

*EXXON VALDEZ* OIL SPILL TRUSTEE COUNCIL  
INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
AND  
TRUST FUNDS FINANCIAL STATEMENTS  
Fiscal Year 2015

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year 2015

TABLE OF CONTENTS

Independent Accountant’s Report on Applying Agreed-Upon Procedures	1-4
Independent Accountant’s Compilation Report	5
Trust Funds Financial Statements	
Statements of Fiduciary Assets and Liabilities – State of Alaska – <i>Exxon Valdez</i> Oil Spill Investment Fund	6
Statements of Changes in Fiduciary Assets and Liabilities – State of Alaska – <i>Exxon Valdez</i> Oil Spill Investment Fund	7
Statements of Assets, Liabilities and Trust Fund Balance Arising from Cash Transactions – Cash Basis – United States Department of the Interior, Natural Resources Damage Assessment and Restoration Fund	8
Statements of Receipts, Disbursements and Changes in Trust Fund Balance – Cash Basis – United States Department of the Interior, Natural Resources Damage Assessment and Restoration Fund	9
Balance Sheets – State of Alaska – <i>Exxon Valdez</i> Oil Spill Settlement Trust	10
Statements of Revenues, Expenditures and Changes in Trust Fund Balance – State of Alaska – <i>Exxon Valdez</i> Oil Spill Settlement Trust	11

# ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801  
907.789.3178 • FAX 907.789.7128 • www.ermcpa.com

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

*Exxon Valdez* Oil Spill Trustee Council  
Anchorage, Alaska

We have performed the procedures enumerated below, which were agreed to by the management of *Exxon Valdez* Oil Spill Trustee Council (EVOSTC or Trustee Council), solely to assist you in evaluating the sufficiency of policies and procedures established by the Trustee Council over the flow of funds into and out of the Trustee Council's Natural Resources Damage Assessment and Restoration (NRDA&R) account, State of Alaska Investment Fund and Settlement Trust, as well as the process and controls of each of the federal agencies over unspent project funds for proper and timely return to the Trustee Council's NRDA&R account for the year ended September 30, 2015. The management of EVOSTC and the federal and State of Alaska agencies are responsible for the proper use of funds in accordance with EVOSTC's mission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings with respect to the Natural Resources Damage Assessment and Restoration Fund, State of Alaska EVOS Settlement Account and EVOSTC Restoration Office are as follow:

### **Natural Resources Damage Assessment and Restoration Fund (NRDA&R)**

#### Procedure and Finding #1:

We obtained the necessary information and performed procedures to verify the flow of funds into and out of EVOSTC's NRDA&R account and evaluate U.S. Department of the Interior's process in place related to monitoring the return of unspent project funds from the federal agencies.

In order to perform this procedure we obtained the annual cash flows plan for federal fiscal year (FFY) 2015 from the Department of the Interior (DOI). We verified, without exception, that disbursements to federal agencies were made in accordance with EVOSTC's work plan, court notices and cash flows plans submitted by the agencies for FFY 2015. We reconciled amounts disbursed from the NRDA&R account to amounts reported by agencies taking into account the timing and the different reporting mechanisms employed by each of the agencies.

As reported in prior years, there is no inter-agency accounting mechanism available to the DOI Office of the Secretary (DOI-OS) to track the status of spending of EVOSTC funds disbursed to the federal agencies from its NRDA&R account. Accordingly, DOI-OS places reliance on expenditure reports provided by these agencies, and its ability to monitor the return of unspent funds is limited to what these agencies report. Federal trustee agencies periodically do notify, and did in FFY 2015, DOI-OS when funds are unspent and available to return.

Recommendation:

We have no current year recommendations with respect to NRDA&R.

Procedure and Finding # 2:

We evaluated the process and controls of each of the federal agencies to ensure that unspent project funds are properly and timely returned to the Trustee Council's NRDA&R account.

In order to perform this procedure we contacted each of the federal agencies to determine when unspent project funds were last returned and for which projects. We requested that each of the agencies prepare a schedule of unspent project funds by project/year. Results of our procedures are summarized for each agency below:

United States Geological Survey (USGS)

The agency returned \$26,270 of lapsed restoration project funds in FFY 2016 - subsequent to the end of 2015 for lapsed Annual Program Development and Implementation (APDI) support from FFY 2014 and 2015. This followed returns in FFY 2014 and 2015 for earlier years' projects and EVOSTC administrative support. USGS has consistently monitored its projects and returned funds timely for several years. USGS has requested that EVOSTC apply carryover balances of unexpended funds totaling approximately \$382,000 to FFY 2016 project year.

National Oceanic and Atmospheric Administration (NOAA)

Following a comprehensive analysis of all DARFF (NOAA's treasury account) EVOS-related balances in prior year, NOAA identified and returned approximately \$133,600 of lapsed funds during FFY 2014 and an additional \$164,658 in funding for project years FFY 2010 through FFY 2014 in FFY 2015. No additional funds were identified and returned for FFY 2015. NOAA indicated that it expects to return funds in the coming year coincident with the end of the five-year funding cycle and the lapsing of funds on February 1, 2017.

United States Forest Service (USFS)

Approximately \$4,000 of Trustee Council staff support funds were not utilized by USFS during FFY 2013, and returned in FFY 2014. No funding was returned in FFY 2015. USFS stated that they are working to establish a process to return unspent EVOS funding, and returning unspent funds identified to date, then annually returning funding in the future. A report provided by USFS reflected approximately \$46,200 in unspent project funding to return to EVOS for FFY 2013 through FFY 2015.

United States Fish and Wildlife Service (USFWS)

In FFY 2015, USFWS returned approximately \$35,500 in lapsed funding on several projects through FFY 2015. Subsequent to year-end, USFWS informed Trustee Council staff that it would return approximately \$22,200 for project funds not used.

National Park Service (NPS)

The agency returned \$30,000 in FFY 2015 for unused project funding from FFY 2014 and earlier. This followed returns in FFY 2014 for earlier years' projects. The agency evaluated their FFY 2015 project funds and determined that all project funds had been spent, leaving no outstanding amounts for NPS to return.

Recommendation:

In recent years, significant progress has been made within the federal trustee agencies to evaluate their EVOSTC projects and return unused project and habitat project funding. It appears that all agencies are monitoring projects as required by the Trustee Council's financial procedures for return of unspent funds to NRDAR. Due to staff turnover, the relative size of EVOSTC projects to the Agencies' overall budgets, and other factors, we continue to recommend that the EVOSTC Restoration Office periodically remind federal agency personnel of the need to monitor and return any de-obligated EVOS funding.

**State of Alaska EVOS Settlement Account**

Procedures and Findings:

1. We evaluated procedures in place at the State of Alaska, Department of Fish and Game (ADFG) for monitoring unspent project funds to ensure that these funds are identified and reported to the Trustee Council and used to offset future Trustee Council funding.
2. We evaluated the EVOSTC Restoration Office's process in place to monitor the timely return of unspent funds.
3. We reviewed the EVOSTC Restoration Office's process for determining unencumbered and unspent EVOS project funds are available to reduce future court notices.

The EVOSTC Restoration Office has continued to follow its established informal procedures for identifying unencumbered, unspent funds available for project appropriations before requesting additional fund disbursements from the State Investment Account. The EVOSTC Restoration Office works closely with ADFG during the budgeting process. Upon request from the EVOSTC Restoration Office, ADFG prepares an estimate of the available fund balance based on cash balance in treasury and current and prior year operating appropriations as well as capital appropriation in place across all State of Alaska EVOS agencies. Based on the available balance estimate provided by ADFG, management determines whether to use the existing fund balance or request a transfer from the investment fund. This process was consistently followed during State Fiscal Year (SFY) 2015 based on our review of court notices and fund balance analysis provided by ADFG.

Recommendation:

Current procedures appear to be adequate for determining fund balance available for future appropriations.

**EVOSTC Restoration Office**

Procedures and Findings:

1. We evaluated controls over expenditures by the EVOSTC Restoration Office to ensure that costs incurred are reasonable and within the mission of the Trustee Council.
2. We obtained and reviewed a listing of expenditures for the EVOSTC internal administrative allocation – project 15100.

We reviewed administrative management expenditures for SFY 2015 noting that procedures in place are adequate to ensure compliance with the APDI budget and that incurred expenses were reasonable and within EVOSTC's mission.

Recommendation:

We have no further recommendations related to the EVOSTC Restoration Office's management of administrative funds.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on established policies and procedures over the use of EVOSTC funding. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Trustee Council and the federal and State of Alaska liaison agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in black ink, consisting of the letters 'E', 'R', and 'M' in a cursive style.

August 5, 2016

# ELGEE REHFELD MERTZ, LLC

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9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801  
907.789.3178 • FAX 907.789.7128 • www.ermcpa.com

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

*Exxon Valdez* Oil Spill Trustee Council  
Anchorage, Alaska

Management is responsible for the accompanying financial statements of the Exxon Valdez Oil Spill Trustee Council Oil Spill Investment Fund and Oil Spill Settlement Trust as of and for the years ended June 30, 2015 and 2014 and the accompanying financial statements of Natural Resources Damage Assessment and Restoration Fund – cash basis as of and for the years ended September 30, 2015 and 2014, as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the *Exxon Valdez* Oil Spill Trustee Council's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The accompanying financial statements of the State of Alaska, *Exxon Valdez* Oil Spill Investment Fund (Investment Fund) present only the Investment Fund and do not purport to, and do not, present fairly the financial position of the State of Alaska or any of its component units as of June 30, 2015 and 2014, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements of the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R), *Exxon Valdez* Civil Settlement Restoration, present only the amounts related to the *Exxon Valdez* Oil Spill Trustee Council and do not purport to, and do not, present fairly the financial position of NRDA&R or the U.S. Department of the Interior, Fish and Wildlife Service as of September 30, 2015 and 2014, and the results of their operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements of the State of Alaska, *Exxon Valdez* Oil Spill Settlement Trust (Settlement Trust) present only the Settlement Trust and do not purport to, and do not, present fairly the financial position of the State of Alaska or any of its component units as of June 30, 2015 and 2014, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



August 5, 2016

*EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL*  
 STATE OF ALASKA - *EXXON VALDEZ OIL SPILL INVESTMENT FUND*  
 (An Agency Fund of the State of Alaska)  
 STATEMENTS OF FIDUCIARY ASSETS AND LIABILITIES  
 June 30, 2015 and 2014

	2015			2014			
	Research	Habitat	Total	Research	Habitat	Koniag	Total
<b>ASSETS:</b>							
Cash and Investments	\$ 105,472,449	\$ 117,721,347	\$ 223,193,796	\$ 108,205,152	\$ 114,737,187	\$ -	\$ 222,942,339
Total Assets	<u>\$ 105,472,449</u>	<u>\$ 117,721,347</u>	<u>\$ 223,193,796</u>	<u>\$ 108,205,152</u>	<u>\$ 114,737,187</u>	<u>\$ -</u>	<u>\$ 222,942,339</u>
<b>LIABILITIES:</b>							
Accounts Payable	\$ 44,196	\$ 49,329	\$ 93,525	\$ 44,925	\$ 47,627	\$ -	\$ 92,552
Assets Held in Custody by the State of Alaska	<u>105,428,253</u>	<u>117,672,018</u>	<u>223,100,271</u>	<u>108,160,227</u>	<u>114,689,560</u>	<u>-</u>	<u>222,849,787</u>
Total Liabilities	<u>\$ 105,472,449</u>	<u>\$ 117,721,347</u>	<u>\$ 223,193,796</u>	<u>\$ 108,205,152</u>	<u>\$ 114,737,187</u>	<u>\$ -</u>	<u>\$ 222,942,339</u>

See independent accountant's compilation report.



EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL  
STATE OF ALASKA - EXXON VALDEZ OIL SPILL INVESTMENT FUND  
(An Agency Fund of the State of Alaska)  
STATEMENTS OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
For the Years Ended June 30, 2015 and 2014

	2015			2014			
	Research	Habitat	Total	Research	Habitat	Koniag	Total
<b>ASSETS:</b>							
Investments, Beginning of Year	\$ 108,205,152	\$ 114,737,187	\$ 222,942,339	\$ 96,650,098	\$ 40,747,111	\$ 57,621,256	\$ 195,018,465
Additions:							
Interest and Investment Income	4,421,840	4,800,545	9,222,385	17,914,586	10,842,037	7,571,091	36,327,714
Transfers within accounts	-	-	-	-	64,320,787	-	64,320,787
Total Additions (Losses)	4,421,840	4,800,545	9,222,385	17,914,586	75,162,824	7,571,091	100,648,501
Deductions:							
State of Alaska,							
Exxon Valdez Oil Spill Settlement Trust	2,127,473	1,401,646	3,529,119	1,276,299	787,444	-	2,063,743
Investment Management Fees	44,925	47,627	92,552	43,097	16,945	23,886	83,928
United States Department of the Interior, Natural Resources Damage Assessment and Restoration Fund	4,982,145	367,112	5,349,257	5,040,136	368,359	847,674	6,256,169
Transfers within accounts	-	-	-	-	-	64,320,787	64,320,787
Total Deductions	7,154,543	1,816,385	8,970,928	6,359,532	1,172,748	65,192,347	72,724,627
Investments, End of Year	\$ 105,472,449	\$ 117,721,347	\$ 223,193,796	\$ 108,205,152	\$ 114,737,187	\$ -	\$ 222,942,339
<b>LIABILITIES:</b>							
Accounts Payable, Beginning of Year	\$ 44,925	\$ 47,627	\$ 92,552	\$ 43,097	\$ 16,945	\$ 23,886	\$ 83,928
Additions	44,925	47,627	92,552	44,925	47,627	-	92,552
Deductions	44,925	47,627	92,552	43,097	16,945	23,886	83,928
Accounts Payable, End of Year	44,925	47,627	92,552	44,925	47,627	-	92,552
Assets Held in Custody by the State of Alaska, Beginning of Year	108,160,227	114,689,560	222,849,787	96,607,001	40,730,166	57,597,370	194,934,537
Additions	4,376,915	4,752,918	9,129,833	17,869,661	75,115,197	7,571,091	100,555,949
Deductions	7,109,618	1,768,758	8,878,376	6,316,435	1,155,803	65,168,461	72,640,699
Assets Held in Custody by the State of Alaska, End of Year	105,427,524	117,673,720	223,101,244	108,160,227	114,689,560	-	222,849,787
	\$ 105,472,449	\$ 117,721,347	\$ 223,193,796	\$ 108,205,152	\$ 114,737,187	\$ -	\$ 222,942,339

See independent accountant's compilation report.

*EXXON VALDEZ* OIL SPILL TRUSTEE COUNCIL  
 UNITED STATES DEPARTMENT OF THE INTERIOR,  
 NATURAL RESOURCES DAMAGE ASSESSMENT  
 AND RESTORATION FUND  
 STATEMENTS OF ASSETS, LIABILITIES AND TRUST FUND  
 BALANCE ARISING FROM CASH TRANSACTIONS - CASH BASIS  
 September 30, 2015 and 2014

	2015	2014
ASSETS:		
Cash and Investments	\$ 265,061	\$ 196,378
Total Assets	\$ 265,061	\$ 196,378
LIABILITIES AND FUND BALANCE:		
Trust Fund Balance	\$ 265,061	\$ 196,378
Total Liabilities and Trust Fund Balance	\$ 265,061	\$ 196,378

See independent accountant's compilation report.

*EXXON VALDEZ* OIL SPILL TRUSTEE COUNCIL  
 UNITED STATES DEPARTMENT OF THE INTERIOR,  
 NATURAL RESOURCES DAMAGE ASSESSMENT  
 AND RESTORATION FUND  
 STATEMENTS OF RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN TRUST FUND BALANCE - CASH BASIS  
 For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Receipts:		
Contributions:		
<i>Exxon Valdez</i> Oil Spill Investment Fund	\$ 5,349,257	\$ 5,487,579
Unobligated Balances Returned to NRDA&R:		
U.S. Department of Commerce, National Oceanic and Atmospheric Administration	164,658	133,622
U.S. Department of Agriculture, USFS	-	4,581
U.S. Department of the Interior, U.S. National Park Service	30,000	16,993
U.S. Fish and Wildlife Service	35,541	-
U.S. Geological Survey	46,269	-
Investment Income	35	42
Total Receipts	<u>5,625,760</u>	<u>5,642,817</u>
Disbursements:		
U.S. Department of the Interior, Bureau of Land Management	8,720	8,720
U.S. Fish and Wildlife Service	789,044	915,941
U.S. Geological Survey	894,628	1,016,933
National Park Service	98,600	43,600
Office of the Secretary	34,781	175,066
U.S. Department of Agriculture, U.S. Forest Service	46,870	54,500
U.S. Department of Commerce, National Oceanic and Atmospheric Administration	3,684,434	3,472,819
Total Disbursements	<u>5,557,077</u>	<u>5,687,579</u>
Deficiency of Receipts Over Disbursements	68,683	(44,762)
Trust Fund Balance, Beginning of Year	<u>196,378</u>	<u>241,140</u>
Trust Fund Balance, End of Year	<u>\$ 265,061</u>	<u>\$ 196,378</u>

See independent accountant's compilation report.

*EXXON VALDEZ* OIL SPILL TRUSTEE COUNCIL  
 STATE OF ALASKA - *EXXON VALDEZ* OIL SPILL SETTLEMENT TRUST  
 (A Special Revenue Fund of the State of Alaska)

BALANCE SHEETS  
 June 30, 2015 and 2014

	2015	2014
<b>ASSETS:</b>		
Cash and Investments	\$ 3,541,517	\$ 4,984,692
Due from other funds	9,634	-
Total Assets	\$ 3,551,151	\$ 4,984,692
 <b>LIABILITIES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$ 87,514	\$ 149,740
Due to State of Alaska General Fund	121,313	68,502
Total Liabilities	208,827	218,242
Fund Balance:		
Restricted for Development	3,342,324	4,766,450
Total Liabilities and Fund Balance	\$ 3,551,151	\$ 4,984,692

See independent accountant's compilation report.

*EXXON VALDEZ* OIL SPILL TRUSTEE COUNCIL  
 STATE OF ALASKA - *EXXON VALDEZ* OIL SPILL SETTLEMENT TRUST  
 (A Special Revenue Fund of the State of Alaska)  
 STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN TRUST FUND BALANCE  
 For the Years Ended June 30, 2015 and 2014

	2015	2014
Revenues:		
Contributions - State of Alaska, <i>Exxon Valdez</i> Oil Spill Investment Fund	\$ 3,529,119	\$ 2,063,743
Interest and Investment Income	24,136	33,039
Total Revenues	3,553,255	2,096,782
Expenditures:		
Current Operating:		
Natural Resources Damage Assessment and Restoration Projects - State of Alaska, Department of Commerce, Community, and Economic Development	2,579,686	30
Department of Fish and Game	1,744,770	1,606,215
Department of Natural Resources	127,925	56,524
Total Current Operating Expenditures	4,452,381	1,662,769
Capital Expenditures:		
Research Infrastructure Improvements - Alaska Department of Fish & Game	-	602,956
Land Acquisitions - State of Alaska, Department of Natural Resources	525,000	1,105,060
Total Capital Expenditures	525,000	1,708,016
Total Expenditures	4,977,381	3,370,785
Deficiency of Revenues Over Expenditures	(1,424,126)	(1,274,003)
Trust Fund Balance, Beginning of Year	4,766,450	6,040,453
Trust Fund Balance, End of Year	\$ 3,342,324	\$ 4,766,450

See independent accountant's compilation report.