

2007

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Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY  
RESTORATION PROJECTS INFORMATION

Members, *Exxon Valdez* Oil Spill Trustee Council,  
Anchorage, Alaska:

We have audited the financial statements of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds as of and for the year ended September 30, 2000, as listed in the accompanying table of contents, and have issued our report thereon dated February 9, 2001. These financial statements are the responsibility of the *Exxon Valdez* Oil Spill Trustee Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards 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. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records for the Department of Agriculture, United States Forest Service, we were unable to form an opinion regarding expenditures for the Fiscal 2000 *Work Plan* with respect to the Department of Agriculture, United States Forest Service.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds, taken as a whole. The accompanying Schedules of Expenditures and Obligations - Budget and Actual, and Schedule of Fiscal 1999 *Work Plan* Status as of September 30, 2000 on pages 21 through 31, are presented for purposes of additional analysis and are not a required part of the financial statements. With the exception of the Department of Agriculture, United States Forest Service Schedule of Expenditures and Obligations - Budget and Actual on page 25, described above, and the Schedule of Fiscal 1999 *Work Plan* Status as of September 30, 2000, on page 31 on which we express no opinion and which are marked "unaudited," the information in these schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Elgee, Rehfeld & Funk, LLC*

February 9, 2001

Exxon Valdez Oil Spill Trustee Council  
Alaska Department of Fish and Game  
Schedule of Expenditures and Obligations - Budget and Actual  
Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
00025-CLO	Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators (NVP)	\$ 22,200	\$ 22,197	\$ 3
00052	Community Involvement/Traditional Ecological Knowledge	201,500	201,500	-
00064-CLO	Monitoring, Habitat Use, and Trophic Interactions of Harbor Seals in Prince William Sound	129,400	127,486	1,914
00100	Administration, Science Management, and Public Information	1,374,000	1,168,478	205,522
00126	Habitat Protection and Acquisition Support	15,800	15,764	36
00127	Tatitlek Coho Salmon Release	11,400	11,400	-
00139A2	Port Dick Creek Tributary Restoration and Development	46,600	47,577	(977)
00163L	APEX: Historical Data Review	8,300	8,280	20
00163T	APEX: Aerial Surveys	91,000	90,310	690
00190	Construction of Linkage Map for the Pink Salmon Genome	331,000	331,000	-
00210	Youth Area Watch	122,000	122,000	-
00225	Port Graham Pink Salmon Subsistence Project	75,000	75,000	-
00245	Community-Based Harbor Seal Management and Biological Sampling	56,500	56,456	44
00247	Kametolook River Coho Salmon Subsistence Project	23,200	15,156	8,044
00250	Project Management	154,900	140,457	14,443
00256B	Sockeye Salmon Stocking at Solf Lake	39,100	28,492	10,608
00263	Assessment, Protection and Enhancement of Salmon Streams in Lower Cook Inlet	23,400	23,400	-
00273	Surf Scoter Life History and Ecology: Linking Satellite Technology with Traditional Knowledge to Conserve the Resource	205,400	205,188	212
00278	Development of an Ecological Characterization and Site Profile for Kachemak Bay/Lower Cook Inlet	44,100	42,074	2,026
00320-BAA	Sound Ecosystem Assessment (SEA): Publishing the Integrated Final Report and a Program Synthesis	6,200	6,200	-
00327	Pigeon Guillemot Restoration Research at the Alaska SeaLife Center	20,400	20,400	-
00340	Toward Long-Term Oceanographic Monitoring of the Gulf of Alaska Ecosystem	65,900	63,635	2,265
00341	Harbor Seal Recovery: Controlled Studies of Health and Diet	216,100	214,565	1,535
00348-CLO	Response of River Otters to Oil Contamination: A Controlled Study of Biological Stress Markers	50,600	50,482	118
00366	Improved Salmon Escapement Enumeration Using Remote Video and Time-Lapse Recording Technology	46,500	44,040	2,460
00371	Effects of Harbor Seal Metabolism on Stable Isotope Ratio Tracers	163,100	163,100	-
00374	Coordination and Planning for Herring Research	35,500	35,500	-
00375-CLO	Effect of Herring Egg Distribution and Ecology on Year-Class Strength and Adult Distribution	48,000	48,000	-
00379-CLO	Assessment of Risk Caused by Residual Oil in Prince William Sound Using P450 Activity in Fishes	29,000	29,000	-
00389	3-D Ocean State Simulations for Ecosystem Applications from 1995-98 in Prince William Sound	125,300	124,938	362
00391	CIIMS: Cook Inlet Information Management/Monitoring System	26,000	19,955	6,045

(Continued)

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

Exxon Valdez Oil Spill Trustee Council  
Alaska Department of Fish and Game  
Schedule of Expenditures and Obligations - Budget and Actual  
Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
(Continued)				
00407	Harlequin Duck Population Dynamics	63,800	63,862	(62)
00423	Patterns and Processes of Population Change in Selected Nearshore Vertebrate Predators	36,800	36,764	36
00441	Harbor Seal Recovery: Effects of Diet on Lipid Metabolism and Health	191,600	191,599	1
00462	Effects of Disease on Pacific Herring Population Recovery in Prince William Sound	74,600	70,357	4,243
00478	Testing Satellite Tags as a Tool for Identifying Critical Habitat	29,100	29,050	50
00481	Documentary Film on the Oil Spill Impacts on Subsistence Use of Intertidal Resources	8,600	8,600	-
00493	Statistically-Based Sampling Strategies for Gulf of Alaska Ecosystem Trawl Survey Monitoring	1,200	-	1,200
00509	Long-Term Monitoring of Harbor Seal Populations: Development of an Experimental Design	51,800	51,359	441
00510-BAA	Recovery on Intertidal Communities and Recommendations for Future Monitoring	9,100	9,002	98
00530	Lessons Learned: Evaluating Scientific Sampling of Oil Spill Effects	11,800	6,880	4,920
00605	Information Transfer to Resource Managers, Stakeholders, and General Public	19,800	-	19,800
00610	Kodiak Island Youth Area Watch	61,800	61,800	-
00630	Planning for Long-Term Research and Monitoring Program	20,500	19,416	1,084
Alaska Department of Fish and Game Totals		<u>\$ 4,387,900</u>	<u>\$ 4,100,719</u>	<u>\$ 287,181</u>

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

*Exxon Valdez* Oil Spill Trustee Council  
 Alaska Department of Environmental Conservation  
 Schedule of Expenditures and Obligations - Budget and Actual  
 Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
00100	Administration, Science Management and Public Information	\$ 44,800	\$ 39,285	\$ 5,515
00250	Project Management	27,900	19,714	8,186
00391	Cook Inlet Information Management/Monitoring System	100,900	98,360	2,540
00530	Lessons Learned: Evaluating Scientific Sampling of Oil Spill Effects	31,000	31,000	-
00567	Monitoring Environmental Contaminants in the Northern Gulf of Alaska	41,400	26,968	14,432
Alaska Department of Environmental Conservation Totals		<u>\$ 246,000</u>	<u>\$ 215,327</u>	<u>\$ 30,673</u>

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

*Exxon Valdez* Oil Spill Trustee Council  
 Alaska Department of Natural Resources  
 Schedule of Expenditures and Obligations - Budget and Actual  
 Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
00007A-CLO	Archaeological Index Site Monitoring	\$ 68,500	\$ 67,923	\$ 577
00100	Administration, Science Management and Public Information	404,600	400,066	4,534
00126	Habitat Protection and Acquisition Support	163,000	161,960	1,040
00180-CLO	Kenai Habitat Restoration & Recreation Enhancement	10,800	7,982	2,818
00250	Project Management	25,500	25,380	120
00391	Cook Inlet Information Management/Monitoring system	187,500	186,922	578
00530	Lessons Learned: Evaluating Scientific Sampling of Oil Spill Effects	8,300	7,688	612
00630	Planning for Long-Term Research and Monitoring Program	64,200	64,180	20
	Alaska Department of Natural Resources Totals	<u>\$ 932,400</u>	<u>\$ 922,101</u>	<u>\$ 10,299</u>

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

Exxon Valdez Oil Spill Trustee Council  
 Department of Agriculture, United States Forest Service  
 Schedule of Expenditures and Obligations - Budget and Actual  
 Fiscal Year Ending September 30, 2000  
 (Unaudited)

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
00007A	Archeological Index Site Monitoring	\$ 9,800	\$ -	\$ -
00100	Administration, Science Management, and Public Information	37,400	-	-
00126	Habitat Protection and Acquisition Support	110,200	-	-
00250	Project Management	21,400	-	-
00256B	Sockeye Salmon Stocking at Solf Lake	120,400	-	-
00339-CLO	Western Prince William Sound Human Use and Wildlife Disturbance Model	14,000	-	-
00391	Cook Inlet Information Management/Monitoring System	7,200	-	-
	Department of Agriculture, United States Forest Service Totals	<u>\$ 320,400</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

Exxon Valdez Oil Spill Trustee Council  
Department of Interior, Fish and Wildlife Service  
Schedule of Expenditures and Obligations - Budget and Actual  
Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
00007A-CLO	Archaeological Index Site Monitoring	\$ 11,900	\$ 7,614	\$ 4,286
00144A-CLO	Common Murre Population Monitoring	15,400	13,667	1,733
00159	Surveys to Monitor Marine Bird Abundance in Prince William Sound During Winter and Summer: Report and Publication	233,600	239,946	(6,346)
00163B	APEX: Seabird Interactions	90,000	81,973	8,027
00163E	APEX: Kittiwakes	92,000	92,120	(120)
00163F	APEX: Guillemots	83,100	84,122	(1,022)
00163J	APEX: Barren Islands Seabird Studies	73,800	71,017	2,783
00163K	APEX: Large Fish as Samplers	17,600	18,197	(597)
00163R	APEX: Marbled Murrelet Productivity	92,800	94,991	(2,191)
Department of Interior - Fish and Wildlife Service Totals		<u>\$ 710,200</u>	<u>\$ 703,647</u>	<u>\$ 6,553</u>

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

*Exxon Valdez* Oil Spill Trustee Council  
Department of Interior, U.S. Geological Survey  
Schedule of Expenditures and Obligations - Budget and Actual  
Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
00025-CLO	Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators (NVP)	\$ 151,000	\$ 151,586	\$ (586)
00163L	APEX: Barren Island Survey & Historical Data Review	8,400	7,811	589
00163M	APEX: Response of Seabirds to Forage Fish Density	181,900	183,376	(1,476)
00169-CLO	A Genetic Study to Aid in Restoration of Murres, Guillemots, and Murrelets in the Gulf of Alaska	19,200	19,153	47
00306	Ecology and Demographics of Pacific Sand Lance in Lower Cook Inlet	20,000	20,009	(9)
00327	Pigeon Guillemot Restoration Research at the Alaska SeaLife Center	172,400	172,377	23
00338	Survival of Adult Murres and Kittiwakes in Relation to Forage Fish Abundance	59,700	60,876	(1,176)
00391	Cook Inlet Information Management/Monitoring System	39,400	38,816	584
00423	Patterns and Processes of Population Change in Selected Nearshore Vertebrate Predators	163,500	163,243	257
00459	Residual Oiling of Armored Beaches and Mussel Beds in the Gulf of Alaska	35,700	35,598	102
00466-CLO	Recovery Status of Barrow's Goldeneyes	14,800	14,825	(25)
00478	Testing Satellite Tags as a Tool for Identifying Critical Habitat	77,000	66,836	10,164
00479	Effects of Food Stress on Survival and Reproductive Performance of Seabirds	125,200	125,006	194
00599	Evaluation of Yakataga Oil Seeps as Regional Background Hydrocarbon Sources in Benthic Sediments of the spill Area	21,800	21,039	761
Department of Interior - U.S. Geological Survey Totals		<u>\$ 1,090,000</u>	<u>\$ 1,080,551</u>	<u>\$ 9,449</u>

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.



*Exxon Valdez* Oil Spill Trustee Council  
 Department of Interior, Office of the Secretary  
 Schedule of Expenditures and Obligations - Budget and Actual  
 Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
00100	Administration, Science Management and Public Information	\$ 110,200	\$ 101,408	\$ 8,792
00126	Habitat Protection and Acquisition Support	116,800	120,035	(3,235)
00250	Project Management	70,200	70,021	179
00501	Protocols for Long-Term Monitoring of Seabird Ecology in the Gulf of Alaska	39,900	38,656	1,244
00530	Lessons Learned: Evaluating Scientific Sampling of Oil Spill Effects	8,200	6,102	2,098
	Department of Interior - Office of the Secretary Totals	<u>\$ 345,300</u>	<u>\$ 336,222</u>	<u>\$ 9,078</u>

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

Exxon Valdez Oil Spill Trustee Council  
U.S. Department of Commerce, National Oceanic and Atmospheric Administration  
Schedule of Expenditures and Obligations - Budget and Actual  
Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
00012A-BAA	Photographic and Acoustic Monitoring of Killer Whales in Prince William Sound and Kenai Fjords	\$ 82,900	\$ 83,514	\$ (614)
00025-CLO	Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators (NVP)	22,800	24,764	(1,964)
00048-BAA	Publication: Historical Analysis of Sockeye Salmon Growth Among Populations Affected by the Oil Spill and Large Spawning Escapements	10,300	10,345	(45)
00090-CLO	Monitoring of Oiled Mussel Beds in Prince William Sound	64,000	61,571	2,429
00100	Administration, Science Management and Public Information	62,900	63,000	(100)
00163A	APEX: Forage Fish Assessment	113,500	113,448	52
00163G	APEX: Seabird Energetics	86,200	86,854	(654)
00163I	APEX: Project Management	42,600	42,888	(288)
00163L	APEX: Historical Data Review	31,900	26,651	5,249
00163O	APEX: Statistical Review	29,700	29,957	(257)
00163Q	APEX: Modeling	92,100	92,781	(681)
00163S	APEX: Jellyfish as Competitors and Predators of Fishes	95,200	95,906	(706)
00195	Pristane Monitoring in Mussels	54,900	52,420	2,480
00250	Project Management	102,000	101,837	163
00287-BAA	Seabird-Oceanographic Relationships in the Northern Gulf of Alaska: Integration with NSF/NOAA Study GLOBEC	151,300	152,373	(1,073)
00290	Hydrocarbon Data Analysis, Interpretation, and Database Maintenance	55,500	53,876	1,624
00320-BAA	Sound Ecosystem Assessment (SEA): Publishing the Integrated Final Report and a Program Synthesis	113,800	110,022	3,778
00330-BAA	Mass-Balance Model of Trophic Fluxes in Prince William Sound	25,300	25,431	(131)
00347-CLO	Fatty Acid Profile and Lipid Class Analysis for Estimating Diet Composition and Quality at Different Trophic Levels	35,500	34,962	538
00360-BAA	The <i>Exxon Valdez</i> Oil Spill: Guidance for Future Research Activities	304,800	306,810	(2,010)
00379-CLO	Assessment of Risk Caused by Residual Oil in Prince William Sound Using P450 Activity in Fishes	3,100	-	3,100
00393-BAA	Prince William Sound Food Webs: Structure and Change	153,700	154,850	(1,150)
00396	Alaska Shark Assessment	86,000	82,841	3,159
00401	Assessment of Spot Shrimp Abundance in Prince William Sound	88,700	87,675	1,025
00414-BAA	Development of Web-Based System for Communicating Ecosystem Research Results to the public	26,800	26,940	(140)
00454	Evidence and Consequences of Persistent Oil Contamination in Pink Salmon Natal Habitats	334,100	332,366	1,734
00455-BAA	An Evaluation of the Data System for the EVOS Long-Term Monitoring Program	89,000	89,656	(656)
00459-CLO	Residual Oiling of Armored Beaches and Mussel Beds in the Gulf of Alaska	4,300	5,233	(933)
00476	Effects of Oiled Incubation Substrate on Pink Salmon Reproduction	74,800	71,194	3,606

(Continued)

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

Exxon Valdez Oil Spill Trustee Council  
U.S. Department of Commerce, National Oceanic and Atmospheric Administration  
Schedule of Expenditures and Obligations - Budget and Actual  
Fiscal Year Ending September 30, 2000

Project Number	Project Title	Budget	Actual Expenditures & Obligations	(Over) Under Expended
(Continued)				
00482-BAA	Optimization of Rapid Diagnostic Test Kits for Paralytic Shellfish Poisoning and Amnesic Shellfish Poisoning	55,600	56,035	(435)
00493	Statistically-Based Sampling Strategies for Gulf of Alaska Ecosystem Trawl Survey Monitoring	33,300	32,963	337
00510-BAA	Recovery of Intertidal Communities and Recommendations for Future Monitoring	39,700	39,979	(279)
00516-BAA	Publication: Comparative Habitat Use by Kittlitz's and Marbled Murrelets	21,000	21,121	(121)
00530	Lessons Learned: Evaluating Scientific Sampling of Oil Spill Effects	19,100	16,974	2,126
00541-BAA	Publication: Prince William Sound Isotope Ecology	15,000	15,486	(486)
00522-BAA	Exchange Between Prince William Sound and the Gulf of Alaska	114,400	115,195	(795)
00567	Monitoring Environmental Contaminants in the Northern Gulf of Alaska	13,300	17,994	(4,694)
00598	Publication: Resolution of Mixtures Containing <i>Exxon Valdez</i> Oil and Regional Background Hydrocarbons in Subtidal Sediments	13,500	13,780	(280)
00599	Evaluation of Yakataga Oil Seeps as Regional Background Hydrocarbon Sources in Benthic Sediments of the Spill Area	53,800	51,409	2,391
	U.S. Department of Commerce, National Oceanic and Atmospheric Administration Totals	<u>\$ 2,816,400</u>	<u>\$ 2,801,101</u>	<u>\$ 15,299</u>

See Independent Auditors' Report on Supplementary Restoration Project Information and Notes Thereto.

Exxon Valdez Oil Spill Trustee Council  
Schedule of Fiscal 1999  
Work Plan Status as of September 30, 2000  
(Unaudited)

	Budget	Actual Expenditures & Obligations as of 9/30/00	Unobligated Balance as of 9/30/00
Alaska Departments of:			
Fish & Game	\$ 7,082,300	\$ 6,602,565	\$ 479,735
Environmental Conservation	226,400	217,071	9,329
Natural Resources	1,630,400	1,345,515	284,885
Total State of Alaska	<u>8,939,100</u>	<u>8,165,151</u>	<u>773,949</u>
United States Departments of:			
Agriculture, United States Forest Service	669,700	538,346	131,354
Interior:			
Fish & Wildlife Service	1,077,000	1,044,224	32,776
U.S. Geological Survey	1,305,300	1,298,589	6,711
National Park Service	15,200	-	15,200
Office of the Secretary	444,500	330,088	114,412
Commerce, National Oceanic & Atmospheric Administration	2,461,400	2,418,314	43,086
Total United States	<u>5,973,100</u>	<u>5,629,561</u>	<u>343,539</u>
Totals	<u>\$ 14,912,200</u>	<u>\$ 13,794,712</u>	<u>\$ 1,117,488</u>

See Notes 5 and 6 of the Notes to Supplementary Information Related to Restoration Projects on Page 34 for additional discussion relating to this schedule.

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 2000

**1. PRESENTATION**

The information presented in the accompanying Schedules of Expenditures and Obligations - Budget and Actual present the budgets for each project approved by the *Exxon Valdez* Trustee Council (Council) as included in the Council's *Fiscal Year 2000 Work Plan*, and any amendments approved thereto, along with expenditures and obligations incurred by the Trustee Agencies in carrying out the Fiscal 2000 restoration projects, only. The information presented is not intended to present the results of operations of any other activities conducted by the Trustee Agencies. Expenditures incurred by the Trustee Agencies in Fiscal 2000 relating to restoration projects of prior years and to the liquidation of prior year encumbrances, are also not presented. The procedures used to develop and implement the project budgets for Fiscal 2000 are discussed in Note 6 to the Trust Fund Financial Statements.

The schedules titled "Department Total" for each agency reflect total budgets, expenditures and obligations for each Trustee Agency.

**2. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues, expenditures and the related assets and liabilities are recorded in the accounts and financial statements. Specifically, it relates to the timing of the financial measurements made, regardless of the measurement focus applied.

As discussed in Note 2 to the Trust Fund Financial Statements, the State of Alaska accounts for the expenditure of funds from the State of Alaska, Exxon Valdez Oil Spill Settlement Trust (Settlement Trust) on the modified accrual basis of accounting.

As discussed in Note 2 to the Trust Fund Financial Statements, the United States accounts for the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R) on the cash basis of accounting. However, the United States Trustee Agencies use modified accrual accounting to account for the expenditure of funds within each agency. Expenditures are recorded when the related liability is incurred. Encumbrance (obligation) accounting, under which purchase orders and contracts for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary integration of the United States Government. Encumbrances (obligations) outstanding at year-end are included in the Actual Expenditures & Obligations column in the accompanying Schedules of Expenditures and Obligations - Budget and Actual.

**3. FINANCIAL OPERATING PROCEDURES**

On September 21, 1992, the Council adopted Financial Operating Procedures (Procedures) to be used by the United States and State of Alaska Trustee Agencies in conducting restoration projects. The objective of the Procedures was to ensure public trust and accountability while maximizing the Council's ability to use settlement funds for approved restoration activities. On August 29, 1996, the Trustee Council adopted Procedures that supersede the Operating Procedures adopted by the Trustee Council September 21, 1992. On August 3, 2000, the Trustee Council adopted Procedures that supersede the Operating Procedures adopted by the Trustee Council August 29, 1996. The purpose of the adopted Procedures was to provide guidance regarding the authorities and responsibilities of agencies that receive Joint Trust Funds approved by the Trustee Council.

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 2000

**3. FINANCIAL OPERATING PROCEDURES (Continued)**

Adjustments

The Procedures allow Trustee Agencies to transfer funds into or out of projects up to the cumulative amount of \$25,000 or up to ten percent of the authorized level of funding for each affected project, whichever is less, provided that such transfers will not alter the underlying scope or objectives of the project. The Council must approve transfers in excess of this amount. The budget amounts presented include transfers made between projects by the agencies, which were approved by the Executive Director or were made in accordance with the Procedures.

Single Project Budget Transfers

The Procedures authorize Trustee Agencies to transfer, within a single project, budgeted funds between object classes (such as personnel, travel and contractual costs), and may change detailed items of expenditure, including specific personnel, to accommodate circumstances encountered during budget implementation, provided that such transfers will not alter the underlying scope or objectives of the project. The budget amounts presented do not include such transfers made by the agencies.

General Administration

The Procedures include a provision for general administration costs to be included in the budgets of the restoration projects. Actual recovery of general administrative costs shall be in proportion to actual direct costs and is limited to:

1. Fifteen percent of each project's actual personnel costs; and
2. Seven percent of the first \$250,000 of each projects actual contractual costs, plus two percent of project's actual contractual costs in excess of \$250,000.

Amounts budgeted and expended on projects for general administration are included in the personnel and contractual lines as appropriate in the accompanying Schedules of Expenditures and Obligations - Budget and Actual.

**4. SETTLEMENT TRUST RECONCILIATION**

Total Current Operating Expenditures reflected in the State of Alaska, *Exxon Valdez* Oil Spill Settlement Trust (Settlement Trust), Statement of Revenues, Expenditures and Changes in Fund Balances reconcile to Actual Expenditures and Obligations reflected in the accompanying "Department Totals" Schedules of Expenditures and Obligations - Budget and Actual for each State Trustee Agency as follows:

Actual Expenditures and Obligations, "Department Totals"

Schedules of Expenditures and Obligations - Budget and Actual,	
Alaska Department of Fish and Game	\$ 4,100,719
Alaska Department of Environmental Conservation	215,327
Alaska Department of Natural Resources	<u>922,101</u>
Total	5,238,147
 Add: Prior Years' Encumbrances Liquidated During Fiscal 2000	 935,672
 Less: Encumbrances Outstanding at September 30, 2000 Relating to Fiscal 2000 Restoration Projects	 <u>(459,506)</u>
 Total Current Operating Expenditures, Settlement Trust Statement of Revenues, Expenditures and Changes in Fund Balances	  <u>\$ 5,714,313</u>

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 2000

**5. CURRENT STATUS OF 1999 WORK PLAN RESTORATION PROJECTS**

Total expenditures and obligations relating to 1999 *Work Plan* Restoration Projects for each agency as of September 30, 2000 is presented on pages 31. This information is included in order to reflect any changes in expenditures and obligations from amounts previously reported.

The significant changes in the amounts previously reported, are due to encumbrances existing at September 30, 1999 which, during fiscal 2000, were liquidated due to incurring less expenditures under contracts than the amounts originally anticipated by the agencies.

**6. INADEQUATE ACCOUNTING RECORDS**

Beginning August 2000 and continuing through the completion of the fiscal 2000 audit, the United States Department of Agriculture, United States Forest Service's accounting system was unable to provide reliable actual expenditures and obligations reports for any *Exxon Valdez* Oil Spill projects. As a result, the Fiscal 2000 Schedule of Expenditure and Obligations – Budget and Actual does not include actual expenditure and obligation amounts for the USFS. (See page 25.) Fiscal year 1999 actual expenditures and obligations as of September 30, 2000 were also not available. Accordingly, amounts previously reported on page 31 for fiscal year 1999 have not been updated in the Schedule of Status of Prior Year Projects for the USFS.