



EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES
AND TRUST FUND FINANCIAL STATEMENTS

Trustee Council Year Ended January 31, 2019

Exxon Valdez Oil Spill Trustee Council

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Exxon Valdez Oil Spill Trustee Council
Anchorage, Alaska

I 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, 2019. 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, I 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.

My 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 follows:

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

Procedure and Finding #1:

I 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, I obtained the annual cash flows plan for federal fiscal year (FFY) 2018 from the Department of the Interior (DOI). I 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 2018. I 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 2018, DOI-OS when funds are unspent and available to return.

Recommendation:

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

Procedure and Finding # 2:

I 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, I contacted each of the federal agencies to determine when unspent project funds were last returned and for which projects. I verified that unspent funds which Agencies asserted they returned to NRDAR with the U.S. Department of Interior, Office of Restoration and Damage Assessment who administer NRDAR. I requested that each of the agencies prepare a schedule of unspent project funds by project/year. Results of my procedures are summarized for each agency below:

United States Geological Survey (USGS)

During FFY 2018, USGS returned \$26,383 to NRDAR in unused project funds that it had identified in the prior year. This represented all project funds identified for return to date. In FFY 2018, USGS participated in four projects and received Annual Budget (AB) funding. Subsequent to the end of the fiscal year, USGS reported that it fully used its project funding and that it had unused AB support from FFY 18 of \$6,550. This amount will be returned in FFY 2019.

National Oceanic and Atmospheric Administration (NOAA)

In FFY 2018, NOAA participated in several projects and received AB funding. During FFY 2016, NOAA evaluated projects from FFY 2014 forward and identified \$11,458 in funds that it planned to return to NRDA&R in FFY 2018. In addition, subsequent to the end of FFY2017, it identified \$2,576 in unspent project funds for FFY17 that were also to be returned in FFY18. During FFY18, NOAA did not return any unspent project funds to NRDAR. After the end of FFY 2018, NOAA identified \$23,470 in unspent project funds from FFY 2018 for which it initiated return in FFY 2019 along with the amounts from 2017. Total amounts to be returned to NRDAR by NOAA total \$37,504.

United States Forest Service (USFS)

As of the beginning of fiscal year 2018, USFS had either fully expended or returned all project funding for FY 2017 and earlier years. In FFY 2018, USFS participated in one project and received AB funding. Subsequent to the end of the fiscal year, USFS reported that it fully used all funding amounts.

United States Fish and Wildlife Service (USFWS)

During FFY 2018, USFWS returned \$3,486 to NRDAR in unused project funds that it had identified in prior year. This represented all project funds identified for return to date. In FFY 2018, USFWS had one long-term and four annual restoration and habitat projects and received AB funding. Four of the Agency's projects were closed during FFY 2018, and it reported subsequent to the end of the fiscal year that it would return \$408,010 in unused project funding. The continuing and annual projects and the AB funding were reported as fully obligated.

National Park Service (NPS)

As of the beginning of FFY 2018, all agency funding had been either returned or fully expended for FFY 2017 and earlier years. During FFY 2018 the agency received and fully expended all project funds under a single project managed by USGS.

Recommendation:

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

State of Alaska EVOS Settlement Account

Procedures and Findings:

1. I 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. I evaluated the EVOSTC Restoration Office's process in place to monitor the timely return of unspent funds.
3. I reviewed the EVOSTC Restoration Office's process for determining that 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 the cash balance in the 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) 2018 based on my 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. I 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. I obtained and reviewed a detail of expenditures for the EVOSTC administrative function. I reviewed administrative management expenditures for SFY 2018 noting that procedures in place are adequate to ensure compliance with the AB budget and that incurred expenses were reasonable and within EVOSTC's mission.

Recommendation:

I have no current year recommendations with respect to the EVOS Restoration Office.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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 cursive script, appearing to read 'MEM'.

June 19, 2019

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, 2018 and 2017, as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America, and the accompanying financial statements of Natural Resources Damage Assessment and Restoration Fund – cash basis – as of and for the years ended September 30, 2018 and 2017, as listed in the table of contents. Management is also responsible for determining that the cash-basis of accounting is an acceptable financial reporting framework. I have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or the completeness of the information provided by management. Accordingly, I 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, 2018 and 2017, 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, 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, 2018 and 2017, 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 NRDA&R financial statements are prepared in accordance with the cash-basis of accounting, which is a basis of accounting other than 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, 2018 and 2017, 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 19, 2019

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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, 2018 and 2017

	2018			2017		
	Research	Habitat	Total	Research	Habitat	Total
ASSETS						
Cash and Investments	\$ 101,715,706	\$ 91,127,144	\$ 192,842,850	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639
Total Assets	\$ 101,715,706	\$ 91,127,144	\$ 192,842,850	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639
LIABILITIES						
Accounts Payable	\$ 18,239	\$ 18,924	\$ 37,163	\$ 48,937	\$ 53,322	\$ 102,259
Assets Held in Custody by the State of Alaska	101,697,467	91,108,220	192,805,687	98,299,396	101,995,984	200,295,380
Total Liabilities	\$ 101,715,706	\$ 91,127,144	\$ 192,842,850	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639

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, 2018 and 2017

	2018			2017		
	Research	Habitat	Total	Research	Habitat	Total
ASSETS						
Investments, Beginning of Year	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639	\$ 94,308,587	\$ 102,758,044	\$ 197,066,631
Additions:						
Interest and Investment Income	8,112,152	8,076,438	16,188,590	11,388,215	12,331,258	23,719,473
Deductions:						
State of Alaska,						
<i>Exxon Valdez</i> Oil Spill Settlement Trust	154,882	16,684,141	16,839,023	3,010,869	8,079,649	11,090,518
Investment Management Fees	18,239	18,924	37,163	48,937	53,322	102,259
United States Department of the Interior,						
Natural Resources Damage						
Assessment and Restoration Fund	4,571,658	2,295,535	6,867,193	4,288,663	4,907,025	9,195,688
Total Deductions	4,744,779	18,998,600	23,743,379	7,348,469	13,039,996	20,388,465
Investments, End of Year	\$ 101,715,706	\$ 91,127,144	\$ 192,842,850	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639
LIABILITIES						
Accounts Payable, Beginning of Year	\$ 48,937	\$ 53,322	\$ 102,259	\$ 44,197	\$ 49,329	\$ 93,526
Additions	18,239	18,924	37,163	48,937	53,322	\$ 102,259
Deductions	48,937	53,322	102,259	44,197	49,329	93,526
Accounts Payable, End of Year	18,239	18,924	37,163	48,937	53,322	102,259
Assets Held in Custody						
by the State of Alaska, Beginning of Year	98,299,396	101,995,984	200,295,380	94,264,390	102,708,715	196,973,105
Additions	8,093,913	8,057,514	16,151,427	11,339,278	12,277,936	23,617,214
Deductions	4,695,842	18,945,278	23,641,120	7,304,272	12,990,667	20,294,939
Assets Held in Custody						
by the State of Alaska, End of Year	101,697,467	91,108,220	192,805,687	98,299,396	101,995,984	200,295,380
Liabilities, End of Year	\$ 101,715,706	\$ 91,127,144	\$ 192,842,850	\$ 98,348,333	\$ 102,049,306	\$ 200,397,639

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, 2018 and 2017

	2018	2017
ASSETS		
Cash and Investments	\$ 56,323	\$ 387,857
Total Assets	\$ 56,323	\$ 387,857
LIABILITIES AND TRUST FUND BALANCE		
Trust Fund Balance	\$ 56,323	\$ 387,857
Total Liabilities and Trust Fund Balance	\$ 56,323	\$ 387,857

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, 2018 and 2017

	2018	2017
RECEIPTS		
Contributions:		
<i>Exxon Valdez</i> Oil Spill Investment Fund	\$ 6,867,197	\$ 9,195,668
Unobligated Balances Returned to NRDA&R:		
U.S. Department of Agriculture, USFS	-	12,625
U.S. Department of the Interior,		
U.S. Fish and Wildlife Service	3,486	-
U.S. Geological Survey	26,383	-
Investment Income	3,597	4,264
Total Receipts	6,900,663	9,212,557
Disbursements		
U.S. Department of the Interior,		
Bureau of Land Management	10,900	48,313
U.S. Fish and Wildlife Service	2,501,236	5,044,623
U.S. Geological Survey	1,339,164	1,049,727
National Park Service	57,770	52,300
Office of the Secretary	32,700	38,259
U.S. Department of Agriculture,		
U.S. Forest Service	23,434	19,620
U.S. Department of Commerce,		
National Oceanic and Atmospheric Administration	3,266,993	2,942,827
Total Disbursements	7,232,197	9,195,669
Excess of Receipts Over Disbursements	(331,534)	16,888
Trust Fund Balance, Beginning of Year	387,857	370,969
Trust Fund Balance, End of Year	\$ 56,323	\$ 387,857

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, 2018 and 2017

	2018	2017
ASSETS		
Cash and Investments	\$ 12,096,571	\$ 12,890,806
Total Assets	\$ 12,096,571	\$ 12,890,806
LIABILITIES		
Liabilities:		
Accounts Payable	\$ 167,443	\$ 66,976
Due to State of Alaska General Fund	7,976	74,258
Total Liabilities	175,419	141,234
Fund Balance:		
Restricted for Development	11,921,152	12,749,572
Total Liabilities and Fund Balance	\$ 12,096,571	\$ 12,890,806

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, 2018 and 2017

	2018	2017
REVENUES		
Contributions - State of Alaska, <i>Exxon Valdez</i> Oil Spill Investment Fund	\$ 16,840,031	\$ 11,090,571
Interest and Investment Income	119,651	76,627
Total Revenues	16,959,682	11,167,198
EXPENDITURES		
Current Operating:		
Natural Resources Damage Assessment and Restoration Projects - State of Alaska, Department of Fish and Game	1,273,292	1,466,016
Department of Natural Resources	16,514,810	5,521,014
Total Current Operating Expenditures	17,788,102	6,987,030
Capital Expenditures:		
Land Acquisitions - State of Alaska, Department of Natural Resources	-	-
Total Capital Expenditures	-	-
Total Expenditures	17,788,102	6,987,030
Excess of Revenues Over Expenditures	(828,420)	4,180,168
Trust Fund Balance, Beginning of Year	12,749,572	8,569,404
Trust Fund Balance, End of Year	\$ 11,921,152	\$ 12,749,572