

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
AND
TRUST FUNDS FINANCIAL STATEMENTS
Fiscal Year 2016

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year 2016

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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, 2016. 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) 2016 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 2016. 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 2016, 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)

USGS returned \$26,270 of lapsed restoration project funds in FFY 2016 for lapsed Annual Program Development and Implementation (APDI) support from FFY 2014 and 2015. Subsequent to the end of FFY 2016 the Agency reported unused APDI funding for FFY 2016 of \$379 which it will return in FFY 2017.

National Oceanic and Atmospheric Administration (NOAA)

During FFY 2016, NOAA evaluated projects from FFY 2014 forward and identified \$11,458 in funds that it plans to return to NRDA&R in FFY 2017.

United States Forest Service (USFS)

During FFY 2016, USGS returned remaining project funds FFY 2015 and earlier years totaling \$46,173. Subsequent to year-end, USFS identified \$12,625 in unused project funds that it plans to return in FFY 2017.

United States Fish and Wildlife Service (USFWS)

In FFY 2015, USFWS returned \$22,183 in unused funding on two projects through FFY 2015. As of the end of FFY 2016, USFWS had two long-term and three annual projects. Subsequent to year-end, agency management evaluated the funding for the two long-term projects and determined that no funding needed to be returned at that date. The three annual projects were fully obligated.

National Park Service (NPS)

As of the beginning of FFY 2016, all agency funding had been either returned or fully expended for FFY 2015 and earlier years. During FFY 2016 the agency received and fully expended all project funds under a single project managed by USGS. The final Work plan for FFY 2016 lists this project, 16120114-R, as a USGS project.

Recommendation:

We have no current year recommendations with respect to the federal agencies.

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 is 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 appropriations 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) 2016 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 detail of expenditures for the EVOSTC administrative function. We reviewed administrative management expenditures for SFY 2016 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.



September 11, 2017

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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, 2016 and 2015 and the accompanying financial statements of Natural Resources Damage Assessment and Restoration Fund – cash basis as of and for the years ended September 30, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015, 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.



September 11, 2017

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, 2016 and 2015

	2016			2015		
	Research	Habitat	Total	Research	Habitat	Total
ASSETS:						
Cash and Investments	\$ 94,308,587	\$ 102,758,044	\$ 197,066,631	\$ 105,472,449	\$ 117,721,347	\$ 223,193,796
Total Assets	<u>\$ 94,308,587</u>	<u>\$ 102,758,044</u>	<u>\$ 197,066,631</u>	<u>\$ 105,472,449</u>	<u>\$ 117,721,347</u>	<u>\$ 223,193,796</u>
LIABILITIES:						
Accounts Payable	\$ 44,197	\$ 49,329	\$ 93,526	\$ 44,925	\$ 47,627	\$ 92,552
Assets Held in Custody by the State of Alaska	<u>94,264,390</u>	<u>102,708,715</u>	<u>196,973,105</u>	<u>105,427,524</u>	<u>117,673,720</u>	<u>223,101,244</u>
Total Liabilities	<u>\$ 94,308,587</u>	<u>\$ 102,758,044</u>	<u>\$ 197,066,631</u>	<u>\$ 105,472,449</u>	<u>\$ 117,721,347</u>	<u>\$ 223,193,796</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, 2016 and 2015

	2016			2015		
	Research	Habitat	Total	Research	Habitat	Total
ASSETS:						
Investments, Beginning of Year	\$ 105,472,449	\$ 117,721,347	\$ 223,193,796	\$ 108,205,152	\$ 114,737,187	\$ 222,942,339
Additions:						
Interest and Investment Income	1,205,597	539,356	1,744,953	4,421,840	4,800,545	9,222,385
Total Additions (Losses)	1,205,597	539,356	1,744,953	4,421,840	4,800,545	9,222,385
Deductions:						
State of Alaska,						
Exxon Valdez Oil Spill Settlement Trust	7,884,308	15,086,218	22,970,526	2,127,473	1,401,646	3,529,119
Investment Management Fees	44,197	49,329	93,526	44,925	47,627	92,552
United States Department of the Interior,						
Natural Resources Damage						
Assessment and Restoration Fund	4,440,954	367,112	4,808,066	4,982,145	367,112	5,349,257
Total Deductions	12,369,459	15,502,659	27,872,118	7,154,543	1,816,385	8,970,928
Investments, End of Year	<u>\$ 94,308,587</u>	<u>\$ 102,758,044</u>	<u>\$ 197,066,631</u>	<u>\$ 105,472,449</u>	<u>\$ 117,721,347</u>	<u>\$ 223,193,796</u>
LIABILITIES:						
Accounts Payable, Beginning of Year	\$ 44,925	\$ 47,627	\$ 92,552	\$ 44,925	\$ 47,627	\$ 92,552
Additions	44,197	49,329	93,526	44,925	47,627	\$ 92,552
Deductions	44,925	47,627	92,552	44,925	47,627	92,552
Accounts Payable, End of Year	44,197	49,329	93,526	44,925	47,627	92,552
Assets Held in Custody						
by the State of Alaska, Beginning of Year	105,427,524	117,673,720	223,101,244	108,160,227	114,689,560	222,849,787
Additions	1,161,400	490,027	1,651,427	4,376,915	4,752,918	9,129,833
Deductions	12,324,534	15,455,032	27,779,566	7,109,618	1,768,758	8,878,376
Assets Held in Custody						
by the State of Alaska, End of Year	94,264,390	102,708,715	196,973,105	105,427,524	117,673,720	223,101,244
	<u>\$ 94,308,587</u>	<u>\$ 102,758,044</u>	<u>\$ 197,066,631</u>	<u>\$ 105,472,449</u>	<u>\$ 117,721,347</u>	<u>\$ 223,193,796</u>

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, 2016 and 2015

	2016	2015
ASSETS:		
Cash and Investments	\$ 370,969	\$ 265,061
Total Assets	\$ 370,969	\$ 265,061
LIABILITIES AND FUND BALANCE:		
Trust Fund Balance	\$ 370,969	\$ 265,061
Total Liabilities and Trust Fund Balance	\$ 370,969	\$ 265,061

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Receipts:		
Contributions:		
<i>Exxon Valdez</i> Oil Spill Investment Fund	\$ 4,808,066	\$ 5,349,257
Unobligated Balances Returned to NRDA&R:		
U.S. Department of Commerce, National Oceanic and Atmospheric Administration	-	164,658
U.S. Department of Agriculture, USFS	56,173	-
U.S. Department of the Interior, U.S. National Park Service	-	30,000
U.S. Fish and Wildlife Service	22,183	35,541
U.S. Geological Survey	26,720	46,269
Investment Income	832	35
Total Receipts	<u>4,913,974</u>	<u>5,625,760</u>
Disbursements:		
U.S. Department of the Interior, Bureau of Land Management	8,720	8,720
U.S. Fish and Wildlife Service	741,187	789,044
U.S. Geological Survey	890,977	894,628
National Park Service	44,690	98,600
Office of the Secretary	34,989	34,781
U.S. Department of Agriculture, U.S. Forest Service	18,530	46,870
U.S. Department of Commerce, National Oceanic and Atmospheric Administration	3,068,973	3,684,434
Total Disbursements	<u>4,808,066</u>	<u>5,557,077</u>
Deficiency of Receipts Over Disbursements	105,908	68,683
Trust Fund Balance, Beginning of Year	<u>265,061</u>	<u>196,378</u>
Trust Fund Balance, End of Year	<u>\$ 370,969</u>	<u>\$ 265,061</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, 2016 and 2015

	2016	2015
ASSETS:		
Cash and Investments	\$ 8,770,225	\$ 3,541,517
Due form other funds	-	9,634
Total Assets	\$ 8,770,225	\$ 3,551,151
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 84,407	\$ 87,514
Due to State of Alaska General Fund	115,565	121,313
Total Liabilities	199,972	208,827
Fund Balance:		
Restricted for Development	8,570,253	3,342,324
Total Liabilities and Fund Balance	\$ 8,770,225	\$ 3,551,151

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, 2016 and 2015

	2016	2015
Revenues:		
Contributions - State of Alaska, <i>Exxon Valdez</i> Oil Spill Investment Fund	\$ 22,970,526	\$ 3,529,119
Interest and Investment Income	43,243	24,136
Total Revenues	23,013,769	3,553,255
Expenditures:		
Current Operating:		
Natural Resources Damage Assessment and Restoration Projects - State of Alaska, Department of Commerce, Community, and Economic Development	1,301,534	2,579,686
Department of Fish and Game	1,552,009	1,744,770
Department of Natural Resources	130,689	127,925
Total Current Operating Expenditures	2,984,232	4,452,381
Capital Expenditures:		
Research Infrastructure Improvements - Alaska Department of Fish & Game	-	-
Land Acquisitions - State of Alaska, Department of Natural Resources	14,801,608	525,000
Total Capital Expenditures	14,801,608	525,000
Total Expenditures	17,785,840	4,977,381
Deficiency of Revenues Over Expenditures	5,227,929	(1,424,126)
Trust Fund Balance, Beginning of Year	3,342,324	4,766,450
Trust Fund Balance, End of Year	\$ 8,570,253	\$ 3,342,324

See independent accountant's compilation report.