,919	
Railroad Development	ARRC		20.314	FR-RRR-0010-08-01-01	363,445	
Railroad Development	ARRC		20.314	FR-RRR-0018-11-01-00	11,541	
Metropolitan Transportation Planning	DOTPF		20.505		460,715	557,283
ARRA-Formula Grants for Other Than Urbanized Areas	DOTPF	ARRA	20.509		2,060,022	
Formula Grants for Other Than Urbanized Areas	DOTPF		20.509		4,974,454	4,539,549
Public Transportation Research	DOTPF		20.514		4,107	
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	ARRC		20.523	AK-88-0001	1,684	
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated	DOTPF		20.605		61,596	
Alcohol Open Container Requirements	COURT		20.607		419,263	
Alcohol Open Container Requirements	DOTPF		20.607		2,067,359	1,219,820
Alcohol Open Container Requirements	DPS		20.607		638,833	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	DOTPF		20.608		(481,920)	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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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
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	DPS		20.608		967,572	
Interagency Hazardous Materials Public Sector Training and Planning Grants	DMVA		20.703	35703	146,136	
Mendenhall Spur Rd ITS Project FHWA	DOTPF		20.999	09-RO-111001000-031	61,422	
Marine Link to Akutan A/P Denali Commission	DOTPF		20.999	DC-01166	895,194	
Sandpoint School Loop Rd Rehab	DOTPF		20.999	DC01324-00	645,149	
FAA P.O. - Goodnews Bay Airport runway edge lighting	DOTPF		20.999	DTFAA 05-A-00009	16,000	
Takotna A/P Electrical line extension FAA FRH52265	DOTPF		20.999	DTFAA 05-A-00009	30,000	
FAA P.O. - Atka Airport Lighting	DOTPF		20.999	DTFAA 06-X-00009	54,667	
FAA P.O. - Goodnews Bay Airport Install Papi & REILs	DOTPF		20.999	DTFAAL 05-X-00011	12,711	
Clean up Contaminated Sites in AK	DEC		20.999	DTFAAL-04X-8000	26,229	
Clean up Contaminated Sites in AK	DEC		20.999	DTFAAL-04X-80006	81,583	
New Stuyahok A/P Relocation	DOTPF		20.999	DTFAAL-05-V-0001	(4,841)	
FAA P.O. - Kongiganak Airport Lighting	DOTPF		20.999	DTFAWA-06-A00009	134,457	
New Stuyahok A/P Runway Edge Lighting	DOTPF		20.999	DTFAWA-06-A-00009	295	
Alakanuk A/P Runway Edge Lighting	DOTPF		20.999	DTFAWA-06-A-00009	285,540	
Ouzinkie A/P Lighting	DOTPF		20.999	DTFAWA-06-A-00009	396,139	
Akiachak A/P Lighting	DOTPF		20.999	DTFAWA-06-A-00009	483,992	
Unstable Slope Management	DOTPF		20.999	DTFH70-11-E-00067	6,996	
Alaska Trails Initiative	DNR		20.999	DTHF70-05-E-00028	547,694	
Cue Based Pilot Training FAA FRH52510	DOTPF		20.999	FAA -DTFAAL-09-C-00020	1,029,714	
Deadhorse AARF-FAA for prorated share of utilities and repair costs	DOTPF		20.999	FAA/DOT DTFA-04-98-L-16606	56,375	
Kotzebue & Nome AARF-FAA for prorated share of utilities and repair costs.	DOTPF		20.999	FAA/DOT DTFA-04-98-L-16606	102,163	
Northern Region PAPI's and REIL's FFy05	DOTPF		20.999	FAA-DTFAAL-05-A-00002	1,757	
FAA P.O. - Tuntutuliak Airport runway edge lighting	DOTPF		20.999	FAA-FAWA-26--A00009	34,364	
Motor Carrier Safety Assistance	DOTPF		20.999	FHWA-MN10021	(13)	
Alaska Railroad Emergency Repairs FRA	DOTPF		20.999	FR-RRR-0005-08-01-00	33,278	
Alaska Railroad Emergency Repairs MP352.9 FRA	DOTPF		20.999	FR-RRR-0010-08-01-01	396,939	
Klawock Causeway Culvert Const FHWA	DOTPF		20.999	FWS-70181AB0001	133,447	
Klawock Causeway Fish Passage FHWA	DOTPF		20.999	NA09NMF4630301	332,810	
Total For U.S. DEPARTMENT OF TRANSPORTATION					**695,932,998**	**13,250,976**
U.S. DEPARTMENT OF TREASURY						
Jobs and Growth Tax Relief Reconciliation Act of 2003	DEED		21.999	17100	90,058	
Total For U.S. DEPARTMENT OF TREASURY					**90,058**	**-**
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION						
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	OG		30.002		195,000	
Total For U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					**195,000**	**-**
U.S. GENERAL SERVICES ADMINISTRATION						
Donation of Federal Surplus Personal Property	DOA		39.003		878,538	
Total For U.S. GENERAL SERVICES ADMINISTRATION					**878,538**	**-**
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
Science	UofA		43.001		109,650	
Incorporating NASA Data and Geobrain Technology in Post-Secondary Education (Pass-through George Mason University)	UofA		43.999	G00003929 / Sub 200707-E	(3)	
Ground Station Outreach	UofA		43.999	G00006117	62,632	
Climate Change: NASA's Eyes on the Arctic (Pass-through Alaska Challenger Center For Space Science Technology)	UofA		43.999	G00006218 / S12985	121,831	
NASA Earth and Space Science Fellowship Program 2010 Atmospheric Corrections in SAR Interferometry	UofA		43.999	G00006759	33,214	
North American Carbon Project (Pass-through University of Tennessee Knoxville)	UofA		43.999	G00007213 / A11-0338-S001	7,605	
Total For NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					**334,929**	**-**
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
Museums for America	UofA		45.301		48,234	
Grants to States	DEED		45.310	17336	1,066,539	618,692
Grants to States	UofA		45.310	ADN 520015	2,131	
Grants to States	UofA		45.310	ADN 520170	13,691	
Grants to States	UofA		45.310	EN # 520423	78,805	
Grants to States	UofA		45.310	EN 520869/ILC-12-156-139	1,662	
Grants to States	UofA		45.310	Grant Dated 7/14/10	108,936	
Grants to States (Pass-through from Alaska State Library)	COURT		45.310	LS-00-10-0002-10	1,034	
Grants to States	UofA		45.310	LS-00-11-0002-11	25,429	
Grants to States	UofA		45.310	RSA EN-520422	10,004	
Laura Bush 21st Century Librarian Program	DEED		45.313	17258	36,556	
Total For INSTITUTE OF MUSEUM AND LIBRARY SERVICES					**1,393,021**	**618,692**

The notes to the Schedule of Expenditures of Federal Awards 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
NATIONAL ENDOWMENT FOR THE ARTS						
Promotion of the Arts-Partnership Agreements	DEED		45.025	17335	706,300	311,995
Promotion of the Arts-Partnership Agreements	DEED		45.025	17465	13,306	
Promotion of the Arts-Partnership Agreements	UofA		45.025	FY12 CAD0022	3,500	
Total For NATIONAL ENDOWMENT FOR THE ARTS					**723,106**	**311,995**
NATIONAL SCIENCE FOUNDATION						
Engineering Grants	UofA		47.041		204,414	69,323
Geosciences	UofA		47.050		701,219	260,320
Computer and Information Science and Engineering (Pass-through Carnegie Mellon University)	UofA		47.070	1120822-184882	7,332	
Computer and Information Science and Engineering	UofA		47.070		12,275	
Biological Sciences (Pass-through University of New Mexico)	UofA		47.074	Sub Award 04803T-873U	17,471	
Biological Sciences	UofA		47.074		250,579	
Education and Human Resources (Pass-through Tennessee Technological University)	UofA		47.076	P0006343	5,299	
Education and Human Resources	UofA		47.076		1,385,966	
Polar Programs (Pass-through Columbia University)	UofA		47.078	3 (ACCT 5-24906)	52,022	
Polar Programs	UofA		47.078		721,498	137,815
Office of Cyberinfrastructure	UofA		47.080		84,639	
Office of Experimental Program to Stimulate Competitive Research	UofA		47.081		586,739	
ARRA-Trans-NSF Recovery Act Research Support	UofA	ARRA	47.082		451,217	
Intergovernmental Personnel Act (IPA) Assignment for Dr. Stephen Langdon	UofA		47.999	G00006589	18,547	
Intergovernmental Personnel Act (IPA) Assignment for Richard Boone	UofA		47.999	G00007461	120,766	
Total For NATIONAL SCIENCE FOUNDATION					**4,619,983**	**467,458**
U.S. SMALL BUSINESS ADMINISTRATION						
8(a) Business Development Program	UofA		59.006		102,927	
Procurement Assistance to Small Businesses	UofA		59.009		(29,720)	
Small Business Development Centers	UofA		59.037		627,799	
Federal and State Technology Partnership Program	UofA		59.058		6,553	
State Trade and Export Promotion Pilot Grant Program	DCCED		59.061	SBAHQ-11-IT-0052.	42,912	
Total For U.S. SMALL BUSINESS ADMINISTRATION					**750,471**	**-**
U.S. DEPARTMENT OF VETERANS AFFAIRS						
Veterans Housing - Guaranteed and Insured Loans	AHFC		64.114		3,176,421	
Traffic Mitigation in to new VA clinic	DOTPF		64.999	USDVA FRH 51790	5,066	
Total For U.S. DEPARTMENT OF VETERANS AFFAIRS					**3,181,487**	**-**
U.S. ENVIRONMENTAL PROTECTION AGENCY						
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	DEC		66.034		224,250	
ARRA-State Clean Diesel Grant Program	ARRC	ARRA	66.040	2D-00JO4201-0	190,085	
ARRA-State Clean Diesel Grant Program	DEC	ARRA	66.040		419,548	
State Clean Diesel Grant Program	DEC		66.040		89,972	
Congressionally Mandated Projects	DCCED		66.202	XP00J26701	1,801,828	154,661
Congressionally Mandated Projects	DEC		66.202		25,880,492	4,330,134
Congressionally Mandated Projects	UofA		66.202		34,531	
State Environmental Justice Cooperative Agreement Program	DEC		66.312		47,813	
Water Pollution Control State, Interstate, and Tribal Program Support	DEC		66.419		439,280	
State Public Water System Supervision	DEC		66.432		2,444,436	
State Underground Water Source Protection	DOA		66.433	G-00J41801-0	130,000	
ARRA-Water Quality Management Planning	DEC	ARRA	66.454		14,462	
Water Quality Management Planning	DEC		66.454		99,709	
ARRA-Capitalization Grants for Clean Water State Revolving Funds	DEC	ARRA	66.458		3,692,087	3,470,660
Capitalization Grants for Clean Water State Revolving Funds	DEC		66.458		4,533,891	4,237,189
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	DEC	ARRA	66.468		2,983,483	2,199,415
Capitalization Grants for Drinking Water State Revolving Funds	DEC		66.468		7,866,912	4,636,316
Beach Monitoring and Notification Program Implementation Grants	DEC		66.472		180,515	117,627
Performance Partnership Grants	DEC		66.605		4,969,659	96,258
Performance Partnership Grants	UofA		66.605		9,451	
Environmental Information Exchange Network Grant Program and Related Assistance	DEC		66.608		71,278	
Consolidated Pesticide Enforcement Cooperative Agreements	DEC		66.700		302,212	
Pollution Prevention Grants Program	DEC		66.708		145,226	
Underground Storage Tank Prevention, Detection and Compliance Program	DEC		66.804		363,063	
ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action	DEC	ARRA	66.805		282,548	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	DEC		66.805		472,851	
Superfund State and Indian Tribe Core Program Cooperative Agreements	DEC		66.809		103,121	
State and Tribal Response Program Grants	DEC		66.817		675,889	

The notes to the Schedule of Expenditures of Federal Awards 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
Venetie Village Council Subaward (Pass-through Venetie Village Council)	UofA		66.999	G00006975 / S00013808	9,451	
LUST Trust Cost Recovery	DEC		66.999	LUST Trust Cost Recovery	175,689	
EPA-IPA for Al Schuler	DEC		66.999	MO1110BDR052	14,697	
Total For U.S. ENVIRONMENTAL PROTECTION AGENCY					**58,668,429**	**19,242,260**
U.S. DEPARTMENT OF ENERGY						
ARRA-State Energy Program	AEA	ARRA	81.041	DE-EE0000217	2,849,957	2,778,176
ARRA-State Energy Program	AHFC	ARRA	81.041		22,667,099	18,873,721
State Energy Program	AEA		81.041	DE-EE0004501	459,675	54,000
State Energy Program	AHFC		81.041		640,267	
ARRA-Weatherization Assistance for Low-Income Persons	AHFC	ARRA	81.042		9,549,356	2,387,071
Weatherization Assistance for Low-Income Persons	AHFC		81.042		1,208,281	1,175,537
Office of Science Financial Assistance Program (Pass-through Battelle Pacific Northwest Lab)	UofA		81.049	SubContract 4000098845	251,498	
Renewable Energy Research and Development (Pass-through from University of Washington)	AEA		81.087	DE-EE0001110	17,781	
Renewable Energy Research and Development	AEA		81.087	DE-FG36-05GO85038	40,738	39,980
Fossil Energy Research and Development	UofA		81.089		100,923	
Stewardship Science Grant Program (Pass-Through Western Governor's Association)	DFG		81.112		14,069	
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis (Pass-through University of Minnesota)	UofA	ARRA	81.122	A000211596	1,585	
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis	DCCED	ARRA	81.122	DE-OE0000170	106,117	
ARRA-Energy Efficient Appliance Rebate Program (EEARP)	AHFC	ARRA	81.127		369,308	
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	UofA	ARRA	81.128	02/10-01 ARRA	118,264	36,750
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	AEA	ARRA	81.128	DE-EE0000827	3,164,593	2,591,635
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	AHFC	ARRA	81.128		3,190,472	3,093,647
Wind-Diesel Applications Center	UofA		81.999	G00007126 / Pending	(1,933)	
Total For U.S. DEPARTMENT OF ENERGY					**44,748,050**	**31,030,517**
U.S. DEPARTMENT OF EDUCATION						
Education of Homeless Children and Youth Cluster						
Education for Homeless Children and Youth	DEED		84.196	17257	190,808	151,486
Total for Education of Homeless Children and Youth Cluster					**190,808**	**151,486**
Early Intervention Services (IDEA) Cluster						
Special Education - Grants for Infants and Families	DHSS		84.181		1,884,989	1,472,052
ARRA-Special Education - Grants for Infants and Families, Recovery Act	UofA	ARRA	84.393	EN 0611465	2,240	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	UofA	ARRA	84.393	EN 611464	(1,014)	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	DHSS	ARRA	84.393A		301,783	
Total for Early Intervention Services (IDEA) Cluster					**2,187,998**	**1,472,052**
Educational Technology State Grants Cluster						
Education Technology State Grants	DEED		84.318	17241	303,081	298,076
ARRA-Education Technology State Grants, Recovery Act	DEED	ARRA	84.386	17197	869,062	869,062
Total for Educational Technology State Grants Cluster					**1,172,143**	**1,167,138**
Impact Aid Cluster						
Impact Aid	DEED		84.041	17238	36,733,903	
ARRA-Impact Aid -School Construction Formula Grants, Recovery Act	DEED	ARRA	84.404	17399	1,715	
Total for Impact Aid Cluster					**36,735,618**	**-**
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	228,954	215,450
Total for Independent Living Services for Older Individuals who are Blind Cluster					**228,954**	**215,450**
Independent Living State Grants Cluster						
Independent Living - State Grants	DLWD		84.169	823	269,963	285,951
Total for Independent Living State Grants Cluster					**269,963**	**285,951**
Special Education Cluster (IDEA)						
Special Education - Grants to States	DEED		84.027	17232	37,697,815	34,542,792
Special Education - Grants to States	UofA		84.027	EN 510035	(8,312)	

The notes to the Schedule of Expenditures of Federal Awards 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
Special Education - Grants to States	UofA		84.027	EN 510262	(1,077)	
Special Education - Preschool Grants	DEED		84.173	17242	1,687,448	1,500,103
Special Education - Preschool Grants	DHSS		84.173		124,171	
ARRA-Special Education Grants to States, Recovery Act	DEED	ARRA	84.391	17191	2,321,362	2,321,362
ARRA-Special Education-Preschool Grants, Recovery Act	DEED	ARRA	84.392	17192	43,837	43,837
Special Education - Grants to States	DHSS		84.027A		170,000	
Total for Special Education Cluster (IDEA)					**42,035,244**	**38,408,094**
Student Financial Assistance Programs Cluster						
Federal Supplemental Educational Opportunity Grants	UofA		84.007		589,540	
ARRA - Federal Work-Study Program	UofA	ARRA	84.033		593,335	
ARRA-Federal Pell Grant Program	UofA	ARRA	84.063		(1,080)	
Federal Pell Grant Program	DLWD		84.063	815	351,995	
Federal Pell Grant Program	UofA		84.063		25,707,270	
Federal Direct Student Loans	DLWD		84.268	837	457,637	
Federal Direct Student Loans	UofA		84.268		79,458,973	
National Science and Mathematics Access to Retain Talent (SMART) Grants	UofA		84.376		(5,500)	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	UofA		84.379		97,700	
Postsecondary Education Scholarships for Veteran's Dependents	UofA		84.408		8,325	
Federal Family Education Loans	ASLC		84.032L		(5,017,358)	
Total for Student Financial Assistance Programs Cluster					**102,240,837**	**-**
State Fiscal Stabilization Fund Cluster						
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	DEED	ARRA	84.394	17398	11,345,610	11,345,610
ARRA-State Fiscal Stabilization Fund (SFSF)-Government Services,	DCCED	ARRA	84.397	S397A090002	1,081,566	1,033,942
Total for State Fiscal Stabilization Fund Cluster					**12,427,176**	**12,379,552**
School Improvement Grants Cluster						
School Improvement Grants	DEED		84.377	17165	1,927,385	1,851,525
ARRA-State Improvement Grants, Recovery Act	DEED	ARRA	84.388	17198	4,016,404	3,906,353
Total for School Improvement Grants Cluster					**5,943,789**	**5,757,878**
Title I, Part A Cluster						
Title I Grants to Local Educational Agencies	DEED		84.010	17126	42,363,430	41,927,021
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	DEED	ARRA	84.389	17194	1,313,803	1,313,803
Total for Title I, Part A Cluster					**43,677,233**	**43,240,824**
Teacher Quality Partnership Grants Cluster						
Teacher Quality Partnership Grants	UofA		84.336		5,116	100
Total for Teacher Quality Partnership Grants Cluster					**5,116**	**100**
TRIO Cluster						
TRIO - Student Support Services	UofA		84.042		476,381	
TRIO - Talent Search	UofA		84.044		425,692	
TRIO - Upward Bound	UofA		84.047		945,013	151,827
TRIO_Educational Opportunity Centers	UofA		84.066		181,774	
Total for TRIO Cluster					**2,028,860**	**151,827**
Vocational Rehabilitation Cluster						
Rehabilitation Services - Vocational Rehabilitation Grants to States	DLWD		84.126	819	9,916,920	128,310
Total for Vocational Rehabilitation Cluster					**9,916,920**	**128,310**
Adult Education - Basic Grants to States	DLWD		84.002	813/87246	378,150	678,257
Adult Education - Basic Grants to States	UofA		84.002	ADN#720336	121,347	
Adult Education - Basic Grants to States	UofA		84.002	ADN720335; FY2012-09	237,432	
Adult Education - Basic Grants to States	UofA		84.002	EN 715601	61,768	
Adult Education - Basic Grants to States	UofA		84.002	EN 715603	13	
Adult Education - Basic Grants to States	UofA		84.002	EN 725602	30,001	
Adult Education - Basic Grants to States	UofA		84.002	EN 725604	24,601	
Migrant Education - State Grant Program	DEED		84.011	17127	7,209,106	6,570,700
Title I State Agency Program for Neglected and Delinquent Children and Youth	DEED		84.013	17129	247,032	244,855
Higher Education - Institutional Aid (Pass-through National Writing Project Corporation)	UofA		84.031	Contract # 09-AK02	39,749	
Higher Education - Institutional Aid	UofA		84.031		11,166,561	36,843
Career and Technical Education - Basic Grants to States	DEED		84.048	17244	4,008,404	2,815,221
Career and Technical Education - Basic Grants to States	UofA		84.048	ADN 45-12-0720 / EL 12-157-03	19,945	
Career and Technical Education - Basic Grants to States	UofA		84.048	ADN 520052	105,832	21,552
Career and Technical Education - Basic Grants to States	UofA		84.048	EL 10.159.01 & EL 11.159.01	99,605	

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Career and Technical Education - Basic Grants to States	UofA		84.048	EL 10/11/12.159.02	31,491	
Career and Technical Education - Basic Grants to States	UofA		84.048	EN 520151	15,678	
Career and Technical Education - Basic Grants to States	UofA		84.048	EN 520384	49,281	
Career and Technical Education - Basic Grants to States	UofA		84.048	EN 520612	3,920	
Career and Technical Education - Basic Grants to States	UofA		84.048	EN# 520774	109,999	
Career and Technical Education - Basic Grants to States	UofA		84.048	RSA EN 520385 EL 12.156.01	88,919	
Fund for the Improvement of Postsecondary Education	UofA		84.116		282,144	
Migrant Education - Coordination Program	DEED		84.144	17167	18,243	
Rehabilitation Services - Client Assistance Program	DEED		84.161	17152	124,564	
Safe and Drug-Free Schools and Communities - National Programs	DEED		84.184	17220	31,812	
Byrd Honors Scholarships	DEED		84.185	17254	2,574	
Safe and Drug-Free Schools and Communities - State Grants	DEED		84.186	17255	195,039	185,217
Supported Employment Services for Individuals with the Most Significant	DLWD		84.187	830	314,951	
Even Start - State Educational Agencies	DEED		84.213	17264	62,361	60,306
Assistive Technology	DLWD		84.224	834	476,163	460,400
Assistive Technology	DEED		84.224	17124	3,629	
Tech-Prep Education	DEED		84.243	17246	129,486	
Tech-Prep Education	UofA		84.243	EN 510108	(131)	
Tech-Prep Education	UofA		84.243	EN520380	129,486	
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	DLWD		84.265	836	13,324	
Twenty-First Century Community Learning Centers	DEED		84.287	17271	6,227,815	6,047,708
Indian Education, Special Programs for Indian Children	UofA		84.299		347,017	
Special Education - State Personnel Development	DEED		84.323	17159	959,140	196,529
Special Education - State Personnel Development	UofA		84.323	ADN 510312	(853)	
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	DEED		84.330	17122	21,611	
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	DOC		84.331	Q331A100002	29,724	
Transition to Teaching	DEED		84.350	17164	475,281	
Alaska Native Educational Programs (Pass-through Northwest Arctic Borough)	UofA		84.356	11928110690	109,687	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	UofA		84.356	MOA Dated 08/17/10	694	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	UofA		84.356	MOA DTD 08/11/11	17,500	
Alaska Native Educational Programs	UofA		84.356		2,897,227	489,869
Rural Education	DEED		84.358	17373	72,125	67,362
Native Hawaiian Education (Pass-through Pacific Tsunami Museum)	UofA		84.362	MOA PTM 09/01/10	292,839	
School Leadership	DEED		84.363	17189	134,000	
English Language Acquisition State Grants	DEED		84.365	17175	1,149,701	991,489
English Language Acquisition State Grants	UofA		84.365		13,009	
Mathematics and Science Partnerships	DEED		84.366	17252	1,114,203	1,093,319
Improving Teacher Quality State Grants	DEED		84.367	17172	12,364,359	12,138,099
Grants for State Assessments and Related Activities	DEED		84.369	17171	3,380,134	
Striving Readers	DEED		84.371	17211	72,744	
Strengthening Minority-Serving Institutions	UofA		84.382		237,559	
Transition Programs for Students with Intellectual Disabilities into Higher	UofA		84.407		366,909	
Education Jobs Fund	DEED		84.410	17239	19,303,567	19,298,297
Investing in Innovation (i3) Fund	UofA		84.411		73,010	
ARRA-Bridge E-Skills Gap in Alaska	DLWD	ARRA	84.999	87233/02-43-B10566 UAF Grant 6892	165,123	
Consolidated Programs IASA Admin	DEED		84.999	17300	501,927	
Amchitka Oversight Monitoring	DEC		84.999	DE-FG01-06LM00075	148,706	
Alaska State Writing Consortium (Pass-through National Writing Project Corporation)	UofA		84.999	G00007639 / Contract 11-AK03	43,618	
College Access Challenge Grant Program	ACPE		84.378A	P378A100025	764,170	
Total For U.S. DEPARTMENT OF EDUCATION					**336,175,684**	**154,754,685**
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION						
National Historical Publications and Records Grants	DEED		89.003	17141	58,914	
Total For NATIONAL ARCHIVES AND RECORDS ADMINISTRATION					**58,914**	**-**
DENALI COMMISSION						
Denali Commission Program	AEA		90.100	366	14,546,325	12,845,318
Denali Commission Program	DLWD		90.100	842	525,915	313,843
Denali Commission Program (Pass-through Alaska Public Broadcasting)	UofA		90.100	174-05 Denali Commission	59,972	4,603
Denali Commission Program	DCCED		90.100	186-05, 01315-00	18,122	
Denali Commission Program	AEA		90.100	Various	191,765	191,765
Denali Commission Program	AHFC		90.100		11,098	11,098
Denali Commission Program	DEC		90.100		565,996	
Denali Commission Program	DHSS		90.100		2,971,312	3,146,660

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Denali Commission Program	DOTPF		90.100		4,751,658	
Denali Commission Program	UofA		90.100		438,311	
Total For DENALI COMMISSION					**24,080,474**	**16,513,287**
ELECTION ASSISTANCE COMMISSION						
Help America Vote Act Requirements Payments	UofA		90.401	RS#0112001	204,457	
Help America Vote Act Requirements Payments	OG		90.401		798,358	
Total For ELECTION ASSISTANCE COMMISSION					**1,002,815**	**-**
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		1,796,904	1,542,942
Special Program for the Aging - Title III, Part C - Nutrition Services	DHSS		93.045		3,130,981	2,692,686
Nutrition Services Incentive Program	DHSS		93.053		320,000	
Total for Aging Cluster					**5,247,885**	**4,235,628**
Child Care and Development Fund Cluster						
Child Care and Development Block Grant	DHSS		93.575		22,546,606	6,457,187
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	DHSS		93.596		8,286,473	
Total for Child Care and Development Fund Cluster					**30,833,079**	**6,457,187**
CSBG Cluster						
Community Services Block Grant	DCCED		93.569	G09B1AKCOSR	2,484,030	2,339,834
Total for CSBG Cluster					**2,484,030**	**2,339,834**
Head Start Cluster						
Head Start	DEED		93.600	17330	109,869	
Total for Head Start Cluster					**109,869**	**-**
Immunization Cluster						
Immunization Cooperative Agreements	DHSS		93.268		14,049,312	
ARRA-Immunization	DHSS	ARRA	93.712		17,021	
Total for Immunization Cluster					**14,066,333**	**-**
Medicaid Cluster						
State Medicaid Fraud Control Units	LAW		93.775		629,489	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	DHSS		93.777		441,526	
Medical Assistance Program	DHSS		93.778		848,113,604	41,020
Total for Medicaid Cluster					**849,184,619**	**41,020**
TANF Cluster						
Temporary Assistance for Needy Families	DHSS		93.558		22,909,914	778,272
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	DHSS	ARRA	93.714		3,000,600	
Total for TANF Cluster					**25,910,514**	**778,272**
Compassion Capital Fund	DHSS		93.009		71,297	
Special Programs for the Aging - Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	DHSS		93.041		25,027	
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	DHSS		93.042		25,009	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	DHSS		93.043		1,800	67,231
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	DHSS		93.048		50,000	
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	DHSS		93.048		139,887	282,063
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	DHSS		93.048		335,155	
National Family Caregiver Support, Title III, Part E	DHSS		93.052		825,356	765,530
Public Health Emergency Preparedness	DHSS		93.069		6,261,312	1,154,475
ARRA-Medicare Enrollment Assistance Program	DHSS	ARRA	93.071		1,557	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	UofA		93.073		230,877	
Emergency System for Advance Registration of Volunteer Health	DHSS		93.089		162,874	
Affordable Care Act (ACA) Personal Responsibility Education Program	DHSS		93.092		127,502	
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	UofA		93.107		100,204	75,464

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Maternal and Child Health Federal Consolidated Programs (Pass-through Children's Hospital Los Angeles)	UofA		93.110	RSA EN0629012	16,475	
Maternal and Child Health Federal Consolidated Programs	DHSS		93.110		906,087	
Maternal and Child Health Federal Consolidated Programs	UofA		93.110		455,779	11,030
Environmental Health	UofA		93.113		595,676	264,501
Project Grants and Cooperative Agreements for Tuberculosis Control	DHSS		93.116		462,731	55,944
Emergency Medical Services for Children	DHSS		93.127		96,838	13,500
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	DHSS		93.130		317,042	62,500
Injury Prevention and Control Research and State and Community Based	DHSS		93.136		120,728	24,000
Injury Prevention and Control Research and State and Community Based	DPS		93.136		-	23,817
Projects for Assistance in Transition from Homelessness (PATH)	DHSS		93.150		293,999	294,000
Rural Health Research Centers	DHSS		93.155		2,611	
Grants to States for Loan Repayment Program	DHSS		93.165		414,178	152,500
Urban Indian Health Services	DHSS		93.193		71,960	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements (Pass-through from ANTHC)	DEC		93.210		9,742,544	
Family Planning - Services	DHSS		93.217		568,668	184,669
State Capacity Building	DHSS		93.240		202,382	
State Rural Hospital Flexibility Program	DHSS		93.241		492,538	160,592
Mental Health Research Grants	UofA		93.242		286,355	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	DHSS		93.243		2,461,892	1,664,105
Universal Newborn Hearing Screening	DHSS		93.251		372,582	35,000
Occupational Safety and Health Program	DHSS		93.262		-	12,885
ARRA-The Affordable Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	DHSS	ARRA	93.283		30,042	
The Affordable Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	DHSS		93.283		736,532	
The Affordable Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	DHSS		93.283		5,865,477	9,000
The Affordable Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	UofA		93.283		164,371	
Teenage Pregnancy Prevention Program	DHSS		93.297		533,599	271,150
Small Rural Hospital Improvement Grant Program	DHSS		93.301		138,227	
Advanced Nursing Education Traineeships	UofA		93.358		17,471	
National Center for Research Resources (Pass-through Institute of Translational Health Sciences)	UofA		93.389	UW Sub NO.738223 DTD 5/8/12	911	
ARRA-State Primary Care Offices	DHSS	ARRA	93.414		70,785	
ARRA-Nursing Workforce Diversity	UofA	ARRA	93.417		324,155	
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Visiting	DHSS		93.505		183,739	
ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Facilities and Providers	DHSS		93.506		688,193	
PPHF 2012 National Public Health Improvement Initiative	DHSS		93.507		31,474	
PPHF 2012 National Public Health Improvement Initiative	DHSS		93.507		34,034	
Affordable Care Act (ACA) State Health Care Workforce Development Grants	DLWD		93.509	835	88,300	
Affordable Care Act-Medicare Improvements for Patients and Providers	DHSS		93.518		11,861	
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC)and Emerging Infections Program (EIP) Cooperative Agreement	DHSS		93.521		953,633	
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	DHSS		93.523		38,096	
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health	DHSS		93.544		87,260	
Promoting Safe and Stable Families	DHSS		93.556		971,331	999,029
Child Support Enforcement	DOR		93.563		20,971,450	
Low-Income Home Energy Assistance	AHFC		93.568		300,000	300,000
Low-Income Home Energy Assistance	DHSS		93.568		16,694,206	
State Court Improvement Program	COURT		93.586	0901AKSCIT	14,238	
State Court Improvement Program	COURT		93.586	1001AKSCID	31,276	
State Court Improvement Program	COURT		93.586	1001AKSCIP	4,561	
State Court Improvement Program	COURT		93.586	1001AKSCIT	10,930	
State Court Improvement Program	COURT		93.586	1101AKSCID	82,526	
State Court Improvement Program	COURT		93.586	1101AKSCIP	88,367	
State Court Improvement Program	COURT		93.586	1101AKSCIT	22,094	
Community-Based Child Abuse Prevention Grants	DHSS		93.590		310,489	276,598
Grants to States for Access and Visitation Programs	COURT		93.597	1002AKSAVP	27,092	
Grants to States for Access and Visitation Programs	COURT		93.597	1102AKSAVP	68,686	
Chafee Education and Training Vouchers Program (ETV)	DHSS		93.599		148,192	
Adoption Incentive Payments	DHSS		93.603		1,435,457	102,831

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Voting Access for Individuals with Disabilities - Grants to States	OG		93.617		73,950	
Developmental Disabilities Basic Support and Advocacy Grants	DHSS		93.630		410,997	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through University of Kansas, Center For	UofA		93.632	FY2011-074	10,000	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through University of Kansas, Center For	UofA		93.632	SubContract 2012-051	10,891	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	UofA		93.632		450,870	
Children's Justice Grants to States	DHSS		93.643		75,638	
Stephanie Tubbs Jones Child Welfare Services Program	DHSS		93.645		302,650	318,027
Foster Care, Title IV-E	UofA		93.658	EN 0611406 Amend 1	507	
Foster Care, Title IV-E	DHSS		93.658		14,576,517	1,405,648
Adoption Assistance	DHSS		93.659		10,643,560	
Social Services Block Grant	DHSS		93.667		8,219,165	654,598
Child Abuse and Neglect State Grants	UofA		93.669	EN 0629008	842,012	
Child Abuse and Neglect State Grants	DHSS		93.669		76,782	34,275
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	DPS		93.671		466,650	451,861
Chafee Foster Care Independence Program	DHSS		93.674		799,094	200,000
ARRA-National Center for Research Resources, Recovery Act Construction Support	UofA	ARRA	93.702		3,956,599	
ARRA-State Grants to Promote Health Information Technology	DHSS	ARRA	93.719		600,360	
ARRA-Health Information Technology Professionals in Health Care (Pass-through Dakota State University)	UofA	ARRA	93.721	DS1000003-2-ALASKA	28,010	
ARRA-IHS Tribal Agreements (Pass-through from ANTHC)	DEC	ARRA	93.722		2,376,533	
ARRA-Prevention and Wellness-State, Territories and Pacific Islands	DHSS	ARRA	93.723		308,323	
ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program	DHSS	ARRA	93.725		25,875	10,000
Children's Health Insurance Program	DHSS		93.767		23,597,566	
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	DHSS		93.768		411,245	
Medicare - Hospital Insurance	DHSS		93.773		1,120,694	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	DHSS		93.779		33,824	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	DHSS		93.779		112,100	217,380
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	DHSS		93.779		192,507	
Alternatives to Psychiatric Residential Treatment Facilities for Children	DHSS		93.789		1,436,827	
Area Health Education Centers Infrastructure Development Awards	UofA		93.824		867,313	630,954
Specially Selected Health Projects	UofA		93.888		179,085	
National Bioterrorism Hospital Preparedness Program	DHSS		93.889		1,358,536	80,000
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	UofA		93.912	EN629003	8,330	
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	DHSS		93.912		153,439	
Grants to States for Operation of Offices of Rural Health	DHSS		93.913		155,228	10,000
HIV Care Formula Grants	DHSS		93.917		1,059,942	417,983
Healthy Start Initiative	DHSS		93.926		147,043	50,000
Special projects of National Significance	DHSS		93.928		-	7,854
Demonstration Projects for Indian Health (Pass-through Alaska Native	UofA		93.933	ANTHC - 11-U-34569 MOD 002	116,300	
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	DEED		93.938	17308	226,297	5,930
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	DHSS		93.938		48,057	
HIV Prevention Activities - Health Department Based	DHSS		93.940		1,204,351	618,162
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	DHSS		93.944		109,890	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	DHSS		93.946		199,890	
Block Grants for Community Mental Health Services	DHSS		93.958		643,198	593,352
Block Grants for Prevention and Treatment of Substance Abuse (Pass-through University of Washington)	UofA		93.959	Sub 724425	4,444	
Block Grants for Prevention and Treatment of Substance Abuse	DHSS		93.959		4,205,405	4,058,356
Preventive Health Services - Sexually Transmitted Diseases Control Grants	DHSS		93.977		470,355	
Preventive Health and Health Services Block Grant	DHSS		93.991		214,764	
Maternal and Child Health Services Bock Grant to States	DHSS		93.994		647,075	21,000
Adult Lead Surveillance Data	DHSS		93.999	030178D4D-CDC	48,146	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
NCHS Contract	DHSS		93.999	200-2000-07201	307,996	
NIOSH Center for Disease Control & Prevention	DHSS		93.999	214-2008-M-26751	19,753	
NIOSH Trauma Registry	DHSS		93.999	243-03-1045	107,086	
Role of ISWI Chromatin Remodeling Complexes in Eye Development	UofA		93.999	G00002134	4,354	
PROSPER Partnership in AK (Pass-through Iowa State University)	UofA		93.999	G00006438 / Partnership Agreement I.S.	29,362	
AK GIS Strategic / Business Plan DHHS FRH52540	DOTPF		93.999	GIOAC00178	23,711	
AK GIS Strategic / Business Plan DHHS FRH52540	DOTPF		93.999	GIOAC00179	(6,373)	
FDA Food Inspections	DEC		93.999	HHSF22320010042C	306,113	
FDA Food Inspections	DEC		93.999	HHSF22320111066C	728,028	
Total For U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					**1,090,001,170**	**30,899,735**
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
State Commissions	DCCED		94.003	10CAHAK001	239,919	
Learn and Serve America-School and Community Based Programs	DCCED		94.004	09KSPAK001	20,622	18,877
Learn and Serve America - Higher Education	UofA		94.005		281	
AmeriCorps	DCCED		94.006	09RCHAK001	2,213,112	2,213,112
Program Development and Innovation Grants	DCCED		94.007	09CDHAK001	50,726	
Training and Technical Assistance	DCCED		94.009	08PTHAK001/11PTHAK001	42,468	2,600
Volunteers in Service to America	UofA		94.013		12,425	
Total For U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					**2,579,553**	**2,234,589**
SOCIAL SECURITY ADMINISTRATION						
Disability Insurance/SSI Cluster						
Social Security - Disability Insurance	DLWD		96.001	844	4,561,373	
Supplemental Security Income	DLWD		96.006	845	447,541	35,358
Total for Disability Insurance/SSI Cluster					**5,008,914**	**35,358**
Social Security - Work Incentives Planning and Assistance Program	UofA		96.008		89,364	
Incentive Payment Agreement (IPMOU) between SSA and DOC	DOC		96.999	IPMOU	70,000	
Total For SOCIAL SECURITY ADMINISTRATION					**5,168,278**	**35,358**
U.S. DEPARTMENT OF HOMELAND SECURITY						
Pilot Demonstration or Earmarked Projects	DMVA		97.001	35916	185,393	101,875
Boating Safety Financial Assistance	DNR		97.012		977,316	
State Access to the Oil Spill Liability Trust Fund	DNR		97.013		2,633	
Community Assistance Program State Support Services Element (CAP-	DCCED		97.023	EMS-2010-GR-0004, EMS-2011-GR-0004, EMS-2012-GR-	66,789	
Emergency Management Institute - Training Assistance	DMVA		97.026	34052	17,866	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DMVA		97.036	35036	7,337,473	6,219,887
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DOTPF		97.036	35036	507,660	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DFG		97.036		88,242	
Hazard Mitigation Grant	DMVA		97.039	35039	729,443	661,657
Hazard Mitigation Grant	ARRC		97.039	1796-DR-AK	438,281	
Hazard Mitigation Grant	ARRC		97.039	1843-DR-AK	97,433	
Hazard Mitigation Grant	ARRC		97.039	HMGP-1796.0008	524,248	
National Dam Safety Program	DNR		97.041		41,902	
Emergency Management Performance Grants	DMVA		97.042	35915	2,685,129	612,230
State Fire Training Systems Grants	DPS		97.043		25,728	
Cooperating Technical Partners	DCCED		97.045	EMS-2009-GR-0014	19,619	
Fire Management Assistance Grant	DNR		97.046		1,102,734	
Pre-Disaster Mitigation	DMVA		97.047	34064	130,546	12,889
Pre-Disaster Mitigation	ARRC		97.047	10PDM-GR34070	107,601	
Pre-Disaster Mitigation	ARRC		97.047	10PDM-GR34071	366,271	
Emergency Operations Center	DMVA		97.052	35925	294,883	287,067
Citizens-Community Resilience Innovation Challenge	DMVA		97.053	34030	102,157	94,163
Interoperable Emergency Communications	DMVA		97.055	35919	247,524	147,639
ARRA-Port Security Grant Program	ARRC	ARRA	97.056	2009-PU-RI-0180	94,177	
Port Security Grant Program	ARRC		97.056	2007-GB-T7-K078	66	
Port Security Grant Program	ARRC		97.056	2008-GB-T8-0026	458	
Port Security Grant Program	ARRC		97.056	2008-GB-T8-0027	5,787	
Port Security Grant Program	ARRC		97.056	2010-PU-T0-0053	146,804	
Homeland Security Grant Program	DMVA		97.067	34050	7,460,501	5,527,503
Homeland Security Grant Program	DOTPF		97.067		704,130	
Metropolitan Medical Response System	DMVA		97.071	34040	674,839	636,631
National Explosives Detection Canine Team Program	DOTPF		97.072		182,000	
Buffer Zone Protection Program (BZPP)	DMVA		97.078	35554	293,047	220,009
Buffer Zone Protection Program (BZPP)	ARRC		97.078	2009-BF-T90016	133,626	
Earthquake Consortium	DMVA		97.082	35920	36,375	36,375
Drivers License Security Grant Program	DOA		97.089	EMW-2011-DL-0036-S01	98,899	
Repetitive Flood Claims	DCCED		97.092	EMS-2010-RC-001	113,413	113,413
ARRA-Port Security Grant Program (ARRA)	DOTPF	ARRA	97.116	HS 2009-PU-R1-0210	190,294	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	DFG		97.999	FPNJ05003	2,774	

The notes to the Schedule of Expenditures of Federal Awards 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
Kodiak A/P USCG Soil Remediation USCG	DOTPF		97.999	FRH53594	24,703	
US Coast Guard Oversight - Kodiak	DEC		97.999	HSCG5012PP43K09	9,157	
US Coast Guard Oversight - Juneau	DEC		97.999	HSCG8711P6XA001	279	
US Coast Guard Oversight - Juneau	DEC		97.999	HSCG8712P6XA001	11,020	
Total For U.S. DEPARTMENT OF HOMELAND SECURITY					**26,279,220**	**14,671,338**
STATE JUSTICE INSTITUTE						
SJI Technology Assistance Grant	COURT		99.999	SJI-11-T-089	50,000	
Total For STATE JUSTICE INSTITUTE					**50,000**	**-**
R&D Cluster for U.S. DEPARTMENT OF AGRICULTURE						
Agricultural Research-Basic and Applied Research	UofA		10.001		1,576,185	531,956
Plant and Animal Disease, Pest Control, and Animal Care (Pass-through The Nature Conservancy-Alaska)	UofA		10.025	AKFO-080311-CS	30,411	
Plant and Animal Disease, Pest Control, and Animal Care	UofA		10.025		59,153	
Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii)	UofA		10.200	Z936926	(5,240)	
Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii)	UofA		10.200	Z985770	45,448	
Grants for Agricultural Research, Special Research Grants	UofA		10.200		225,524	
Cooperative Forestry Research	UofA		10.202		495,544	
Payments to Agricultural Experiment Stations Under the Hatch Act	UofA		10.203		1,378,936	
Higher Education Challenge Grants (Pass-through Ohio State University)	UofA		10.217	RF01257884/60025469	2,192	
Alaska Native Serving and Native Hawaiian Serving Institutions Education	UofA		10.228		246,822	
Agriculture and Food Research Initiative (AFRI)	UofA		10.310		348,000	54,661
Foreign Market Development Cooperator Program	UofA		10.600		1,631	
Cooperative Forestry Assistance	UofA		10.664		8,134	
Forest Health Protection (Pass-through Anchorage Park Foundation)	UofA		10.680	Project 147	60,520	
Forest Health Protection	UofA		10.680		54,828	
Resource Conservation and Development	UofA		10.901		22,570	
Snow Survey and Water Supply Forecasting	UofA		10.907		5,394	
Dynamics of Change in Alaska Boreal	UofA		10.999	G00003446	(3,463)	
Precipitation Analysis & Monitoring	UofA		10.999	G00005850	2,185	
Soil Contributions Watershed Funct.	UofA		10.999	G00005873	20,773	
Potential Migration of Tree Species	UofA		10.999	G00007358	1,869	
Total R&D Cluster for U.S. DEPARTMENT OF AGRICULTURE					**4,577,416**	**586,617**
R&D Cluster for U.S. DEPARTMENT OF COMMERCE						
Ocean Exploration	UofA		11.011		118,114	
Integrated Ocean Observing System (IOOS) (Pass-through University of	UofA		11.012	CA 12-1007-5-25684	19,481	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska Ocean Observing System)	UofA		11.012	H2300-50	18,153	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska Ocean Observing System)	UofA		11.012	H2300-51	39,605	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska Ocean Observing System)	UofA		11.012	H2300-52	44,121	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska Ocean Observing System)	UofA		11.012	H2300-59	11,582	
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	UofA		11.400		274,404	233,752
Sea Grant Support	UofA		11.417		204,931	(339)
Coastal Zone Management Estuarine Research Reserves	UofA		11.420		26,458	
Undersea Research	UofA		11.430		516,395	110,572
Climate and Atmospheric Research	UofA		11.431		935,699	
National Oceanic and Atmospheric Administration (NOAA) Cooperative	UofA		11.432		1,953,985	153,930
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA		11.438	1125952	19,090	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA		11.438	ADN 1115958	74,353	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA		11.438	ADN112595	10,411	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA		11.438	RSA 1115951	76,065	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	UofA		11.438	RSA 1115959	10,863	
ARRA-Marine Mammal Data Program (Pass-through National Fish and Wildlife Foundation)	UofA	ARRA	11.439	0312.12.031930	72,635	
Marine Mammal Data Program	UofA		11.439		432,956	
Special Oceanic and Atmospheric Projects	UofA		11.460		901,935	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Habitat Conservation (Pass-through National Fish and Wildlife Foundation DC)	UofA		11.463	2008-0066-008	46,033	
Applied Meteorological Research (Pass-through University of Mississippi)	UofA		11.468	UM 09-09-024	32,586	
Unallied Science Program (Pass-through Prince William Sound Science	UofA		11.472	12-81-06	709	
Unallied Science Program (Pass-through Prince William Sound Science	UofA		11.472	12-81-07	39,046	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1004	34,194	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1005	54,952	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1008	37,989	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1012	42,049	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1021	3,545	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1022	32,529	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1023	8,104	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1106	2,142	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1110	19,787	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 1120	194,916	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 520	(90)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 714	85,489	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 814	36,454	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 828	105,568	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 904	13,862	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 908-B	17,083	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 909-A	10,389	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 912	13,376	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 915	377	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 918	6,149	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 920	17,968	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project 927	10,977	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project B3877	2,217	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project B53	90,632	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project B67	12,076	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project B68	(978)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project B77	(194)	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project F4116	43,591	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project F4977	1,821	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project G81	250,572	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project G84	82,748	
Unallied Science Program (Pass-through North Pacific Research Board)	UofA		11.472	Project G85	105,813	
Coastal Services Center (Pass-through University of Maryland, UMCES)	UofA		11.473	CA 10-27	96,316	
Coastal Services Center (Pass-through Seward Association for Advancement of Science)	UofA		11.473	H-2201	(126)	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	UofA		11.473	H2211-00	2,014	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	UofA		11.473	H2223-00	(1,341)	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	UofA		11.473	H222400/Pending	68,254	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	UofA		11.473	H-2301-51	6,168	
Educational Partnership Program (Pass-through North Carolina A&T State University)	UofA		11.481	Subagreement 270040E	20,315	
ARRA-State Broadband Data and Development Grant Program (Pass-through Connect Alaska)	UofA	**ARRA**	11.558	02-50-M09071	94,078	
ARRA-State Broadband Data and Development Grant Program (Pass-through Connected Nation)	UofA	**ARRA**	11.558	ARRA 02-50-M09071	38,071	
Manufacturing Extension Partnership (Pass-through Alaska Manufacturing Extension Partnership)	UofA		11.611	AMEP-001	239,860	
Meteorological Data Sets	UofA		11.999	G00006674	2,036	
Total R&D Cluster for U.S. DEPARTMENT OF COMMERCE					**7,781,362**	**497,915**
R&D Cluster for U.S. DEPARTMENT OF DEFENSE						
Collaborative Research and Development (Pass-through University of	UofA		12.114	UM 07-11-041	210,650	
Collaborative Research and Development	UofA		12.114		10,000	
Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution)	UofA		12.300	A100585	87	
Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution)	UofA		12.300	A100694	99,679	
Basic and Applied Scientific Research	UofA		12.300		1,241,306	266,499
Military Medical Research and Development	UofA		12.420		1,767,817	(21)
Basic Scientific Research (Pass-through Mississippi State University)	UofA		12.431	060803-360295-01	163,956	
Basic Scientific Research (Pass-through Oklahoma State University)	UofA		12.431	AE-5-48940	4,257	
Basic Scientific Research	UofA		12.431		603,110	97,043

The notes to the Schedule of Expenditures of Federal Awards 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
Invitational Grants for Military-Connected Schools (Pass-through Anchorage School District)	UofA		12.557	11-1401	36,723	
Basic, Applied, and Advanced Research in Science and Engineering	UofA		12.630		257,215	
Air Force Defense Research Sciences Program	UofA		12.800		1,066,920	
Research and Technology Development (Pass-through University of Florida)	UofA		12.910	UF-EIES_1005018_UAF	50,323	
Research and Technology Development	UofA		12.910		198,227	
Operational Support of Infrasound and Primary and Auxiliary Seismic Stations for the International Monitoring System (IMS)	UofA		12.999	G00004909	2,723,427	
Assessment of Wetlands	UofA		12.999	G00005236	1,996	
Lead and Antimony Speciation in Shooting Range Soils: Molecular Scale Analysis, Temporal Trends and Mobility	UofA		12.999	G00006854	229,834	
Identifying Mechanisms of State Change and Forecasting Future Vulnerability	UofA		12.999	G00007315 / UF11138	53,550	
Total R&D Cluster for U.S. DEPARTMENT OF DEFENSE					**8,719,077**	**363,521**
R&D Cluster for U.S. DEPARTMENT OF THE INTERIOR						
Cultural Resource Management	UofA		15.224		19,718	
Recreation Resource Management	UofA		15.225		17,386	
National Fire Plan - Wildland Urban Interface Community Fire Assistance	UofA		15.228		237	
Invasive and Noxious Plant Management	UofA		15.230		18,411	
ARRA-Fish, Wildlife and Plant Conservation Resource Management (Pass-through NatureServe)	UofA	ARRA	15.231	BLM0F021-BLM0F025 To 1	168,943	
ARRA-Fish, Wildlife and Plant Conservation Resource Management (Pass-through NatureServe)	UofA	ARRA	15.231	BLM0F029	33,814	
Fish, Wildlife and Plant Conservation Resource Management	UofA		15.231		328,308	
Wildland Fire Research and Studies Program (Pass-through University of Nevada-Reno)	UofA		15.232	UNR-11-75 / PO 111GC000031	36,375	
ARRA-Environmental Quality and Protection Resource Management (Pass-through Michigan Technological)	UofA	ARRA	15.236	100259Z1 MOD 2	44,297	
ARRA-Environmental Quality and Protection Resource Management	UofA	ARRA	15.236		131,429	
Rangeland Resource Management	UofA		15.237		35,823	
National Park Service Centennial Challenge	UofA		15.406		32,966	
Alaska Coastal Marine Institute	UofA		15.421		795,567	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through University of Texas-Austin)	UofA		15.423	UTA-09-000282	82,793	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through University of Texas-Austin)	UofA		15.423	UTA11-000973	133,168	
Minerals Management Service (MMS) Environmental Studies Program (ESP)	UofA		15.423		1,205,461	25,903
Coastal Impact Assistance Program (CIAP) (Pass-through Alaska Sea	UofA		15.426	L2226.02	18,750	
Coastal Impact Assistance Program (CIAP)	UofA		15.426		55,385	
Fish and Wildlife Management Assistance	UofA		15.608		31,511	
State Wildlife Grants	UofA		15.634		127,027	
Service Training and Technical Assistance (Generic Training)	UofA		15.649		13,003	
Research Grants (Generic)	UofA		15.650		239,688	
National Fish and Wildlife Foundation	UofA		15.663		98,637	
Cooperative Landscape Conservation	UofA		15.669		152,601	
Assistance to State Water Resources Research Institutes	UofA		15.805		74,320	
Earthquake Hazards Reduction Program	UofA		15.807		700,423	
U.S. Geological Survey-Research and Data Collection	UofA		15.808		2,819,140	
Gap Analysis Program	UofA		15.811		333,499	
Cooperative Research Units Program	UofA		15.812		2,103,845	21,709
Minerals Resources External Research Program	UofA		15.816		7,871	3,953
ARRA-Volcano Hazards Program Research and Monitoring	UofA	ARRA	15.818		274,782	
National Climate Change and Wildlife Science Center	UofA		15.820		22,226	
Disposal of Surplus Wildlife	UofA		15.900		61,799	
Outdoor Recreation-Acquisition, Development and Planning	UofA		15.916		56,354	
National Center for Preservation Technology and Training	UofA		15.923		28,135	
Cooperative Research and Training Programs_Resources of the National Park System	UofA		15.945		1,456,060	
Radar Mapping in AK Coastal Waters	UofA		15.999	G00002047	(209)	
BSMMS: Beaufort Sea Mesoscale Mete	UofA		15.999	G00003585	448,203	204,650
Laboratory Testing for Import/Export FY07	UofA		15.999	G00003785 / ADN#1078006/45-7-0805	(165)	
MET Data From MET Stations	UofA		15.999	G00004064	8,486	
Monitoring Indicator in DNP	UofA		15.999	G00004859	441	
Exotic Plants in Alaskan NPS Units	UofA		15.999	G00005011	15,846	
CESU Underst lake disappearance th	UofA		15.999	G00005400	10,337	
CESU Tech Plan Aniakchak Nat'l Mmnt	UofA		15.999	G00005604	25,998	
Archival of historic bird checklist	UofA		15.999	G00005845	3,846	
Avian Fauna Inventory of Alagnak Wi	UofA		15.999	G00006240	12,211	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Harding Icefield	UofA		15.999	G00006251	18,792	
Wolf Diets and Derived Salmon	UofA		15.999	G00006432	28,470	
Conduct Landcover Inventory Alagnak	UofA		15.999	G00006479	12,680	
FY11 USGS Palmer Lab Services	UofA		15.999	G00006669	4	
Vanished Villages: Late Prehistoric	UofA		15.999	G00006756	54,246	
Adaptation Arctic Circulation Model (Pass-through Rutgers)	UofA		15.999	G00007038 / PO#1449197 / SA#4199	83,454	
Continuation of LTER Bonanza Creek	UofA		15.999	G00007288	76,269	
Dinosaur Fossils-AK Peninsula NWR	UofA		15.999	G00007630	4,306	
Total R&D Cluster for U.S. DEPARTMENT OF THE INTERIOR					**12,562,967**	**256,215**
R&D Cluster for U.S. DEPARTMENT OF JUSTICE						
Title V - Delinquency Prevention Program	UofA		16.548	EN 0611405	152	
State Justice Statistics Program for Statistical Analysis Centers	UofA		16.550		94,611	
Total R&D Cluster for U.S. DEPARTMENT OF JUSTICE					**94,763**	**-**
R&D Cluster for U.S. DEPARTMENT OF TRANSPORTATION						
Air Transportation Centers of Excellence	UofA		20.109		78,009	
University Transportation Centers Program (Pass-through Portland State University)	UofA		20.701	GCA 6384	6,155	
University Transportation Centers Program	UofA		20.701		2,941,152	526,624
Research Grants (Pass-through University of Hawaii)	UofA		20.762	PO Z894269	30,925	
Research Grants	UofA		20.762		45,043	
OSRI Graduate Research Fellowship (Pass-through Oil Spill Recovery	UofA		20.999	G00006857	28,500	
Total R&D Cluster for U.S. DEPARTMENT OF TRANSPORTATION					**3,129,784**	**526,624**
R&D Cluster for U.S. DEPARTMENT OF TREASURY						
Multi-modal Nat Gas Transp Corridor	UofA		21.999	G00002623	76,670	
Total R&D Cluster for U.S. DEPARTMENT OF TREASURY					**76,670**	**-**
R&D Cluster for U.S. GENERAL SERVICES ADMINISTRATION						
Federal Citizen Information Center	UofA		39.009		10,084	10,326
Total R&D Cluster for U.S. GENERAL SERVICES ADMINISTRATION					**10,084**	**10,326**
R&D Cluster for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION						
Science (Pass-through Jet Propulsion Laboratory)	UofA		43.001	1241499	62,525	
Science (Pass-through Jet Propulsion Laboratory)	UofA		43.001	1485171	74,021	
Science (Pass-through Prince William Sound Science Center)	UofA		43.001	10-65-10	175,888	
Science (Pass-through University of Pittsburgh)	UofA		43.001	Sub 0020157 (407134-2)	26,792	
Science (Pass-through Louisiana State University)	UofA		43.001	Sub 65687 / CFMS 712215	2,150	
Science (Pass-through University of Maryland)	UofA		43.001	Sub Z631501	26,493	
Science (Pass-through University of California)	UofA		43.001	Subagreement 00007605	127,339	
Science (Pass-through University of Texas-Austin)	UofA		43.001	UTA12-000234	8,796	
Science	UofA		43.001		2,047,582	86,558
Aeronautics (Pass-through University of Colorado)	UofA		43.002	1545830REF:PO 1000027866	111,922	
Aeronautics (Pass-through University of Colorado)	UofA		43.002	1548571 PO#1000017674	15,589	
AIM Phase B (Pass-through Hampton University)	UofA		43.999	G00001373 / SubC 03-12	1	
Alaska Space Grant Consortium Program	UofA		43.999	G00002331	146	
Application of Space-Based Tech	UofA		43.999	G00003065	534	241
Operation, Maintenance, Mission Support, and Facility Improvements at the Poker Flat Research Range	UofA		43.999	G00003134	1,004,410	
Alaska's NASA EPSCoR Program	UofA		43.999	G00004248	262,282	
Application of a New Generation	UofA		43.999	G00004532	231,761	
Synthetic Aperture Radar (SAR) Distributed Active Archive Facility (DAAC)	UofA		43.999	G00004639	8,462,469	
Miscellaneous (Pass-through University of Washington)	UofA		43.999	G00004649 / 486547	7,089	
Assessing the spatial and temporal dynamics of thermokarst and related carbon cycling in Siberia and Alaska	UofA		43.999	G00004670	93,333	
Turbopause Program	UofA		43.999	G00004884	(696)	
Automation of the ASTER Emergency Data Acquisition Protocol for Disaster Monitoring and Preparedness (Pass-through University of Pittsburgh)	UofA		43.999	G00004901 / Sub 0008149	29,896	
Quantifying the Role of Ocean-Ice	UofA		43.999	G00004997	211,132	
Heating and Acceleration of the Solar Wind and Corona by Anisotropic MHD and Hall MHD Turbulence	UofA		43.999	G00005062	63,929	
Development of a new chemical release technique for measuring neutral wind velocity gradients in Earth's auroral thermosphere	UofA		43.999	G00005116	33,446	
Collaborative Research: Controls on the Speed and Stability of Greenland Outlet Glaciers: Observations of Jakobshavns Isbrae (Pass-through University of New Hampshire)	UofA		43.999	G00005283 / Sub 09-046	1,259	
Quantifying Recent Mass Changes of Mountain Glaciers in the Canadian high Arctic, the Patagonian Icefields, and Eastern Greenland	UofA		43.999	G00005305	98,127	

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Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Physical and Geologic Investigations of the Surface Materials Along the MER Traverses	UofA		43.999	G00005454	5,492	
The Relationship Between the Physical and Mechanical Properties of Mars Soils and their Simulation	UofA		43.999	G00005603	69,750	10,575
Exploration Potential of Lunar Pole (Pass-through The John Hopkins	UofA		43.999	G00005724 / 957706	232,219	
Mapping Changes in Shrub Abundance (Pass-through Montclair State	UofA		43.999	G00005738 / NNX09AL03G/PO-S102366	19,932	
Analysis of Impact Craters on Mercury Using MESSEGER Data	UofA		43.999	G00005760	26,361	
Adaptation to Rapid Land-use and Cl	UofA		43.999	G00005972	269,441	76,814
Robotic Exploration Technology in Astrobiology, year 2	UofA		43.999	G00005991	27,444	27,444
Controls & Feedback, Pacific Shelf (Pass-through Bermuda Institute of Ocean Sciences)	UofA		43.999	G00006308 / 10-4100 / Pending	66,390	
Optimizing Next-Generation Image Compression Transforms via Evolutionary Computation	UofA		43.999	G00006556	222,337	
Estimating Spatio-Temporal Variability in Evapotranspiration in Interior Alaska Using Field Measurements, Modeling, and Remote Sensing	UofA		43.999	G00006590	190,974	
RETINA (Robotic Exploration Technologies in Astrobiology)	UofA		43.999	G00006617	117,652	26,707
Implication of Arctic Sea Ice Reduction on Bromine, Ozone, and Mercury Chemical Process, Transport, and Distribution (Pass-through Jet Propulsion Laboratory)	UofA		43.999	G00006902 / Sub 1418562	179,630	
North American Carbon Program (Pass-through University of South Florida)	UofA		43.999	G00007039 / PO 7000025845	28,912	
Range Maintenance, Mission Support, and Facility Improvements, on a Task Order Basis, at the Poker Flat Research Range	UofA		43.999	G00007728	891,869	
Total R&D Cluster for NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					**15,526,618**	**228,339**
R&D Cluster for NATIONAL SCIENCE FOUNDATION						
Engineering Grants (Pass-through Georgia Institute of Technology)	UofA		47.041	RA0693-G1 / PO #2720014478	41,436	
Engineering Grants	UofA		47.041		102,873	
Mathematical and Physical Sciences	UofA		47.049		298,122	
Geosciences (Pass-through University of Southern California)	UofA		47.050	149701	219,097	
Geosciences (Pass-through Virginia Polytechnic Institute)	UofA		47.050	478052-19099	23,557	
Geosciences (Pass-through Cornell University)	UofA		47.050	62144-9481	24,618	
Geosciences (Pass-through Northwest Research Associates)	UofA		47.050	NWRA-07-S-104	13,842	
Geosciences (Pass-through Rutgers University)	UofA		47.050	PO 4150 / S1409651	40,381	
Geosciences (Pass-through University of Southern California)	UofA		47.050	Sub 152425	24,000	
Geosciences (Pass-through Woods Hole Oceanographic Institution)	UofA		47.050	Sub A100870	22,631	
Geosciences (Pass-through Woods Hole Oceanographic Institution)	UofA		47.050	Sub Award A100638	51,187	
Geosciences (Pass-through SRI International)	UofA		47.050	SubContract 119-000221	225,315	
Geosciences	UofA		47.050		11,606,532	72,702
Computer and Information Science and Engineering	UofA		47.070		93,181	325
Biological Sciences (Pass-through University of Washington)	UofA		47.074	592485	(4,700)	
Biological Sciences (Pass-through Texas Tech University)	UofA		47.074	21P225-02	22,801	
Biological Sciences (Pass-through South Dakota State University)	UofA		47.074	3TC097	11,917	
Biological Sciences (Pass-through University of Notre Dame)	UofA		47.074	Sub Award 201717	28,580	
Biological Sciences	UofA		47.074		2,880,586	67,193
Social, Behavioral, and Economic Sciences (Pass-through University of New Hampshire)	UofA		47.075	Sub Award 12-037	3,908	
Social, Behavioral, and Economic Sciences	UofA		47.075		403,232	32,855
Education and Human Resources	UofA		47.076		2,231,282	
Polar Programs (Pass-through Purdue University)	UofA		47.078	4101-44885	16,719	
Polar Programs (Pass-through Woods Hole Oceanographic Institution)	UofA		47.078	A100869	20,390	
Polar Programs (Pass-through Oklahoma State University)	UofA		47.078	AA531200-S1/090987	155,640	
Polar Programs (Pass-through Artic Research Consortium of the U.S.	UofA		47.078	ARCUS Contract8.26.04	5,933	
Polar Programs (Pass-through University of Maryland, UMCES)	UofA		47.078	CA 12-12 07-5-25679	36,337	
Polar Programs (Pass-through University of Chicago)	UofA		47.078	FP042787	21,406	
Polar Programs	UofA		47.078		10,328,004	198,172
International Science and Engineering (OISE) (Pass-through University of Hawaii-Manoa)	UofA		47.079	Z946967 / PO 660191	2,805	
International Science and Engineering (OISE)	UofA		47.079		73,003	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Washington)	UofA	ARRA	47.082	ARRA ARC-0908262 / 657596Z	15,599	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Colorado)	UofA	ARRA	47.082	ARRA SPO 0000069542	97,221	
ARRA-Trans-NSF Recovery Act Research Support	UofA	ARRA	47.082		67,347,328	
Alaska HRRR - Verification and Study of Model Configuration for Operational Deployment (Pass-through National Center for Atmospheric Research)	UofA		47.999	G00007196 / Z11-87895	18,579	
Total R&D Cluster for NATIONAL SCIENCE FOUNDATION					**96,503,342**	**371,247**
R&D Cluster for U.S. SMALL BUSINESS ADMINISTRATION						
Prime Technical Assistance	UofA		59.050		118,779	
Total R&D Cluster for U.S. SMALL BUSINESS ADMINISTRATION					**118,779**	**-**

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R&D Cluster for U.S. ENVIRONMENTAL PROTECTION AGENCY						
Water Pollution Control State, Interstate, and Tribal Program Support	UofA		66.419	EN 1820501	32,875	
Water Pollution Control State, Interstate, and Tribal Program Support	UofA		66.419	RS1810168/EN 1810521	(1,320)	
Water Pollution Control State, Interstate, and Tribal Program Support	UofA		66.419	RS1810207/EN1810525	85,806	
Science To Achieve Results (STAR) Research Program (Pass-through Arizona State University)	UofA		66.509	Sub Award 12-866	2,188	
P3 Award: National Student Design Competition for Sustainability	UofA		66.516		3,052	
Bristol Bay Watershed Analysis (Pass-through NatureServe)	UofA		66.999	EP-W-07-080 (WA 3-22)	164,318	
Air Quality Drum Sampler	UofA		66.999	RSA 1820188	9	
Total R&D Cluster for U.S. ENVIRONMENTAL PROTECTION AGENCY					**286,928**	**-**
R&D Cluster for U.S. DEPARTMENT OF ENERGY						
Office of Science Financial Assistance Program (Pass-through University of Illinois)	UofA		81.049	DOC# 0411/DE-SC0006607	13,827	
Office of Science Financial Assistance Program (Pass-through Alliance for Sustainable Energy)	UofA		81.049	ZAM-0-40876-01	34,734	
Office of Science Financial Assistance Program	UofA		81.049		1,893,659	
ARRA-Renewable Energy Research and Development	UofA	ARRA	81.087		1,559,653	
Renewable Energy Research and Development (Pass-through Electric Power Research Institute)	UofA		81.087	EP-P36535/C16572	50,995	
Renewable Energy Research and Development (Pass-through Electric Power Research Institute)	UofA		81.087	EP-P37092/C16755	29,287	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	UofA		81.089	Contract 643168	87,882	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	UofA		81.089	PO# 1197534	88,796	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	UofA		81.089	Standard PO: 746154	31,797	
Fossil Energy Research and Development	UofA		81.089		651,672	26,665
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	UofA	ARRA	81.128	400114 /EEC-10-ISR-1-AMD3	2,497	
ARRA-Geologic Sequestration Training and Research Grant Program	UofA	ARRA	81.133		(26,740)	
Alaskan Risk from Russian Reactors and Nuclear Facilities Education Project (Pass-through Battelle Pacific Northwest Lab)	UofA		81.999	G00001161 / NO. 9064	23,049	
Environmental Media Gamma Emitting (Pass-through Battelle Pacific Northwest Lab)	UofA		81.999	G00002490 / 17560	22,579	
Collaborative Research: Abrupt Climate Change and the Atlantic Meridional Overturning Circulation	UofA		81.999	G00005551	65,000	42,017
Regional Model Intercomparison for the Arctic (Pass-through Sandia National Laboratories)	UofA		81.999	G00006082 / SPO 966269	(15)	
Total R&D Cluster for U.S. DEPARTMENT OF ENERGY					**4,528,672**	**68,682**
R&D Cluster for U.S. DEPARTMENT OF EDUCATION						
Alaska Native Educational Programs (Pass-through Association of Alaska School Boards)	UofA		84.356	Amended PO 100-ISER-06	(3,868)	
Evaluation of the Alaska Humanities Forum Teacher Training and Sister School Exchange Programs (Pass-through Alaska Humanities Forum)	UofA		84.999	Agreement Dated 6/06 Amend 05/09	(1)	
Total R&D Cluster for U.S. DEPARTMENT OF EDUCATION					**(3,869)**	**-**
R&D Cluster for DENALI COMMISSION						
Denali Commission Program (Pass-through Kotzebue Electric Association)	UofA		90.100	11-131	57,515	
Denali Commission Program (Pass-through Chaninik Wind Group)	UofA		90.100	CWG2011-001	46,503	
Denali Commission Program (Pass-through Cordova Electric Cooperative)	UofA		90.100	PO 000000971	39,613	
Denali Commission Program (Pass-through Ocean Renewable Power Company-Alaska)	UofA		90.100	UAF11-0017	90,524	
Denali Commission Program	UofA		90.100		2,484,966	
Total R&D Cluster for DENALI COMMISSION					**2,719,121**	**-**
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		93,118	
Environmental Health (Pass-through Alaska Community Action on Toxics)	UofA		93.113	NIEHS R01 UAA	70,623	
Environmental Health	UofA		93.113		689	
Human Genome Research	UofA		93.172		515,900	231,120
Research on Healthcare Costs, Quality and Outcomes	UofA		93.226		199,654	71,331

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By Federal Agency

Federal Program Title	State Agency	ARRA	CFDA Number	Grant or Other Identifying Number	Federal Expenditures	Provided to Subrecipient
Policy Research and Evaluation Grants (Pass-through Massachusetts Institute of Technology)	UofA		93.239	5710003131	231,222	
Mental Health Research Grants	UofA		93.242		729,417	21,535
Substance Abuse and Mental Health Services_Projects of Regional and National Significance (Pass-through Rural Alaska Community Action Program)	UofA		93.243	11TI23541A	42,726	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	UofA		93.243	EN# 0629000	46,083	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	UofA		93.243		60,750	
Occupational Safety and Health Program	UofA		93.262		163,141	4,927
Alcohol Research Programs	UofA		93.273		131,078	
Drug Abuse and Addiction Research Programs (Pass-through Northwest Indian College)	UofA		93.279	24216	33,493	
Drug Abuse and Addiction Research Programs (Pass-through Pacific Institute for Research and Evaluation Louisville Center)	UofA		93.279	0049.02.01 MOD 2 DTD 7/9/12	26,323	
Drug Abuse and Addiction Research Programs	UofA		93.279		323,856	
National Center for Health Workforce Analysis	UofA		93.300		90,556	
Minority Health and Health Disparities Research	UofA		93.307		541,002	80,481
National Center for Research Resources	UofA		93.389		2,817,164	7,256
ARRA-Trans-NIH Recovery Act Research Support (Pass-through Harvard	UofA	ARRA	93.701	149728.386555.0207	46,263	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through University of Washington)	UofA	ARRA	93.701	720648Z	37,259	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through University of Washington)	UofA	ARRA	93.701	725216Z	11,014	
ARRA-Trans-NIH Recovery Act Research Support	UofA	ARRA	93.701		1,840,145	152,884
Diabetes, Digestive, and Kidney Diseases Extramural Research	UofA		93.847		529,250	75,738
Extramural Research Programs in the Neurosciences and Neurological Disorders (Pass-through Alaska Native Tribal Health Consortium)	UofA		93.853	11-U-37632	30,709	
Extramural Research Programs in the Neurosciences and Neurological Disorders (Pass-through Alaska Native Tribal Health Consortium)	UofA		93.853	3U1NS048069-04S3	126,050	
Extramural Research Programs in the Neurosciences and Neurological	UofA		93.853		125,836	61,276
Biomedical Research and Research Training (Pass-through University of Washington)	UofA		93.859	697269	3,898	
Biomedical Research and Research Training (Pass-through University of Washington)	UofA		93.859	724313	203,875	
Biomedical Research and Research Training	UofA		93.859		4,748,512	
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program (Pass-through Southeast Alaska Regional Health Consortium)	UofA		93.912	31199	41,820	
Demonstration Projects for Indian Health (Pass-through Alaska Native	UofA		93.933	ANTHC-11-U-33434 DTD7/28/11	8,350	
Frontier Extend Stay Clinic (Pass-through Southeast Alaska Regional Health Consortium)	UofA		93.999	G00004629 / 78399 PO16523	35,030	
Avian Influenza Surveillance (Pass-through Mount Sinai School of Medicine)	UofA		93.999	G00005587 / HHSN266200700010C	136,253	
Promoting Community-based Adaptation Planning for Climate Change (Pass-through Alaska Native Tribal Health Consortium)	UofA		93.999	G00006627 / ANTHC-10-C29939 MOD 001	4,505	197
Promoting Community-based Adaptation Planning for Climate Change (Pass-through American Public Health Association)	UofA		93.999	G00007616 / Agreement DTD 10/14/11	92,746	879
Total R&D Cluster for U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					**14,138,310**	**707,624**
R&D Cluster for U.S. DEPARTMENT OF HOMELAND SECURITY						
Centers for Homeland Security (Pass-through University of Hawaii)	UofA		97.061	Z884255	423,603	20,110
Centers for Homeland Security (Pass-through University of Hawaii)	UofA		97.061	Z884255 Amend #5	66,903	11,286
Total R&D Cluster for U.S. DEPARTMENT OF HOMELAND SECURITY					**490,506**	**31,396**
TOTAL FEDERAL FINANCIAL ASSISTANCE					**3,390,507,102**	**411,218,732**

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

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, 2012.

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 FY12 the State processed federal property valued at $3,710,040 donors acquisition cost. For OMB Circular A-133 purposes, the donated property is valued at 23.68% of donors cost. This is the expenditure amount shown on the schedule $878,538. The ending inventory at June 30, 2012, carried at the donors' acquisition cost was $2,382,358. (CFDA 39.003)

B. **Commodities** – The Department of Education and Early Development administers federal commodities distribution through other governmental and nonprofit agencies. In FY12, commodities distributed totaled $2,588,371 ($2,588,371 regular [$2,083,824 CFDA 10.555; $26,174 CFDA 10.558, $478,373 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, 2012.

C. **Immunization Grants** – Federal expenditures include vaccines received during FY12 valued at $12,171,969. (CFDA 93.268)

D. **Supplemental Nutrition Assistance Program (SNAP)** – At fiscal year end, June 30, 2012, $185,334,509 of SNAP benefits were redeemed.

Note 4: WIC Rebates

During SFY 12 the Alaska Department of Health and Social Services (DHSS) earned cash rebates of $4,036,178 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 5,235 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)

During FFY 12, USDA mandated a switch on how infant formula rebates were to be reported. Specifically, a cash basis approach was to be applied effective July 1, 2011. This reporting/financing switch reduces the amount of infant formula rebates that were reported within FFY 12 WIC 798 report. The primary purpose for this change was to reduce the burden on States with the FFY 13 federal financial program reductions. Based on the FFY 12 798 report the infant formula rebates total $3,256,595 resulting in additional clients served totaling 4,224. All other reporting requirements for the WIC 798 are the same.

Note 5: Loans

A. **AHFC Loan Guarantee Programs** – During FY12, 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, 2012, are:

CFDA 14.117	HUD FHA Mortgage Insurance	$ 571,465,874
CFDA 14.865	HUD Loan Guarantees for Indian Housing	110,968,646
CFDA 64.114	Department of Veterans' Affairs Mortgage Guarantees	402,894,210
CFDA 10.410	Farmers Home Administration Mortgage Insurance	184,370,677
	Total Loan Guarantees and Insurance Programs	$ 1,269,699,407

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, 2012, there was one outstanding scholarship, which totaled $717. (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. FY12 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, 2012, totaled $35,234. Federal share of principal is $33,251.

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 $162,870,735. (CFDA 84.032L)

E. **Small Business Economic Development Loan Fund** – The U.S. Department of Commerce funds the Economic Development Assistance Revolving Loan Fund for the Department of Commerce, Community and Economic Development. The federal share of loans outstanding is estimated at $4,680,780 as of June 30, 2012. (CFDA 11.307)

Note 6: Capitalization Grants

A. **Clean Water State Revolving Funds** – The U.S. Environmental Protection Agency jointly funds the Alaska Clean Water Fund with the State of Alaska. At fiscal year end June 30, 2012, 169 loan commitments totaling $366,257,988 had been granted from the base loan program. Total loans against these commitments were $256,077,700, consist of $122,969 in disadvantage assistance and $255,954,731 in loan assistance of which $165,479,297 was federal participation. Of the $165,479,297, $4,237,190 was disbursed in FY12. In addition, 19 ARRA loan commitments totaling $22,450,879 had been granted. Total ARRA loans against these commitments were $21,962,760 of which $20,328,455 were subsidized and $1,634,305 were unsubsidized and require repayment. Repayment received during FY12 totaled $12,778,764. Loans outstanding at June 30, 2012, totaled $126,627,783 of which $983,786 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, 2012, 138 loan commitments totaling $221,800,109 had been granted from the base loan program. Total loans against these commitments were $185,074,352 consists of $8,213,195 in disadvantaged assistance and $176,861,157 in loan assistance of which $114,256,960 was federal participation. Of the $114,256,960, $4,636,316 was disbursed in FY12. In addition, 26 American Recovery and Reinvestment Act (ARRA) loan commitments totaling $16,957,352 had been granted. Total ARRA loans against these commitments were $16,369,135 of which $15,390,613 was subsidized and $978,522 were unsubsidized and require repayment. Repayment received during FY12 totaled $9,014,934. Loans outstanding at June 30, 2012, totaled $135,927,605 of which $561,099 were ARRA. (CFDA 66.468)

Note 7: Unemployment Insurance

Federal participation in FY12 Unemployment Insurance benefits was $128,112,101. Federal participation for program administration was $30,687,770 (this includes $2,322,611 under the Extend Unemployment Compensation Program). UI benefits paid by the State during FY12 was $174,011,575. ARRA Unemployment Compensation Modernization distribution was $4,239,044. (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 FY12, Alaska Housing Finance Corporation expended $0 from the trust fund in support of ENERGY programs. (CFDA 81.041)

Note 9: Medical Assistance Program Claims

Deferrals of school-based administrative claims of $5.4 million exist for prior years ($0.6 million for FY10, $4.8 million for FY08). The entire $5.4 million in deferrals were determined uncollectable by DHSS.

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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:
This recommendation has been partially resolved. DHSS discontinued the Medicaid School Based Administrative program in SFY 2012 and is in discussions with CMS Regional Office on resolving the outstanding questioned costs.

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:
This audit finding is resolved in accordance with OMB Circular A-133 §_.315.

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:
This audit finding is resolved in accordance with OMB Circular A-133 §_.315(b)(4).

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:
DHSS has resolved the finding. A MAXCARS operating manual for current operating version 3.22 from MAXIMUS was distributed to all system users in SFY 2012. The manual was also supplemented with written procedures for specialized processes and to strengthen internal controls.

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:
DHSS has partially resolved the finding. Management implemented a corrective action plan in FY12 and anticipates it will be completed by the end of FFY13. In FY12 DHSS Assistant Commissioner initiated a review and update of departmental administrative policy and procedures. If no policies previously existed, new policy was drafted and existing operating procedures documented. In the case of federal reporting and revenue collection, written policy is being drafted and internal controls documented. The federal allocation management unit (FAMU) and revenue section both completed documenting federal report preparation for the following programs: Children's Health Insurance Program (CHIP); Medicaid; and Temporary Assistance for Needy Families (TANF). Additionally, in FY12 DHSS explored replacement options for MAXCARS and issued a request for interest on software as service systems for cost allocation. In FY13 DHSS is implementing a new cost allocation system, CAPplus effective for quarter ending 3/31/13 that will include system enhancements to stream line the revenue collection procedures. Procedures and internal controls will be documented from the new system.

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:
DHSS has resolved the finding. DHSS recognized the need and conducted a department wide training academy for two years, at which time attendance had dropped off considerably. Currently training needs are addressed through statewide, departmental, or within the division. Both general and specialized training opportunities for staff are available through a series of venues. Some types are hosted around the state by the Department of Administration, such as the training provided by the Division of Personnel; and other training by DHSS and/or a Division are available online or on/off-site. For example, in SFY 2012 DHSS procured the services of trainers to conduct on-site training on Federal Cost Allocation for Public Assistance agencies and it included subject matter experts from every Division, in addition to FMS staff.

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:
DHSS has partially resolved the finding. Management implemented a corrective action plan in FY12 and anticipates it will be completed by the end of FFY13. In FY12 DHSS Assistant Commissioner initiated a review and update of departmental administrative policy and procedures. If no policies previously existed, new policy was drafted and existing operating procedures documented. In the case of federal reporting and revenue collection, written policy is being drafted and internal controls documented. In FY12 FMS finalized 4 new and/or existing policy and procedure updates. In FY13 FMS has completed the updates, review and approval process of 15 existing policies and procedures in the first six months. DHSS is researching the questioned costs.

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:
This audit finding is resolved in accordance with OMB Circular A-133 §_.315(b)(4).

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:
DHSS has partially resolved the finding. The Division of Behavioral Health concurs with questioned costs and is refunding costs on the CMS 64 for QE 12/31/12.

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. Questioned costs for CFDA 93.268, CFDA 93.767 and CFDA 93.778 have been resolved. The department is working with the appropriate federal agencies to resolve the remaining questioned costs.
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:** DHSS has resolved the finding. The DHSS policy and procedures for positive time keeping was issued in June, 2011 and was posted on the inter-departmental policy web-site. Additionally, FMS distributes reminders of federal requirements for personal services and links to the policy and forms for positive time keeping each quarter to the divisions.
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:** This audit finding is resolved in accordance with OMB Circular A-133 §_.315(b)(4).

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:** DHSS has partially resolved the finding. The department plans on issuing the DME regulations in FY13.
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 finding is resolved in accordance with OMB Circular A-133_.315.
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:** Corrective action was taken. This finding is considered resolved.
Report: **02-40011-11** Finding Number: **07** Fiscal Year: **2010** Initial Finding Year: **2010** Federal Agency: **USDA and USDHHS** State Agency: **DHSS** CFDA: **93.778** Questioned Costs: **$153,205** CFDA: **10.557** Questioned Costs: **$48,486** CFDA: **93.658** Questioned Costs: **$52,472**	**Prior Audit Finding:** The Finance and Management Services (FMS) assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal costs principles. **Status/corrective action planned/reasons for no further action:** DHSS has partially resolved the finding. The DHSS policy and procedures for positive time keeping was issued in June, 2011 and was posted on the inter-departmental policy web-site. Additionally, FMS distributes reminders of federal requirements for personal services and links to the policy and forms for positive time keeping each quarter to the divisions. The questioned costs for CFDA 93.658 were refunded in QE 09/30/12. DPA is reviewing the questioned costs for CFDA 10.557 and plans to resolve them in FY13.

Report: **02-40011-11**
Finding Number: **08**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **DC and USDHHS**
State Agency: **DHSS**
CFDA: **90.100**
CFDA: **93.224**
CFDA: **93.575**
CFDA: **93.889**
Questioned Costs: **Indeterminate**

Prior Audit Finding:
DHSS' internal audit manager should ensure that management decisions related to subrecipient audit findings are issued timely.

Status/corrective action planned/reasons for no further action:
DHSS has resolved the finding. The corrective action plan was implemented beginning February 2012 when one of two internal auditor positions was filled. The backlog of subrecipients' audited financial statements were logged, discussion and subsequent follow-up of subrecipients' corrective action plans were completed, and resulted in the appropriate management decision letters. Currently, all management decision letters are timely.

Report: **02-40011-11**
Finding Number: **09**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDA**
State Agency: **DHSS**
CFDA: **10.557**
Questioned Costs: **None**

Prior Audit Finding:
The Division of Public Assistance's (DPA) director should ensure vendors participating in WIC program are adequately monitored according to federal requirements.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding**.** In FY12 the WIC vendor unit developed and implemented new procedures according to USDA's mandated measures to identify high-risk vendors. WIC staff also developed and implemented new inventory audit procedures and participated in an USDA-sponsored training conference that focused on vendor compliance. In FY13 WIC is in the process of developing an analysis recommended by the USDA and which will allow WIC to complete investigations of a five percent or more of vendors by 09/30/13.

Report: **02-40011-11**
Finding Number: **10**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.558**
Questioned Costs: **Indeterminate**

Prior Audit Finding:
DHSS' DPA director should implement policies and procedures to ensure the accurate and timely documentation of client participation status.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. The Division is currently taking steps to adhere to the data reporting rules on family type as per line 49 of the ACF-199. As noted in previous responses, the Division's ability to comply is significantly impacted by the capacity of the Eligibility Information System (EIS) to generate the best code under item 49. In order to meet this requirement, the Division has developed a new automated report ACF-199 which will be used for federal reporting of ACF-199 data for TANF. Currently the programming is being finalized. Prior to full implementation the program must be tested and run next to the current processes so the Division can ensure the veracity of the data prior to transitioning to the new automated report. As soon as testing confirms the report provides correct data, the new report, including adherence to data elements of item 49, will be implemented.

Report: **02-40011-11**
Finding Number: **11**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHSS**
State Agency: **DHSS**
CFDA: **93.558**
Questioned Costs: **None**

Prior Audit Finding:
DHSS' TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

Status/corrective action planned/reasons for no further action:
DHSS has resolved the finding. The policy rule in question, disqualification for felony fraud for misrepresentation of state of residence in order to received TANF benefits in more than one state, has been addressed in the Division's administration of the TANF program. This question appears on the general application for services (Form Gen50B) on page 1, number 4 (you may view the form at http://dpaweb.hss.state.ak.us/e-forms/pdf/gen50b.pdf).

It also appears on the eligibility review form (Form Gen72) on page 1 (you may view the form at http://dpaweb.hss.state.ak.us/e-forms/pdf/Gen%2072%20(5.12).pdf).

The program policy is stated in the Alaska Temporary Assistance Program policy manual section 710-3(2) Residence Fraud (you may view the ATAP Manual at http://dpaweb.hss.state.ak.us/manuals/ta/ta.htm). This policy is also trained as part of the Division's Core Eligibility Training and is addressed during both sections on how to conduct and interview using information on the general application (Form Gen50b that includes the residence fraud felony question) as well as during discuss on fraud. Please reference pages 184 and 206 of the Core Training Manual.

Report: **02-40011-11**
Finding Number: **12**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.575**
CFDA: **93.596**
Questioned Costs: **None**

Prior Audit Finding:
DPA's administrative manager should improve procedures over the federal Child Care and Development Fund's (CCDF) program reporting requirements.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. In FY 12, the DPA Administrative Manager and the Child Care Program Office Manager worked closely with members of their teams and a short-term non-perm employee with prior experience with TANF and CCDF to construct a detailed budget spreadsheet for child care. Through this process participants gained considerable knowledge and history regarding CCDF to include the various funding sources, requirements for drawing down the money, reporting requirements, etc.

Participants were able to identify opportunities for streamlining processes and procedures as well as roles and responsibilities to ensure Alaska meets CCDF reporting requirements. DHSS is currently developing written policies and procedures for the preparation of CCDF's reporting requirements.

Report: **02-40011-11**
Finding Number: **14**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
Questioned Costs: **$223,538**

Prior Audit Finding:
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.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the audit finding. DHSS is researching the questioned costs.

Report: **02-40011-11**
Finding Number: **15**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**
CFDA: **93.767**
Questioned Costs:
Indeterminate

Prior Audit Finding:
The DHSS deputy commissioner for Medicaid and Health Care Policy should ensure compliance with program regulations concerning the enrollment of Personal Care Assistants (PCA) and the processing and payment of PCA program claims.

Status/corrective action planned/reasons for no further action:
This audit finding is resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40011-11**
Finding Number: **16**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.775**
Questioned Costs: **None**
CFDA: **93.767 and 93.778**
Questioned Costs:
Indeterminate

Prior Audit Finding:
The HCS director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. Health Care Services is currently working to change the surveillance and utilization review methodology and timelines.

Report: **02-40011-11**
Finding Number: **17**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.767**
CFDA: **93.778**
Questioned Costs:
Indeterminate

Prior Audit Finding:
The HCS director should develop written policies and procedures for the alternative reimbursement methodology over durable medical equipment and supplies (DME).

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. The department plans on issuing the DME regulations in FY13.

Report: **02-40011-11**
Finding Number: **18**
Fiscal Year: **2010**
Initial Finding Year: **2010**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **10.551**
CFDA: **10.561**
CFDA: **10.557**
CFDA: **93.558**
CFDA: **93.568**
CFDA: **93.575**
CFDA: **93.596**
CFDA: **93.713**
CFDA: **93.658**
CFDA: **93.767**
CFDA: **93.775**
CFDA: **93.777**
CFDA: **93.778**
Questioned Costs: **None**

Prior Audit Finding:
FMS' assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet OMB Circular A-133 reporting requirements.

Status/corrective action planned/reasons for no further action:
DHSS has resolved the finding. DHSS has prepared the SEFA according to A-133 reporting requirements and Department of Administration, Division of Finance directives.

Report: **02-40011-11**
Finding Number: **28**
Fiscal Year: **2010**
Initial Finding Year: **2009**

Federal Agency: **USDHUD**
State Agency: **AHFC**
CFDA: **14.881**
Questioned Costs: **None Identified**

Prior Audit Finding:
Lack of Third Party Verification of Income – Eligibility – Compliance – Direct Program

According to the OMB A-133 Compliance Supplement, the public housing agency (PHA) must document third party verification of annual income, value of assets, expenses related to deductions from annual income, and any other factors that affect the determination of adjusted income or income-based rent disclosed by the family during examinations and reexaminations.

Of the 88 participant files tested, five files were found to have deficiencies in the documentation of third party income verification.
Third party verification is required to determine if all income is included in the HAP payment calculation. Amounts not verified through a third party source could significantly change the income calculations.

We reported a similar finding when we tested the files for this program in 2009.

Status/corrective action planned/reasons for no further action:
Corrective action was taken. This finding is considered resolved.

Report: **02-40012-12**
Finding Number: **05**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDOE**
State Agency: **DEED**
CFDA: **84.367**

Questioned Costs: **$48,115**

Prior Audit Finding:
The DEED Teaching and Learning Support (TLS) director should strengthen review procedures to ensure compliance with period of availability requirements.

Status/corrective action planned/reasons for no further action:
This finding is resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40012-12**
Finding Number: **06**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDOE**
State Agency: **DEED**
CFDA: **84.027**
CFDA: **84.173**
CFDA: **84.391**
CFDA: **84.392**
CFDA: **84.377**
CFDA: **84.388**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DEED Division of Administrative Services (DAS) director should implement procedures to ensure federal suspension and debarment requirements are met.

Status/corrective action planned/reasons for no further action:
This finding is resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40012-12**
Finding Number: **07**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDOE**
State Agency: **DEED**
CFDA: **84.367**
CFDA: **84.027**
CFDA: **84.377**

Questioned Costs: **None Identified**

Prior Audit Finding:
The TLS director and the DAS director should develop and implement procedures to ensure federal procurement documentation meets minimum requirements.

Status/corrective action planned/reasons for no further action:
This finding is resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40012-12**
Finding Number: **08**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDOE and USDA**
State Agency: **DEED**
CFDA: **84.389**
CFDA: **84.391**
CFDA: **84.392**
CFDA: **84.394**
CFDA: **84.386**
CFDA: **84.388**
CFDA: **10.568**

Questioned Costs: **None Identified**

Prior Audit Finding:
The TLS director should develop and implement procedures to monitor the accuracy of subrecipient data reported on the 1512 report.

Status/corrective action planned/reasons for no further action:
This finding is resolved in accordance with OMB Circular A-133 §_.315.

Report: **02-40012-12**
Finding Number: **09**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDA and USDHHS**
State Agency: **DHSS**
CFDA: **10.557**
Questioned Costs: **$67,559**
CFDA: **93.778**
Questioned Costs: **$32,098**

Prior Audit Finding:
The DHSS Finance and Management Services (FMS) assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal cost principles.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. DHSS continues to provide outreach within the department to ensure the policy and procedures on positive time-keeping is being followed and additional training has been provided to administrative staff in units that have experienced high-turnover. DHSS worked with CMS regional office and questioned costs pertaining to CFDA 93.778 were returned QE 09/30/12. DPA is reviewing the questioned costs for CFDA 10.557 and plans to resolve them in FY13.

Report: **02-40012-12**
Finding Number: **10**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.777**
CFDA: **93.778**
CFDA: **93.558**
CFDA: **93.659**
CFDA: **93.767**
CFDA: **93.575**
CFDA: **93.596**

Questioned Costs: **None Identified**

Prior Audit Finding:
The FMS assistance commissioner should ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. Effective October 1, 2011 management within the revenue unit changed. Since that time, the unit has been evaluating its federal reporting practices resulting in federal revenues recorded in AKSAS. Currently, the revenue staff is working on developing appropriate reconciliation tools for the federal entitlement programs. We expect these additional tools will help assure that quarterly reconciliations are performed timely and accurately.

Additionally, all FMS units are tasked with complete, written updates to policies and procedures. Concentrated efforts are placed on those processes with no written procedures, many of which are being developed anew.

Report: **02-40012-12**
Finding Number: **11**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDHHS and USDA**
State Agency: **DHSS**
CFDA: **93.659**
CFDA: **10.557**
CFDA: **93.575**
CFDA: **93.713**

Questioned Costs: **None Identified**

Prior Audit Finding:
The FMS assistant commissioner should ensure the backlog of subrecipient audit reports are addressed in accordance with federal requirements.

Status/corrective action planned/reasons for no further action:
DHSS has resolved this finding. DHSS has eliminated backlog of sub-recipient monitoring including management decision letters and determinations of adjustments to the DHSS financial record.

Report: **02-40012-12**
Finding Number: **12**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDA**
State Agency: **DHSS**
CFDA: **10.557**
Questioned Costs: **$119,819**

Prior Audit Finding:
The DPA director should ensure only valid expenditures are charged for the WIC program.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. DHSS reviewed existing processes in FY12 and implemented written procedures for reconciliation and review of expenditures charged to the WIC program. DPA is reviewing the questioned costs for CFDA 10.557 and plans to resolve them in FY13.

Report: **02-40012-12**
Finding Number: **13**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDA**
State Agency: **DHSS**
CFDA: **10.557**
Questioned Costs: **None Identified**

Prior Audit Finding:
The FMS assistant commissioner should develop procedures to comply with subaward reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA).

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. DHSS established a workgroup in SFY 2012; drafted procedures; and will be implementing during FY14.

Report: **02-40012-12**
Finding Number: **14**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDA**
State Agency: **DHSS**
CFDA: **10.557**
Questioned Costs: **None Identified**

Prior Audit Finding:
The DPA director should ensure reports are monitored and there is follow-up as required for the WIC program.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. In FY12 WIC staff strengthened procedures and documented the reports upon completion of review. In FY13 WIC staff is continuing to strengthen internal controls and develop procedures to review the aged-out expired check report.

Report: **02-40012-12**
Finding Number: **15**
Fiscal Year: **2011**
Initial Finding Year: **2010**

Federal Agency: **USDA**
State Agency: **DHSS**
CFDA: **10.557**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DPA director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.

Status/corrective action planned/reasons for no further action:
Please refer to updated response on finding #9, report 02-40011-11.

Report: **02-40012-12**
Finding Number: **16**
Fiscal Year: **2011**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.558**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DHSS TANF program manager should take action to ensure that TANF clients meet all eligibility requirements.

Status/corrective action planned/reasons for no further action:
Please refer to updated response on finding #11, report 02-40011-11.

Report: **02-40012-12**
Finding Number: **17**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.575**
CFDA: **93.596**
Questioned Costs: **None Identified**

Prior Audit Finding:
The DPA administrative manager should ensure federal CCDF financial reports are supported in detail by the accounting records.

Status/corrective action planned/reasons for no further action:
Please refer to updated response on finding #12, report 02-40011-11.

Report: **02-40012-12**
Finding Number: **18**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.575**
CFDA: **93.596**
CFDA: **93.713**

Questioned Costs: **Indeterminate**

Prior Audit Finding:
The DPA director should identify and recover unallowable child care payments for the CCDF program.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. In FY 12, the Division of Public Assistance, Child Care Program Office (CCPO) prioritized current referrals over older referrals to remain compliant with Child Care Development Fund (CCDF) requirements. While significant strides were made to stay in compliance, not all FY 12 referrals were completed. As a result, three Public Assistance Analysts' (PAAs'), a Project Assistant and the Program Coordinator II who oversees the Child Care Assistance Program currently work potential overpayments of program benefits or intentional program violations into their work. The CCPO will be fully compliant by the end of state fiscal year 2013 with both current and prior referrals.

Report: **02-40012-12**
Finding Number: **19**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**

Questioned Costs: **None Identified**

Prior Audit Finding:
The FMS assistant commissioner should improve procedures over the reporting of Medicaid program expenditures.

Status/corrective action planned/reasons for no further action:
DHSS has resolved the finding. The federal allocation management unit (FAMU) was fully staffed in March, 2012. Written processes and procedures have been developed and implemented to support the reporting of Medicaid program expenditures. The Medicaid Accountant has also developed additional reporting tools to enhance transparency of the audit trail and strengthen internal controls. A CMS compliance officer reviewed the procedures and audit trail during a site visit in September, 2012.

Report: **02-40012-12**
Finding Number: **20**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.778**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DHSS Division of Senior and Disabilities Services (DSDS) director should establish written procedures and provide oversight to ensure that provider files include complete requirements for certification.

Status/corrective action planned/reasons for no further action:
DHSS has partially resolved the finding. Written procedures have been established and were reviewed by CMS Regional Office in September, 2012. DSDS is continuing to complete the file conversion to ensure file completeness.

Report: **02-40012-12**
Finding Number: **21**
Fiscal Year: **2011**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.775**
Questioned Costs: **None**
CFDA: **93.767**
Questioned Costs: **Indeterminate**
CFDA: **93.778**
Questioned Costs: **Indeterminate**

Prior Audit Finding:
The DHSS Division of Health Care Services (DHCS) director should ensure the Medicaid fiscal agent complies with the contract requirements relating to surveillance and utilization reviews.

Status/corrective action planned/reasons for no further action:
Please refer to updated response on finding #16, report 02-40011-11.

Report: **02-40012-12**
Finding Number: **22**
Fiscal Year: **2011**
Initial Finding Year: **2010**

Federal Agency: **USDHHS**
State Agency: **DHSS**
CFDA: **93.268**
CFDA: **93.558**
CFDA: **93.568**
CFDA: **93.575**
CFDA: **93.596**
CFDA: **93.658**
CFDA: **93.667**
Questioned Costs: **None Identified**

Prior Audit Finding:
The FMS assistant commissioner should improve procedures over the reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) to meet OMB Circular A-133 reporting requirements.

Status/corrective action planned/reasons for no further action:
Please refer to updated response on finding #18, report 02-40011-11.

Report: **02-40012-12**
Finding Number: **25**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDOL**
State Agency: **DLWD**
CFDA: **17.258**
CFDA: **17.260**
Questioned Costs: **Indeterminate**

Prior Audit Finding:
The DLWD Employment Security Division (ESD) director should ensure personal service expenditures charged to federal programs comply with federal cost principals.

Status/corrective action planned/reasons for no further action:
The Department has partially resolved this issue. The Department worked to ensure that written procedures are in place that addresses charging personal services expenditures to federal programs and that they comply with federal cost principles. Staff immediately received additional instruction on procedures for positive timekeeping. The Department will obtain clarification from the federal cognizant agency regarding practices of allowable personal services charging of comparable amounts of time to multiple federal programs.

Report: **02-40012-12**
Finding Number: **26**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDOL**
State Agency: **DLWD**
CFDA: **17.258**
CFDA: **17.259**
CFDA: **17.260**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DLWD Division of Business Partnerships (DBP) director should ensure annual performance progress reports for the WIA program are accurate.

Status/corrective action planned/reasons for no further action:
The discrepancies in the audit are the result of two different calculation models applied to the raw performance data. In 2009, the state used its own model, while USDOL used a generic model developed by a software vendor it contracted to gather its performance data. The reason USDOL allows any variance is due to the different interpretations of outcome measure definitions. The division was aware its calculation model was exceeding these thresholds at the time the WIA annual report was submitted. The Department contacted the proper representatives from USDOL and indicated its intent to revise its calculation model with the development of the new performance management system. While USDOL agreed to these terms, the Department in FY12 made the decision to adopt the generic calculation model to eliminate all variances and ensure compliance.

The Department concurs with the auditor's recommendation, and considers the issue resolved for FY13.

Report: **02-40012-12**
Finding Number: **27**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDOL**
State Agency: **DLWD**
CFDA: **17.259**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DLWD DBP director should review and update procedures as necessary to ensure grantee monitoring complies with federal requirements.

Status/corrective action planned/reasons for no further action:
Federal regulations at 20 CFR 667.400(c)(1) and 29 CFR 97.40(a) require the state to continuously monitor grant supported activities to ensure compliance with applicable federal requirements and that performance goals are being achieved. To accomplish this end, the division established a grant monitoring policy that grantees submit monthly reports to the division. The Department believes it has adequate systems and procedures for ensuring appropriate corrective action is taken when sub-recipient audit reports identify findings of noncompliance. When sub-recipient audit findings are identified, the division routinely completes its audit resolution procedures to ensure appropriate corrective action is taken, when necessary.

The division believes the sub-recipient audit report identified by the Legislative Auditors was an isolated incident. However, the division has implemented audit resolution procedures, and subsequently issued an Initial Determination in which additional corrective action or explanation is required of the sub-recipient. The Department considers this issue resolved.

Report: **02-40012-12**
Finding Number: **28**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDA**
State Agency: **DCCED**
CFDA: **10.665**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DCCED Division of Administrative Services (DAS) director should develop and implement policies and procedures to ensure that management decisions on audit findings are issued timely.

Status/corrective action planned/reasons for no further action:
This finding is resolved in accordance with OMB Circular A-133 §_.315

Report: **02-40012-12**
Finding Number: **29**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDHS and USDOD**
State Agency: **DMVA**
CFDA: **97.036**
CFDA: **12.401**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DMVA Division of Administrative Services (DAS) director should develop and implement procedures to ensure federal suspension and debarment requirements are met.

Status/corrective action planned/reasons for no further action:
This audit finding was partially resolved in accordance with OMB Circular A-133 §_.315.

The division developed and implemented procedures, effective May 1, 2012, to ensure federal suspension and debarment requirements were met. The agency will continue to improve the procedures during FY 13 to include suspension and debarment verification of subaward applicants.

Report: **02-40012-12**
Finding Number: **30**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDOD**
State Agency: **DMVA**
CFDA: **12.401**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DMVA DAS director should implement procedures to ensure procurement documentation is retained.

Status/corrective action planned/reasons for no further action:
This finding is resolved in accordance with OMB Circular A-133 §_.315

Report: **02-40012-12**
Finding Number: **31**
Fiscal Year: **2011**
Initial Finding Year: **2011**

Federal Agency: **USDHS**
State Agency: **DMVA**
CFDA: **97.036**

Questioned Costs: **None Identified**

Prior Audit Finding:
The DMVA DAS director should develop and implement procedures to ensure Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports are submitted.

Status/corrective action planned/reasons for no further action:
This audit finding was not resolved in accordance with OMB Circular A-133 §_.315.

The division developed and implemented procedures, effective May 1, 2012, to ensure all qualifying grants required under 2 CFR 170 are reported in the FFATA system. The agency will continue to improve the procedures during FY 13.

Report: **02-40012-12** Finding Number: **32** Fiscal Year: **2011** Initial Finding Year: **2011** Federal Agency: **USDHS** State Agency: **DMVA** CFDA: **97.036** Questioned Costs: **None Identified**	**Prior Audit Finding:** The DMVA DAS director should develop and implement procedures to ensure that management decisions on audit findings are issued timely. **Status/corrective action planned/reasons for no further action:** This audit finding was partially resolved in accordance with OMB Circular A-133 §_.315. The division developed and implemented procedures, effective May 1, 2012, to ensure that management decisions on audit findings are issued in a timely manner. Due to the timing of the audit findings requiring management decisions, the implemented procedures were not effective for current year operations. The agency will ensure procedures are operational during FY 13.
Report: **02-40012-12** Finding Number: **35** Fiscal Year: **2011** Initial Finding Year: **2010** Federal Agency: **USDHUD** State Agency: **AHFC** CFDA: **14.881** Questioned Costs: **$2,332**	**Prior Audit Finding:** Incorrect or Lack of Third Party Verification of Income – Eligibility – Compliance – Direct Program **Status/corrective action planned/reasons for no further action:** Corrective action was taken. This finding is considered resolved.

STATE OF ALASKA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2012

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, 2012*. 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, 2012
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
ALASKA AEROSPACE CORPORATION							
Military Construction, National Guard	USDOD		12.400	W91ZRU-06-2-3038		257,672	
Total for ALASKA AEROSPACE CORPORATION						**257,672**	**-**
ALASKA COMMISSION ON POSTSECONDARY EDUCATION							
College Access Challenge Grant Program	USDOE		84.378A	P378A100025		764,170	
Total for ALASKA COMMISSION ON POSTSECONDARY EDUCATION						**764,170**	**-**
ALASKA ENERGY AUTHORITY							
ARRA-State Energy Program	ENERGY	ARRA	81.041	DE-EE0000217		2,849,957	2,778,176
State Energy Program	ENERGY		81.041	DE-EE0004501		459,675	54,000
Renewable Energy Research and Development (Pass-through from University of Washington)	ENERGY		81.087	DE-EE0001110		17,781	
Renewable Energy Research and Development	ENERGY		81.087	DE-FG36-05GO85038		40,738	39,980
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY	ARRA	81.128	DE-EE0000827		3,164,593	2,591,635
Denali Commission Program	DC		90.100	366		14,546,325	12,845,318
Denali Commission Program	DC		90.100	Various		191,765	191,765
Rural Development, Forestry and Communities	USDA		10.672	DG 11100165		74,262	
Total for ALASKA ENERGY AUTHORITY						**21,345,096**	**18,500,874**
ALASKA HOUSING FINANCE CORPORATION							
Mortgage Insurance - Homes	HUD		14.117			6,870,479	
Section 8 Housing Assistance Payments Program	HUD		14.195		S8PBC	2,246,942	
Community Development Block Grants/Entitlement Grants	HUD		14.218		CEGC	4,057,688	3,740,078
Community Development Block Grants/Technical Assistance Program	HUD		14.227			82,118	82,118
Emergency Shelter Grants Program	HUD		14.231			216,251	162,642
Supportive Housing Program	HUD		14.235			22,137	22,137
Shelter Plus Care	HUD		14.238			840,511	840,511
HOME Investment Partnerships Program	HUD		14.239			3,971,905	3,640,387
Housing Opportunities for Persons with AIDS	HUD		14.241			686,714	565,089
Section 8 Moderate Rehabilitation Single Room Occupancy	HUD		14.249		S8PBC	474,148	474,148
ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	HUD	**ARRA**	14.257			12,521	12,521
ARRA-Tax Credit Assistance Program (Recovery Act Funded)	HUD	**ARRA**	14.258			59,850	49,850
Public and Indian Housing-Indian Loan Guarantee Program	HUD		14.865			673,824	
Resident Opportunity and Supportive Services - Service Coordinators	HUD		14.870			17,091	13,400
Section 8 Housing Choice Vouchers	HUD		14.871		HVC	453,802	
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	HUD		14.877			69,000	
Moving to Work Demonstration Program	HUD		14.881			48,211,849	
Veterans Housing - Guaranteed and Insured Loans	USDVA		64.114			3,176,421	
ARRA-State Energy Program	ENERGY	ARRA	81.041			22,667,099	18,873,721
State Energy Program	ENERGY		81.041			640,267	
ARRA-Weatherization Assistance for Low-Income Persons	ENERGY	**ARRA**	81.042			9,549,356	2,387,071
Weatherization Assistance for Low-Income Persons	ENERGY		81.042			1,208,281	1,175,537
ARRA-Energy Efficient Appliance Rebate Program (EEARP)	ENERGY	**ARRA**	81.127			369,308	
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY	**ARRA**	81.128			3,190,472	3,093,647
Denali Commission Program	DC		90.100			11,098	11,098
Low-Income Home Energy Assistance	USDHHS		93.568			300,000	300,000
Total for ALASKA HOUSING FINANCE CORPORATION						**110,079,132**	**35,443,955**
ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY							
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-04-0009-00	FTC	59,016	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-04-0012-01	FTC	3,268,341	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-55-0001-02	FTC	16,387,275	
Total for ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY						**19,714,632**	**-**
ALASKA RAILROAD CORPORATION							
Access to Joint Tanana Training Complex-2008 (Pass-through from the Federal Railroad Administration)	USDOD		12.999	DTFR53-08-G-00008		12,733,738	
Track Realignment - Ft. Wainwright-2006 (Pass-through from the Federal Railroad Administration)	USDOD		12.999	DTFRDV-06-G-00008		30,526	
Northern Line Realignment & Extension (Pass-through from the Federal Railroad Administration)	USDOD		12.999	DTFRDV-07-G-00006		11,886	
Railroad Development	USDOT		20.314	FR-RLD-0002-09-01-00		7,502,117	
Railroad Development	USDOT		20.314	FR-RLD-0005-10-01-00		604,642	
Railroad Development	USDOT		20.314	FR-RRR-0005-08-01-00		70,919	
Railroad Development	USDOT		20.314	FR-RRR-0010-08-01-01		363,445	
Railroad Development	USDOT		20.314	FR-RRR-0018-11-01-00		11,541	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-03-0039	FTC	184,636	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-03-0059	FTC	105,890	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-03-0081	FTC	52,356	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0007	FTC	68,829	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0010	FTC	2,833	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0015	FTC	82,451	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0016	FTC	1,277,574	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0017	FTC	436,550	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0018	FTC	4,974,997	
Federal Transit - Capital Investment Grants	USDOT		20.500	AK-05-0019	FTC	8,605,116	
Federal Transit - Capital Investment Grants (Pass-through from the Federal Transit Administration)	USDOT		20.500	AK-55-0003	FTC	473,690	
ARRA-Federal Transit - Formula Grants	USDOT	**ARRA**	20.507	AK-96-X001-00	FTC	2,054,320	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X043-00	FTC	60,445	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X050-00	FTC	304,698	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X053-00	FTC	375	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X058-00	FTC	1,782,048	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X061-00	FTC	15,188,308	
Federal Transit - Formula Grants	USDOT		20.507	AK-90-X062-00	FTC	2,403,187	
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	USDOT		20.523	AK-88-0001		1,684	
ARRA-State Clean Diesel Grant Program	EPA	**ARRA**	66.040	2D-00JO4201-0		190,085	
Hazard Mitigation Grant	USDHS		97.039	1796-DR-AK		438,281	
Hazard Mitigation Grant	USDHS		97.039	1843-DR-AK		97,433	
Hazard Mitigation Grant	USDHS		97.039	HMGP-1796.0008		524,248	
Pre-Disaster Mitigation	USDHS		97.047	10PDM-GR34070		107,601	
Pre-Disaster Mitigation	USDHS		97.047	10PDM-GR34071		366,271	
ARRA-Port Security Grant Program	USDHS	**ARRA**	97.056	2009-PU-RI-0180		94,177	
Port Security Grant Program	USDHS		97.056	2007-GB-T7-K078		66	
Port Security Grant Program	USDHS		97.056	2008-GB-T8-0026		458	
Port Security Grant Program	USDHS		97.056	2008-GB-T8-0027		5,787	
Port Security Grant Program	USDHS		97.056	2010-PU-T0-0053		146,804	
Buffer Zone Protection Program (BZPP)	USDHS		97.078	2009-BF-T90016		133,626	
Total for ALASKA RAILROAD CORPORATION						**61,493,638**	**-**
ALASKA STUDENT LOAN CORPORATION							
Federal Family Education Loans	USDOE		84.032L		SFAC	(5,017,358)	
Total for ALASKA STUDENT LOAN CORPORATION						**(5,017,358)**	**-**
ALASKA SEAFOOD MARKETING INSTITUTE							
Market Access Program	USDA		10.601			4,565,434	
Total for ALASKA SEAFOOD MARKETING INSTITUTE						**4,565,434**	**-**
ALASKA COURT SYSTEM / ALASKA JUDICIAL COUNCIL							
Alcohol Impaired Driving Countermeasures Incentive Grants I	USDOT		20.601		HSC	235,978	
Alcohol Open Container Requirements	USDOT		20.607			419,263	
Grants to States (Pass-through from Alaska State Library)	IMLS		45.310	LS-00-10-0002-10		1,034	
State Court Improvement Program	USDHHS		93.586	0901AKSCIT		14,238	
State Court Improvement Program	USDHHS		93.586	1001AKSCID		31,276	
State Court Improvement Program	USDHHS		93.586	1001AKSCIP		4,561	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
State Court Improvement Program	USDHHS		93.586	1001AKSCIT		10,930	
State Court Improvement Program	USDHHS		93.586	1101AKSCID		82,526	
State Court Improvement Program	USDHHS		93.586	1101AKSCIP		88,367	
State Court Improvement Program	USDHHS		93.586	1101AKSCIT		22,094	
Grants to States for Access and Visitation Programs	USDHHS		93.597	1002AKSAVP		27,092	
Grants to States for Access and Visitation Programs	USDHHS		93.597	1102AKSAVP		68,686	
SJI Technology Assistance Grant	SJI		99.999	SJI-11-T-089		50,000	
Total for ALASKA COURT SYSTEM / ALASKA JUDICIAL COUNCIL						**1,056,045**	**-**
DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT							
Schools and Roads - Grants to States	USDA		10.665	National Forest Receipts	FSRC	15,381,811	15,381,811
Community Facilities Loans and Grants	USDA		10.766	Rural Broadband Internet Access Grant	CFLGC	2,203,165	2,177,746
Economic Adjustment Assistance	USDOC		11.307	07-79-05719	EDC	6,469	
Economic Adjustment Assistance	USDOC		11.307	SBED	EDC	251,167	283,381
Coastal Zone Management Administration Awards	USDOC		11.419	NA08NOS4190428			(1,879)
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	NA07NMF4380288		823,766	768,516
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	NA08NMF4380597		220,866	181,851
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	NA10NMF4380355		1,524	1,524
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	NA10NMF4380355		945,971	914,216
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	HUD		14.228	B-04-DC-02-0001, B-05-DC-02-0001, B-07-DC-02-0001, B-08-DC-02-0001, B-09-DC-02-0001, B-10-DC-02-0001, B-11-DC-02-0001, B-12-DC-02-0001	CSACC	2,126,441	2,025,357
Payments in Lieu of Taxes	USDOI		15.226	Payments in Lieu of Taxes		10,243,906	10,243,906
Distribution of Receipts to State and Local Governments	USDOI		15.227	National Petroleum Reserve Alaska Impact Mitigation		11,772,524	11,772,524
Coastal Impact Assistance Program	USDOI		15.668	38175		429,329	
Coastal Impact Assistance Program	USDOI		15.668	38196		7,413	7,413
Coastal Impact Assistance Program	USDOI		15.668	38383		1,300,000	1,300,000
Coastal Impact Assistance Program	USDOI		15.668	38392		45,450	45,450
Coastal Impact Assistance Program	USDOI		15.668	38396		25,889	25,889
Coastal Impact Assistance Program	USDOI		15.668	38114/38194		181,834	
Coastal Impact Assistance Program	USDOI		15.668			11,397	11,397
Coastal Impact Assistance Program	USDOI		15.668			12,544	12,544
Coastal Impact Assistance Program	USDOI		15.668			16,000	16,000
Coastal Impact Assistance Program	USDOI		15.668			69,746	2,161
Coastal Impact Assistance Program	USDOI		15.668			85,693	85,693
Harold Rogers Prescription Drug Monitoring Program	USDOJ		16.754	2009-PM-BX-0010		120,394	
State Trade and Export Promotion Pilot Grant Program	USSBA		59.061	SBAHQ-11-IT-0052.		42,912	
Congressionally Mandated Projects	EPA		66.202	XP00J26701		1,801,828	154,661
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis	ENERGY	ARRA	81.122	DE-OE0000170		106,117	
ARRA-State Fiscal Stabilization Fund (SFSF)-Government Services, Recovery Act	USDOE	ARRA	84.397	S397A090002	SFSFC	1,081,566	1,033,942
Denali Commission Program	DC		90.100	186-05, 01315-00		18,122	
Community Services Block Grant	USDHHS		93.569	G09B1AKCOSR	CSBGC	2,484,030	2,339,834
State Commissions	USCNCS		94.003	10CAHAK001		239,919	
Learn and Serve America-School and Community Based Programs	USCNCS		94.004	09KSPAK001		20,622	18,877
AmeriCorps	USCNCS		94.006	09RCHAK001		2,213,112	2,213,112
Program Development and Innovation Grants	USCNCS		94.007	09CDHAK001		50,726	
Training and Technical Assistance	USCNCS		94.009	08PTHAK001/11PTHAK001		42,468	2,600
Community Assistance Program State Support Services Element (CAP-SSSE)	USDHS		97.023	EMS-2010-GR-0004, EMS-2011-GR-0004, EMS-2012-GR-0004		66,789	
Cooperating Technical Partners	USDHS		97.045	EMS-2009-GR-0014		19,619	
Repetitive Flood Claims	USDHS		97.092	EMS-2010-RC-001		113,413	113,413
Total for DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT						**54,584,542**	**51,131,939**

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
DEPARTMENT OF ENVIRONMENTAL CONSERVATION							
Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025			106,614	
Water and Waste Disposal Systems for Rural Communities	USDA		10.760		WWPC	4,495,055	513,311
Pesticide Recordkeeping	USDA		10.999	12-25-A-5457		18,107	
Miscellaneous Inspection Service	USDOC		11.999	45ABNAON0252		3,214	
NOAA Pribilof Island Restoration	USDOC		11.999	AB133A10SE3096		146	
NOAA Pribilof Island Restoration	USDOC		11.999	NAAJ72001102443		2,142	
State Memorandum of Agreement Program for the Reimbursement of Technical Services	USDOD		12.113			2,926,419	
Coastal Impact Assistance Program	USDOI		15.668			751,149	
Bureau of Land Management Oversight	USDOI		15.999	L11PA00032		84,720	
National Park Service Oversight	USDOI		15.999	P12PX100568		22,752	
National Park Service Oversight	USDOI		15.999	P9917110001		2,592	
National Park Service Fish Testing	USDOI		15.999	PT11AT90098		33,334	
Clean up Contaminated Sites in AK	USDOT		20.999	DTFAAL-04X-8000		26,229	
Clean up Contaminated Sites in AK	USDOT		20.999	DTFAAL-04X-80006		81,583	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	EPA		66.034			224,250	
ARRA-State Clean Diesel Grant Program	EPA	ARRA	66.040			419,548	
State Clean Diesel Grant Program	EPA		66.040			89,972	
Congressionally Mandated Projects	EPA		66.202			25,880,492	4,330,134
State Environmental Justice Cooperative Agreement Program	EPA		66.312			47,813	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419			439,280	
State Public Water System Supervision	EPA		66.432			2,444,436	
ARRA-Water Quality Management Planning	EPA	ARRA	66.454			14,462	
Water Quality Management Planning	EPA		66.454			99,709	
ARRA-Capitalization Grants for Clean Water State Revolving Funds	EPA	ARRA	66.458			3,692,087	3,470,660
Capitalization Grants for Clean Water State Revolving Funds	EPA		66.458			4,533,891	4,237,189
ARRA-Capitalization Grants for Drinking Water State Revolving Funds	EPA	ARRA	66.468			2,983,483	2,199,415
Capitalization Grants for Drinking Water State Revolving Funds	EPA		66.468			7,866,912	4,636,316
Beach Monitoring and Notification Program Implementation Grants	EPA		66.472			180,515	117,627
Performance Partnership Grants	EPA		66.605			4,969,659	96,258
Environmental Information Exchange Network Grant Program and Related Assistance	EPA		66.608			71,278	
Consolidated Pesticide Enforcement Cooperative Agreements	EPA		66.700			302,212	
Pollution Prevention Grants Program	EPA		66.708			145,226	
Underground Storage Tank Prevention, Detection and Compliance Program	EPA		66.804			363,063	
ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA	ARRA	66.805			282,548	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	EPA		66.805			472,851	
Superfund State and Indian Tribe Core Program Cooperative Agreements	EPA		66.809			103,121	
State and Tribal Response Program Grants	EPA		66.817			675,889	
LUST Trust Cost Recovery	EPA		66.999	LUST Trust Cost Recovery		175,689	
EPA-IPA for Al Schuler	EPA		66.999	MO1110BDR052		14,697	
Amchitka Oversight Monitoring	USDOE		84.999	DE-FG01-06LM00075		148,706	
Denali Commission Program	DC		90.100			565,996	
Tribal Self-Governance Program: IHS Compacts/Funding Agreements (Pass-through from ANTHC)	USDHHS		93.210			9,742,544	
ARRA-IHS Tribal Agreements (Pass-through from ANTHC)	USDHHS	**ARRA**	93.722			2,376,533	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
FDA Food Inspections	USDHHS		93.999	HHSF22320010042C		306,113	
FDA Food Inspections	USDHHS		93.999	HHSF22320111066C		728,028	
US Coast Guard Oversight - Kodiak	USDHS		97.999	HSCG5012PP43K09		9,157	
US Coast Guard Oversight - Juneau	USDHS		97.999	HSCG8711P6XA001		279	
US Coast Guard Oversight - Juneau	USDHS		97.999	HSCG8712P6XA001		11,020	
Total for DEPARTMENT OF ENVIRONMENTAL CONSERVATION						**78,935,515**	**19,600,910**
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT							
School Breakfast Program	USDA		10.553	17131	CNC	8,119,914	8,119,914
National School Lunch Program - Food Commodities	USDA		10.555	17132	CNC	2,083,824	2,083,824
National School Lunch Program	USDA		10.555	17132	CNC	30,047,102	30,047,102
Special Milk Program for Children	USDA		10.556	17133	CNC	4,218	4,218
Child and Adult Care Food Program - Food Commodities	USDA		10.558	17134		26,174	26,174
Child and Adult Care Food Program	USDA		10.558	17134		8,623,038	8,541,173
Summer Food Service Program for Children	USDA		10.559	17137	CNC	1,232,162	1,136,534
State Administrative Expenses for Child Nutrition	USDA		10.560	17135		647,565	
Emergency Food Assistance Program (Administrative Costs)	USDA		10.568	17138	EFAC	95,915	84,180
Emergency Food Assistance Program (Food Commodities)	USDA		10.569		EFAC	478,373	478,373
Team Nutrition Grants	USDA		10.574	17400		78,924	
Child Nutrition Discretionary Grants Limited Availability	USDA		10.579	17169		150,121	95,025
Fresh Fruit and Vegetable Program	USDA		10.582	17166		1,428,840	1,355,146
ARRA-Broadband Technology Opportunities Program (BTOP)	USDOC	**ARRA**	11.557	17353		1,485,700	54,766
Jobs and Growth Tax Relief Reconciliation Act of 2003	USTreas		21.999	17100		90,058	
Promotion of the Arts-Partnership Agreements	NEA		45.025	17335		706,300	311,995
Promotion of the Arts-Partnership Agreements	NEA		45.025	17465		13,306	
Grants to States	IMLS		45.310	17336		1,066,539	618,692
Laura Bush 21st Century Librarian Program	IMLS		45.313	17258		36,556	
Title I Grants to Local Educational Agencies	USDOE		84.010	17126	TIAC	42,363,430	41,927,021
Migrant Education - State Grant Program	USDOE		84.011	17127		7,209,106	6,570,700
Title I State Agency Program for Neglected and Delinquent Children and Youth	USDOE		84.013	17129		247,032	244,855
Special Education - Grants to States	USDOE		84.027	17232	SEC	37,697,815	34,542,792
Impact Aid	USDOE		84.041	17238	IAC	36,733,903	
Career and Technical Education - Basic Grants to States	USDOE		84.048	17244		4,008,404	2,815,221
Migrant Education - Coordination Program	USDOE		84.144	17167		18,243	
Rehabilitation Services - Client Assistance Program	USDOE		84.161	17152		124,564	
Special Education - Preschool Grants	USDOE		84.173	17242	SEC	1,687,448	1,500,103
Safe and Drug-Free Schools and Communities - National Programs	USDOE		84.184	17220		31,812	
Byrd Honors Scholarships	USDOE		84.185	17254		2,574	
Safe and Drug-Free Schools and Communities - State Grants	USDOE		84.186	17255		195,039	185,217
Education for Homeless Children and Youth	USDOE		84.196	17257	EHCY	190,808	151,486
Even Start - State Educational Agencies	USDOE		84.213	17264		62,361	60,306
Assistive Technology	USDOE		84.224	17124		3,629	
Tech-Prep Education	USDOE		84.243	17246		129,486	
Twenty-First Century Community Learning Centers	USDOE		84.287	17271		6,227,815	6,047,708
Education Technology State Grants	USDOE		84.318	17241	ETSGC	303,081	298,076
Special Education - State Personnel Development	USDOE		84.323	17159		959,140	196,529
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	USDOE		84.330	17122		21,611	
Transition to Teaching	USDOE		84.350	17164		475,281	
Rural Education	USDOE		84.358	17373		72,125	67,362
School Leadership	USDOE		84.363	17189		134,000	
English Language Acquisition State Grants	USDOE		84.365	17175		1,149,701	991,489
Mathematics and Science Partnerships	USDOE		84.366	17252		1,114,203	1,093,319
Improving Teacher Quality State Grants	USDOE		84.367	17172		12,364,359	12,138,099
Grants for State Assessments and Related Activities	USDOE		84.369	17171		3,380,134	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Striving Readers	USDOE		84.371	17211		72,744	
School Improvement Grants	USDOE		84.377	17165	SIGC	1,927,385	1,851,525
ARRA-Education Technology State Grants, Recovery Act	USDOE	**ARRA**	84.386	17197	ETSGC	869,062	869,062
ARRA-State Improvement Grants, Recovery Act	USDOE	**ARRA**	84.388	17198	SIGC	4,016,404	3,906,353
ARRA-Title I Grants to Local Educational Agencies, Recovery Act	USDOE	**ARRA**	84.389	17194	TIAC	1,313,803	1,313,803
ARRA-Special Education Grants to States, Recovery Act	USDOE	**ARRA**	84.391	17191	SEC	2,321,362	2,321,362
ARRA-Special Education-Preschool Grants, Recovery Act	USDOE	**ARRA**	84.392	17192	SEC	43,837	43,837
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	USDOE	**ARRA**	84.394	17398	SFSFC	11,345,610	11,345,610
ARRA-Impact Aid -School Construction Formula Grants, Recovery Act	USDOE	**ARRA**	84.404	17399	IAC	1,715	
Education Jobs Fund	USDOE		84.410	17239		19,303,567	19,298,297
Consolidated Programs IASA Admin	USDOE		84.999	17300		501,927	
National Historical Publications and Records Grants	NARA		89.003	17141		58,914	
Head Start	USDHHS		93.600	17330	HDSC	109,869	
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	USDHHS		93.938	17308		226,297	5,930
Total for DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT						**255,434,229**	**202,743,178**
DEPARTMENT OF FISH AND GAME							
Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025			44,402	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0109-C-10-0011		152,760	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0109-C-10-0016		8,864	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0116-C-09-0054		11,103	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0116-C-09-0055		1,600	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0116-P-12-0029		17,799	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0120-P-09-0013		14,610	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0120-P-09-0029		15,391	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0120-P-10-0036		29,924	
Miscellaneous US Forest Service-Wildlife Research	USDA		10.999	AG-0120-P-11-0038		5,000	
Anadromous Fish Conservation Act Program	USDOC		11.405			913	
Interjurisdictional Fisheries Act of 1986	USDOC		11.407			94,502	
Coastal Zone Management Estuarine Research Reserves	USDOC		11.420			547,546	
Pacific Fisheries Data Program (Pass-through Pacific States Marine Fisheries Commission-AKFIN)	USDOC		11.437			2,209,950	
Pacific Fisheries Data Program	USDOC		11.437			2,981,497	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438			17,389,474	850,482
Marine Mammal Data Program	USDOC		11.439			2,529,440	
Regional Fishery Management Councils	USDOC		11.441			23,889	
Unallied Science Program (Pass-Through North Pacific Research Board)	USDOC		11.472			291,613	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	HA133F-07-SE-3734		1,844	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	HA133F09SE4456		1,963	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	HA133F09SE4574		16,905	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	HA133F10SE3691		1,972	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	RA133F-11-SE-2006		1,457	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	WE133F11SE1289		113,859	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	WE133F11SE1522		90,004	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	WE133F11SE2094		14,921	
Miscellaneous NOAA-Marine Mammal Research	USDOC		11.999	WE133F11SE2411		3,300	
Miscellaneous Army-Habitat Restoration	USDOD		12.999	W911KB-11-P-002		40,907	
Miscellaneous Army-Wildlife Research	USDOD		12.999	W911KB-11-P-0037		293,615	
Miscellaneous Army-Wildlife Research	USDOD		12.999	W911KB-11-P-0039		20,000	
Miscellaneous Army-Fish Surveys	USDOD		12.999	W912CZ-08-D-0012		33,594	
Miscellaneous Army-Wildlife Research	USDOD		12.999	W912CZ-08-D-0012		55,225	
Miscellaneous Army-Wildlife Research	USDOD		12.999	W912CZ-08-D-0012		735	
Miscellaneous Army-Wildlife Research	USDOD		12.999	W912ZC-08-D-0012		38,765	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Miscellaneous Army-Wildlife Research	USDOD		12.999	W9DO-11-D-003		58,905	
Recreation Resource Management	USDOI		15.225			15,718	
Fish, Wildlife and Plant Conservation Resource Management (Pass-through National Fish and Wildlife Foundation)	USDOI		15.231			49,180	
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231			397,567	
Challenge Cost Share	USDOI		15.238			36,043	
Coastal Impact Assistance Program (CIAP) (Pass-Through Northwest Arctic Borough)	USDOI		15.426			47,916	
Sport Fish Restoration Program	USDOI		15.605		F&WC	19,270,631	242,897
Fish and Wildlife Management Assistance (Pass-Through National Fish and Wildlife Foundation)	USDOI		15.608			64,221	
Fish and Wildlife Management Assistance	USDOI		15.608			1,067,988	
Wildlife Restoration and Basic Hunter Education	USDOI		15.611		F&WC	15,691,516	
Cooperative Endangered Species Conservation Fund	USDOI		15.615			119,828	
Clean Vessel Act	USDOI		15.616			13,751	10,313
Enhanced Hunter Education and Safety Program	USDOI		15.626			79,403	
Coastal Program	USDOI		15.630			82,399	
State Wildlife Grants	USDOI		15.634			2,488,673	
Alaska Subsistence Management	USDOI		15.636			2,072,875	
Challenge Cost Share	USDOI		15.642			1,607	
Migratory Bird Monitoring, Assessment and Conservation	USDOI		15.655			66,393	
Endangered Species Conservation – Recovery Implementation Funds	USDOI		15.657			129,474	
Coastal Impact Assistance Program	USDOI		15.668			892,423	
Miscellaneous US Fish & Wildlife Service - Migratory Bird Regulation Committee Meetings	USDOI		15.999	91200119135		2,433	
Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies	USDOI		15.999	701817C285/0004		9,729	
Miscellaneous US Fish & Wildlife Service - Harvest and Wildlife Studies	USDOI		15.999	701817C285/0005		12,370	
Miscellaneous US Fish & Wildlife Service - Chinook Salmon Sampling	USDOI		15.999	F07PX79105		17,728	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou	USDOI		15.999	F09PX75731		42,733	
Miscellaneous US Fish & Wildlife Service - Salmon Harvest Assessment-Copper River	USDOI		15.999	F10PX79112		33,618	
Miscellaneous US Fish & Wildlife Service - Lake Herring Harvest Assessment	USDOI		15.999	F10PX79114		4,883	
Miscellaneous US Fish & Wildlife Service - Climate Change/Impact Studies	USDOI		15.999	F10PX79129		19,298	
Miscellaneous US Fish & Wildlife Service - Herring Scale Sampling	USDOI		15.999	F11PX02511		3,420	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Caribou	USDOI		15.999	F11PX03657		17,493	
Miscellaneous US Fish & Wildlife Service - Wildlife Research-Moose	USDOI		15.999	F11PX05489		9,542	
Miscellaneous US Fish & Wildlife Service - Adak Oil Spill Response	USDOI		15.999	FPNJ10009		3,165	
Miscellaneous US Geological Survey - Herring Sample Analysis	USDOI		15.999	G11PX00919		8,579	
Miscellaneous National Park Service - Wildlife Research-Bear	USDOI		15.999	H9865090053		2,386	
Miscellaneous National Park Service - Walrus Studies	USDOI		15.999	H9923070013		11,713	
Miscellaneous National Park Service - Kiana Family Networks Study	USDOI		15.999	J8W07060014		12,399	
Miscellaneous National Park Service - Harvest Assessments	USDOI		15.999	J8W07090002		117,623	
Miscellaneous BLM - Wildlife Population Monitoring	USDOI		15.999	L09AC15892		2,708	
Miscellaneous BLM - ARLIS	USDOI		15.999	L10AC16274		36,000	
Miscellaneous BLM - Wildlife Research-Mountain Goats	USDOI		15.999	L10AC20287		14,557	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Miscellaneous BLM - Burbot and Pike Research	USDOI		15.999	L10PX03147		994	
Miscellaneous Minerals Management Service - Marine Mammal Research-Walrus	USDOI		15.999	M09PC00027		123,874	
Miscellaneous Minerals Management Service - Marine Mammal Research-Bowhead Whales	USDOI		15.999	M10PC00085		240,203	
Miscellaneous National Park Service - Lake Clark National Park Coastal Region Research and Monitoring	USDOI		15.999	P11AC90426		17,054	
Stewardship Science Grant Program (Pass-Through Western Governor's Association)	ENERGY		81.112			14,069	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036			88,242	
Miscellaneous Homeland Security - M/V Selendang Oil Spill Response	USDHS		97.999	FPNJ05003		2,774	
Total for DEPARTMENT OF FISH AND GAME						**70,615,441**	**1,103,692**
DEPARTMENT OF HEALTH AND SOCIAL SERVICES							
Supplemental Nutrition Assistance Program	USDA		10.551		SNAP	185,334,509	37,700
School Breakfast Program	USDA		10.553		CNC	196,750	
National School Lunch Program	USDA		10.555		CNC	391,902	
Special Supplemental Nutrition Program for Women, Infants, and Children	USDA		10.557			23,179,024	5,767,426
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	USDA		10.561		SNAP	13,320,835	
Commodity Supplemental Food Program	USDA		10.565			256,352	136,518
WIC Farmers Market Nutrition Program (FMNP)	USDA		10.572			183,326	
Team Nutrition Grants	USDA		10.574			24,389	
Senior Farmers Market Nutrition Program	USDA		10.576			100,455	71,550
ARRA-WIC Grants to States (WGC)	USDA	**ARRA**	10.578	WISA-09-AK-01		760,136	
Juvenile Accountability Block Grants	USDOJ		16.523			315,311	
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	USDOJ		16.529			200,580	
Juvenile Justice and Delinquency Prevention - Allocation to States	USDOJ		16.540			548,977	104,615
Title V - Delinquency Prevention Program	USDOJ		16.548			90,475	82,310
Enforcing Underage Drinking Laws Program	USDOJ		16.727			413,534	254,798
State and Community Highway Safety	USDOT		20.600		HSC	23,818	
State Traffic Safety Information System Improvement Grants	USDOT		20.610		HSC	108,819	
Special Education - Preschool Grants	USDOE		84.173		SEC	124,171	
Special Education - Grants for Infants and Families	USDOE		84.181		EISC	1,884,989	1,472,052
Denali Commission Program	DC		90.100			2,971,312	3,146,660
Compassion Capital Fund	USDHHS		93.009			71,297	
Special Programs for the Aging - Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	USDHHS		93.041			25,027	
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	USDHHS		93.042			25,009	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	USDHHS		93.043			1,800	67,231
Special Program for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	USDHHS		93.044		AC	1,796,904	1,542,942
Special Program for the Aging - Title III, Part C - Nutrition Services	USDHHS		93.045		AC	3,130,981	2,692,686
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	USDHHS		93.048			50,000	
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	USDHHS		93.048			139,887	282,063
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	USDHHS		93.048			335,155	
National Family Caregiver Support, Title III, Part E	USDHHS		93.052			825,356	765,530
Nutrition Services Incentive Program	USDHHS		93.053		AC	320,000	
Public Health Emergency Preparedness	USDHHS		93.069			6,261,312	1,154,475

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
ARRA-Medicare Enrollment Assistance Program	USDHHS	**ARRA**	93.071			1,557	
Emergency System for Advance Registration of Volunteer Health Professionals	USDHHS		93.089			162,874	
Affordable Care Act (ACA) Personal Responsibility Education Program	USDHHS		93.092			127,502	
Maternal and Child Health Federal Consolidated Programs	USDHHS		93.110			906,087	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	USDHHS		93.116			462,731	55,944
Emergency Medical Services for Children	USDHHS		93.127			96,838	13,500
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	USDHHS		93.130			317,042	62,500
Injury Prevention and Control Research and State and Community Based Programs	USDHHS		93.136			120,728	24,000
Projects for Assistance in Transition from Homelessness (PATH)	USDHHS		93.150			293,999	294,000
Rural Health Research Centers	USDHHS		93.155			2,611	
Grants to States for Loan Repayment Program	USDHHS		93.165			414,178	152,500
Urban Indian Health Services	USDHHS		93.193			71,960	
Family Planning - Services	USDHHS		93.217			568,668	184,669
State Capacity Building	USDHHS		93.240			202,382	
State Rural Hospital Flexibility Program	USDHHS		93.241			492,538	160,592
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS		93.243			2,461,892	1,664,105
Universal Newborn Hearing Screening	USDHHS		93.251			372,582	35,000
Occupational Safety and Health Program	USDHHS		93.262				12,885
Immunization Cooperative Agreements	USDHHS		93.268		IC	14,049,312	
ARRA-The Affordable Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS	**ARRA**	93.283			30,042	
The Affordable Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS		93.283			736,532	
The Affordable Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS		93.283			5,865,477	9,000
Teenage Pregnancy Prevention Program	USDHHS		93.297			533,599	271,150
Small Rural Hospital Improvement Grant Program	USDHHS		93.301			138,227	
ARRA-State Primary Care Offices	USDHHS	**ARRA**	93.414			70,785	
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Visiting Program	USDHHS		93.505			183,739	
ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Facilities and Providers	USDHHS		93.506			688,193	
PPHF 2012 National Public Health Improvement Initiative	USDHHS		93.507			31,474	
PPHF 2012 National Public Health Improvement Initiative	USDHHS		93.507			34,034	
Affordable Care Act-Medicare Improvements for Patients and Providers	USDHHS		93.518			11,861	
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC)and Emerging Infections Program (EIP) Cooperative Agreement	USDHHS		93.521			953,633	
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	USDHHS		93.523			38,096	
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease prevention and Health Promotion Program	USDHHS		93.544			87,260	
Promoting Safe and Stable Families	USDHHS		93.556			971,331	999,029
Temporary Assistance for Needy Families	USDHHS		93.558		TANFC	22,909,914	778,272
Low-Income Home Energy Assistance	USDHHS		93.568			16,694,206	

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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Child Care and Development Block Grant	USDHHS		93.575		CCC	22,546,606	6,457,187
Community-Based Child Abuse Prevention Grants	USDHHS		93.590			310,489	276,598
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	USDHHS		93.596		CCC	8,286,473	
Chafee Education and Training Vouchers Program (ETV)	USDHHS		93.599			148,192	
Adoption Incentive Payments	USDHHS		93.603			1,435,457	102,831
Developmental Disabilities Basic Support and Advocacy Grants	USDHHS		93.630			410,997	
Children's Justice Grants to States	USDHHS		93.643			75,638	
Stephanie Tubbs Jones Child Welfare Services Program	USDHHS		93.645			302,650	318,027
Foster Care, Title IV-E	USDHHS		93.658			14,576,517	1,405,648
Adoption Assistance	USDHHS		93.659			10,643,560	
Social Services Block Grant	USDHHS		93.667			8,219,165	654,598
Child Abuse and Neglect State Grants	USDHHS		93.669			76,782	34,275
Chafee Foster Care Independence Program	USDHHS		93.674			799,094	200,000
ARRA-Immunization	USDHHS	**ARRA**	93.712		IC	17,021	
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	USDHHS	**ARRA**	93.714		TANFC	3,000,600	
ARRA-State Grants to Promote Health Information Technology	USDHHS	**ARRA**	93.719			600,360	
ARRA-Prevention and Wellness-State, Territories and Pacific Islands	USDHHS	**ARRA**	93.723			308,323	
ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program	USDHHS	**ARRA**	93.725			25,875	10,000
Children's Health Insurance Program	USDHHS		93.767			23,597,566	
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	USDHHS		93.768			411,245	
Medicare - Hospital Insurance	USDHHS		93.773			1,120,694	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	USDHHS		93.777		MC	441,526	
Medical Assistance Program	USDHHS		93.778		MC	848,113,604	41,020
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	USDHHS		93.779			33,824	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	USDHHS		93.779			112,100	217,380
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	USDHHS		93.779			192,507	
Alternatives to Psychiatric Residential Treatment Facilities for Children	USDHHS		93.789			1,436,827	
National Bioterrorism Hospital Preparedness Program	USDHHS		93.889			1,358,536	80,000
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	USDHHS		93.912			153,439	
Grants to States for Operation of Offices of Rural Health	USDHHS		93.913			155,228	10,000
HIV Care Formula Grants	USDHHS		93.917			1,059,942	417,983
Healthy Start Initiative	USDHHS		93.926			147,043	50,000
Special projects of National Significance	USDHHS		93.928			-	7,854
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	USDHHS		93.938			48,057	
HIV Prevention Activities - Health Department Based	USDHHS		93.940			1,204,351	618,162
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	USDHHS		93.944			109,890	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	USDHHS		93.946			199,890	
Block Grants for Community Mental Health Services	USDHHS		93.958			643,198	593,352

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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Block Grants for Prevention and Treatment of Substance Abuse	USDHHS		93.959			4,205,405	4,058,356
Preventive Health Services - Sexually Transmitted Diseases Control Grants	USDHHS		93.977			470,355	
Preventive Health and Health Services Block Grant	USDHHS		93.991			214,764	
Maternal and Child Health Services Bock Grant to States	USDHHS		93.994			647,075	21,000
Adult Lead Surveillance Data	USDHHS		93.999	030178D4D-CDC		48,146	
NCHS Contract	USDHHS		93.999	200-2000-07201		307,996	
NIOSH Center for Disease Control & Prevention	USDHHS		93.999	214-2008-M-26751		19,753	
NIOSH Trauma Registry	USDHHS		93.999	243-03-1045		107,086	
Special Education - Grants to States	USDOE		84.027A		SEC	170,000	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	USDOE	**ARRA**	84.393A		EISC	301,783	
Total for DEPARTMENT OF HEALTH AND SOCIAL SERVICES						**1,273,331,905**	**37,869,973**
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT							
Investments for Public Works and Economic Development Facilities	USDOC		11.300	805	EDC	15,229	
Labor Force Statistics	USDOL		17.002	850		743,807	
Compensation and Working Conditions	USDOL		17.005	853		108,081	
Employment Service/Wagner-Peyser Funded Activities	USDOL		17.207	858	ESC	8,958,644	
Unemployment Insurance	USDOL		17.225	864		332,811,446	
Senior Community Service Employment Program	USDOL		17.235	867		1,732,761	1,259,036
Trade Adjustment Assistance	USDOL		17.245	871		274,967	
WIA Adult Program	USDOL		17.258	922/923	WIAC	2,892,062	
WIA Youth Activities	USDOL		17.259	952	WIAC	2,034,875	1,028,182
Work Opportunity Tax Credit Program (WOTC)	USDOL		17.271	898		77,556	
Temporary Labor Certification for Foreign Workers	USDOL		17.273	856		54,242	
ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	USDOL	ARRA	17.275	899		1,797,765	884,889
ARRA-WIA Dislocated Workers Formula Grants	USDOL	ARRA	17.278	998	WIAC	574,172	
WIA Dislocated Workers Formula Grants	USDOL		17.278	886/932/933/937	WIAC	3,841,734	1,178,770
Occupational Safety and Health - State Program	USDOL		17.503	887		1,347,371	
Consultation Agreements	USDOL		17.504	888		670,465	
Disabled Veterans' Outreach Program (DVOP)	USDOL		17.801	893	ESC	324,794	
Local Veterans' Employment Representative Program	USDOL		17.804	895	ESC	175,445	
Transition Assistance Program	USDOL		17.807	897		17,761	
Adult Education - Basic Grants to States	USDOE		84.002	813/87246		378,150	678,257
Federal Pell Grant Program	USDOE		84.063	815	SFAC	351,995	
Rehabilitation Services - Vocational Rehabilitation Grants to States	USDOE		84.126	819	VRCC	9,916,920	128,310
Independent Living - State Grants	USDOE		84.169	823	ILSC	269,963	285,951
Rehabilitation Services - Independent Living Services for Older Individuals who are Blind	USDOE		84.177	827	ILOBC	228,954	215,450
Supported Employment Services for Individuals with the Most Significant Disabilities	USDOE		84.187	830		314,951	
Assistive Technology	USDOE		84.224	834		476,163	460,400
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	USDOE		84.265	836		13,324	
Federal Direct Student Loans	USDOE		84.268	837	SFAC	457,637	
ARRA-Bridge E-Skills Gap in Alaska	USDOE	ARRA	84.999	87233/02-43-B10566 UAF Grant 6892		165,123	
Denali Commission Program	DC		90.100	842		525,915	313,843
Affordable Care Act (ACA) State Health Care Workforce Development Grants	USDHHS		93.509	835		88,300	
Social Security - Disability Insurance	SSA		96.001	844	DISSIC	4,561,373	
Supplemental Security Income	SSA		96.006	845	DISSIC	447,541	35,358
Total for DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT						**376,649,486**	**6,468,446**
DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS							
Coastal Zone Management Administration Award (NOAA Tsunami)	USDOC		11.419	35419		2,640	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Meteorologic and Hydrologic Modernization Development	USDOC		11.467	35457		599,949	153,601
Applied Meteorological Research	USDOC		11.468	35458		6,703	
Public Safety Interoperable Communications Grant Program	USDOC		11.555	34035		432,876	298,611
National Guard Military Operations and Maintenance (O&M) Projects	USDOD		12.401	35401		12,966,204	
National Guard ChalleNGe Program	USDOD		12.404	35404		3,456,350	
Counterdrug Support Program-Asset Forfeiture	USDOJ		16.999	35160/AKQNGCD0		69,139	
Interagency Hazardous Materials Public Sector Training and Planning Grants	USDOT		20.703	35703		146,136	
Pilot Demonstration or Earmarked Projects	USDHS		97.001	35916		185,393	101,875
Emergency Management Institute - Training Assistance	USDHS		97.026	34052		17,866	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	35036		7,337,473	6,219,887
Hazard Mitigation Grant	USDHS		97.039	35039		729,443	661,657
Emergency Management Performance Grants	USDHS		97.042	35915		2,685,129	612,230
Pre-Disaster Mitigation	USDHS		97.047	34064		130,546	12,889
Emergency Operations Center	USDHS		97.052	35925		294,883	287,067
Citizens-Community Resilience Innovation Challenge	USDHS		97.053	34030		102,157	94,163
Interoperable Emergency Communications	USDHS		97.055	35919		247,524	147,639
Homeland Security Grant Program	USDHS		97.067	34050		7,460,501	5,527,503
Metropolitan Medical Response System	USDHS		97.071	34040		674,839	636,631
Buffer Zone Protection Program (BZPP)	USDHS		97.078	35554		293,047	220,009
Earthquake Consortium	USDHS		97.082	35920		36,375	36,375
Total for DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS						**37,875,173**	**15,010,137**
DEPARTMENT OF NATURAL RESOURCES							
Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025			238,074	
Inspection Grading and Standardization	USDA		10.162			12,506	
Market Protection and Promotion	USDA		10.163			192,765	
Specialty Crop Block Grant Program - Farm Bill	USDA		10.170			146,014	
Cooperative Forestry Assistance	USDA		10.664			3,523,365	
Forest Legacy Program	USDA		10.676			36,604	
Forest Health Protection	USDA		10.680			109,485	
ARRA-Recovery Act of 2009: Wildland Fire Management	USDA	**ARRA**	10.688	09DG11100489003; 09DG111100489011; 10DG11100489017		1,615,095	
Plant Materials for Conservation	USDA		10.905			102,502	
Kenai Dispatch Center	USDA		10.999	07FI11100100006		6,377	
USFS Fire Suppression (AKDF070002)	USDA		10.999	07FI11100100006		6,913,950	
Student Intern Program	USDA		10.999	11PA11100400069		7,590	
Kenai Dispatch Center	USDA		10.999	12FI11100400036		28,757	
Hotshot Crew	USDA		10.999	12PA11100100009		29,696	
Sikes Act Environmental Consultation	USDA		10.999	AG0116C110011		16,823	
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	USDOC		11.438			8,904	
Cultural Resource Management	USDOI		15.224			102,941	
National Fire Plan - Wildland Urban Interface Community Fire Assistance	USDOI		15.228			231,416	
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231			44,199	
Environmental Quality and Protection Resource Management	USDOI		15.236			13,204	
Management Initiatives	USDOI		15.239			59,992	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	USDOI		15.250			325,073	
Abandoned Mine Land Reclamation (AMLR) Program	USDOI		15.252			1,627,200	
Federal Oil and Gas Royalty Management	USDOI		15.427			95,800	
Fish and Wildlife Management Assistance	USDOI		15.608			21,671	
Partners for Fish and Wildlife	USDOI		15.631			25,648	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Coastal Impact Assistance Program	USDOI		15.668			1,595,431	
Cooperative Landscape Conservation	USDOI		15.669			5,932	
U.S. Geological Survey-Research and Data Collection	USDOI		15.808			435,907	
National Cooperative Geologic Mapping Program	USDOI		15.810			220,859	
ARRA-Volcano Hazards Program Research and Monitoring	USDOI	**ARRA**	15.818			311,727	
Energy Cooperatives to Support the National Coal Resources Data System (NCRDS)	USDOI		15.819			7,228	
Historic Preservation Fund Grants-In-Aid	USDOI		15.904			1,226,756	
Outdoor Recreation-Acquisition, Development and Planning	USDOI		15.916			283,122	
Save America's Treasures	USDOI		15.929			3,137	
Palmer Hay Flats State Game Refuge	USDOI		15.999	C-17-L-1		3,749	
Legacy Archival Photos	USDOI		15.999	G10PX01780		12,811	
Cook Inlet Tertiary 2010	USDOI		15.999	G10PX02372		12,000	
Consistency Reviews	USDOI		15.999	L10PX04502		7,660	
BLM Fire Suppression	USDOI		15.999	LAA040005		1,694,466	
RTCAP Banners & Brochures	USDOI		15.999	R9911100041		2,666	
Recreational Trails Program	USDOT		20.219		HPCC	1,571,402	
Alaska Trails Initiative	USDOT		20.999	DTHF70-05-E-00028		547,694	
Boating Safety Financial Assistance	USDHS		97.012			977,316	
State Access to the Oil Spill Liability Trust Fund	USDHS		97.013			2,633	
National Dam Safety Program	USDHS		97.041			41,902	
Fire Management Assistance Grant	USDHS		97.046			1,102,734	
Total for DEPARTMENT OF NATURAL RESOURCES						**25,602,783**	**-**
DEPARTMENT OF ADMINISTRATION							
Missing Children's Assistance (Pass-through National Court Appointed Special Advocate)	USDOJ		16.543	AK10900-11-0711-S		75,000	
Crime Victim Compensation	USDOJ		16.576	2008VCGX0030, 2009VCGX0011, 2010BCGX0004		853,197	
Crime Victim Assistance/Discretionary Grants (Pass-through National Court Appointed Special Advocate)	USDOJ		16.582	AK11331-11-0112-NI		20,000	
John R. Justice Prosecutors and Defenders Incentive Act	USDOJ		16.816	2010-RJ-BX-0026		194,444	
Commercial Driver's License Program Improvement Grant	USDOT		20.232	CD100210000000, CM100210000000, FM-CDL-033-11-01-00		241,645	
Commercial Driver's License Information Systems (CDLIS) Modernization Grant	USDOT		20.238	CM100210000000		17	
Donation of Federal Surplus Personal Property	GSA		39.003			878,538	
State Underground Water Source Protection	EPA		66.433	G-00J41801-0		130,000	
Drivers License Security Grant Program	USDHS		97.089	EMW-2011-DL-0036-S01		98,899	
Total for DEPARTMENT OF ADMINISTRATION						**2,491,740**	**-**
DEPARTMENT OF CORRECTIONS							
State Criminal Alien Assistance Program	USDOJ		16.606	2010-AP-BX-0845		76,214	
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	USDOE		84.331	Q331A100002		29,724	
Incentive Payment Agreement (IPMOU) between SSA and DOC	SSA		96.999	IPMOU		70,000	
Total for DEPARTMENT OF CORRECTIONS						**175,938**	**-**
DEPARTMENT OF REVENUE							
Child Support Enforcement	USDHHS		93.563			20,971,450	
Total for DEPARTMENT OF REVENUE						**20,971,450**	**-**
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES							
Schools and Roads - Grants to States	USDA		10.665		FSRC	170,000	
USDA Contract - Design 24' bridge on Forest Service Road	USDA		10.999	USDA 05RO-11100100-120		1,706	
USFS Contract - Fish passage-ways on Mitkof, Hydaburg, and Yakutat Highways	USDA		10.999	USFS 07-RO-11100100-076		258,944	
Crow Creek Bridge repair	USDA		10.999	USFS-11-DG-11100410-071		23,592	
Military Construction, National Guard	USDOD		12.400	GR 35400		1,884,286	

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STATE OF ALASKA
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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
National Guard Military Operations and Maintenance (O&M) Projects	USDOD		12.401	GR35401		2,880,365	
National Guard ChalleNGe Program	USDOD		12.404	GR 35404		(26,840)	
King Salmon Airport Contract to maintain USAF safety	USDOD		12.999	12.F65501-96C0006		455,739	
Funding from US Navy for Adak Airport Operations	USDOD		12.999	N6871104MDC4010		991,795	
Sand Point School Loop Rd BIA	USDOI		15.999	FRH53637		658,294	
Drug Court Discretionary Grant Program	USDOJ		16.585			24,119	
Drug Court Discretionary Grant Program	USDOJ		16.585			66,662	
ARRA-Airport Improvement Program	USDOT	**ARRA**	20.106			2,510,670	
Airport Improvement Program	USDOT		20.106			216,582,374	
ARRA-Highway Planning and Construction	USDOT	**ARRA**	20.205		HPCC	6,430,907	
Highway Planning and Construction	USDOT		20.205	WFL-DTFH70-09-E-00002	HPCC	6,011,350	
Highway Planning and Construction	USDOT		20.205		HPCC	353,944,658	2,432,244
National Motor Carrier Safety	USDOT		20.218			1,019,909	
Performance and Registration Information Systems Management	USDOT		20.231			47,898	
Commercial Vehicle Information Systems and Networks	USDOT		20.237			30,760	
Federal Transit - Capital Investment Grants	USDOT		20.500		FTC	7,652,232	2,347,399
Metropolitan Transportation Planning	USDOT		20.505			460,715	557,283
ARRA-Formula Grants for Other Than Urbanized Areas	USDOT	**ARRA**	20.509			2,060,022	
Formula Grants for Other Than Urbanized Areas	USDOT		20.509			4,974,454	4,539,549
Capital Assistance Program for Elderly Persons and Persons with Disabilities	USDOT		20.513		TSPC	884,717	778,688
Public Transportation Research	USDOT		20.514			4,107	
Job Access - Reverse Commute	USDOT		20.516		TSPC	701,033	265,872
New Freedom Program	USDOT		20.521		TSPC	47,019	44,158
State and Community Highway Safety	USDOT		20.600		HSC	1,793,174	785,964
Alcohol Impaired Driving Countermeasures Incentive Grants I	USDOT		20.601		HSC	605,938	89,909
Occupant Protection Incentive Grants	USDOT		20.602		HSC	31,192	45,585
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	USDOT		20.605			61,596	
Alcohol Open Container Requirements	USDOT		20.607			2,067,359	1,219,820
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	USDOT		20.608			(481,920)	
Safety Belt Performance Grants	USDOT		20.609		HSC	96	
State Traffic Safety Information System Improvement Grants	USDOT		20.610		HSC	514,763	4,032
Incentive Grant Program to Increase Motorcyclist Safety	USDOT		20.612		HSC	96,886	91,318
Child Safety and Child Booster Seats Incentive Grants	USDOT		20.613		HSC	61,038	49,155
Mendenhall Spur Rd ITS Project FHWA	USDOT		20.999	09-RO-111001000-031		61,422	
Marine Link to Akutan A/P Denali Commission	USDOT		20.999	DC-01166		895,194	
Sandpoint School Loop Rd Rehab	USDOT		20.999	DC01324-00		645,149	
FAA P.O. - Goodnews Bay Airport runway edge lighting	USDOT		20.999	DTFAA 05-A-00009		16,000	
Takotna A/P Electrical line extension FAA FRH52265	USDOT		20.999	DTFAA 05-A-00009		30,000	
FAA P.O. - Atka Airport Lighting	USDOT		20.999	DTFAA 06-X-00009		54,667	
FAA P.O. - Goodnews Bay Airport Install Papi & REILs	USDOT		20.999	DTFAAL 05-X-00011		12,711	
New Stuyahok A/P Relocation	USDOT		20.999	DTFAAL-05-V-0001		(4,841)	
FAA P.O. - Kongiganak Airport Lighting	USDOT		20.999	DTFAWA-06-A00009		134,457	
New Stuyahok A/P Runway Edge Lighting	USDOT		20.999	DTFAWA-06-A-00009		295	
Alakanuk A/P Runway Edge Lighting	USDOT		20.999	DTFAWA-06-A-00009		285,540	
Ouzinkie A/P Lighting	USDOT		20.999	DTFAWA-06-A-00009		396,139	
Akiachak A/P Lighting	USDOT		20.999	DTFAWA-06-A-00009		483,992	
Unstable Slope Management	USDOT		20.999	DTFH70-11-E-00067		6,996	
Cue Based Pilot Training FAA FRH52510	USDOT		20.999	FAA -DTFAAL-09-C-00020		1,029,714	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Deadhorse AARF-FAA for prorated share of utilities and repair costs	USDOT		20.999	FAA/DOT DTFA-04-98-L-16606		56,375	
Kotzebue & Nome AARF-FAA for prorated share of utilities and repair costs.	USDOT		20.999	FAA/DOT DTFA-04-98-L-16606		102,163	
Northern Region PAPI's and REIL's FFy05	USDOT		20.999	FAA-DTFAAL-05-A-00002		1,757	
FAA P.O. - Tuntutuliak Airport runway edge lighting	USDOT		20.999	FAA-FAWA-26--A00009		34,364	
Motor Carrier Safety Assistance	USDOT		20.999	FHWA-MN10021		(13)	
Alaska Railroad Emergency Repairs FRA	USDOT		20.999	FR-RRR-0005-08-01-00		33,278	
Alaska Railroad Emergency Repairs MP352.9 FRA	USDOT		20.999	FR-RRR-0010-08-01-01		396,939	
Klawock Causeway Culvert Const FHWA	USDOT		20.999	FWS-70181AB0001		133,447	
Klawock Causeway Fish Passage FHWA	USDOT		20.999	NA09NMF4630301		332,810	
Traffic Mitigation in to new VA clinic	USDVA		64.999	USDVA FRH 51790		5,066	
Denali Commission Program	DC		90.100			4,751,658	
AK GIS Strategic / Business Plan DHHS FRH52540	USDHHS		93.999	GIOAC00178		23,711	
AK GIS Strategic / Business Plan DHHS FRH52540	USDHHS		93.999	GIOAC00179		(6,373)	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	USDHS		97.036	35036		507,660	
Homeland Security Grant Program	USDHS		97.067			704,130	
National Explosives Detection Canine Team Program	USDHS		97.072			182,000	
ARRA-Port Security Grant Program (ARRA)	USDHS	**ARRA**	97.116	HS 2009-PU-R1-0210		190,294	
Kodiak A/P USCG Soil Remediation USCG	USDHS		97.999	FRH53594		24,703	
Total for DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES						**627,023,013**	**13,250,976**
DEPARTMENT OF PUBLIC SAFETY							
National Marine Fisheries Joint Enforcement Agreement	USDOC		11.999	11.04 and 06/07/08-NMFS-JEA		1,066,385	
Sexual Assault Services Formula Program	USDOJ		16.017			122,780	118,463
Supervised Visitation, Safe Havens for Children	USDOJ		16.527			185,666	167,902
National Criminal History Improvement Program (NCHIP)	USDOJ		16.554			203,667	
Crime Victim Assistance	USDOJ		16.575			1,004,851	986,995
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	USDOJ		16.580			318,424	
Violence Against Women Formula Grants	USDOJ		16.588			942,137	215,833
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	USDOJ		16.589			422,330	407,084
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	USDOJ		16.590			179,902	148,811
Residential Substance Abuse Treatment for State Prisoners	USDOJ		16.593			119,623	
Project Safe Neighborhoods	USDOJ		16.609			64,073	59,535
Public Safety Partnership and Community Policing Grants	USDOJ		16.710			670,548	
Drug Prevention Program	USDOJ		16.728			41,376	
Edward Byrne Memorial Justice Assistance Grant Program	USDOJ		16.738		JAG	1,042,418	279,236
DNA Backlog Reduction Program	USDOJ		16.741			181,818	
Paul Coverdell Forensic Sciences Improvement Grant Program	USDOJ		16.742			192,464	
Congressionally Recommended Awards	USDOJ		16.753	CY09		76,151	
ARRA-Recovery Act-Edward Bryne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	USDOJ	**ARRA**	16.803		JAG	1,526,518	262,265
Equitable Sharing Program	USDOJ		16.922			678,131	
Marijuana Eradication	USDOJ		16.999	16.05-2 & CY08/CY09		28,007	
Alcohol Open Container Requirements	USDOT		20.607			638,833	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	USDOT		20.608			967,572	
Injury Prevention and Control Research and State and Community Based Programs	USDHHS		93.136				23,817
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	USDHHS		93.671			466,650	451,861

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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
State Fire Training Systems Grants	USDHS		97.043			25,728	
Total for DEPARTMENT OF PUBLIC SAFETY						**11,166,052**	**3,121,802**
KNIK ARM BRIDGE TOLL AUTHORITY							
Highway Planning and Construction	USDOT		20.205	PJ E 56047	HPCC	10,938,921	
Total for KNIK ARM BRIDGE TOLL AUTHORITY						**10,938,921**	**-**
DEPARTMENT OF LAW							
Northern Border Prosecution Initiative Program	USDOJ		16.814			18,729	
State Medicaid Fraud Control Units	USDHHS		93.775		MC	629,489	
Total for DEPARTMENT OF LAW						**648,218**	**-**
OFFICE OF THE GOVERNOR							
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	USEEOC		30.002			195,000	
Help America Vote Act Requirements Payments	EAC		90.401			798,358	
Voting Access for Individuals with Disabilities - Grants to States	USDHHS		93.617			73,950	
Total for OFFICE OF THE GOVERNOR						**1,067,308**	**-**
UNIVERSITY OF ALASKA							
Agricultural Research-Basic and Applied Research	USDA		10.001		R&DC	1,576,185	531,956
Plant and Animal Disease, Pest Control, and Animal Care (Pass-through The Nature Conservancy-Alaska)	USDA		10.025	AKFO-080311-CS	R&DC	30,411	
Plant and Animal Disease, Pest Control, and Animal Care	USDA		10.025		R&DC	59,153	
Grants for Agricultural Research, Special Research Grants (Pass-through University of California)	USDA		10.200	09-002101-UAF1		3,583	
Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii)	USDA		10.200	Z936926	R&DC	(5,240)	
Grants for Agricultural Research, Special Research Grants (Pass-through University of Hawaii)	USDA		10.200	Z985770	R&DC	45,448	
Grants for Agricultural Research, Special Research Grants	USDA		10.200		R&DC	225,524	
Grants for Agricultural Research, Special Research Grants	USDA		10.200			409,146	52,665
Cooperative Forestry Research	USDA		10.202		R&DC	495,544	
Payments to Agricultural Experiment Stations Under the Hatch Act	USDA		10.203		R&DC	1,378,936	
Grants for Agricultural Research - Competitive Research Grants	USDA		10.206			182,736	
Sustainable Agriculture Research and Education (Pass-through Utah State University)	USDA		10.215	90758036		34,172	
Higher Education Challenge Grants (Pass-through Ohio State University)	USDA		10.217	RF01257884/60025469	R&DC	2,192	
Community Food Projects	USDA		10.225			68,208	
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants	USDA		10.226			85,830	19,653
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA		10.228		R&DC	246,822	
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	USDA		10.228			1,309,750	
Integrated Programs (Pass-through University of Idaho)	USDA		10.303	BJKH15 SB005		65,526	
Homeland Security - Agricultural (Pass-through University of California)	USDA		10.304	07-002558-12/PENDING		15,084	
Agriculture and Food Research Initiative (AFRI) (Pass-through University of Hawaii)	USDA		10.310	MA110010 / Z986079-01		409,561	
Agriculture and Food Research Initiative (AFRI)	USDA		10.310			34,152	
Agriculture and Food Research Initiative (AFRI)	USDA		10.310		R&DC	348,000	54,661
Beginning Farmer and Rancher Development Program	USDA		10.311			182,824	12,000

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF) (Pass-through University of Minnesota)	USDA	**ARRA**	10.315	H001344228 ARRA		12,767	
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	USDA		10.443			102,381	18,025
Cooperative Extension Service (Pass-through University of Wyoming)	USDA		10.500	1000782		8,738	
Cooperative Extension Service (Pass-through Utah State University)	USDA		10.500	100906004		15,481	
Cooperative Extension Service (Pass-through Purdue University)	USDA		10.500	8000041653		15,830	
Cooperative Extension Service (Pass-through Purdue University)	USDA		10.500	8000047643		62,532	
Cooperative Extension Service (Pass-through Kansas State University)	USDA		10.500	2007-48661-03868 (S08023.03)/P		33,688	
Cooperative Extension Service (Pass-through Kansas State University)	USDA		10.500	2010-48661-21868		50,362	
Cooperative Extension Service (Pass-through University of Nebraska-Lincoln)	USDA		10.500	25-6329-0059-801		10,135	
Cooperative Extension Service (Pass-through University of Nebraska Lincoln)	USDA		10.500	25-6365-0040-112		612	
Cooperative Extension Service (Pass-through University of Idaho)	USDA		10.500	BSK701-SB-001 / PO#0028400		1,626	
Cooperative Extension Service (Pass-through Kansas State University)	USDA		10.500	S08107.01/.02/.03		(7)	
Cooperative Extension Service (Pass-through Kansas State University)	USDA		10.500	S11143		35,606	
Cooperative Extension Service (Pass-through Kansas State University)	USDA		10.500	S12068		9,236	
Cooperative Extension Service (Pass-through Kansas State University)	USDA		10.500	S12139		21,234	
Cooperative Extension Service (Pass-through Kansas State University)	USDA		10.500	S12200		23,446	
Cooperative Extension Service (Pass-through University of Arizona)	USDA		10.500	Y560309		3,144	
Cooperative Extension Service	USDA		10.500			1,707,525	15,903
Special Supplemental Nutrition Program for Women, Infants, and Children	USDA		10.557	EN 0629001 AMEN #4 DTD 4/10/12		66,362	
Special Supplemental Nutrition Program for Women, Infants, and Children	USDA		10.557	EN 611458		(13)	
Special Supplemental Nutrition Program for Women, Infants, and Children (Pass-through State of Oklahoma)	USDA		10.557	PO3409015400 (Orig 3409014142)		13,940	
Foreign Market Development Cooperator Program	USDA		10.600		R&DC	1,631	
Forestry Research	USDA		10.652			2,186	
Cooperative Forestry Assistance	USDA		10.664		R&DC	8,134	
Cooperative Forestry Assistance	USDA		10.664			111,454	
Forest Health Protection (Pass-through Anchorage Park Foundation)	USDA		10.680	Project 147	R&DC	60,520	
Forest Health Protection	USDA		10.680		R&DC	54,828	
Forest Health Protection	USDA		10.680			153,678	
National Forest Foundation	USDA		10.682			981	
Rural Business Enterprise Grants	USDA		10.769			219,785	
Rural Cooperative Development Grants	USDA		10.771			177,662	
Resource Conservation and Development	USDA		10.901		R&DC	22,570	
Snow Survey and Water Supply Forecasting	USDA		10.907		R&DC	5,394	
Dynamics of Change in Alaska Boreal	USDA		10.999	G00003446	R&DC	(3,463)	
Precipitation Analysis & Monitoring	USDA		10.999	G00005850	R&DC	2,185	
Soil Contributions Watershed Funct.	USDA		10.999	G00005873	R&DC	20,773	
UAA Chugach Partnership Climate Change Symposium 2011	USDA		10.999	G00006697		792	
Alaska 4-H Military Club Grant (Pass-through Kansas State University)	USDA		10.999	G00006799 / KSU S11106		11,135	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Potential Migration of Tree Species	USDA		10.999	G00007358	R&DC	1,869	
Distinctive Landscape Roles & Contributions Assessment of the Chugach Region	USDA		10.999	G00007416		21,631	
Alaska Coastal Rainforest Center: Climate Change Scientist	USDA		10.999	G00007625		42,317	
The University of Alaska Southeast GIS Library & the Southeast Alaska Hydrography Database	USDA		10.999	G00007725		29,869	
Ocean Exploration	USDOC		11.011		R&DC	118,114	
Integrated Ocean Observing System (IOOS) (Pass-through University of Maryland)	USDOC		11.012	CA 12-1007-5-25684	R&DC	19,481	
Integrated Ocean Observing System (IOOS) (Pass-through University of Maryland)	USDOC		11.012	CA10-19		84,741	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska Ocean Observing System)	USDOC		11.012	H2300-50	R&DC	18,153	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska Ocean Observing System)	USDOC		11.012	H2300-51	R&DC	39,605	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska Ocean Observing System)	USDOC		11.012	H2300-52	R&DC	44,121	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska Ocean Observing System)	USDOC		11.012	H2300-59	R&DC	11,582	
Integrated Ocean Observing System (IOOS) (Pass-through Alaska SeaLife Center)	USDOC		11.012	Sub Award H2300.56		54,450	
ARRA - Investments for Public Works and Economic Development Facilities	USDOC	**ARRA**	11.300		EDC	354,380	
Economic Development-Technical Assistance	USDOC		11.303			136,373	
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	USDOC		11.400		R&DC	274,404	233,752
Interjurisdictional Fisheries Act of 1986	USDOC		11.407			(19,859)	
Sea Grant Support (Pass-through University of Mississippi)	USDOC		11.417	10-03-058		4,993	
Sea Grant Support	USDOC		11.417		R&DC	204,931	(339)
Sea Grant Support	USDOC		11.417			1,778,342	168,161
Coastal Zone Management Estuarine Research Reserves	USDOC		11.420			1,025	
Coastal Zone Management Estuarine Research Reserves	USDOC		11.420		R&DC	26,458	
Undersea Research	USDOC		11.430		R&DC	516,395	110,572
Climate and Atmospheric Research	USDOC		11.431		R&DC	935,699	
National Oceanic and Atmospheric Administration (NOAA) Cooperative Institutes	USDOC		11.432		R&DC	1,953,985	153,930
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	1125952	R&DC	19,090	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	ADN 1115958	R&DC	74,353	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	ADN 820047		34,600	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	ADN112595	R&DC	10,411	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	RSA 1115951	R&DC	76,065	
Pacific Coast Salmon Recovery-Pacific Salmon Treaty Program	USDOC		11.438	RSA 1115959	R&DC	10,863	
ARRA-Marine Mammal Data Program (Pass-through National Fish and Wildlife Foundation)	USDOC	**ARRA**	11.439	0312.12.031930	R&DC	72,635	
Marine Mammal Data Program	USDOC		11.439		R&DC	432,956	
Unallied Industry Projects	USDOC		11.452			154,796	13,450
Special Oceanic and Atmospheric Projects	USDOC		11.460		R&DC	901,935	
Habitat Conservation (Pass-through National Fish and Wildlife Foundation DC)	USDOC		11.463	2008-0066-008	R&DC	46,033	

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Applied Meteorological Research (Pass-through University of Mississippi)	USDOC		11.468	UM 09-09-024	R&DC	32,586	
Unallied Science Program (Pass-through Prince William Sound Science Center)	USDOC		11.472	12-81-06	R&DC	709	
Unallied Science Program (Pass-through Prince William Sound Science Center)	USDOC		11.472	12-81-07	R&DC	39,046	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1004	R&DC	34,194	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1005	R&DC	54,952	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1008	R&DC	37,989	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1012	R&DC	42,049	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1021	R&DC	3,545	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1022	R&DC	32,529	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1023	R&DC	8,104	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1106	R&DC	2,142	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1110	R&DC	19,787	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 1120	R&DC	194,916	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 520	R&DC	(90)	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 714	R&DC	85,489	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 814	R&DC	36,454	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 828	R&DC	105,568	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 904	R&DC	13,862	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 908-B	R&DC	17,083	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 909-A	R&DC	10,389	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 912	R&DC	13,376	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 915	R&DC	377	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 918	R&DC	6,149	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 920	R&DC	17,968	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project 927	R&DC	10,977	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B3877	R&DC	2,217	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B53	R&DC	90,632	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B67	R&DC	12,076	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B68	R&DC	(978)	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project B77	R&DC	(194)	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project F4116	R&DC	43,591	

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Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project F4977	R&DC	1,821	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project G81	R&DC	250,572	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project G84	R&DC	82,748	
Unallied Science Program (Pass-through North Pacific Research Board)	USDOC		11.472	Project G85	R&DC	105,813	
Unallied Science Program	USDOC		11.472			38,929	
Coastal Services Center (Pass-through University of Maryland, UMCES)	USDOC		11.473	CA 10-27	R&DC	96,316	
Coastal Services Center (Pass-through Seward Association for Advancement of Science)	USDOC		11.473	H-2201	R&DC	(126)	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	USDOC		11.473	H2211-00	R&DC	2,014	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	USDOC		11.473	H2223-00	R&DC	(1,341)	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	USDOC		11.473	H222400/Pending	R&DC	68,254	
Coastal Services Center (Pass-through Alaska Ocean Observing System)	USDOC		11.473	H-2301-51	R&DC	6,168	
Educational Partnership Program (Pass-through North Carolina A&T State University)	USDOC		11.481	Subagreement 270040E	R&DC	20,315	
ARRA-Broadband Technology Opportunities Program (BTOP)	USDOC	**ARRA**	11.557	ADN52008/EN520000		99,589	
ARRA-Broadband Technology Opportunities Program (BTOP)	USDOC	**ARRA**	11.557			1,824,335	404,834
ARRA-State Broadband Data and Development Grant Program (Pass-through Connect Alaska)	USDOC	**ARRA**	11.558	02-50-M09071	R&DC	94,078	
ARRA-State Broadband Data and Development Grant Program (Pass-through Connected Nation)	USDOC	**ARRA**	11.558	ARRA 02-50-M09071	R&DC	38,071	
Manufacturing Extension Partnership (Pass-through Alaska Manufacturing Extension Partnership)	USDOC		11.611	AMEP-001	R&DC	239,860	
NOSB Participant Support 2005-2006 (Pass-through Consortium for Oceanographic)	USDOC		11.999	G00002937 / LETTER 11/14/2005		(50)	
Research & Education							
Meteorological Data Sets	USDOC		11.999	G00006674	R&DC	2,036	
Procurement Technical Assistance For Business Firms	USDOD		12.002			250,121	
Collaborative Research and Development (Pass-through University of Mississippi)	USDOD		12.114	UM 07-11-041	R&DC	210,650	
Collaborative Research and Development	USDOD		12.114		R&DC	10,000	
Basic and Applied Scientific Research (Pass-through University of Texas-San Antonio)	USDOD		12.300	0201-15UAF		11,595	
Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution)	USDOD		12.300	A100585	R&DC	87	
Basic and Applied Scientific Research (Pass-through Woods Hole Oceanographic Institution)	USDOD		12.300	A100694	R&DC	99,679	
Basic and Applied Scientific Research	USDOD		12.300			22,358	
Basic and Applied Scientific Research	USDOD		12.300		R&DC	1,241,306	266,499
Military Medical Research and Development	USDOD		12.420		R&DC	1,767,817	(21)
Basic Scientific Research (Pass-through Mississippi State University)	USDOD		12.431	060803-360295-01	R&DC	163,956	
Basic Scientific Research (Pass-through Oklahoma State University)	USDOD		12.431	AE-5-48940	R&DC	4,257	
Basic Scientific Research	USDOD		12.431			86,706	
Basic Scientific Research	USDOD		12.431		R&DC	603,110	97,043
Invitational Grants for Military-Connected Schools (Pass-through Anchorage School District)	USDOD		12.557	11-1401	R&DC	36,723	
Basic, Applied, and Advanced Research in Science and Engineering	USDOD		12.630			20,029	

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Basic, Applied, and Advanced Research in Science and Engineering	USDOD		12.630		R&DC	257,215	
Air Force Defense Research Sciences Program	USDOD		12.800		R&DC	1,066,920	
Information Security Grant Program	USDOD		12.902			12,464	
Research and Technology Development (Pass-through University of Florida)	USDOD		12.910	UF-EIES_1005018_UAF	R&DC	50,323	
Research and Technology Development	USDOD		12.910		R&DC	198,227	
Operational Support of Infrasound and Primary and Auxiliary Seismic Stations for the International Monitoring System (IMS)	USDOD		12.999	G00004909	R&DC	2,723,427	
Assessment of Wetlands	USDOD		12.999	G00005236	R&DC	1,996	
Lead and Antimony Speciation in Shooting Range Soils: Molecular Scale Analysis, Temporal Trends and Mobility	USDOD		12.999	G00006854	R&DC	229,834	
Identifying Mechanisms of State Change and Forecasting Future Vulnerability	USDOD		12.999	G00007315 / UF11138	R&DC	53,550	
Alaska Native/Native Hawaiian Institutions Assisting Communities	HUD		14.515			1,237,068	386,075
Indian Adult Education	USDOI		15.026			15,543	
Cultural Resource Management	USDOI		15.224		R&DC	19,718	
Cultural Resource Management	USDOI		15.224			1,322,671	
Recreation Resource Management	USDOI		15.225		R&DC	17,386	
National Fire Plan - Wildland Urban Interface Community Fire Assistance	USDOI		15.228		R&DC	237	
Invasive and Noxious Plant Management	USDOI		15.230		R&DC	18,411	
ARRA-Fish, Wildlife and Plant Conservation Resource Management (Pass-through NatureServe)	USDOI	**ARRA**	15.231	BLM0F021-BLM0F025 To 1	R&DC	168,943	
ARRA-Fish, Wildlife and Plant Conservation Resource Management (Pass-through NatureServe)	USDOI	**ARRA**	15.231	BLM0F029	R&DC	33,814	
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231			25,008	
Fish, Wildlife and Plant Conservation Resource Management	USDOI		15.231		R&DC	328,308	
Wildland Fire Research and Studies Program (Pass-through University of Nevada-Reno)	USDOI		15.232	UNR-11-75 / PO 111GC000031	R&DC	36,375	
Wildland Fire Research and Studies Program	USDOI		15.232			187,205	
ARRA-Environmental Quality and Protection Resource Management (Pass-through Michigan Technological)	USDOI	**ARRA**	15.236	100259Z1 MOD 2	R&DC	44,297	
ARRA-Environmental Quality and Protection Resource Management	USDOI	**ARRA**	15.236		R&DC	131,429	
Rangeland Resource Management	USDOI		15.237		R&DC	35,823	
National Park Service Centennial Challenge	USDOI		15.406		R&DC	32,966	
Alaska Coastal Marine Institute	USDOI		15.421			128	
Alaska Coastal Marine Institute	USDOI		15.421		R&DC	795,567	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through University of Texas-Austin)	USDOI		15.423	UTA-09-000282	R&DC	82,793	
Minerals Management Service (MMS) Environmental Studies Program (ESP) (Pass-through University of Texas-Austin)	USDOI		15.423	UTA11-000973	R&DC	133,168	
Minerals Management Service (MMS) Environmental Studies Program (ESP)	USDOI		15.423		R&DC	1,205,461	25,903
Coastal Impact Assistance Program (CIAP)	USDOI		15.426	1021200		241,706	
Coastal Impact Assistance Program (CIAP) (Pass-through Alaska Sea Life Center)	USDOI		15.426	L2226.02	R&DC	18,750	
Coastal Impact Assistance Program (CIAP)	USDOI		15.426		R&DC	55,385	
Fish and Wildlife Management Assistance	USDOI		15.608		R&DC	31,511	
Coastal Program	USDOI		15.630			35,702	
State Wildlife Grants	USDOI		15.634		R&DC	127,027	
Service Training and Technical Assistance (Generic Training)	USDOI		15.649			9,412	

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Service Training and Technical Assistance (Generic Training)	USDOI		15.649		R&DC	13,003	
Research Grants (Generic)	USDOI		15.650			160,451	
Research Grants (Generic)	USDOI		15.650		R&DC	239,688	
National Fish and Wildlife Foundation (Pass-through National Fish and Wildlife Foundation)	USDOI		15.663	2003-0265-018		237	
National Fish and Wildlife Foundation	USDOI		15.663			(60)	
National Fish and Wildlife Foundation	USDOI		15.663		R&DC	98,637	
Cooperative Landscape Conservation	USDOI		15.669		R&DC	152,601	
Assistance to State Water Resources Research Institutes	USDOI		15.805		R&DC	74,320	
Earthquake Hazards Reduction Program	USDOI		15.807			65,403	
Earthquake Hazards Reduction Program	USDOI		15.807		R&DC	700,423	
U.S. Geological Survey-Research and Data Collection	USDOI		15.808			73,403	
U.S. Geological Survey-Research and Data Collection	USDOI		15.808		R&DC	2,819,140	
Gap Analysis Program	USDOI		15.811		R&DC	333,499	
Cooperative Research Units Program	USDOI		15.812		R&DC	2,103,845	21,709
Minerals Resources External Research Program	USDOI		15.816		R&DC	7,871	3,953
ARRA-Volcano Hazards Program Research and Monitoring	USDOI	**ARRA**	15.818		R&DC	274,782	
National Climate Change and Wildlife Science Center	USDOI		15.820		R&DC	22,226	
Disposal of Surplus Wildlife	USDOI		15.900			11,065	
Disposal of Surplus Wildlife	USDOI		15.900		R&DC	61,799	
Historic Preservation Fund Grants-In-Aid	USDOI		15.904			18,555	
Outdoor Recreation-Acquisition, Development and Planning	USDOI		15.916		R&DC	56,354	
Native American Graves Protection and Repatriation Act	USDOI		15.922			71,408	
National Center for Preservation Technology and Training	USDOI		15.923		R&DC	28,135	
Natural Resource Stewardship	USDOI		15.944			24,531	
Cooperative Research and Training Programs_Resources of the National Park System	USDOI		15.945			343,867	
Cooperative Research and Training Programs_Resources of the National Park System	USDOI		15.945		R&DC	1,456,060	
Cultural Resources Management	USDOI		15.946			25,182	
Radar Mapping in AK Coastal Waters	USDOI		15.999	G00002047	R&DC	(209)	
Archaeology & Museum Management Mentoring: A Joint Project between UA Museum & Gates Arctic National Park & Reserve	USDOI		15.999	G00002924		119	
BSMMS: Beaufort Sea Mesoscale Mete	USDOI		15.999	G00003585	R&DC	448,203	204,650
Laboratory Testing for Import/Export FY07	USDOI		15.999	G00003785 / ADN#1078006/45-7-0805	R&DC	(165)	
MET Data From MET Stations	USDOI		15.999	G00004064	R&DC	8,486	
Monitoring Indicator in DNP	USDOI		15.999	G00004859	R&DC	441	
Exotic Plants in Alaskan NPS Units	USDOI		15.999	G00005011	R&DC	15,846	
CESU Underst lake disappearance th	USDOI		15.999	G00005400	R&DC	10,337	
CESU Tech Plan Aniakchak Nat'l Mmnt	USDOI		15.999	G00005604	R&DC	25,998	
Archival of historic bird checklist	USDOI		15.999	G00005845	R&DC	3,846	
Checklist of Alaska Lichens	USDOI		15.999	G00006152		(224)	
Identify, Catalogue, Curate, Archive, & Report on Vascular Plants from Kodiak NWR	USDOI		15.999	G00006158		81	
Avian Fauna Inventory of Alagnak Wi	USDOI		15.999	G00006240	R&DC	12,211	
Harding Icefield	USDOI		15.999	G00006251	R&DC	18,792	
Wolf Diets and Derived Salmon	USDOI		15.999	G00006432	R&DC	28,470	
Conduct Landcover Inventory Alagnak	USDOI		15.999	G00006479	R&DC	12,680	
Vascular & Non-Vascular Plant Specimen Identification, Curation, & Technical Support for Vegetation Monitoring in the Southwest Alaska Network	USDOI		15.999	G00006584		382	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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FY11 USGS Palmer Lab Services	USDOI		15.999	G00006669	R&DC	4	
Vanished Villages: Late Prehistoric	USDOI		15.999	G00006756	R&DC	54,246	
Adaptation Arctic Circulation Model (Pass-through Rutgers)	USDOI		15.999	G00007038 / PO#1449197 / SA#4199	R&DC	83,454	
Coastal Impact Assistance Program	USDOI		15.999	G00007098 / Pending		(53,828)	
Continuation of LTER Bonanza Creek	USDOI		15.999	G00007288	R&DC	76,269	
Dinosaur Fossils-AK Peninsula NWR	USDOI		15.999	G00007630	R&DC	4,306	
Title V - Delinquency Prevention Program	USDOJ		16.548	EN 0611405	R&DC	152	
State Justice Statistics Program for Statistical Analysis Centers	USDOJ		16.550		R&DC	94,611	
Juvenile Mentoring Program (Pass-through National 4H Council)	USDOJ		16.726	2011-TY-FX-0031		404	
Juvenile Mentoring Program (Pass-through National 4H Council)	USDOJ		16.726	3/8/12 Agreement		24,828	
Federal Equitable Sharing UAFPD	USDOJ		16.999	G00006407		65,049	
WIA Youth Activities	USDOL		17.259	RS 726126	WIAC	113,445	
H-1B Job Training Grants	USDOL		17.268			(2,512)	
Community Based Job Training Grants	USDOL		17.269			584,228	42,627
ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	USDOL	**ARRA**	17.275			15,833	
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	USDOL		17.282			229,319	
Mine Health and Safety Grants	USDOL		17.600			33,854	
Air Transportation Centers of Excellence (Pass-through Embry-Riddle Aeronautical University)	USDOT		20.109	61077-UAA PO 142015 Amend 1		7,327	
Air Transportation Centers of Excellence	USDOT		20.109		R&DC	78,009	
Highway Research and Development Program (Pass-through University of Idaho, NIATT)	USDOT		20.200	KLK262 SB 002		46,468	
Highway Planning and Construction	USDOT		20.205		HPCC	66,673	
Highway Training and Education	USDOT		20.215			285,835	
University Transportation Centers Program (Pass-through Portland State University)	USDOT		20.701	GCA 6384	R&DC	6,155	
University Transportation Centers Program	USDOT		20.701		R&DC	2,941,152	526,624
Research Grants (Pass-through University of Hawaii)	USDOT		20.762	PO Z894269	R&DC	30,925	
Research Grants	USDOT		20.762		R&DC	45,043	
OSRI Graduate Research Fellowship (Pass-through Oil Spill Recovery Institute)	USDOT		20.999	G00006857	R&DC	28,500	
Multi-modal Nat Gas Transp Corridor	USTreas		21.999	G00002623	R&DC	76,670	
Federal Citizen Information Center	GSA		39.009		R&DC	10,084	10,326
Science (Pass-through Jet Propulsion Laboratory)	NASA		43.001	1241499	R&DC	62,525	
Science (Pass-through Jet Propulsion Laboratory)	NASA		43.001	1485171	R&DC	74,021	
Science (Pass-through Prince William Sound Science Center)	NASA		43.001	10-65-10	R&DC	175,888	
Science (Pass-through University of Pittsburgh)	NASA		43.001	Sub 0020157 (407134-2)	R&DC	26,792	
Science (Pass-through Louisiana State University)	NASA		43.001	Sub 65687 / CFMS 712215	R&DC	2,150	
Science (Pass-through University of Maryland)	NASA		43.001	Sub Z631501	R&DC	26,493	
Science (Pass-through University of California)	NASA		43.001	Subagreement 00007605	R&DC	127,339	
Science (Pass-through University of Texas-Austin)	NASA		43.001	UTA12-000234	R&DC	8,796	
Science	NASA		43.001			109,650	
Science	NASA		43.001		R&DC	2,047,582	86,558
Aeronautics (Pass-through University of Colorado)	NASA		43.002	1545830REF:PO 1000027866	R&DC	111,922	
Aeronautics (Pass-through University of Colorado)	NASA		43.002	1548571 PO#1000017674	R&DC	15,589	
AIM Phase B (Pass-through Hampton University)	NASA		43.999	G00001373 / SubC 03-12	R&DC	1	
Alaska Space Grant Consortium Program	NASA		43.999	G00002331	R&DC	146	
Application of Space-Based Tech	NASA		43.999	G00003065	R&DC	534	241
Operation, Maintenance, Mission Support, and Facility Improvements at the Poker Flat Research Range	NASA		43.999	G00003134	R&DC	1,004,410	
Incorporating NASA Data and Geobrain Technology in Post-Secondary Education (Pass-through George Mason University)	NASA		43.999	G00003929 / Sub 200707-E		(3)	

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Alaska's NASA EPSCoR Program	NASA		43.999	G00004248	R&DC	262,282	
Application of a New Generation	NASA		43.999	G00004532	R&DC	231,761	
Synthetic Aperture Radar (SAR) Distributed Active Archive Facility (DAAC)	NASA		43.999	G00004639	R&DC	8,462,469	
Miscellaneous (Pass-through University of Washington)	NASA		43.999	G00004649 / 486547	R&DC	7,089	
Assessing the spatial and temporal dynamics of thermokarst and related carbon cycling in Siberia and Alaska	NASA		43.999	G00004670	R&DC	93,333	
Turbopause Program	NASA		43.999	G00004884	R&DC	(696)	
Automation of the ASTER Emergency Data Acquisition Protocol for Disaster Monitoring and Preparedness (Pass-through University of Pittsburgh)	NASA		43.999	G00004901 / Sub 0008149	R&DC	29,896	
Quantifying the Role of Ocean-Ice	NASA		43.999	G00004997	R&DC	211,132	
Heating and Acceleration of the Solar Wind and Corona by Anisotropic MHD and Hall MHD Turbulence	NASA		43.999	G00005062	R&DC	63,929	
Development of a new chemical release technique for measuring neutral wind velocity gradients in Earth's auroral thermosphere	NASA		43.999	G00005116	R&DC	33,446	
Collaborative Research: Controls on the Speed and Stability of Greenland Outlet Glaciers: Observations of Jakobshavns Isbrae (Pass-through University of New Hampshire)	NASA		43.999	G00005283 / Sub 09-046	R&DC	1,259	
Quantifying Recent Mass Changes of Mountain Glaciers in the Canadian high Arctic, the Patagonian Icefields, and Eastern Greenland	NASA		43.999	G00005305	R&DC	98,127	
Physical and Geologic Investigations of the Surface Materials Along the MER Traverses	NASA		43.999	G00005454	R&DC	5,492	
The Relationship Between the Physical and Mechanical Properties of Mars Soils and their Simulation	NASA		43.999	G00005603	R&DC	69,750	10,575
Exploration Potential of Lunar Pole (Pass-through The John Hopkins University)	NASA		43.999	G00005724 / 957706	R&DC	232,219	
Mapping Changes in Shrub Abundance (Pass-through Montclair State University)	NASA		43.999	G00005738 / NNX09AL03G/PO-S102366	R&DC	19,932	
Analysis of Impact Craters on Mercury Using MESSEGER Data	NASA		43.999	G00005760	R&DC	26,361	
Adaptation to Rapid Land-use and Cl	NASA		43.999	G00005972	R&DC	269,441	76,814
Robotic Exploration Technology in Astrobiology, year 2	NASA		43.999	G00005991	R&DC	27,444	27,444
Ground Station Outreach	NASA		43.999	G00006117		62,632	
Climate Change: NASA's Eyes on the Arctic (Pass-through Alaska Challenger Center For Space Science Technology)	NASA		43.999	G00006218 / S12985		121,831	
Controls & Feedback, Pacific Shelf (Pass-through Bermuda Institute of Ocean Sciences)	NASA		43.999	G00006308 / 10-4100 / Pending	R&DC	66,390	
Optimizing Next-Generation Image Compression Transforms via Evolutionary Computation	NASA		43.999	G00006556	R&DC	222,337	
Estimating Spatio-Temporal Variability in Evapotranspiration in Interior Alaska Using Field Measurements, Modeling, and Remote Sensing	NASA		43.999	G00006590	R&DC	190,974	
RETINA (Robotic Exploration Technologies in Astrobiology)	NASA		43.999	G00006617	R&DC	117,652	26,707
NASA Earth and Space Science Fellowship Program 2010 Atmospheric Corrections in SAR Interferometry	NASA		43.999	G00006759		33,214	
Implication of Arctic Sea Ice Reduction on Bromine, Ozone, and Mercury Chemical Process, Transport, and Distribution (Pass-through Jet Propulsion Laboratory)	NASA		43.999	G00006902 / Sub 1418562	R&DC	179,630	

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North American Carbon Program (Pass-through University of South Florida)	NASA		43.999	G00007039 / PO 7000025845	R&DC	28,912	
North American Carbon Project (Pass-through University of Tennessee Knoxville)	NASA		43.999	G00007213 / A11-0338-S001		7,605	
Range Maintenance, Mission Support, and Facility Improvements, on a Task Order Basis, at the Poker Flat Research Range	NASA		43.999	G00007728	R&DC	891,869	
Promotion of the Arts-Partnership Agreements	NEA		45.025	FY12 CAD0022		3,500	
Museums for America	IMLS		45.301			48,234	
Grants to States	IMLS		45.310	ADN 520015		2,131	
Grants to States	IMLS		45.310	ADN 520170		13,691	
Grants to States	IMLS		45.310	EN # 520423		78,805	
Grants to States	IMLS		45.310	EN 520869/ILC-12-156-139		1,662	
Grants to States	IMLS		45.310	Grant Dated 7/14/10		108,936	
Grants to States	IMLS		45.310	LS-00-11-0002-11		25,429	
Grants to States	IMLS		45.310	RSA EN-520422		10,004	
Engineering Grants (Pass-through Georgia Institute of Technology)	NSF		47.041	RA0693-G1 / PO #2720014478	R&DC	41,436	
Engineering Grants	NSF		47.041		R&DC	102,873	
Engineering Grants	NSF		47.041			204,414	69,323
Mathematical and Physical Sciences	NSF		47.049		R&DC	298,122	
Geosciences (Pass-through University of Southern California)	NSF		47.050	149701	R&DC	219,097	
Geosciences (Pass-through Virginia Polytechnic Institute)	NSF		47.050	478052-19099	R&DC	23,557	
Geosciences (Pass-through Cornell University)	NSF		47.050	62144-9481	R&DC	24,618	
Geosciences (Pass-through Northwest Research Associates)	NSF		47.050	NWRA-07-S-104	R&DC	13,842	
Geosciences (Pass-through Rutgers University)	NSF		47.050	PO 4150 / S1409651	R&DC	40,381	
Geosciences (Pass-through University of Southern California)	NSF		47.050	Sub 152425	R&DC	24,000	
Geosciences (Pass-through Woods Hole Oceanographic Institution)	NSF		47.050	Sub A100870	R&DC	22,631	
Geosciences (Pass-through Woods Hole Oceanographic Institution)	NSF		47.050	Sub Award A100638	R&DC	51,187	
Geosciences (Pass-through SRI International)	NSF		47.050	SubContract 119-000221	R&DC	225,315	
Geosciences	NSF		47.050			701,219	260,320
Geosciences	NSF		47.050		R&DC	11,606,532	72,702
Computer and Information Science and Engineering (Pass-through Carnegie Mellon University)	NSF		47.070	1120822-184882		7,332	
Computer and Information Science and Engineering	NSF		47.070			12,275	
Computer and Information Science and Engineering	NSF		47.070		R&DC	93,181	325
Biological Sciences (Pass-through University of Washington)	NSF		47.074	592485	R&DC	(4,700)	
Biological Sciences (Pass-through Texas Tech University)	NSF		47.074	21P225-02	R&DC	22,801	
Biological Sciences (Pass-through South Dakota State University)	NSF		47.074	3TC097	R&DC	11,917	
Biological Sciences (Pass-through University of New Mexico)	NSF		47.074	Sub Award 04803T-873U		17,471	
Biological Sciences (Pass-through University of Notre Dame)	NSF		47.074	Sub Award 201717	R&DC	28,580	
Biological Sciences	NSF		47.074			250,579	
Biological Sciences	NSF		47.074		R&DC	2,880,586	67,193
Social, Behavioral, and Economic Sciences (Pass-through University of New Hampshire)	NSF		47.075	Sub Award 12-037	R&DC	3,908	

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Social, Behavioral, and Economic Sciences	NSF		47.075		R&DC	403,232	32,855
Education and Human Resources (Pass-through Tennessee Technological University)	NSF		47.076	P0006343		5,299	
Education and Human Resources	NSF		47.076			1,385,966	
Education and Human Resources	NSF		47.076		R&DC	2,231,282	
Polar Programs (Pass-through Columbia University)	NSF		47.078	3 (ACCT 5-24906)		52,022	
Polar Programs (Pass-through Purdue University)	NSF		47.078	4101-44885	R&DC	16,719	
Polar Programs (Pass-through Woods Hole Oceanographic Institution)	NSF		47.078	A100869	R&DC	20,390	
Polar Programs (Pass-through Oklahoma State University)	NSF		47.078	AA531200-S1/090987	R&DC	155,640	
Polar Programs (Pass-through Artic Research Consortium of the U.S. (ARCUS))	NSF		47.078	ARCUS Contract8.26.04	R&DC	5,933	
Polar Programs (Pass-through University of Maryland, UMCES)	NSF		47.078	CA 12-12 07-5-25679	R&DC	36,337	
Polar Programs (Pass-through University of Chicago)	NSF		47.078	FP042787	R&DC	21,406	
Polar Programs	NSF		47.078			721,498	137,815
Polar Programs	NSF		47.078		R&DC	10,328,004	198,172
International Science and Engineering (OISE) (Pass-through University of Hawaii-Manoa)	NSF		47.079	Z946967 / PO 660191	R&DC	2,805	
International Science and Engineering (OISE)	NSF		47.079		R&DC	73,003	
Office of Cyberinfrastructure	NSF		47.080			84,639	
Office of Experimental Program to Stimulate Competitive Research	NSF		47.081			586,739	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Washington)	NSF	**ARRA**	47.082	ARRA ARC-0908262 / 657596Z	R&DC	15,599	
ARRA-Trans-NSF Recovery Act Research Support (Pass-through University of Colorado)	NSF	**ARRA**	47.082	ARRA SPO 0000069542	R&DC	97,221	
ARRA-Trans-NSF Recovery Act Research Support	NSF	**ARRA**	47.082			451,217	
ARRA-Trans-NSF Recovery Act Research Support	NSF	**ARRA**	47.082		R&DC	67,347,328	
Intergovernmental Personnel Act (IPA) Assignment for Dr. Stephen Langdon	NSF		47.999	G00006589		18,547	
Alaska HRRR - Verification and Study of Model Configuration for Operational Deployment (Pass-through National Center for Atmospheric Research)	NSF		47.999	G00007196 / Z11-87895	R&DC	18,579	
Intergovernmental Personnel Act (IPA) Assignment for Richard Boone	NSF		47.999	G00007461		120,766	
8(a) Business Development Program	USSBA		59.006			102,927	
Procurement Assistance to Small Businesses	USSBA		59.009			(29,720)	
Small Business Development Centers	USSBA		59.037			627,799	
Prime Technical Assistance	USSBA		59.050		R&DC	118,779	
Federal and State Technology Partnership Program	USSBA		59.058			6,553	
Congressionally Mandated Projects	EPA		66.202			34,531	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419	EN 1820501	R&DC	32,875	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419	RS1810168/EN 1810521	R&DC	(1,320)	
Water Pollution Control State, Interstate, and Tribal Program Support	EPA		66.419	RS1810207/EN1810525	R&DC	85,806	
Science To Achieve Results (STAR) Research Program (Pass-through Arizona State University)	EPA		66.509	Sub Award 12-866	R&DC	2,188	
P3 Award: National Student Design Competition for Sustainability	EPA		66.516		R&DC	3,052	
Performance Partnership Grants	EPA		66.605			9,451	
Bristol Bay Watershed Analysis (Pass-through NatureServe)	EPA		66.999	EP-W-07-080 (WA 3-22)	R&DC	164,318	
Venetie Village Council Subaward (Pass-through Venetie Village Council)	EPA		66.999	G00006975 / S00013808		9,451	
Air Quality Drum Sampler	EPA		66.999	RSA 1820188	R&DC	9	
Office of Science Financial Assistance Program (Pass-through University of Illinois)	ENERGY		81.049	DOC# 0411/DE-SC0006607	R&DC	13,827	

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Office of Science Financial Assistance Program (Pass-through Battelle Pacific Northwest Lab)	ENERGY		81.049	SubContract 4000098845		251,498	
Office of Science Financial Assistance Program (Pass-through Alliance for Sustainable Energy)	ENERGY		81.049	ZAM-0-40876-01	R&DC	34,734	
Office of Science Financial Assistance Program	ENERGY		81.049		R&DC	1,893,659	
ARRA-Renewable Energy Research and Development	ENERGY	**ARRA**	81.087		R&DC	1,559,653	
Renewable Energy Research and Development (Pass-through Electric Power Research Institute)	ENERGY		81.087	EP-P36535/C16572	R&DC	50,995	
Renewable Energy Research and Development (Pass-through Electric Power Research Institute)	ENERGY		81.087	EP-P37092/C16755	R&DC	29,287	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	ENERGY		81.089	Contract 643168	R&DC	87,882	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	ENERGY		81.089	PO# 1197534	R&DC	88,796	
Fossil Energy Research and Development (Pass-through Sandia National Laboratories)	ENERGY		81.089	Standard PO: 746154	R&DC	31,797	
Fossil Energy Research and Development	ENERGY		81.089			100,923	
Fossil Energy Research and Development	ENERGY		81.089		R&DC	651,672	26,665
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis (Pass-through University of Minnesota)	ENERGY	**ARRA**	81.122	A000211596		1,585	
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY	**ARRA**	81.128	02/10-01 ARRA		118,264	36,750
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	ENERGY	**ARRA**	81.128	400114 /EEC-10-ISR-1-AMD3	R&DC	2,497	
ARRA-Geologic Sequestration Training and Research Grant Program	ENERGY	**ARRA**	81.133		R&DC	(26,740)	
Alaskan Risk from Russian Reactors and Nuclear Facilities Education Project (Pass-through Battelle Pacific Northwest Lab)	ENERGY		81.999	G00001161 / NO. 9064	R&DC	23,049	
Environmental Media Gamma Emitting (Pass-through Battelle Pacific Northwest Lab)	ENERGY		81.999	G00002490 / 17560	R&DC	22,579	
Collaborative Research: Abrupt Climate Change and the Atlantic Meridional Overturning Circulation	ENERGY		81.999	G00005551	R&DC	65,000	42,017
Regional Model Intercomparison for the Arctic (Pass-through Sandia National Laboratories)	ENERGY		81.999	G00006082 / SPO 966269	R&DC	(15)	
Wind-Diesel Applications Center	ENERGY		81.999	G00007126 / Pending		(1,933)	
Adult Education - Basic Grants to States	USDOE		84.002	ADN#720336		121,347	
Adult Education - Basic Grants to States	USDOE		84.002	ADN720335; FY2012-09		237,432	
Adult Education - Basic Grants to States	USDOE		84.002	EN 715601		61,768	
Adult Education - Basic Grants to States	USDOE		84.002	EN 715603		13	
Adult Education - Basic Grants to States	USDOE		84.002	EN 725602		30,001	
Adult Education - Basic Grants to States	USDOE		84.002	EN 725604		24,601	
Federal Supplemental Educational Opportunity Grants	USDOE		84.007		SFAC	589,540	
Special Education - Grants to States	USDOE		84.027	EN 510035	SEC	(8,312)	
Special Education - Grants to States	USDOE		84.027	EN 510262	SEC	(1,077)	
Higher Education - Institutional Aid (Pass-through National Writing Project Corporation)	USDOE		84.031	Contract # 09-AK02		39,749	
Higher Education - Institutional Aid	USDOE		84.031			11,166,561	36,843
ARRA - Federal Work-Study Program	USDOE	**ARRA**	84.033		SFAC	593,335	
TRIO - Student Support Services	USDOE		84.042		TRIOC	476,381	
TRIO - Talent Search	USDOE		84.044		TRIOC	425,692	
TRIO - Upward Bound	USDOE		84.047		TRIOC	945,013	151,827
Career and Technical Education - Basic Grants to States	USDOE		84.048	ADN 45-12-0720 / EL 12-157-03		19,945	
Career and Technical Education - Basic Grants to States	USDOE		84.048	ADN 520052		105,832	21,552
Career and Technical Education - Basic Grants to States	USDOE		84.048	EL 10.159.01 & EL 11.159.01		99,605	
Career and Technical Education - Basic Grants to States	USDOE		84.048	EL 10/11/12.159.02		31,491	

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Career and Technical Education - Basic Grants to States	USDOE		84.048	EN 520151		15,678	
Career and Technical Education - Basic Grants to States	USDOE		84.048	EN 520384		49,281	
Career and Technical Education - Basic Grants to States	USDOE		84.048	EN 520612		3,920	
Career and Technical Education - Basic Grants to States	USDOE		84.048	EN# 520774		109,999	
Career and Technical Education - Basic Grants to States	USDOE		84.048	RSA EN 520385 EL 12.156.01		88,919	
ARRA-Federal Pell Grant Program	USDOE	**ARRA**	84.063		SFAC	(1,080)	
Federal Pell Grant Program	USDOE		84.063		SFAC	25,707,270	
TRIO_Educational Opportunity Centers	USDOE		84.066		TRIOC	181,774	
Fund for the Improvement of Postsecondary Education	USDOE		84.116			282,144	
Tech-Prep Education	USDOE		84.243	EN 510108		(131)	
Tech-Prep Education	USDOE		84.243	EN520380		129,486	
Federal Direct Student Loans	USDOE		84.268		SFAC	79,458,973	
Indian Education, Special Programs for Indian Children	USDOE		84.299			347,017	
Special Education - State Personnel Development	USDOE		84.323	ADN 510312		(853)	
Teacher Quality Partnership Grants	USDOE		84.336		TQPG	5,116	100
Alaska Native Educational Programs (Pass-through Northwest Arctic Borough)	USDOE		84.356	11928110690		109,687	
Alaska Native Educational Programs (Pass-through Association of Alaska School Boards)	USDOE		84.356	Amended PO 100-ISER-06	R&DC	(3,868)	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	USDOE		84.356	MOA Dated 08/17/10		694	
Alaska Native Educational Programs (Pass-through Project GRAD Kenai Peninsula)	USDOE		84.356	MOA DTD 08/11/11		17,500	
Alaska Native Educational Programs	USDOE		84.356			2,897,227	489,869
Native Hawaiian Education (Pass-through Pacific Tsunami Museum)	USDOE		84.362	MOA PTM 09/01/10		292,839	
English Language Acquisition State Grants	USDOE		84.365			13,009	
National Science and Mathematics Access to Retain Talent (SMART) Grants	USDOE		84.376		SFAC	(5,500)	
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	USDOE		84.379		SFAC	97,700	
Strengthening Minority-Serving Institutions	USDOE		84.382			237,559	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	USDOE	**ARRA**	84.393	EN 0611465	EISC	2,240	
ARRA-Special Education - Grants for Infants and Families, Recovery Act	USDOE	**ARRA**	84.393	EN 611464	EISC	(1,014)	
Transition Programs for Students with Intellectual Disabilities into Higher Education	USDOE		84.407			366,909	
Postsecondary Education Scholarships for Veteran's Dependents	USDOE		84.408		SFAC	8,325	
Investing in Innovation (i3) Fund	USDOE		84.411			73,010	
Evaluation of the Alaska Humanities Forum Teacher Training and Sister School Exchange Programs (Pass-through Alaska Humanities Forum)	USDOE		84.999	Agreement Dated 6/06 Amend 05/09	R&DC	(1)	
Alaska State Writing Consortium (Pass-through National Writing Project Corporation)	USDOE		84.999	G00007639 / Contract 11-AK03		43,618	
Denali Commission Program (Pass-through Kotzebue Electric Association)	DC		90.100	11-131	R&DC	57,515	
Denali Commission Program (Pass-through Alaska Public Broadcasting)	DC		90.100	174-05 Denali Commission		59,972	4,603
Denali Commission Program (Pass-through Chaninik Wind Group)	DC		90.100	CWG2011-001	R&DC	46,503	
Denali Commission Program (Pass-through Cordova Electric Cooperative)	DC		90.100	PO 000000971	R&DC	39,613	

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Denali Commission Program (Pass-through Ocean Renewable Power Company-Alaska)	DC		90.100	UAF11-0017	R&DC	90,524	
Denali Commission Program	DC		90.100			438,311	
Denali Commission Program	DC		90.100		R&DC	2,484,966	
Help America Vote Act Requirements Payments	EAC		90.401	RS#0112001		204,457	
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	USDHHS		93.048		R&DC	93,118	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	USDHHS		93.073			230,877	
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	USDHHS		93.107			100,204	75,464
Maternal and Child Health Federal Consolidated Programs (Pass-through Children's Hospital Los Angeles)	USDHHS		93.110	RSA EN0629012		16,475	
Maternal and Child Health Federal Consolidated Programs	USDHHS		93.110			455,779	11,030
Environmental Health (Pass-through Alaska Community Action on Toxics)	USDHHS		93.113	NIEHS R01 UAA	R&DC	70,623	
Environmental Health	USDHHS		93.113		R&DC	689	
Environmental Health	USDHHS		93.113			595,676	264,501
Human Genome Research	USDHHS		93.172		R&DC	515,900	231,120
Research on Healthcare Costs, Quality and Outcomes	USDHHS		93.226		R&DC	199,654	71,331
Policy Research and Evaluation Grants (Pass-through Massachusetts Institute of Technology)	USDHHS		93.239	5710003131	R&DC	231,222	
Mental Health Research Grants	USDHHS		93.242			286,355	
Mental Health Research Grants	USDHHS		93.242		R&DC	729,417	21,535
Substance Abuse and Mental Health Services_Projects of Regional and National Significance (Pass-through Rural Alaska Community Action Program)	USDHHS		93.243	11TI23541A	R&DC	42,726	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS		93.243	EN# 0629000	R&DC	46,083	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	USDHHS		93.243		R&DC	60,750	
Occupational Safety and Health Program	USDHHS		93.262		R&DC	163,141	4,927
Alcohol Research Programs	USDHHS		93.273		R&DC	131,078	
Drug Abuse and Addiction Research Programs (Pass-through Northwest Indian College)	USDHHS		93.279	24216	R&DC	33,493	
Drug Abuse and Addiction Research Programs (Pass-through Pacific Institute for Research and Evaluation Louisville Center)	USDHHS		93.279	0049.02.01 MOD 2 DTD 7/9/12	R&DC	26,323	
Drug Abuse and Addiction Research Programs	USDHHS		93.279		R&DC	323,856	
The Affordable Act: Centers for Disease Control and Prevention - Investigations and Technical Assistance	USDHHS		93.283			164,371	
National Center for Health Workforce Analysis	USDHHS		93.300		R&DC	90,556	
Minority Health and Health Disparities Research	USDHHS		93.307		R&DC	541,002	80,481
Advanced Nursing Education Traineeships	USDHHS		93.358			17,471	
National Center for Research Resources (Pass-through Institute of Translational Health Sciences)	USDHHS		93.389	UW Sub NO.738223 DTD 5/8/12		911	
National Center for Research Resources	USDHHS		93.389		R&DC	2,817,164	7,256
ARRA-Nursing Workforce Diversity	USDHHS	**ARRA**	93.417			324,155	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through University of Kansas, Center For Research)	USDHHS		93.632	FY2011-074		10,000	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service (Pass-through University of Kansas, Center For Research)	USDHHS		93.632	SubContract 2012-051		10,891	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	USDHHS		93.632			450,870	

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STATE OF ALASKA
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For the Fiscal Year Ended June 30, 2012
By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Foster Care, Title IV-E	USDHHS		93.658	EN 0611406 Amend 1		507	
Child Abuse and Neglect State Grants	USDHHS		93.669	EN 0629008		842,012	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through Harvard College)	USDHHS	**ARRA**	93.701	149728.386555.0207	R&DC	46,263	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through University of Washington)	USDHHS	**ARRA**	93.701	720648Z	R&DC	37,259	
ARRA-Trans-NIH Recovery Act Research Support (Pass-through University of Washington)	USDHHS	**ARRA**	93.701	725216Z	R&DC	11,014	
ARRA-Trans-NIH Recovery Act Research Support	USDHHS	**ARRA**	93.701		R&DC	1,840,145	152,884
ARRA-National Center for Research Resources, Recovery Act Construction Support	USDHHS	**ARRA**	93.702			3,956,599	
ARRA-Health Information Technology Professionals in Health Care (Pass-through Dakota State University)	USDHHS	**ARRA**	93.721	DS1000003-2-ALASKA		28,010	
Area Health Education Centers Infrastructure Development Awards	USDHHS		93.824			867,313	630,954
Diabetes, Digestive, and Kidney Diseases Extramural Research	USDHHS		93.847		R&DC	529,250	75,738
Extramural Research Programs in the Neurosciences and Neurological Disorders (Pass-through Alaska Native Tribal Health Consortium)	USDHHS		93.853	11-U-37632	R&DC	30,709	
Extramural Research Programs in the Neurosciences and Neurological Disorders (Pass-through Alaska Native Tribal Health Consortium)	USDHHS		93.853	3U1NS048069-04S3	R&DC	126,050	
Extramural Research Programs in the Neurosciences and Neurological Disorders	USDHHS		93.853		R&DC	125,836	61,276
Biomedical Research and Research Training (Pass-through University of Washington)	USDHHS		93.859	697269	R&DC	3,898	
Biomedical Research and Research Training (Pass-through University of Washington)	USDHHS		93.859	724313	R&DC	203,875	
Biomedical Research and Research Training	USDHHS		93.859		R&DC	4,748,512	
Specially Selected Health Projects	USDHHS		93.888			179,085	
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program (Pass-through Southeast Alaska Regional Health Consortium)	USDHHS		93.912	31199	R&DC	41,820	
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	USDHHS		93.912	EN629003		8,330	
Demonstration Projects for Indian Health (Pass-through Alaska Native Tribal Health)	USDHHS		93.933	ANTHC - 11-U-34569 MOD 002		116,300	
Demonstration Projects for Indian Health (Pass-through Alaska Native Tribal Health)	USDHHS		93.933	ANTHC-11-U-33434 DTD7/28/11	R&DC	8,350	
Block Grants for Prevention and Treatment of Substance Abuse (Pass-through University of Washington)	USDHHS		93.959	Sub 724425		4,444	
Role of ISWI Chromatin Remodeling Complexes in Eye Development	USDHHS		93.999	G00002134		4,354	
Frontier Extend Stay Clinic (Pass-through Southeast Alaska Regional Health Consortium)	USDHHS		93.999	G00004629 / 78399 PO16523	R&DC	35,030	
Avian Influenza Surveillance (Pass-through Mount Sinai School of Medicine)	USDHHS		93.999	G00005587 / HHSN266200700010C	R&DC	136,253	
PROSPER Partnership in AK (Pass-through Iowa State University)	USDHHS		93.999	G00006438 / Partnership Agreement I.S.		29,362	
Promoting Community-based Adaptation Planning for Climate Change (Pass-through Alaska Native Tribal Health Consortium)	USDHHS		93.999	G00006627 / ANTHC-10-C29939 MOD 001	R&DC	4,505	197
Promoting Community-based Adaptation Planning for Climate Change (Pass-through American Public Health Association)	USDHHS		93.999	G00007616 / Agreement DTD 10/14/11	R&DC	92,746	879

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ALASKA
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By State Agency

Federal Program Title	Federal Agency	ARRA	CFDA Number	Grant or Other Indentifying Number	Cluster	Federal Expenditures	Provided to Recipient
Learn and Serve America - Higher Education	USCNCS		94.005			281	
Volunteers in Service to America	USCNCS		94.013			12,425	
Social Security - Work Incentives Planning and Assistance Program	SSA		96.008			89,364	
Centers for Homeland Security (Pass-through University of Hawaii)	USDHS		97.061	Z884255	R&DC	423,603	20,110
Centers for Homeland Security (Pass-through University of Hawaii)	USDHS		97.061	Z884255 Amend #5	R&DC	66,903	11,286
Total for UNIVERSITY OF ALASKA						**328,736,927**	**6,972,850**
Total Federal Financial Assistance						**3,390,507,102**	**411,218,732**

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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STATEWIDE ABBREVIATIONS

A

AAC	Alaska Administrative Code *or* Alaska Aerospace Corporation
AAL	Actuarial Accrued Liabilities
AAM	Alaska Administrative Manual
ABE/GED	Adult Basic Education/General Education Degree
AC	Aging Cluster
ACA	Affordable Care Act
ACES	Alaska's Clear and Equitable Share
ACF	Administration for Children and Families
ACPE	Alaska Commission on Postsecondary Education
ACS	Alaska Court System
ADN	Associate Degree of Nursing
ADP	Automated Data Processing
AEA	Alaska Energy Authority
AF	Agency Fund
AFRI	Agriculture and Food Research Initiative
AGDC	Alaska Gasline Development Corporation
AGIA	Alaska Gasline Inducement Act
AHCC	Alaska Housing Capital Corporation
AHFC	Alaska Housing Finance Corporation
AHSO	Alaska Highway Safety Office
AIDEA	Alaska Industrial Development and Export Authority
AIDS	Acquired Immunodeficiency Syndrome
AIGA	Alaska Insurance Guarantee Association
AK	Alaska
AKFIN	Alaska Fisheries Information Network
AKSAS	Alaska State Accounting System
ALAE	Allocated Loss Adjustment Expenses
ALDER	Alaska Data Enterprise Reporting
AMBBA	Alaska Municipal Bond Bank Authority
AMHT	Alaska Mental Health Trust
AMHTA	Alaska Mental Health Trust Authority
AMLR	Abandoned Mine Land Reclamation
ANGDA	Alaska Natural Gas Development Authority
ANTHC	Alaska Native Tribal Health Consortium
AOC	Annual OPEB Cost

APC	Annual Pension Cost
APFC	Alaska Permanent Fund Corporation
AR	Accounts Receivable
ARCUS	Arctic Research Consortium of the U.S.
ARHCT	Alaska Retiree Health Care Trust
ARLF	Agriculture Revolving Loan Fund
ARLIS	Alaska Resource Library and Information Services
ARMB	Alaska Retirement Management Board
ARMC	U.S. Army, Material Command
ARMY	Department of the Army, Office of the Chief of Engineers
ARMY MC	U.S. Army Medical Command
ARO/SERO	Anchorage Regional Office/Southeast Regional Office
ARPA	Advanced Research Projects Agency
ARRA	American Recovery and Reinvestment Act
ARRC	Alaska Railroad Corporation
AS	Alaska Statute
ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Institute
ASPIB	Alaska State Pension Investment Board
ASTER	Advanced Spaceborne Thermal Emission and Reflection Radiometer
ATAP	Alaska Temporary Assistance Program
AWP	Average Wholesale Price

B

BCU	Background Check Unit
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BLS	Bureau of Labor Statistics
BSMMS	Beaufort/Chukchi Seas Mesoscale Meteorology Modeling Study
BTOP	Broadband Technology Opportunities Program
BZPP	Buffer Zone Protection Program

C

CACFP	Child and Adult Care Food Program
CAEF	Commercial Assistance Enterprise Fund
CAFR	Comprehensive Annual Financial Report
CAP	Cost Allocation Plan *or* Community Assistance Program
CBRF	Constitutional Budget Reserve Fund (Alaska)
CCC	Child Care Cluster

CCDBG	Child Care and Development Block Grant
CCDF	Child Care Development Fund
CCPO	Child Care Program Office
CDBG	Community Development Block Grants
CDC	Center for Disease Control
CDLIS	Commercial Drivers License Information System
CEGC	CDBG – Entitlement Grants Cluster
CFDA	Catalog of Federal Domestic Assistance
CFPC	CFP Cluster
CFR	Code of Federal Regulations
Ch	Chapter
CH	Chapter
ChalleNGE	A DMVA administered life and educational skills program
CHIP	Children's Health Insurance Program
CI	Counterintelligence
CIAP	Coastal Impact Assistance Program
CMS	Centers for Medicare and Medicaid Services
CNC	Child Nutrition Cluster
CNP	Child Nutrition Programs
COPs	Certificates of Participation
COURT	Alaska Court System/Alaska Judicial Council
CPA	Certified Public Accountant
CPF	Capital Project Fund
CSACC	CDBG - State Administered CDBG Cluster
CSBG	Community Services Block Grant
CSBGC	Community Services Block Grant Cluster
CSED	Child Support Enforcement Division

D

(D)	Democrat
DAAC	Distributed Active Archive Facility
DAIS	Dividend Application Information System
DAS	Division of Administrative Services
DB	Defined Benefit
DBH	Division of Behavioral Health
DBP	Division of Business Partnerships
DC	Denali Commission
DCCED	Department of Commerce, Community, and Economic Development (Alaska)

DCP	Deferred Compensation Plan
DCR	Defined Contribution Retirement Plan
DEC	Department of Environmental Conservation (Alaska)
DEED	Department of Education and Early Development (Alaska)
DFG	Department of Fish and Game (Alaska)
DFISX	DFA International Small Company Portfolio managed by Dimensional Fund Advisors LP
DGS	Division of General Services
DHCS	Division of Health Care Services
DHS	Department of Homeland Security
DHS&EM	Division of Homeland Security and Emergency Management
DHSS	Department of Health and Social Services (Alaska)
DISSIC	Disability Insurance/Supplemental Security Income Cluster
DISVX	DFA International Small Cap Value Portfolio managed by Dimensional Fund Advisors LP
DLA	Division of Legislative Audit
DLWD	Department of Labor and Workforce Development (Alaska)
DMA	Division of Medical Assistance
DME	Durable Medical Equipment
DMVA	Department of Military and Veterans' Affairs (Alaska)
DNP	Denali National Park
DNR	Department of Natural Resources (Alaska)
DPA	Division of Public Assistance
DOA	Department of Administration (Alaska)
DOC	Department of Corrections (Alaska)
DOF	Division of Finance
DOR	Department of Revenue (Alaska)
DOTPF	Department of Transportation and Public Facilities (Alaska)
DOT&PF	Department of Transportation and Public Facilities (Alaska)
DPA	Division of Public Assistance
DPCU	Discretely Presented Component Unit
DPS	Department of Public Safety (Alaska)
DRB	Division of Retirement and Benefits
DRF	Disaster Relief Fund
DSDS	Division of Senior and Disability Services
DSF	Debt Service Fund
DSMAF	Deposits, Suspense, and Miscellaneous Agency Funds
DUA	Disaster Unemployment Assistance
DUI	Driving under the Influence

DUNS	Dun and Bradstreet Data Universal Numbering System
DUR	Drug Utilization Review
DVOP	Disabled Veterans' Outreach Program
DVR	Division of Vocational Rehabilitation

E

EAC	Election Assistance Commission
EAEF	Energy Assistance Enterprise Fund
EDC	Economic Development Cluster
EEARP	Energy Efficient Appliance Rebate Program
EECBG	Energy Efficient Conservation Block Grant
EF	Enterprise Fund
EFAC	Emergency Food Assistance Cluster
EHYC	Education for Homeless Children and Youth Cluster
EIP	Emergency Infections Program
EIS	Eligibility Information System
EISC	Early Intervention Services (IDEA) Cluster
ELC	Epidemiology and Laboratory Capacity for Infectious Disease
ELF	Economic Limit Factor
EMGF	Emerging Markets Growth Fund
EMS	Emergency Medical Services
ENERGY	U.S. Department of Energy
EPA	U.S. Environmental Protection Agency
ePHI	Electronic Protected Health Information
EPLS	Excluded Parties List System
EPORS	Elected Public Officers Retirement System
EPSCoR	Experimental Program toe Stimulate Competitive Research
ERISA	Employee Retirement Income Security Act of 1974
ESC	Employment Service Center
ESD	Employment Security Division
ESP	Environmental Studies Program
ETA	Employment and Training Administration
ETS	Enterprise Technology Services Division
ETSGC	Educational Technology State Grants Cluster
ETV	Education and Training Vouchers
EVOS	Exxon Valdez Oil Spill

F

F&WC	Fish and Wildlife Cluster
FAA	Federal Aviation Administration
FAIN	Federal Assistance Identification Number
FAMU	Federal Allocation Management Unit
FAS	Foreign Agricultural Service
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDA	Food and Drug Administration
FE	Funding Excess
FEMA	Federal Emergency Management Agency
FFATA	Federal Funding Accountability and Transparency Act
FFELP	Federal Family Education Loan Program
FFP	Federal Financial Participation
FFY	Federal Fiscal Year
FHA	Federal Housing Administration
FHWA	Federal Highway Administration
FI	Food Instrument and Cash Voucher
FICA	Federal Insurance Contributions Act
FIFO	First In, First Out
FMS	Finance and Management Services
FNMA	Federal National Mortgage Association
FMNP	WIC Farmers Market Nutrition Program
FNS	Food and Nutrition Service
Forestry	Division of Forestry (Alaska)
FSRC	Forest Service Road Cluster
FSRS	FFATA Subaward Reporting System
FTC	Federal Transit Cluster
FSSLA	First Special Session Law of Alaska
Fund	Alaska Permanent Fund
FX	Foreign currency
FX Forward	Foreign currency forward exchange contracts
FY	Fiscal Year

G

GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GASB	Governmental Accounting Standards Board
GASBS	Governmental Accounting Standards Board Statement

GeFONSI	General Fund and Other Non-Segregated Investments
GF	General Fund
GFOA	Government Finance Officers Association
GIS	Geospatial Information Services
GO	General Obligation
GOV	Office of the Governor (Alaska)

H

HAP	Housing Assistant Plan
HCS	Health Care Services
HDSC	Head Start Cluster
HFC	Highway Safety Cluster
HIV	Human Immunodeficiency Virus
HPCC	Highway Planning and Construction Cluster
H.R.	House Resolution
HRA	Health Reimbursement Arrangement
HRRR	High Resolution Rapid Refresh
HRSA	Health Resources and Services Administration
HSC	Highway Safety Cluster
HSO	Highway Safety Office
HUD	U.S. Department of Housing and Urban Development
HVC	Housing Voucher Cluster

I

IAC	Impact Aid Cluster
IAF	International Airport Fund
IASA	Improving America's Schools Act of 1994
IC	Immunization Cluster
IDEA	Individuals with Disabilities Education Act
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
IMS	International Monitoring System
Inc.	Incorporated
IOOS	Integrated Ocean Observing System
IPA	Intergovernmental Personnel Act Mobility Program
IPMOU	Incentive Payment Agreement

IRS	Internal Revenue Service
IS	Information Services
ISF	Information Services Fund
IT	Information Technology
ITA	International Trade Administration
ITQ	Improving Teacher Quality
ITS	Intelligent Transportation Systems

J

JAG	Justice Assistance Grant
JRS	Judicial Retirement System

K

K-12	Kindergarten through 12th Grade
KABATA	Knik Arm Bridge and Toll Authority
KABTA	Knik Arm Bridge and Toll Authority

L

LAW	Department of Law (Alaska)
LBA	Legislative Budget and Audit Committee (Alaska)
LIBOR	London Interbank Offered Rate
LIHEA	Low-Income Home Energy Assistance
LLC	Limited Liability Company
LP	Limited Partnership
Ltd	Limited Company
LTER	Long Term Ecological Research
LUST	Leaking Underground Storage Tanks

M

MAXCARS	Maximus Cost Allocation and Rate System
MBES/CBES	Medicaid and State Children's Health Insurance Program Budget Expenditure System
MBIA	Municipal Bond Insurance Association
MC	Medicaid Cluster
MD&A	Management's Discussion and Analysis
MEBA	Marine Engineers' Beneficial Association (Pension Plan)
Medicaid	Medical Assistance Program
MER	Mars Exploration Rovers

MET	Meteorology
MHD	Magnetohydrodynamic
MMIS	Medicaid Management Information Systems
MMS	Minerals Management Service
MOA	Memorandum of Agreement
MOE	Maintenance of Effort
MOU	Memorandum of Understanding
MP	Mile Post
MSA	Master Settlement Agreement and Final Judgment
MSCI EAFE	Morgan Stanley Capital International - Europe, Australasia, and Far East

N

NA	Not Applicable
NARA	National Archives and Records Administration
NASA	National Aeronautics and Space Administration
NAVY	U.S. Department of the Navy, Office of the Chief of Naval Research
NCHIP	National Criminal History Improvement Program
NCHS	National Center for Health Statistics
NCRDS	National Coal Resources Data System
NEA	National Endowment for the Arts
NGMO&M	National Guard Military Operations and Maintenance
NGNMRS	National Guard and Alaska Naval Militia Retirement System (Alaska)
NHSD	National Highway System Designation
NHTSA	National Highway Transportation Safety Administration
NIATT	National Institute for Advanced Transportation Technology
NIEHS	National Institute of Environmental Health Sciences
NIH	National Institute of Health
NIJ	National Institute of Justice
NIOSH	National Institute for Occupational Safety and Health
NIST	National Institute of Standards and Technology
NMRT	Northwest Marine Retirement Trust
No.	Number
NOAA	National Oceanic and Atmospheric Administration
Nos.	Numbers
NPO	Net Pension Obligation
NPR	National Petroleum Reserve
NPRB	North Pacific Research Board
NPS	National Park Service
NR	Not Reported

NRSRO	Nationally Recognized Statistical Rating Organization
NSF	National Science Foundation
NTSC	Northern Tobacco Securitization Corporation
NWR	National Wildlife Refuge
NWRA	Northwest Research Associates

O

O&M	Operations and Maintenance
OAEF	Other Agencies Enterprise Fund
OAH	Office of Administrative Hearings
OD&D	Occupation Death & Disability
OCR	Office of Civil Rights
OG	Office of the Governor (Alaska)
OIG	Office of Inspector General
OISE	Office of International Science and Engineering
OMB	U.S. Office of Management and Budget
OPEB	Other Post-Employment Benefits
OWL	Online with Libraries

P

PAA	Public Assistant Analyst
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
PFDD	Permanent Fund Dividend Division
PHA	Public Housing Agency
PHD	Public Housing Division
PL	Public Law
PPA	Prior Period Adjustments
PPT	Petroleum Profit Tax

PSF	Public School Fund
PTF	Pension and Other Employee Benefit Trust Fund

Q

QE	Quarter Ended

R

(R)	Republican
R&DC	Research and Development Cluster
RAC	Recovery Audit Contractor
REIL	Runway End Identifier Lights
REIT	Real Estate Investment Trust
REOMB	Recipient Explanations of Medical Benefits
RETINA	Robotic Exploration Technologies in Astrobiology
RFP	Request for Proposal
RHF	Retiree Health Fund
RMP	Retiree Major Medical Insurance
RPTC	Residential Psychiatric Treatment Centers
RSA	Reimbursable Services Agreement
RTCAP	Rivers, Trails, and Conservation Assistance Program
Rx	Medical Prescription

S

S&P	Standard and Poor's
S8PBG	Section 8 Project-Based Cluster
SAR	Synthetic Aperture Radar
SAS	Statement on Auditing Standards
SB	Senate Bill
SBA	Small Business Administration
SBED	Small Business Economic Development
SBJPA	Small Business Job Protection Act of 1996
SBRF	Statutory Budget Reserve Fund
SBS	Supplemental Benefits System (Alaska)
Sec.	Section
SEC	Special Education Cluster
SEFA	Schedule of Expenditures of Federal Awards
SF	Sport Fish *or* Standard Form
SFAC	Student Financial Assistance Program Cluster

SF Rev Bond	Sport Fishing Revenue Bonds
SFSF	State Fiscal Stabilization Fund
SFSFC	State Fiscal Stabilization Fund Cluster
SFY	State Fiscal Year
SIFMA	Securities Industry and Financial Markets Association
SIGC	School Improvement Grants Cluster
SIR	Self-Insured Retention
SJI	State Justice Institute
SL	Money Market Fund
SLA	Session Laws of Alaska
SMART	National Science and Mathematics Access to Retain Talent Grant
SNAP	Supplemental Nutrition Assistance Program Cluster
Social Security	Social Security System
SPED	Special Education
SRC	Schools and Roads Cluster
SRF	Special Revenue Fund
SRI	Stanford Research Institute
SSA	Social Security Administration
SSBG	Social Services Block Grant
SSgA	State Street Global Advisors
SSL	Special Session Law
SSSE	State Support Services Element
SSSLA	Second Special Session Law of Alaska
STAR	Science to Achieve Results
State	State of Alaska
STP	Structure Transaction Process
SUR	Surveillance and Utilization Review
SWSA	Statewide Single Audit

T

TAACCCT	Trade Adjustment Assistance Community College and Career Training
TAAF	Trade Adjustment Assistance for Farmers Training Program
TANF	Temporary Assistance for Needy Families
TANFC	TANF Cluster
TAPS	Trans-Alaska Pipeline System
TBA	To-Be-Announced
TC	Total Computable
TEACH	Teacher Assistance for College and Higher Education Grants
The Act	American Recovery and Reinvestment Act

The Bank	Bank of New York Mellon
The Fund	Alaska Permanent Fund
The State	State of Alaska
The Trustees	APFC's Board Members
TIAC	Title I, Part A Cluster
TIPS	Treasury Inflation-Protected Securities
TLS	Teaching and Learning Support
TQPG	Teacher Quality Partnership Grants Cluster
TRIO	Federal Outreach and Student Services Programs
TRIOC	TRIO Cluster
TRMS	Tax Revenue Management System
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
UofA	University of Alaska
UAA	University of Alaska, Anchorage
UAAL	Unfunded Actuarial Accrued Liabilities
UAFPD	University of Alaska, Fairbanks Police Department
UC	Unemployment Compensation
U of A	University of Alaska
U.S.	United States
USAF	United States Air Force
USC	United States Code
USCG	U.S. Coast Guard
USCNCS	U.S. Corporation for National and Community Service
USDA	U.S. Department of Agriculture
USDHHS	U.S. Department of Health and Human Services
USDHS	U.S. Department of Homeland Security
USDOC	U.S. Department of Commerce
USDOD	U.S. Department of Defense
USDOE	U.S. Department of Energy *or* U.S. Department Education

USDOI	U.S. Department of the Interior
USDOJ	U.S. Department of Justice
USDOL	U.S. Department of Labor
USDOT	U.S. Department of Transportation
USDVA	U.S. Department of Veterans Affairs
USED	U.S. Department of Education
USEEOC	U.S. Equal Employment Opportunity Commission
USFS	U.S. Forest Service
USFWS	U.S. Fish and Wildlife Service (USDOI)
USSBA	U.S. Small Business Administration
USTREAS	U.S. Treasury
USSTURAA	U.S. Surface Transportation and Uniform Relocation Assistance Act

V

VRCC	Vocational Rehabilitation Counselor Cluster

W

WA	Washington State
WAN	Wide Area Network
WAI	Wostman & Associates
WGC	WIC Grants to States
Wells Fargo	Wells Fargo Insurance Services
WIA	Workforce Investment Act
WIAC	Workforce Investment Act Cluster
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children
WOTC	Work Opportunity Tax Credit Program
WWPC	Waste Water Plant Cleanup

THE STATE of ALASKA
GOVERNOR SEAN PARNELL

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March 15, 2013

RECEIVED
MAR 15 2013
LEGISLATIVE AUDIT

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

Re: Management Letter No. 1, FY12 Statewide Single Audit, Department of Administration (DOA)

Recommendation No. 1

The Enterprise Technology Service (ETS) director should implement procedures to properly account for capital assets owned by the Information Services Fund (ISF).

Prior Finding

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

- Consistently capitalize the cost of capital improvements;
- Employ a consistent methodology for tracking the disposal of capital assets; and
- Provide a formal inventory reconciliation process.

This finding was first reported in the FY06 statewide single audit. The finding was attributed to inadequate procedures, including manual processes, and lack of communication between staff. From FY07 through FY10, little progress was made to address the problem. In FY11, ETS did implement an asset tracking system which appeared adequate to meet basic asset tracking needs.

Although some progress was made to implement a system for managing capital asset data, ETS did not establish sufficient procedures for entering and tracking assets. As a result, the system in use did not provide complete and accurate asset tracking and valuation. No comprehensive inventory was completed for the ISF capital assets.

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

Legislative Audit's Current Position

Although procedures were performed in FY12 to ensure the data from ETS' prior asset system transferred accurately into the new system, no progress was made to improve the accuracy of the data itself. Consequently, data originally input into the new system is unreliable. No physical inventory has been completed for ISF capital assets.

We recommend ETS' director continue to develop and implement procedures to properly account for ISF capital assets.

Agency Response to Recommendation No. 1

The Department of Administration (DOA), Division of Enterprise Technology Service (ETS) concurs with this recommendation. Although ETS is currently following the GASB 34 and the AAM 55 for capital assets and booked those during FY 12 into the FASGOV 500 system for asset and inventory, there was not a comprehensive physical inventory of all assets completed in FY 12. ETS is in the process of reviewing those assets to take necessary actions.

Recommendation No. 2

ETS' director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit members of the public from anonymously accessing the State's wide area network (WAN).

Prior Finding

There is a significant control deficiency in management of certain system accounts on networks within the State's WAN. This control deficiency increases the risk of inappropriate access to all state systems. ETS's director and the state security officer are aware of the vulnerability but regard the security weakness as a lower priority compared with other information technology projects.

The National Institute of Standards and Technology (NIST)[1] publishes best practices for information systems and network management. NIST recommends personnel tasked with network management ensure that each networked system is configured such that it does not permit unauthorized access to itself or other networks.

Legislative Audit's Current Position

The significant control deficiency in management of certain system accounts on networks within the State's WAN remains unchanged. DLWD is working with ETS to resolve this issue. However, a cost effective way to limit anonymous access has not been identified.

We again recommend ETS' director and the state security officer continue to work with DLWD's IT manager to limit anonymous access to the State's WAN.

[1]NIST is the federal technology agency that works with industry to develop and apply technology, measurements, and standards.

Agency Response to Recommendation No. 2

The Department of Administration (DOA), Division of Enterprise Technology Service (ETS) and the Department of Labor and Workforce Development (DLWD) both concur with this recommendation.

DLWD has begun taking steps to address this finding, meanwhile they continue to work with ETS to find a solution that is secure and continues to provide the same level of service that is fiscally sound. DLWD and ETS will continue to work together until an acceptable solution is found.

Recommendation No. 3

DOA's commissioner and the State's chief procurement officer should consider amending the procurement rules contained in the *Alaska Administrative Manual* (AAM), Section 82, Appendix 1.

Prior Finding

In FY11, not all of the State's significant contracts were required to adhere to the State's procurement law. AAM 82, Appendix 1 exempted the following activities from the procurement code:

> *Transfers or expenditures of funds where the end product of the transaction does not result in consideration in the form of supplies, services, or professional services being returned to the State.*

For example, the Department of Education and Early Development (DEED) had two multi-year projects worth a total of $25.9 million that provide professional services to school districts. DEED believed AAM 82, Appendix 1 pertained to school districts receiving the related consideration; therefore, these two projects were exempt from the procurement law. This exemption applied even though the contracts were paid with state funds, negotiated by state employees, and entered into using state contract forms.

Alaska Statute 36.30.005 assigned procurement authority to DOA's commissioner and the State's chief procurement officer. Both of these individuals are charged with creating and enforcing procurement laws that provided a fair, competitive, and open procurement process. It is unclear why all state negotiated contracts were not subjected to the safeguards provided by the procurement law.

Legislative Audit's Current Position

In FY12, no changes were made to amend the procurement rules contained in AAM 82, Appendix 1. DOA is working with the Department of Law to identify appropriate amendments.

We again recommend DOA's commissioner and the State's chief procurement officer consider amending the procurement rules contained in AAM 82, Appendix 1 to support the prudent use of state funds.

Agency Response to Recommendation No. 3

The Chief Procurement Officer and Commissioner of Administration concur with this recommendation. However, other high priority projects and issues have prevented the Chief Procurement Officer from addressing this matter. We anticipate resolution prior to May 1, 2013.

Recommendation No. 4

The state accountant should improve internal controls over the categorization of expenditures in the State's comprehensive annual financial report (CAFR).

Division of Finance (DOF) procedures for reporting capital leases are insufficient to prevent or detect substantial misstatements in the CAFR and represent a significant internal control deficiency. Capital lease expenditures totaling $66 million (principal and interest) were misclassified as general government expenditures in the draft FY12 CAFR. Audit adjustments were processed to correctly report capital lease expenditures as debt service expenditures in the final FY12 CAFR.

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

Generally accepted accounting principles require that capital lease expenditures be reported in the same manner as other general obligation bonded debt. General obligation bonded debt is reported in the CAFR as debt service expenditures. DOF accountants were unaware that governmental accounting standards required capital lease payments be categorized as debt service expenditures.

We recommend the state accountant take steps to improve internal controls over the categorization of expenditures in the State's CAFR.

We recommend the state accountant take steps to improve internal controls over the categorization of expenditures in the State's CAFR.

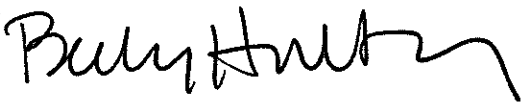
Agency Response to Recommendation No. 4

The Division of Finance (DOF) concurs with this recommendation. Within the Alaska Statewide Accounting System (AKSAS), there is a one to one relationship between an appropriation and the functional category assigned. Historically, most of the expenditures for the Department of Administration have come from a series of high level appropriations in legislation that are categorized with the function code of "G" for general government expenditures based on the overall purpose to the department. In this particular instance, debt service expenditure activity is part of a larger general appropriation for the Division of General Services (DGS) in AKSAS, and it is not possible to structure these components separately under function "D" for Debt Service in AKSAS.

To compensate for the mixture of general government activity and debt service activity within one appropriation, DOF will request additional information from the DGS. A supporting schedule submitted by the DGS for all capital and operating leases for the fiscal year will be provided and analyzed. DOF will enter a manual adjustment from general government expenditure redirecting the portion identified as debt service for the year. This manual entry was completed in FY 12 as part of the audit review and subsequent adjustment. DOF is working to finalize the procedure to formalize this step in the CAFR reporting process beginning in FY13.

DOF corrected the function code in AKSAS for the capital lease appropriations that were outlined as debt in the language section of the operating bill for debt service.

Sincerely,



Becky Hultberg
Commissioner

CC: Mike Barnhill, Deputy Commissioner, Department of Administration
Curtis Thayer, Deputy Commissioner, Department of Administration
Cheryl Lowenstein, Director of Administrative Services, Department of Administration

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THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Revenue

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Bryan Butcher, Commissioner

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March 15, 2013

RECEIVED
MAR 15 2013
LEGISLATIVE AUDIT

Kris Curtis, Legislative Auditor
Legislative Budget & Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

Thank you for your agency's review of the Department of Revenue, Tax Division and Permanent Fund Dividend Division, as part of the FY2012 Statewide Single Audit. We appreciate the opportunity to respond to the recommendations contained in your letter dated February 22, 2013. The deficiencies identified in your letter are itemized and addressed below.

Recommendation No. 5
DOR's commissioner should ensure staff within its Tax Division implement controls to improve the auditing of oil and gas severance tax revenues.

We agree with Legislative Audit's position that management needs to continue to improve audit oversight by implementing standard audit procedures and controls. As stated in your agency's letter, written standard procedures were implemented in FY 11. However, as further stated, due to the multi-year timeframe in which the Tax Division completes its audits, your agency was unable to confirm the implementation of those written procedures. In FY 13, we expect to conduct current and new audits under the written standard procedures, and also expect to refine those standards as we move forward.

We also agree with Legislative Audit's concern regarding the annual tax return reporting template. The Tax Division has finalized the tax return, and it will be required to be utilized by all oil and gas taxpayers for their 2012 tax year filing which is due March 31, 2013. Further, we recently engaged a contractor to assist us in building standard input tables for the tax return which will assist both the Department, and oil and gas taxpayers in the future. Input tables will allow us to gather the information electronically, and store that information in a database which will make it much easier to pull oil and gas production tax information for reporting and audit purposes. These input tables are ready for industry to utilize when filing their 2012 taxes. Finally, we plan to begin working with Fast Enterprises on our new Tax Revenue Management System (TRMS) next month. The current plan is that the four phases of project implementation will take three years, so by spring of 2016, we will have

implemented the TRMS system for all of our tax types. As noted in your findings, the new system will help facilitate data analysis conducted by all of our auditors.

Recommendation No. 6
DOR's Permanent Fund Dividend Division (PFDD) director should improve system controls to protect the integrity of the Dividend Application Information System (DAIS).

We agree with Legislative Audit's recommendation. We provided a detailed confidential response on November 5, 2012 to this recommendation as made in the management letter dated October 22, 2012.

The Permanent Fund Dividend division is taking steps to mitigate risk associated with single points of control within our payment system. The Department's IT plan includes a rewrite of DAIS in a more modern code set called .NET. The security and flexibility of this code, along with added process controls detailed in our response to the management letter, should adequately address the concerns expressed by the legislative auditors.

We believe that we have addressed the findings and recommendations presented in your February 22, 2013 letter, and will continue to work on improving in this area. If you or your staff has additional comments or questions, please do not hesitate to contact us.

Sincerely,

Bryan Butcher
Commissioner

Cc: Bruce Tangeman, Deputy Commissioner, DOR
Angela Rodell, Deputy Commissioner, DOR
Matthew Fonder, Director, Tax Division, DOR
Daniel DeBartolo, Director, Permanent Fund Dividend Division, DOR
Jerry Burnett, Director, Administrative Services Division, DOR
Johanna Bales, Deputy Director, Tax Division, DOR

THE STATE of ALASKA
GOVERNOR SEAN PARNELL

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MAR 12 2013
LEGISLATIVE AUDIT

March 11, 2013

Kris Curtis, Legislative Auditor
Division of Legislative Audit
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Dear Ms. Curtis:

The Department of Education & Early Development (DEED) appreciates the opportunity to respond to the audit recommendations in the preliminary audit report on the State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2012.

Recommendation No. 7
The Division of Teaching and Learning Support (TLS) director should develop and implement procedures to ensure that subaward reports comply with *Federal Funding Accountability and Transparency Act* (FFATA) reporting requirements.

The department agrees with recommendation No. 7 and has taken steps to develop and implement procedures to ensure compliance with the new FFATA sub-award reporting requirements that went into effect March 1, 2011. A new tracking log has been created to keep track of the grants awarded by program and ensure accurate filing of the monthly FFATA reporting.

Recommendation No. 8
TLS' director should develop and implement procedures to comply with federal universal identifier registration requirements.

The department agrees with recommendation No. 8 and is in the process of implementing procedures to comply with federal universal identifier registration requirements. For FY2013, CACFP sponsors were not approved for participation if they did not submit a DUNS number to the department. All CACFP sponsors submitted a DUNS number for FY2013. In addition, the Child Nutrition Programs utilize an on-line database, the CNP Web, for program sponsor applications and monthly claims. The CNP Web will be adjusted so the DUNS requirement is met during the annual update/renewal process. Program sponsors will not be approved for participation under the Child Nutrition Programs without a DUNS number on file.

Sincerely,

Mike Hanley

Mike Hanley
Commissioner

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THE STATE of ALASKA
GOVERNOR SEAN PARNELL

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March 15, 2013

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LEGISLATIVE AUDIT

Kris Curtis, CPA, CISA
Legislative Auditor
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Alaska State Legislature
P.O. Box 113300
Juneau, Alaska 99811-3300

Dear Ms. Curtis:

RE: Preliminary Audit Report, FY 12 Statewide Single Audit, Department of Health and Social Services (DHSS)

Below are the responses to each of the seventeen recommendations reported in the preliminary audit report for FY12 received on February 22, 2013. In addition to the individual responses, the department has concerns pertaining to the qualified opinion on the Social Services Block Grant (SSBG) and the annual single audit process in general.

While the department is appreciative of the efforts made by legislative audit to discuss the various audit findings through exit conferences for the major federal programs and the FY12 audit, the agency was not accorded the opportunity to discuss or provide additional documentation specific to the SSBG program and the adverse finding resulting in a qualified opinion. When this omission was raised in the exit conference, it was shared that Legislative Audit had identified and corrected their own error after the management letters had been responded to and there would be no opportunity accorded DHSS to provide documentation to refute the finding or any form of due process for DHSS as the preliminary audit report had already been submitted to the Legislative Budget Committee.

Of additional concern are the continuous vacancies and turnover of auditing staff, which pose continuous difficulties requiring additional

internal resources from DHSS, as the agency hosts several large federal programs with complex reporting requirements. Additional agency staff time is required when explaining program requirements and providing supporting documentation, sometimes the same explanations and source documentation have had to be provided multiple times during the same audit. It also deprives the agency being audited from engaging in a meaningful process and being accorded the opportunity to provide clarification or additional documentation that may resolve issues that should have been identified earlier in the audit process but may in fact be misunderstandings or acceptable by auditing standards.

Recommendation No. 9

The Finance and Management Services (FMS) assistant commissioner should ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.
DHSS partially concurs with the recommendation. DHSS continues to develop and implement written policies and procedures, and to ensure reconciliations are timely and in accordance with the federal reporting guidelines. However, the recommendation fails to consider some issues that are beyond the control of the department or fail to consider whether a standard reconciliation process may exist that can adequately address the broad spectrum of federal grants managed by DHSS. The OMB Circular A-133 chapter 6-Internal Control (June, 2012) page 6-1 states that *"Non-federal entities could have adequate internal control even though some or all of the characteristics included in Part 6 are not present. Further non-federal entities could have other appropriate internal controls operating effectively that have not been included in this part 6. Non-Federal entities and their auditors will need to exercise judgment in determining the most appropriate and cost effective internal control in a given environment or circumstance to provide reasonable assurance for compliance with Federal program requirements."*

Each DHSS federal grant has terms and conditions that will vary. The specific terms and conditions provide the guidance for the reconciliation. The reconciliation processes will differ between federal grant programs and what may be accepted as a reconciliation process for one grant may not be acceptable for another. Also, costs that may be allowable under one grant may not be allowable under others. DHSS accounts for and prepares reports for approximately 250 federal grants that include a broad range of fiscal reporting requirements and reporting considerations. The DHSS federal grants vary in that some may be issued for a specific amount with expenditures reported on a cumulative basis in a format of no more than 2 or 3 pages, others may be for a specific amount requiring different matching requirements over one to several years, and still others,

such as Title XIX-Medicaid are open-entitlements with no expenditure limitations and a reporting format averaging 400 pages quarterly. Other factors which increase the complexity include the federal reporting timelines (quarterly; biannual; annual) and the federal financial participation (FFP) rates applied also vary from 100% FFP reported annually to multiple FFP rates applied to various types of expenditures based on various program requirements required to be reported quarterly. The OMB Circular A-133 overview in chapter 1 (June, 2012) page 1-5 recognizes the existence of federal program diversity and notes that *some programs may operate somewhat differently than described due to (1) the complexity of governing federal and state laws and regulations; (2) the administrative flexibility afforded non-federal entities; and (3) the nature, size, and volume of transactions involved.*

Additionally, federal program and reporting changes do occur and may result in re-submission of federal reports, such as the CMS-64. When this occurs, the quarterly reconciliations may be delayed and/or re-created due to the nature of the changes or timing of the re-submission. While some of the Medicaid delays were due to changes to reporting prior period adjustments, DHSS also experienced delays due to CMS reporting system (MBES/CBES) functionality changes or updates that prevented the reporting of current quarter expenditures in quarter ending (qe) 03/31/12 and which was corrected in qe 06/30/12.

Finally, DHSS is adversely impacted by limitations within the Alaska State Accounting System (AKSAS) in regards to how structure changes are processed. In order to comply with federal program requirements, it is necessary for DHSS to make changes to existing program code structure. DHSS is performing within the State of Alaska requirements with structure changes. Specifically, the requested change is vetted for propriety, reviewed and approved by the Division of Finance before AKSAS is revised. The FMS revenue section maintains the hardcopy files of the structure transaction process (STP) registers issued by AKSAS after each structure change.

Recommendation No. 10

The Division of Public Assistance (DPA) director should ensure only valid expenditures are charged to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
DHSS concurs with finding. Efforts to reconcile revenue and expenditure reporting within DPA are ongoing. This finding will be resolved within 2013.

Recommendation No. 11

The FMS assistant commissioner should develop procedures to comply with Federal Funding Accountability and Transparency Act (FFATA) subaward reporting requirements.
DHSS partially concurs with the recommendation. FFATA is an unfunded federal mandate and the department is working toward absorbing the associated workload and costs. In FY12 DHSS FMS staff conducted initial research, including following up with the Office of Inspector General (OIG) on treatment for specific sub-recipients. A workgroup was formed, initial forms and processes drafted and the workgroup reviewed draft documentation, including self-certification forms and notification language. In FY13 an implementation workgroup has assessed the department's resources; determined the universe of federal awards that are subject to FFATA reporting; are finalizing the processes; updating the necessary forms, and creating a communication package on FFATA reporting requirements to be distributed to the department's sub-recipients. Implementation is scheduled for FY 2014.

Recommendation No. 12

DPA's director should ensure reports are monitored and follow-up is performed as required for the WIC program.
DHSS concurs with the recommendation. The WIC Program is currently rewriting the vendor Policy and Procedure manual regarding the internal controls followed by State staff to improve report monitoring and management oversight in FY13. The WIC Vendor section is formalizing a workgroup of vendor and other State staff to address concerns in this audit recommendation. A workgroup will also be instrumental in assisting in the transition to a new client database system, SPIRIT, and to a new banking service contractor, Solutran in FY14.

Recommendation No. 13

DPA's director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.
DHSS partially concurs with the recommendation. The WIC Vendor Section has revised the Vendor Policy and Procedure manual to strengthen the monitoring processes of High-Risk and non-High-Risk vendors. In FY13 the WIC Vendor section will form a workgroup of vendor and other State staff to review the vendor monitoring processes. The workgroup will also solicit best practices from other State WIC Agencies who have similar challenges of managing large geographic areas and the systems and strategies they use to monitor urban and rural vendors.

Recommendation No. 14

The Division of Senior and Disabilities Services (DSDS) director should establish written procedures and provide oversight to ensure provider files include completed certification requirements.
DHSS concurs with the recommendation. The department established written procedures in FY 13 and has completed the file conversion to ensure provider files are complete with documentation of certification requirements.

Recommendation No. 15

The FMS assistant commissioner should ensure personal service expenditures charged to federal programs comply with federal cost principles.
DHSS concurs with the recommendation. DHSS implemented policy and procedures on positive time keeping at the beginning of SFY 2012. This policy and associated certification forms are distributed quarterly throughout the year. Additional actions have been taken by agency divisions to consistently implement the positive time keeping measures. In FY13 the Division of Public Assistance (DPA) Administrative Operations Manager required all timekeepers to attend the timekeeper training, in conjunction with quarterly statistical report monitoring to review personal service expenditures.

Recommendation No. 16

The FMS assistant commissioner should comply with Medicaid expenditure reporting requirements.
DHSS concurs with the recommendation. During FY12 and FY13 the new Federal Allocation Management Unit conducted retroactive reviews to verify expenditures reported and/or assist in reconciling previous Medicaid claims associated with quarterly CMS-64 reports prior to quarter ending December 31, 2011. The specific reporting error identified in recommendation #16 was identified and corrected in the CMS-64 report for the quarter ending September 30, 2012 and supporting documentation was previously provided to legislative audit. Under Federal regulations CFR 45 Part 95 Subpart A, DHSS has the ability to correct any error identified for up to seven quarters in the past.

During FY 12 the Federal Allocation Management Unit drafted and implemented both a check-list and procedures for the preparation of the

CMS-64 federal report; modified the existing excel workbook and created additional reporting tools to assist with increased transparency of the expenditures being inputted and/or validated. Additional procedures for the verification and validation of the reported expenditures were drafted and implemented to assist with the certification of the CMS-64. The manual for CMS-64/21 reporting was reviewed by the CMS Federal Compliance Officer during a site visit in September 2012. Additional internal controls implemented in FY12 include a comparison between the Federal Allocation Management Unit CMS-64 report to an independently produced report of Medicaid expenditures in Health Care Services. Any discrepancies are investigated by both units and corrected.

Recommendation No. 17

DHSS' commissioner should establish an effective Medicaid surveillance and utilization control program.

DHSS does not concur with the recommendation. The department has a review process in place that adheres to federal regulations as cited by legislative audit (Title 42 CFR 456.23 and 42 CFR 456.3-4) and that is followed by its fiscal agent. A corrective action plan was completed on this program in FY11 and since FY12 this program has satisfied both federal and state requirements. In FY12 the DHSS Surveillance and Utilization Review (SUR) program required its contractor to *initiate* 28 provider reviews per quarter (112 per year) and in its Care Management program 80 cases per quarter (320 cases per year) of recipients who are over utilizing services. In FY12 the fiscal agent initiated reviews on 113 provider cases and 320 recipient cases for a total of 433 cases.

At issue is the interpretation of what is considered a case review and the period of time the review should be completed. The state's review process begins when a case initiation is developed. The case initiation process by the fiscal agent includes conducting a claims analysis of a provider who meets exception criteria as derived from a modified claims report (JSURS Exception Report) identifying high risk providers and submitting an initiation report to the Division of Health Care Services (DHCS). If all the billings for procedures line up with treatment for the diagnosed disease DHCS may determine not to request provider records.

The federal requirements and department do not require a case to be initiated and completed in the same quarter or even the same fiscal year because several variables outside the control of the contractor and department exist. For example, if records are requested, the timeframe for the case review may be extended for several months, especially if the provider has an untimely response. Other issues impacting the period of time it takes to complete a case include the appeal process if the provider

disagrees with the findings or a fraud case may be initiated requiring the case to be open until the investigation is complete.

Recommendation No. 18

The Division of Behavioral Health (DBH) director should ensure out-of-state residential psychiatric treatment center (RPTC) providers are paid in accordance with federal and state requirements.
DHSS concurs that a role of the Division of Behavioral Health is to ensure payment of out-of-state residential psychiatric treatment center (RPTC) providers in accordance with federal and state regulations.

In FY13 the department has revised the written policies and procedures supporting out-of-state rate determinations, updated each provider file with a documented summary supporting the rate determinations, and are developing regulations designed to clarify and improve the out-of-state rate methodology. Division staff have reviewed all of the rate files and summarized factors (as documented in the files) that supported the rate determination. In all cases, the out-of-state provider was paid for services at a rate that did not exceed the provider's usual and customary charges for the same service to the general public. In FY13 an independent review of these cases will be conducted by the Office of Rate Review to assist in resolving the questioned costs.

Recommendation No. 19

DPA's director should ensure all FIs are accounted for within 120 days of the first valid date for use by program participants.
DHSS partially concurs with this recommendation. During FY13 the WIC Vendor section will form a workgroup of vendor and State staff to develop strategies to ensure all FIs are accounted for within 120 days of the first valid date for use by participants. The program will strengthen training for local agencies in procedures for voiding FIs that have been re-issued. WIC will explore the possibility of requiring the banking service contractor to reject checks that have been voided in the client database system and review the new client database system for possible automated functionality to void unredeemed FIs that have aged out.

Recommendation No. 20

The FMS assistant commissioner should design and implement the required system security measures for the Eligibility Information System (EIS).

DHSS concurs with the recommendation. In FY13 DHSS is complying with a corrective action plan through the Office of Civil Rights (OCR) and is currently conducting assessment of all DHSS computer systems, including EIS that store and process Electronic Protected Health Information (ePHI). Additionally, an Information Technological and Security workgroup is developing a security plan to specifically address the requirements in Title 45 of the Code of Federal Regulations, Part 95, Subpart 621 (1996) the Automated Data Processing (ADP) reviews.

Recommendation No. 21

The Grants and Contracts Unit manager should develop procedures to ensure subrecipients provide a Dun and Bradstreet Data Universal Numbering System (DUNS) number in each application for federal funding.

DHSS concurs with the recommendation. In FY13 the department is finalizing the procedures necessary for implementation of Federal Funding Accountability and Transparency Act (FFATA) reporting for FY14. The DUNS number is also a reporting element required for the Federal Funding Accountability and Transparency Act (FFATA), which the department has been working toward compliance since FY12 and which will require a coordinated approach.

Recommendation No. 22

DPA's director should ensure an annual review is done over vendors potentially receiving above 50 percent of their annual food sales revenue from the WIC program.

DHSS does not concur with this recommendation. In FY12 this requirement was outside the state's control. The USDA federal vendor report was not made available to WIC Vendor staff by the federal oversight agency and as a result the state agency was not able to meet this compliance requirement during the FY12. The WIC Vendor staff contacted USDA by email on at least eight occasions from January 1 – March 1, 2012 , and by telephone during the same period requesting assistance in providing and accessing data in the system. Staff also discussed the lack of access to the system in a personal meeting with USDA in June 2012. USDA notified WIC Vendor staff on November 23, 2012 that Alaska's FFY 2011 information was now available in the system. In SFY 13 WIC staff has been able to access the system to enter FFY2012 data, and that data entry was completed on January 22, 2013.

Recommendation No. 23

DPA's administrative manager should strengthen procedures over reporting expenditures to ensure federal financial reports are accurate.
DHSS partially concurs with the recommendation. DHSS revenue accountants and the DPA administrative manager developed written procedures for preparing quarterly TANF reports, effective January 2012. The procedures are attached to this response as enclosure #1 and have been performed since the preparation of the March 31, 2012 TANF report.

The department has already corrected the misreported amount on the quarter ended December 31, 2012 TANF reports. The reported federal expenditures were decreased to remove the misreported $388,415. Valid expenditures from subsequent quarters were "pushed back" to the FFY 2009 TANF report. Revenues received from the FFY 2009 TANF grant award are fully supported by valid TANF expenditures.

Corrections, totaling $388,415 to the FFY 2011 TANF report also occurred for the Maintenance of Effort (MOE) overstatement. DHSS had valid federal expenditures that qualified for MOE. The expenditures were reclassified from federal reimbursable to the MOE. This resulted in additional TANF federal grant authority to be used in the subsequent quarters.

Additionally, DHSS decreased the reported MOE by $600,000 due to the subsequent managerial decision to meet the TANF two parent participation rate. It should be noted, this decision was made after the quarter end 09/30/11 report had already been submitted.

Recommendation No. 24

DHSS' commissioner should take steps to address deficiencies in internal controls over its fiscal administration.
DHSS partially concurs with the recommendation. Federal compliance and revenue maximization is the priority for DHSS. Changes to the program structure are necessary to comply with federal reporting requirements and the DHSS public assistance cost allocation plan (PACAP). Due to the differing fiscal year time periods (FFY vs. SFY) DHSS needs to make the changes requested by federal funding partners. AKSAS functionality fails to provide for an electronic audit trail when changes are made and there is no AKSAS feature available to prevent the alteration of the accounting records when structure changes are necessary. DHSS does maintain hard copy MAXCARS financial reports from the time the quarterly cost allocation plan (CAP) was implemented. Also,

DHSS is performing within the State of Alaska requirements with structure changes. Specifically, the requested change is vetted for propriety, reviewed and approved by the Division of Finance before AKSAS is revised. The FMS revenue section maintains hardcopy files of the structure transaction process (STP) register issued by AKSAS after each structure change.

The reconciliation process and the associated timelines may differ, just as federal programs differ in reporting schedules and in the nature of the grant. For example, some programs may accumulative expenditures requiring an annual report, while others, such as Title XIX or IV-E are open-entitlements requiring quarterly federal reporting. The reconciliation processes may differ, as will the timelines.

During SFY 2012 draws for Medicaid were adversely impacted by changes to the federal report for Medicaid CMS-64 for qe 12/31/11 and qe 03/31/12. Both quarterly reports were re-submitted due to changes to the program and report requirements. DHSS worked with CMS on the various reporting issues and the re-submittals occurred with federal guidance and approval. The re-submissions also delayed and/or rendered the quarterly reconciliations incorrect. However, the revenue section has also re-distributed program assignments in FY13 based on schedules and federal timelines. The re-distribution should assist DHSS in completing timely draws and reconciliations.

During SFY 2012 DHSS filled all key vacant positions, including the Assistant Commissioner's position in August, 2011. In the beginning of SFY 2013 DHSS lost several key management positions to retirement, promotional opportunities, and normal turnover. As with other departments, DHSS continues to struggle with recruiting within the financial job classes and qualified staff.

Despite these challenges, FMS management continues to collaborate on the development, updating and review of new and/or existing agency processes and procedures. In SFY 13 over 15 policies and procedures have been approved and posted in the first six months. Additionally, FMS is streamlining the revenue collection processes through system enhancements of the new cost allocation system; continuing to satisfy the federal reporting requirements for 250 federal grants, including the timely quarterly reporting of large federal programs, such as Title XIX-Medicaid, in addition to, providing fiscal support to a department of over 3,000 staff, whose primary function is to provide services to the vulnerable citizens of Alaska.

Recommendation No. 25

<u>The FMS assistant commissioner should take measures to resolve revenue shortfall issues.</u>
DHSS concurs with the recommendation. In FY13 Finance Management Services (FMS) will research the outstanding appropriations that are in a revenue shortfall status. Also, during the budget development cycle for SFY 15, FMS will resolve the under collection or will seek ratification for those amounts that are deemed uncollectible.

I would welcome the opportunity to further discuss the concerns previously identified. Thank you for providing this opportunity for a final review of the SFY 2012 issues.

Sincerely,

William J. Streur
Commissioner

CC: Craig Christenson, Deputy Commissioner
Ree A Sailors, Deputy Commissioner
Sarah E. B. Woods, Deputy Director

PROCEDURES TO COMPLETE THE TANF 196 QUARTERLY FINANCIAL REPORT

Prepared by: **Michelle Grose**

Date: **January 2012**

The Temporary Assistance for Needy Families (TANF) is an open ended annual block grant to DHSS, administered by the Division of Public Assistance. The grant funds are available to DHSS until spent provided DHSS has met the annual Maintenance of Effort[1] (MOE) established ceiling.

The ACF 196 report is prepared quarterly for each FFY where federal grant funds are available. The quarterly reports are an accumulation of inception to date expenditures. USHHS requires separate reporting for federal and state expenditures. (Note: DHSS is required to meet the MOE in total. The reporting categories and allocation between state and federal claiming is analyzed quarterly.) DHSS/DPA has some federal reimbursement percentages applied to the reporting categories, but this is driven by the authorized State budget rather than a pre-determined federal participation percentage.

The federal TANF law permits grant transfers to the SSBG and CCDF programs. (The "transfers" are drawn against the TANF grant award. However, the grant transfer is spent according to the SSBG and CCDF program rules.) The transfers are limited to 10% for SSBG and 20% to CCDF, expenditures respectively. The funds transferred to CCDF are considered discretionary funds. (CCDF discretionary funds are available for at least two years. At the end of the two year period, unliquidated obligations have one year remaining to be spent. See similar documentation on the CCDF report preparation procedures.)

TANF WORKSHEET SUMMARIZING MAXCARS DATA

The purpose of the TANF worksheet is to summarize, by expenditure category (as referenced by the ACF 196 form) the total TANF expenditures as calculated by Maxcars. The worksheet is used to verify the direct (non-allocated expenditures) reconcile to AKSAS financial coding and when applicable, verify the direct allocable expenditures are reasonable.

[1] The federal requirement, Maintenance of Effort (MOE) is pre-determine by the State's level of spending at a given time. The entity must maintain this level of contribution towards the program to continue to receive the funding levels. At the time this document was being prepared, DPA had a 80% MOE level. This can or may decrease to 70% or 75%.

Maxcars mini G reports are obtained for CY CY and CY PY (and for QE 09/30/XX PY PY) time periods for each quarter, by TANF expenditure reporting line item category.

To obtain the Maxcars data:

1. **sign into Maxcars,**
2. **select the CY CY and CY PY cost plan for the quarter in which the reports are being prepared.**
3. **Make the applicable cost plan active**
4. **Under the "reports" toolbar, using the drop down, select the "custom report" option. (This is referred to as the "mini G" report within DHSS).**
5. **Select the grantee by typing in "TANF"**
6. **All TANF report lines will have a separate Mini G report that provides the details on direct and indirect costs per federal report line category**
7. **In the Maxcars report option from drop down, select group level 2, check the calculate and show FFP box**
8. **Print all reports for each TANF expenditure category for both CY CY and CY PY and when applicable PY PY.**
9. **The above reports should be compared to the first Schedule G report listed in the Maxcars report list which totals 13 pages (both CY CY and CY PY) to verify that all TANF expenditures processed thru Maxcars have been retrieve.**

The MAXCARS reports include the direct expenditures, the results of all allocated cost pools, and the indirect administrative costs. These results are considered the total computable[2]

The "Maxcars grantees" were determined from the expenditure reporting classification per the ACF 196 report.

Purpose of MAXCARS to TANF worksheet:

1. **Verify expenditure amounts reconcile to AKSAS**
2. **Provide detail information on the program code expenditures to TANF categories reported with the FFP rate applied**
3. **Build the expenditure amounts for allowable or certified public expenditures[3] to be reported**
    a. **Expenditures recorded in CC 06216412 can be claimed as both TANF and CCDF MOE eligible expenditures. The limit is $3,544,811.**

[2] Total computable expenditures are defined as the total allowable costs prior to determining the state and federal share. E.g. applying the FFP rate to the total eligible cost(s).
[3] CPE expenditures represent allowable/claimable expenditures that are either not processed through AKSAS or maybe be claimed in other federal programs.

4. **With the exception of line 6J administrative all expenditures come directly from the Maxcars Mini G based on the report line total. Steps that need to be performed:**
    a. **Verify by program code the Maxcars expenditures are equal to AKSAS management report # 234879, quarterly expenditure by program code.**
    b. **Analyze the collocation codes pointing the program code for revenue posting E.g. determine if the AKSAS AR collocation code(s) are one to many, or a one-to-one relationship exists. Breaking out the expenditures for different AKSAS ARs will assist the revenue accountant with the revenue posting/true up.**
5. **Administrative costs reported on line 6J needs to be classified by category of service (AKSAS total control AR)**
    a. **FMS indirect costs vs. DPA administrative activities. The breakout will assist the revenue accountant with recording/reconciling revenue.**
6. **The grand total of expenditures are reconciled to the AKSAS quarterly expenditures and the Maxcars summary, the results are entered into the TANF 196 Spreadsheet.**

TANF-196 Reporting Spreadsheet/Workbook

The purpose of this spreadsheet is to summarize the quarterly expenditures that will be claimed/reported between the state (MOE) and federal portion. This workbook provides the history and quarterly analysis on the use of each FFY block grant funding. The worksheets within the entire workbook provides the quarterly status, or available federal funds by federal fiscal year. And tracks the MOE per FFY. (Note: DHSS incurs the MOE in the current FFY and SFY with its general funds. The federal grant funds are claimed on a first in, first out basis. This financing method is selected in order to ensure DHSS meets the MOE requirement.) As indicated above, the TANF 196 report is prepared quarterly for each FFY block grant funding, and its prepared on the inception-to-date basis. This spreadsheet provides the details of the actual quarterly expenditures processed through AKSAS, the determination of the federal and state share, and within specific columns provides the amounts that were "pushed back" to previous FFY grant awards.

Process to complete the Reporting spreadsheet

1. **Create a new quarterly workbook**
2. **Select the input tab, locate the applicable quarter for the FFY grant being reported. Enter the federal and state share expenditures by report line item category as calculated on the Maxcars TANF spreadsheet created on page 1 of this document.**
3. **Columns N and O consist of the accumulated amount reported per the FFY grant.**

4. **Column K is used to perform the "push back" to previous years TANF grant award funding. The ARRA federal legislation change the Social Security act which allows DHSS to push back all federal share expenditures. DHSS has opted to use a first in, first out approach to report current quarter expenditures but using prior FFY grant funds. Prior to the ARRA federal law, the push back was limited to basic assistance plus the administrative cost associated with providing the basic assistance.**
5. **Each open FFY TANF block grant has its own tab within the excel spreadsheet. Columns N and O are linked to the specific FFY TANF report TAB per expenditure line item category.**
6. **Reports must be submitted for each open FFY regardless if funding was used. For example, for QE 12/31/11 the quarterly federal expenditures were funded with the FFY 09 block grant, the state share was funded by the SFY 12 general funds but reported as FFY 12 MOE. The revenue unit still had to file expenditure reports using OLDC for FFY 10 and FFY 11 even though no changes occurred from the previous quarter.**
7. **The revenue unit Accountant IV, after drafting the ACF 196 reports, provides the paper copies to the DPA Admin manager for review and approval. The signed paper copy is used as the approval for the reports.**
8. **The Accountant IV will perform the data input into OLDC for each open FFY for the referenced quarter.**
9. **The reports are then certified by an appropriate individual. Currently, the AOM and revenue manager may perform the certification.**

Flexible Financing

The TANF block grant does not have any FFPs associated with the amount to claim. Instead, DHSS is required to meet the maintenance of effort ceiling, usually around $37 million.

Factors to consider and/or items to be considered:

a. **For each quarter an analysis/review of the FFY inception to date federal and state share of expenditures**
b. **Forecasted expenditures for future quarters**
c. **The financial status of the AKSAS total control appropriation – are we spending and collecting based on the budget? Is the AKSAS AR earning at a rate greater than budgeted? Does sufficient GF remain to meet the MOE?**

These are discussions/coordination/collaboration that should occur between DPA and the revenue section each quarter.

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THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Labor and Workforce Development

Office of the Commissioner

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Main: 907.465.2700
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March 15, 2013

Ms. Kris Curtis
Alaska State Legislature
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED
MAR 19 2013
LEGISLATIVE AUDIT

Dear Ms. Curtis,

This letter provides a response from the Department of Labor and Workforce Development (DLWD) related to the Division of Legislative Audit recommendations detailed in the Preliminary Audit Report of the Single Audit for the Fiscal Year 2012.

Recommendation No. 2

ETS' director should work with the Department of Labor and Workforce Development's (DLWD) information technology (IT) manager to limit members of the public from anonymously accessing the State's wide area network (WAN).

DLWD Response to Recommendation No. 2
The Department concurs with the recommendation. The DLWD IT manager will continue to work with ETS' director to determine the most cost effective way to limit members of the public from anonymously accessing the State's WAN. The DLWD IT manager is developing cost estimates for a separate network for public access computers.

Recommendation No. 26

The Employment Security Division (ESD) director should ensure that personal service expenditures charged to federal programs comply with federal cost principles.

DLWD Response to Recommendation No. 26
The Department concurs with the recommendation. The ESD director will continue to ensure that personal service expenditures charged to federal programs comply with federal cost principles. The employee timesheets noted by legislative audit as having errors were direct charged using positive timekeeping for working with clients co-enrolled in multiple federal programs. DLWD management, the ESD director, and employees considered evenly splitting staff time between programs as an acceptable methodology. DLWD management will obtain clarification from the federal cognizant

agency regarding practices of allowable time charging when assisting co-enrolled clients and internal positive timekeeping procedures will be modified to include an approved methodology. By June 30, 2013, all employees who work with co-enrolled clients will receive additional training.

Recommendation No. 27

The Division of Business Partnerships (DBP) director should ensure the ETA-9091 annual performance progress report for the WIA program is accurate.

DLWD Response to Recommendation No. 27
The Department concurs with the recommendation. The DBP director will continue to ensure that annual performance progress reports for the WIA program are accurate. This finding was resolved shortly after it was initially reported in the Single Audit for Fiscal Year 2011. DLWD concurred with the recommendations of the original audit, and adopted the generic calculation model used by the United States Department of Labor to eliminate variances and ensure future compliance. However, this change was made after the Employment and Training Administration 9091 performance progress report for program year 2010 was submitted. The DBP director made a modification on March 2, 2012, to the procedures used when developing the 9091.

The Department considers this finding corrected.

Recommendation No. 28

DBP's director should develop and implement procedures to ensure compliance with the *Federal Funding Accountability and Transparency Act* (FFATA) subaward reporting requirements.

DLWD Response to Recommendation No. 28
The Department concurs with the recommendation. The DBP director and division staff are in the process of developing procedures for ensuring compliance with FFATA subaward reporting requirements. DBP will have these procedures implemented by April 31, 2013, and will furnish information for both the previous and current sub-awards that require reporting.

Recommendation No. 29

DLWD's finance officer should take measures to resolve revenue shortfall issues.

DLWD Response to Recommendation No. 29

The Department concurs with the recommendation. The DLWD finance officer will take measures to resolve revenue shortfall issues. During fiscal year 2012, the DLWD finance office experienced significant turnover of staff responsible for the timely billing and monitoring of revenue collections. Further analysis is required to identify the exact solutions for resolving the perceived shortfalls identified during the Single Audit for Fiscal Year 2012.

The DLWD finance officer will collect and record outstanding earned revenues to correct the revenue shortfalls if possible and request supplemental appropriations if necessary. The DLWD finance officer will also improve procedures for billing, monitoring revenue collections, and year-end adjusting entries to prevent future revenue shortfalls. Staff will be trained on the new procedures by May 31, 2013.

Thank you for the opportunity to respond to these recommendations.

Sincerely,

Dianne Blumer

Dianne Blumer
Commissioner

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THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Commerce, Community, and Economic Development

OFFICE OF THE COMMISSIONER

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March 15, 2013

RECEIVED
MAR 15 2013
LEGISLATIVE AUDIT

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Re: State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2012 Preliminary Report
Audit Control Number 02-40013-13

Dear Ms. Curtis:

Thank you for the opportunity to respond to the recommendation issued in the preliminary report.

Recommendation No. 30

DCCED's finance officer should take measures to resolve revenue shortfall issues.

The department concurs with this recommendation. The finance officer will review the final accounting transactions for this appropriation after June 30, 2013. Ratification will be requested during the 2014 legislative session if needed to zero balance this appropriation.

If you have any additional questions please contact me at 465-2500.

Regards,

Susan Bell
Commissioner

cc: JoEllen Hanrahan, Director ASD

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THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Military and Veterans Affairs
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March 7, 2013

Kris Curtis, CPA, CISA

Legislative Auditor

Division of Legislative Audit

P.O. Box 113300

Juneau, AK 99811-3300

RECEIVED
MAR 1 1 2013
LEGISLATIVE A

RE: Preliminary Audit Report State of Alaska, Single Audit for the Fiscal Year Ended June 30, 2012, Department of Military and Veterans' Affairs (DMVA)

Ms. Curtis,

I have reviewed the findings and recommendations in the above referenced management letter and appreciate the opportunity to respond.

Recommendation No. 31

DMVA concurs with the recommendation. Division of Administrative Services and Division of Homeland Security staff will develop and implement procedures to ensure federal suspension and debarment requirements are met for all "covered transactions" for procurement contracts for goods and services and nonprocurement transactions. DMVA will improve the processes implemented May 1, 2012 effective February 1, 2013 to ensure federal suspension and debarment compliance documentation is retained. DMVA will implement a policy to ensure all vendors, as required by OMB A-133, whom we intend to do business with is not suspended or debarred, we will check the Excluded Parties List or the System of Award Management and keep the appropriate support noting the vendor is not on the list or the vendor is not found. DMVA will implement a policy to ensure that all subawards to subrecipients

include a clause regarding that subrecipient's responsibility to check the Excluded Parties List System or the System of Award Management.

Recommendation No. 32

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure that Federal Funding Accountability and Transparency Act of 2006 (FFATA) reports are submitted. DMVA will improve the policy implemented May 1, 2012 effective February 1, 2013 to ensure timely processing of FFATA reports. Once a Disaster Grant that qualifies under Federal 2 CFR 170 reaches or exceeds $25,000 awarded on or after October 1, 2010 the Disaster Relief Fund (DRF) Accountant III will then run a report to identify all grants that meet the criteria as noted above. The DRF Accountant III will then log onto FFATA Subaward Reporting System (FSRS) at www.FSRS.com and verify all grant recipients listed on the report are in the FSRS. If the identified subrecipients are not listed in FSRS the DRF Accountant will inquire with the Federal Agency responsible for input of the subrecipient information as to status.

Recommendation No. 33

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement policies and procedures to ensure that management decisions on audit findings are issued in a timely manner. DMVA will improve the processes implemented May 1, 2012 effective February 1, 2013 to ensure subrecipient's management decisions on audit findings are issued within a timely manner. The process will include notification to the DMVA Finance Officer from the State Single Audit point of contact, once notified the DMVA Finance Officer will draft a memo to notify the sub-recipient that per OMB Circular A-133 they "must issue a management decision on audit findings within six months after the receipt of the subrecipient's audit report." Included in the memo the DMVA Finance Officer will request correspondence from the subrecipient regarding management decisions on audit findings to ensure that the subrecipient takes timely and appropriate corrective action on all audit findings. DMVA Finance Officer will note that in cases of continued inability or unwillingness of a subrecipient to address audit findings or have required audits, DMVA will take appropriate actions using sanctions. DMVA Finance Officer will include the DMVA Grant Administrator for aforementioned subrecipient on all correspondence to subrecipient.

Recommendation No. 34

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure positive timekeeping or a federally approved time allocation method is used when employees work on multiple activities or cost objectives. DMVA will implement procedures effective March 1, 2013 to ensure

employees working on multiple activities or cost objectives use positive timekeeping or a federally approved time allocation method.

DMVA does not agree these costs in question are ineligible under the grant. They are costs for personnel time required under the grant and we can fully support that the activities fall within the guidelines of the grants. A review will result in products and activities accomplished that support program elements under the grant.

Recommendation No. 35

DMVA concurs with the recommendation. Division of Administrative Services staff will work with the appropriate department personnel to develop and implement procedures to ensure when employees are expected to work solely on a single federal award or cost objective, their personal service charges be supported by periodic certification. DMVA will implement procedures effective March 1, 2013 to ensure employees working solely on one cost objective have a certification statement on their timesheet or a certification prepared at least semi-annually.

DMVA does not agree these costs in question are ineligible under the grant. As all of the timesheets noted were for a single individual who has solely worked on one cost objective. A review will result in products and activities accomplished that support program elements under the grant. Finally, supervisors can attest staff who worked on a single fund source did work 100% of their time on eligible activities within that single cost objective.

Sincerely,

Thomas H. Katkus

Thomas H. Katkus

Commissioner

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THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Environmental Conservation

Office of the Commissioner

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RECEIVED
MAR 1 1 2013
LEGISLATIVE AUDIT

March 11, 2013

Ms. Kris Curtis
Alaska State Legislature
Legislative Budget and Audit Committee
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

Thank you for the opportunity to review and respond to the *State of Alaska Single Audit for the Fiscal Year Ended June 30, 2012* preliminary audit report. There were no recommendations for the Department of Environmental Conservation, and we do not have any comments on the report.

If you require any additional information, please contact Chyenne Schmidt, Finance Officer at 465-5289.

Sincerely,

Larry Hartig
Commissioner

cc: Tom Cherian, Director, Division of Administrative Services, DEC
Joanna McDowell, Division Operations Manager, Division of Administrative Services, DEC
Chyenne Schmidt, Finance Officer, Division of Administrative Services, DEC

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THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Transportation and Public Facilities
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March 4, 2013

RECEIVED
MAR 08 2013
LEGISLATIVE AUDIT

Ms. Kris Curtis, Legislative Auditor
Division of Legislative Audit
PO Box 113300
Juneau, AK 99811-3300

Dear Ms. Curtis:

This is in response to FY2012 Statewide Single Audit, Department of Transportation and Public Facilities (DOT&PF). The following are the comments regarding the DOT&PF specific recommendations:

Recommendation No. 36 Personal services expenditures

Recommendation No. 1: The highway safety administrator develop and implement procedures to ensure that personal services expenditures billed to federal programs comply with Office of Management & Budget (OMB) Circular A-87 requirement. This includes ensuring that Reimbursable Service Agreement (RSA) servicing agencies adhere to these requirements.

Response: The department concurs with this recommendation. The Alaska Highway Safety Office (AHSO) has implemented the requirement that all grantees who request reimbursement for personal services submit certified personnel acitivity reports or equivalent documentation. This requirement will be added to the Agreement Conditions, which each grantee signs when they submit their grant application. This requirement will also be added to the Pre-Award Check List and reviewed during the grant award meetings. The AHSO has implemented a requirement that all AHSO employees billing federal programs for personal services expenditures will document actual hours worked and certify their timesheet. The department is in the process of having employees sign National Highway Transportation Safety Administration (NHTSA) certifications.

Recommendation No. 37 Level of effort requirements

Recommendation No. 2: The highway safety administrator develops and implements procedures to ensure compliance with level-of-effort requirements. This includes identifying and documenting the average program expenditures for FFY03 and FFY04.

Response: The department concurs with this recommendation. AHSO each year completes a grant application for each funding section. This application certifies the level of effort has been met. The reports of expenditures are caculated and kept in the Grants Tracking System and can be accessed at any time for any year. The AHSO confirmed with NHTSA that the reports can be pulled from the Grant Tracking System and is in the process of obtaining the required documentation.

Recommendation No. 38 FFATA reporting requirements

Recommendation No. 3: Recommend the highway safety administrator develop and implement procedrues to ensure compliance with Federal Funding Accountablity Transportation Act subaward reporting requirements

Response: AHSO has been in contact with the National Highway Traffic Safety Administration Region office regarding this reporting requirement. The region office will work with AHSO to get them caught up with the reporting. This reporting requirment will be added to the description of duties for the Highway Safety Administrator in the AHSO desk manual.

Recommendation No.39 DUNS numbers

Recommendation No.4: Recommend the highway safety administrator develop and implement procedures to ensure sub recipients of federal funding provide a Data Universal Numbering System (DUNS) number and sub recipients are informed of the federal award information for the program providing the funding.

Response: The department concurs with this recommendation. AHSO will obtain DUNS numbers from current grantees. For the FY14 grant year, a new field will be added to the grant application requesting the applicants DUNS number. Grantees DUNS numbers will also be added to the grant agreements. The AHSO will also add a field to include the Federal Grant Award number to provide the required information to the sub recipients.

Recommendation No. 40 Revenue shortfalls

Recommendation No.5: DOT&PF's finance officer should take measures to resolve revenue shortfall issues.

Response: The Department of Transportation & Public Facilities (DOT&PF) does not concur with this recommendation. Revenues are billed based on the requirements of the reimbursable agreement. Billings are monitored in accordance with the AAM 40 and AAM 45.

DOT&PF has two appropriations from FY2012 that revenues have not been received. The two appropriations are being closely monitored and are not in revenue shortfall. Final billings were submitted timely for the following reimbursable agreements with the Department of Military & Veterans Affairs (DMVA). The agreements are for the 1663 disaster which is undergoing an Office of the Inspector General (OIG) audit. Once the audit has been finalized, DMVA will make the final payments.

AR 68801-12	06 South Central Flood Admin Allowance Culvert	$3,650
AR 68935-12	06 South Central Flood Petersville Road Beyond MP 31.6	$34,750

DOT&PF is actively working all terminated appropriations to ensure that any necessary corrective action be addressed.

Sincerely,

Patrick J. Kemp, P.E.
Commissioner

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CHRISTINE E. JOHNSON
Administrative Director

Alaska Court System

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March 4, 2013

Ms. Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
P.O. Box 113300
Juneau, AK 99811-3300

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LEGISLATIVE AUDIT

Dear Ms. Curtis:

We have reviewed the preliminary FY12 Single Audit Report compiled by you and your staff. The court system is in agreement with the outcome of "no recommendations" for this audit period.

Thank you for the opportunity to review this information prior to finalization. If you require any additional financial information from the court system, please feel free to contact me at 264-0528 or the court system's chief financial officer, Rhonda McLeod at 264-8215.

Sincerely,

Christine E. Johnson
Administrative Director

cc: Honorable Dana Fabe, Chief Justice
Rhonda McLeod, Chief Financial Officer

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

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March 21, 2013

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 agencies' responses to the recommendations in this report. DHSS raised overarching concerns about the audit process. In their response, DHSS stated that they were not accorded an opportunity to discuss or provide additional documentation specific to the Social Services Block Grant (SSBG) program's material noncompliance. We acknowledge that we failed to communicate our final determination that the department's noncompliance with the *Federal Funding Accountability and Transparency Act* (FFATA) requirement resulted in material noncompliance and material weakness. Initially, we considered the finding to be a significant deficiency and communicated that decision to the department in a management letter and provided the department an opportunity to respond to the finding and recommendation. Upon further review, we determined that, because the SSBG program had only one required report, the lack of compliance constitutes material noncompliance. We acknowledge that DHSS management was not informed of the change as to the materiality of the finding until they received a copy of the preliminary FY 12 statewide single audit report. The classification of the finding as a material weakness and material noncompliance is affirmed. We regret and apologize that the determination was not communicated earlier as has historically been the practice and will continue to be the standard operating procedure.

In their response, DHSS also raised concerns regarding continuous vacancies and turnover of our division auditing staff. We disagree with these comments. The DHSS audit staff included several auditors with long-term experience with the department and with our agency. Turnover of audit staff assigned to DHSS was minimal and did not significantly impact the audit process.

Except for the concerns above, agencies generally concur with the recommendations. There are, however, 11 responses to these recommendations which warrant further comments.

Recommendation No. 9

The Finance and Management Services (FMS) assistant commissioner should ensure that quarterly reconciliations comparing federal revenues to federal expenditures are performed accurately and timely.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove the recommendation. The use of reconciliations is DHSS' main internal control to ensure expenditures eligible for federal reimbursement are drawn and received timely. Alternative internal controls were not brought to our attention during the audit.

Recommendation No. 11

The FMS assistant commissioner should develop procedures to comply with *Federal Funding Accountability and Transparency Act* (FFATA) subaward reporting requirements.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove the recommendation. DHSS partially concurs with the recommendation. However, it is unclear what part of the recommendation DHSS management does not concur with. DHSS' planned corrective action appears to address the recommendation.

The number of SSBG subrecipients subject to FFATA subaward reporting requirements noted above is incorrect. The number of should be eight instead of nine.

Recommendation No. 13

DPA's director should ensure vendors participating in the WIC program are adequately monitored according to federal requirements.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove the recommendation. DHSS partially concurs with the recommendation. However, it is unclear what part of the recommendation DHSS management does not concur with. DHSS' planned corrective action appears to address the recommendation.

Recommendation No. 17

DHSS' commissioner should establish an effective Medicaid surveillance and utilization control program.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provides sufficient information to persuade us to remove or revise this recommendation. Despite cases being initiated, only a small portion of surveillance and utilization cases were desk reviewed and closed. The level of performance was not adequate for the State's $1.4 billion Medicaid program (state and federal funds). DHSS' surveillance and utilization control program is not effective in addressing the federal regulation which requires a post-payment review process to correct misutilization practices of beneficiaries and providers.

Recommendation No. 19

DPA's director should ensure all FIs are accounted for within 120 days of the first valid date for use by program participants.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove the recommendation. DHSS partially concurs with the recommendation. However, it is unclear what part of the recommendation DHSS management does not concur with. DHSS' planned corrective action appears to address the recommendation.

Recommendation No. 22

DPA's director should ensure an annual review is done over vendors potentially receiving above 50 percent of their annual food sales revenue from the WIC program.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

Recommendation No. 23

DPA's administrative manager should strengthen procedures over reporting expenditures to ensure federal financial reports are accurate.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation. DHSS' corrective action took place after audit fieldwork ended, thus we have not audited the resubmitted report.

Recommendation No. 24

DHSS' commissioner should take steps to address deficiencies in internal controls over its fiscal administration.

We have reviewed DHSS' response to this recommendation, and nothing contained in the response provides sufficient information to persuade us to remove or revise this recommendation. We emphasize the importance of logging or tracking program codes changes to provide an adequate audit trail. Timely quarterly reconciliations and draws continue to be an important step in avoiding interest liability or lost interest revenue in addition to mitigating the risk of appropriation shortfalls.

Recommendation No. 34

DAS' director should develop procedures and provide training to employees working on multiple federal programs to ensure personal service costs comply with federal requirements.

We have reviewed DMVA's response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

The resolution of questioned costs will be determined by the United States Department of Defense.

Recommendation No. 35

DAS' director should ensure time certifications are obtained for employees working solely on a single federal award or cost objective.

We have reviewed DMVA's response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

The resolution of questioned costs will be determined by the United States Department of Homeland Security.

Recommendation No. 40

We have reviewed DOTPF's response to this recommendation, and nothing contained in the response provided sufficient information to persuade us to revise or remove this recommendation.

In summary, we reaffirm the findings and recommendations presented in this report.

Kris Curtis, CPA, CISA
Legislative Auditor

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