

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
AND
TRUST FUNDS FINANCIAL STATEMENTS
Trustee Council Year Ended January 31, 2018

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL
TRUST FUNDS FINANCIAL STATEMENTS
Trustee Council Year Ended January 31, 2018
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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 Trustee Council year ended January 31, 2018. 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) 2017 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 2017. 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.

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 2017, 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)

As of the beginning of FFY 2017, all USGS funding had been either returned or fully expended for FFY 2016 and earlier years, except as noted below. In FFY 2017, USGS participated in four projects and received Annual Program Development and Implementation (APDI) funding. Subsequent to the end of the fiscal year, USGS reported that it fully used its project funding and that it had unused APDI support from FFY 17 of \$26,383. This amount along with unused APDI funding for FFY 2016 of \$379 will be returned in FFY 2018.

National Oceanic and Atmospheric Administration (NOAA)

In FFY 2017, NOAA participate in several projects and received APDI funding. 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 2018. In addition, subsequent to the end of the fiscal year it identified \$2,576 in unspent project funds for FFY17 that it plans to return in FFY 2018.

United States Forest Service (USFS)

During FFY 2017, USFS returned \$12,625 in unused project funds that it returned to NRDA&R. All earlier project funding has been returned. In FFY 2017, USFS participated in one project in and received APDI funding. Subsequent to the end of the fiscal year, USGS reported that it fully used all funding amounts.

United States Fish and Wildlife Service (USFWS)

As of the beginning of FFY 2017, all agency funding had been either returned, fully expended for FFY 2016 and earlier years, or were being carried forward for long-term projects. In FFY 2017, USFWS had one long-term and four annual restoration and habitat projects and received APDI funding. It also closed a second long-term monitoring project and reported subsequent to the end of the fiscal year that it would return \$3,485 in unused project funding from that project. The four annual projects and the APDI funding were reported as fully obligated.

National Park Service (NPS)

As of the beginning of FFY 2017, all agency funding had been either returned or fully expended for FFY 2016 and earlier years. During FFY 2017 the agency received and fully expended all project funds under a single project managed by USGS, 17160014-H.

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) 2017 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 2017 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 current year recommendations with respect to the EVOS Restoration Office.

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.

A handwritten signature in black ink, appearing to be 'MEM'.

June 15, 2018

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, 2017 and 2016 and the accompanying financial statements of Natural Resources Damage Assessment and Restoration Fund – cash basis as of and for the years ended September 30, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016, 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.



June 15, 2018

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

As of June 30, 2017 and 2016

	2017			2016		
	Research	Habitat	Total	Research	Habitat	Total
ASSETS						
Cash and Investments	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639	\$ 94,308,587	\$ 102,758,044	\$ 197,066,631
Total Assets	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639	\$ 94,308,587	\$ 102,758,044	\$ 197,066,631
LIABILITIES						
Accounts Payable	\$ 48,937	\$ 53,322	\$ 102,259	\$ 44,197	\$ 49,329	\$ 93,526
Assets Held in Custody by the State of Alaska	98,299,396	101,995,984	200,295,380	94,264,390	102,708,715	196,973,105
Total Liabilities	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639	\$ 94,308,587	\$ 102,758,044	\$ 197,066,631

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, 2017 and 2016

	2017			2016		
	Research	Habitat	Total	Research	Habitat	Total
ASSETS						
Investments, Beginning of Year	\$ 94,308,587	\$ 102,758,044	\$ 197,066,631	\$ 105,472,449	\$ 117,721,347	\$ 223,193,796
Additions:						
Interest and Investment Income	11,388,215	12,331,258	23,719,473	1,205,597	539,356	1,744,953
Deductions:						
State of Alaska,						
<i>Exxon Valdez</i> Oil Spill Settlement Trust	3,010,869	8,079,649	11,090,518	7,884,308	15,086,218	22,970,526
Investment Management Fees	48,937	53,322	102,259	44,197	49,329	93,526
United States Department of the Interior,						
Natural Resources Damage						
Assessment and Restoration Fund	4,288,663	4,907,025	9,195,688	4,440,954	367,112	4,808,066
Total Deductions	7,348,469	13,039,996	20,388,465	12,369,459	15,502,659	27,872,118
Investments, End of Year	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639	\$ 94,308,587	\$ 102,758,044	\$ 197,066,631
LIABILITIES						
Accounts Payable, Beginning of Year	\$ 44,197	\$ 49,329	\$ 93,526	\$ 44,925	\$ 47,627	\$ 92,552
Additions	48,937	53,322	102,259	44,197	49,329	\$ 93,526
Deductions	44,197	49,329	93,526	44,925	47,627	92,552
Accounts Payable, End of Year	48,937	53,322	102,259	44,197	49,329	93,526
Assets Held in Custody						
by the State of Alaska, Beginning of Year	94,264,390	102,708,715	196,973,105	105,427,524	117,673,720	223,101,244
Additions	11,339,278	12,277,936	23,617,214	1,161,400	490,027	1,651,427
Deductions	7,304,272	12,990,667	20,294,939	12,324,534	15,455,032	27,779,566
Assets Held in Custody						
by the State of Alaska, End of Year	98,299,396	101,995,984	200,295,380	94,264,390	102,708,715	196,973,105
Liabilities, End of Year	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639	\$ 94,308,587	\$ 102,758,044	\$ 197,066,631

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

As of September 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Investments	\$ 387,857	\$ 370,969
Total Assets	\$ 387,857	\$ 370,969
LIABILITIES AND TRUST FUND BALANCE		
Trust Fund Balance	\$ 387,857	\$ 370,969
Total Liabilities and Trust Fund Balance	\$ 387,857	\$ 370,969

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, 2017 and 2016

	2017	2016
RECEIPTS		
Contributions:		
<i>Exxon Valdez</i> Oil Spill Investment Fund	\$ 9,195,668	\$ 4,808,066
Unobligated Balances Returned to NRDA&R:		
U.S. Department of Agriculture, USFS	12,625	56,173
U.S. Department of the Interior,		
U.S. Fish and Wildlife Service	-	22,183
U.S. Geological Survey	-	26,720
Investment Income	4,264	832
Total Receipts	9,212,557	4,913,974
Disbursements		
U.S. Department of the Interior,		
Bureau of Land Management	48,313	8,720
U.S. Fish and Wildlife Service	5,044,623	741,187
U.S. Geological Survey	1,049,727	890,977
National Park Service	52,300	44,690
Office of the Secretary	38,259	34,989
U.S. Department of Agriculture,		
U.S. Forest Service	19,620	18,530
U.S. Department of Commerce,		
National Oceanic and Atmospheric Administration	2,942,827	3,068,973
Total Disbursements	9,195,669	4,808,066
Excess of Receipts Over Disbursements	16,888	105,908
Trust Fund Balance, Beginning of Year	370,969	265,061
Trust Fund Balance, End of Year	\$ 387,857	\$ 370,969

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

As of June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and Investments	\$ 12,890,806	\$ 8,769,376
Total Assets	\$ 12,890,806	\$ 8,769,376
LIABILITIES		
Liabilities:		
Accounts Payable	\$ 66,976	\$ 84,407
Due to State of Alaska General Fund	74,258	115,565
Total Liabilities	141,234	199,972
Fund Balance:		
Restricted for Development	12,749,572	8,569,404
Total Liabilities and Fund Balance	\$ 12,890,806	\$ 8,769,376

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, 2017 and 2016

	2017	2016
REVENUES		
Contributions - State of Alaska, <i>Exxon Valdez</i> Oil Spill Investment Fund	\$ 11,090,571	\$ 22,970,526
Interest and Investment Income	76,627	43,243
Total Revenues	11,167,198	23,013,769
EXPENDITURES		
Current Operating:		
Natural Resources Damage Assessment and Restoration Projects - State of Alaska, Department of Commerce, Community, and Economic Development	-	1,301,534
Department of Fish and Game	1,466,016	1,552,858
Department of Natural Resources	5,521,014	130,689
Total Current Operating Expenditures	6,987,030	2,985,081
Capital Expenditures:		
Land Acquisitions - State of Alaska, Department of Natural Resources	-	14,801,608
Total Capital Expenditures	-	14,801,608
Total Expenditures	6,987,030	17,786,689
Excess of Revenues Over Expenditures	4,180,168	5,227,080
Trust Fund Balance, Beginning of Year	8,569,404	3,342,324
Trust Fund Balance, End of Year	\$ 12,749,572	\$ 8,569,404

See independent accountant's compilation report.

Exxon Valdez Oil Spill Trustee Council

4230 University Drive, Suite 220 • Anchorage, AK 99508-4650 • 907 278 8012 • fax 276 7178



June 15, 2018

Max E. Mertz, CPA
Juneau, Alaska

We are providing this letter in connection with your agreed-upon procedures performed over 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 Trustee Council year ended January 31, 2018 for the purpose of reporting your findings to the Trustee Council as a result of applying the procedures outlined in our engagement letter with you dated April 27, 2018.

We confirm, to the best of our knowledge and belief, as of June 15, 2018, the following representations made to you during your engagement:

1. We affirm that all known matters relevant to the agreed upon procedures engagement and any communication from others affecting the subject matter have been disclosed to you, including communications received between the end of the period addressed in the written assertion and the date of the practitioner's report.
2. We acknowledge responsibility for:
 - a. The policies and procedure related to the Trustee Council;
 - b. Determining the procedures for you to perform; and
 - c. Determining that such procedures are appropriate for the Trustee Council's purposes.
3. We affirm that we have provided you with all relevant information and access.
4. We understand that your agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and was designed for the purpose of reporting your findings as a result of performing the agreed upon procedures, and that your procedures were limited to those that you considered necessary for that purpose.

6.18.18

Elise Hsieh, Executive Director