TRUST FUNDS FINANCIAL STATEMENTS

and

SUPPLEMENTARY RESTORATION PROJECTS INFORMATION Fiscal Year Ended September 30, 1997 TOGETHER WITH INDEPENDENT AUDITORS' REPORT



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TRUST FUNDS STATEMENTS

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9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801 Phone: 907-789-3178 · FAX: 907-789-7128

INDEPENDENT AUDITORS' REPORT

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, 1997, as listed in the accompanying table of contents. 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.

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.

As discussed in Note 2, the financial presentation for the Court Registry Investment System (CRIS), *Exxon Valdez* Oil Spill Settlement Account (Joint Trust Account - CRIS) is of this account only and is not intended to present the financial position of CRIS or the United States District Court for the Southern District of Texas and the results of their operations, in conformity with generally accepted accounting principles.

As discussed in Note 2, the financial presentation for the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R) is of the amounts related to the *Exxon Valdez* Oil Spill Trustee Council only and is not intended to present the financial position of NRDA&R or the U.S. Department of Interior Fish and Wildlife Service and the results of their operations, in conformity with generally accepted accounting principles.

As discussed in Note 2, the financial presentation for the State of Alaska, *Exxon Valdez* Oil Spill Settlement Trust (Settlement Trust) is of the Settlement Trust only and is not intended to present the financial position of the State of Alaska or any of its component units and the results of their operations.

As discussed in Note 2, the financial statements for the Joint Trust Account - CRIS and NRDA&R are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Joint Trust Account - CRIS and NRDA&R and the financial position of the Settlement Trust as of and for the year ended September 30, 1997, and the results of their operations for the year then ended on the basis of accounting described in Note 2 for the Joint Trust Account - CRIS and NRDA&R, and in conformity with generally accepted accounting principles for the Settlement Trust.

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 29, 1998, on our consideration of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds' internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations and contracts.

Elger, Relifeld z Funk

January 29, 1998

UNITED STATE DISTRICT COURT - FIFTH CIRCUIT COURT REGISTRY INVESTMENT SYSTEM EXXON VALDEZ OIL SPILL SETTLEMENT ACCOUNT

STATEMENT OF ASSETS, LIABILITIES AND JOINT TRUST ACCOUNT BALANCE ARISING FROM CASH TRANSACTIONS September 30, 1997

ASSETS:

1

1

Cash and Investments	\$ 102,673,335
Total Assets	 102,673,335
LIABILITIES AND JOINT TRUST ACCOUNT BALANCE:	
Liabilities	\$ -
Joint Trust Account Balance - Liquidity Account	54,227,672
Joint Trust Account Balance - Reserve Account	 48,445,663
Total Liabilities and Joint Trust Account Balance	\$ 102,673,335

The accompanying notes to trust fund financial statements are an integral part of this statement.

UNITED STATE DISTRICT COURT - FIFTH CIRCUIT COURT REGISTRY INVESTMENT SYSTEM EXXON VALDEZ OIL SPILL SETTLEMENT ACCOUNT

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN JOINT TRUST ACCOUNT BALANCE For the Fiscal Year Ended September 30, 1997

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Receipts:

Receipts Investment Income - Liquidity Account	\$	65,000,000 2,993,473
Investment Income - Reserve Account		-
Total Receipts	<u> </u>	67,993,473
Disbursements:		
State of Alaska, Exxon Valdez Settlement Trust:		
Fiscal 1997 Natural Resource Damage Assessment		
and Restoration Projects		(1,332,733)
Fiscal 1998 Natural Resource Damage Assessment		
and Restoration Projects		(4,975,772)
Land Acquisition Disbursements		(10,813,625)
Research Infrastructure Improvement Disbursements		(724,000)
Total Disbursements to State of Alaska		(17,846,130)
U.S. Department of Interior, Natural Resources Damage		
Assessement and Restoration Fund:		
Fiscal 1997 Natural Resource Damage Assessment		
and Restoration Projects		(606,559)
Fiscal 1998 Natural Resource Damage Assessment		
and Restoration Projects		(5,782,169)
Land Acquisition Disbursements		(53,713,074)
Total Disbursements to United States		(60,101,802)
Court Registry Fees		(257,860)
Total Disbursements		(78,205,792)
Deficiency of Receipts Over Disbursements		(10,212,319)
Joint Trust Account Balance, Beginning of Year		112,885,654
Joint Trust Account Balance, End of Year	\$	102,673,335

The accompanying notes to trust fund financial statements are an integral part of this statement.

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UNITED STATE DEPARTMENT OF THE INTERIOR, FISH AND WILDLIFE SERVICE NATURAL RESOURCES DAMAGE ASSESSMENT AND RESTORATION FUND

STATEMENT OF ASSETS, LIABILITIES AND TRUST FUND BALANCE ARISING FROM CASH TRANSACTIONS September 30, 1997

ASSETS:

1

Cash and Investments	\$ 22,802,486
Total Assets	\$ 22,802,486
LIABILITIES AND FUND BALANCE:	
Liabilities	\$ -
Trust Fund Balance	 22,802,486
Total Liabilities and Trust Fund Balance	\$ 22,802,486

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UNITED STATE DEPARTMENT OF THE INTERIOR, FISH AND WILDLIFE SERVICE NATURAL RESOURCES DAMAGE ASSESSMENT AND RESTORATION FUND

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN TRUST FUND BALANCE For the Fiscal Year Ended September 30, 1997

Receipts:

System, Joint Trust Account\$ 60,101,802Unobligated Balances Returned to NRDA&R: U.S. Department of Interior: Fish and Wildlife Service601,997United States Geological Survey47,425National Park Service51,451Minerals Management Service7,576U.S. Department of Agriculture, United States Forest Service1,442,287Z,150,736Investment Income502,278Total Receipts62,754,816Disbursements:(16,859,740)U.S. Department of Interior: Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary Forest Service(15,800)U.S. Department of Agriculture, United States Forest Service(25,137,900)U.S. Department of Agriculture, United States Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910Trust Fund Balance, End of Year\$ 22,802,486	Contributions - Court Registry Investment		
U.S. Department of Interior:Fish and Wildlife Service601,997United States Geological Survey47,425National Park Service51,451Minerals Management Service7,576U.S. Department of Agriculture, United States7,576Forest Service1,442,2872,150,7362,150,736Investment Income502,278Total Receipts62,754,816Disbursements:0U.S. Department of Interior:(16,859,740)Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States(57,400)Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	System, Joint Trust Account		60,101,802
Fish and Wildlife Service601,997United States Geological Survey47,425National Park Service51,451Minerals Management Service7,576U.S. Department of Agriculture, United States7,576Forest Service1,442,2872,150,7362,150,736Investment Income502,278Total Receipts62,754,816Disbursements:(16,859,740)U.S. Department of Interior:(16,859,740)Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States(25,137,900)U.S. Department of Agriculture, United States(25,137,900)U.S. Department of Commerce, National Oceanic(3,972,600)and Atmospheric Administration(3,972,600)Total Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	Unobligated Balances Returned to NRDA&R:		
United States Geological Survey47,425National Park Service51,451Minerals Management Service7,576U.S. Department of Agriculture, United States7,576Forest Service1,442,2872,150,7362,150,736Investment Income502,278Total Receipts62,754,816Disbursements:0U.S. Department of Interior:62,754,816Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Commerce, National Oceanic(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	U.S. Department of Interior:		
National Park Service51,451Minerals Management Service7,576U.S. Department of Agriculture, United States7,576Forest Service1,442,2872,150,7362,150,736Investment Income502,278Total Receipts62,754,816Disbursements:0U.S. Department of Interior:62,754,816Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States(25,137,900)U.S. Department of Commerce, National Oceanic(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	Fish and Wildlife Service		601,997
Minerals Management Service7,576U.S. Department of Agriculture, United States1,442,287Forest Service2,150,736Investment Income502,278Total Receipts62,754,816Disbursements:0U.S. Department of Interior:(16,859,740)Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States(25,137,900)U.S. Department of Commerce, National Oceanic(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	United States Geological Survey		47,425
U.S. Department of Agriculture, United States Forest Service1,442,287 2,150,736Investment Income502,278Total Receipts62,754,816Disbursements:0U.S. Department of Interior: Fish and Wildlife Service(16,859,740) (1,604,100) (86,700)United States Geological Survey(1,604,100) (86,700)National Park Service(67,400) Bureau of Indian AffairsU.S. Department of Agriculture, United States Forest Service(25,137,900) (25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600) (3,972,600) (47,744,240)Excess of Receipts Over Disbursements15,010,576 (7,791,910	National Park Service		51,451
Forest Service1,442,2872,150,736Investment Income502,278Total Receipts62,754,816Disbursements:0U.S. Department of Interior: Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	Minerals Management Service		7,576
Investment Income2,150,736Investment Income502,278Total Receipts62,754,816Disbursements:0U.S. Department of Interior: Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	· · ·		
Investment Income502,278Total Receipts62,754,816Disbursements:U.S. Department of Interior: Fish and Wildlife Service(16,859,740) (1,604,100) National Park ServiceUnited States Geological Survey(1,604,100) (86,700) Office of the Secretary(86,700) (67,400) Bureau of Indian AffairsU.S. Department of Agriculture, United States Forest Service(25,137,900) (15,800)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600) (3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576 7,791,910	Forest Service		1,442,287
Total Receipts62,754,816Disbursements:U.S. Department of Interior: Fish and Wildlife Service(16,859,740) (1,604,100) National Park Service(16,859,740) (1,604,100) (1,604,100) National Park ServiceNational Park Service(86,700) (67,400) Bureau of Indian Affairs(15,800) (15,800) U.S. Department of Agriculture, United States Forest ServiceForest Service(25,137,900) (15,800)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600) (3,972,600) (47,744,240)Excess of Receipts Over Disbursements15,010,576 7,791,910			2,150,736
Disbursements:U.S. Department of Interior: Fish and Wildlife Service(16,859,740) (1,604,100) National Park ServiceNational Park Service(86,700) (86,700) Office of the SecretaryOffice of the Secretary(67,400) (15,800)Bureau of Indian Affairs(15,800) (15,800)U.S. Department of Agriculture, United States Forest Service(25,137,900) (25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600) (47,744,240)Excess of Receipts Over Disbursements15,010,576 7,791,910	Investment Income		502,278
U.S. Department of Interior: Fish and Wildlife Service(16,859,740) (1,604,100) National Park ServiceUnited States Geological Survey(1,604,100) (86,700) Office of the SecretaryOffice of the Secretary(67,400) (15,800)Bureau of Indian Affairs(15,800) (15,800)U.S. Department of Agriculture, United States Forest Service(25,137,900) (25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600) (3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576 7,791,910	Total Receipts		62,754,816
Fish and Wildlife Service(16,859,740)United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States(25,137,900)Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	Disbursements:		
United States Geological Survey(1,604,100)National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States(25,137,900)U.S. Department of Commerce, National Oceanic(3,972,600)and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	U.S. Department of Interior:		
National Park Service(86,700)Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	Fish and Wildlife Service		(16,859,740)
Office of the Secretary(67,400)Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	United States Geological Survey		(1,604,100)
Bureau of Indian Affairs(15,800)U.S. Department of Agriculture, United States Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	National Park Service		(86,700)
U.S. Department of Agriculture, United States Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	Office of the Secretary		(67,400)
Forest Service(25,137,900)U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910			(15,800)
U.S. Department of Commerce, National Oceanic and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910			
and Atmospheric Administration(3,972,600)Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910			(25,137,900)
Total Disbursements(47,744,240)Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	•		
Excess of Receipts Over Disbursements15,010,576Trust Fund Balance, Beginning of Year7,791,910	and Atmospheric Administration	وسيعوي	(3,972,600)
Trust Fund Balance, Beginning of Year 7,791,910	Total Disbursements		(47,744,240)
	Excess of Receipts Over Disbursements		15,010,576
Trust Fund Balance, End of Year \$ 22,802,486	Trust Fund Balance, Beginning of Year		7,791,910
	Trust Fund Balance, End of Year	\$	22,802,486

The accompanying notes to trust fund financial statements are an integral part of this statement.

EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL STATE OF ALASKA - EXXON VALDEZ OIL SPILL SETTLEMENT TRUST BALANCE SHEET September 30, 1997

ASSETS:

Cash and Investments	\$ 20,461,532
Total Assets	\$ 20,461,532
LIABILITIES AND FUND BALANCES:	
Liabilities:	
Accounts Payable	\$ 3,928,921
Deferred Revenues	 5,699,772
Total Liabilities	 9,628,693
Fund Balances:	
Reserved for Encumbrances	4,942,648
Unreserved	 5,890,191
Total Fund Balances	 10,832,839
Total Liabilities and Fund Balances	\$ 20,461,532

The accompanying notes to trust fund financial statements are an integral part of this statement.

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STATE OF ALASKA - EXXON VALDEZ OIL SPILL SETTLEMENT TRUST

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Fiscal Year Ended September 30, 1997

Revenues:

Contributions - Court Registry Investment System, Joint Trust Account Interest and Investment Income	\$ 22,342,377 1,783,393
Total Revenues	24,125,770
Expenditures:	
Current Operating:	
Natural Resources Damage Assessment and Restoration Projects	
Department of Fish and Game	(9,694,906)
Department of Environmental Conservation	(1,819,889)
Department of Natural Resources	(1,522,667)
Total Current Operating	(13,037,462)
Capital Outlay:	
Research Infrastructure Improvements - Alaska	
Department of Fish & Game	(17,178,804)
Land Acquisitions - Alaska Department of	
Natural Resources	(11,073,625)
Total Expenditures	(41,289,891)
Deficiency of Revenues Over Expenditures	(17,164,121)
Fund Balances, Beginning of Year	27,996,960
Fund Balances, End of Year	\$ 10,832,839

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The accompanying notes to trust fund financial statements are an integral part of this statement.

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NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

1. EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL

Formation of the Exxon Valdez Oil Spill Trustee Council

- The United States of America (United States) and the State of Alaska (State) entered into a Memorandum of Agreement and Consent Decree (MOA) on August 28, 1991. The MOA was made to maximize the funds available for restoration of natural resources and to resolve the governments' claims against one another relating to the T/V *Exxon Valdez* Oil Spill (Oil Spill), which occurred on the night of March 23-24, 1989 in Prince William Sound, Alaska. Upon entering into the MOA, the United States and the State believed that the terms of the MOA were in the public interest and would best enable them to fulfill their duties as trustees to assess injuries and to restore, replace, rehabilitate, enhance, or acquire the equivalent of the natural resources injured, lost, or destroyed as a result of the Oil Spill.
- Pursuant to the MOA and federal laws, the United States and State act as co-trustees in the collection and joint use of all natural resource damage recoveries for the benefit of natural resources injured, lost or destroyed as a result of the Oil Spill. To manage the co-trustee relationship, the *Exxon Valdez* Oil Spill Trustee Council (Council) was formed.

Exxon Valdez Oil Spill Trustee Council Structure

- The Council consists of six trustees, three trustees represent the United States and three trustees represent the State. The United States' trustees are the Secretaries of the United States Departments of Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration (a bureau of the United States Department of Commerce). The State's trustees consist of the Commissioners of the State Departments of Environmental Conservation and Fish and Game, and the Attorney General of the State of Alaska. The MOA allows the President of the United States or the Governor of the State of Alaska to transfer trustee status from one official to another official of their respective governments.
- All decisions of the Council must be made by the unanimous agreement of the trustees. The decisions of the United States' trustees must be made in consultation with the United States Environmental Protection Agency. If the trustees cannot reach unanimous consent, either the United States or the State may resort to litigation in the United States District Court for the District of Alaska (Court).

Restoration Office

- The Council has established a Restoration Office which is responsible for the coordination and supervision of the activities of the Council. The Restoration Office is managed by an Executive Director who reports directly to the Council. Since the Council exists through the MOA, it and the Restoration Office operate within the framework of the Trustee Agencies. During fiscal 1997, all activities of the Restoration Office were conducted through the Alaska State Departments of Fish and Game and Natural Resources. In addition, the National Oceanic and Atmospheric Administration administered certain parts of the Restoration Office's activities.
- The Restoration Office develops an annual budget which, upon approval by the Council, sets forth the anticipated expenditures of the Restoration Office. The Council makes an annual contribution to the State agencies equal to the budget for the Restoration Office. The contributions are made using the disbursements procedures discussed in Note 6.

Termination of the Exxon Valdez Oil Spill Trustee Council

The MOA shall terminate when the United States and the State certify to the Court, or when the Court determines on application by either government, that all activities contemplated under the MOA have been completed.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Joint Trust Account - CRIS - Court Registry Investment System

As further discussed in Note 5, amounts paid by Exxon Corporation are made directly to the United States and the State for reimbursement of certain costs incurred by them in connection with the Oil Spill. In accordance with the MOA and as ordered by the presiding Court and pending disbursements to the Federal and State trust funds, money that is not directly paid to the United States and the State is placed in an interest-bearing account in the Court Registry Investment System (CRIS) administered through the United States District Court for the Southern District of Texas. An account entitled "Exxon Valdez Oil Spill Settlement Account" (Liquidity Account) was established in CRIS specifically for the Exxon settlement proceeds. A second account (Reserve Account) was established in fiscal 1995 and is intended to be an investment mechanism for funds pertaining to the settlement with Exxon which are anticipated to be held for longer periods of time. Together, Liquidity and Reserve Accounts are referred to as the Joint Trust Account - CRIS.

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- CRIS is a cash management system developed by the United States District Court for the Southern District of Texas. All amounts placed with the CRIS liquidity account are maintained in United States government treasury securities with maturities of 100 days or less, and are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. Amounts placed with the CRIS reserve fund are maintained in United States government treasury securities with maturity dates ranging from fiscal 1997 through fiscal 2003, and are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. The financial presentation for the Joint Trust Account CRIS is of the Joint Trust Account CRIS only and is not intended to present the financial position of CRIS or the United States District Court for the Southern District of Texas and the results of their operations.
- Upon unanimous approval of the Trustee Council, funds are disbursed to the United States and the State to be expended by the Trustee Agencies in accordance with the Council's wishes. The accompanying financial statements for the Joint Trust Account CRIS reflect the intent of the disbursements as to natural resource damage assessment and restoration, or the acquisition of land or research infrastructure improvements to further protect the natural resources. The financial statements also reflect the fiscal year which the disbursements are to be expended by the Trustee Agencies.
- As allowed under 28 USC 1913, 1914 (b) and 1930(b), the Clerk of the Court for the United States Courts is allowed to charge a registry fee for administering investment holdings of funds held in their registry accounts. During the year ended September 30, 1997, the registry fee charged to the Joint Trust Account CRIS was ten percent of investment income until December 13, 1996, at which time the fee was adjusted down to seven point five percent in accordance with registry fee assessment provisions. In addition, CRIS has entered into a contract with a Houston, Texas based financial institution to provide investment advisory information, securities trading services, and accounting services at a fee of .025 percent added to the cost of securities purchased by CRIS.

U.S. Department of the Interior, Natural Resources Damage Assessment and Restoration Fund

Disbursements which are made from the Joint Trust Account - CRIS to the United States are deposited in the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund (NRDA&R). NRDA&R was established pursuant to Public Law 102-154, and is administered by the U.S. Department of Interior, Fish and Wildlife Service. It is a trust fund which was established to hold natural resources damage assessment and restoration settlement proceeds of the United States Government. Public Law 120-229 requires that federal proceeds from the Agreement and Consent Decree (see additional discussion in Note 4) be deposited in NRDA&R, and that all interest earned on these proceeds be available to the Federal Trustees for necessary expenses for assessment and restoration of areas affected by the Oil Spill. Public Law 120-229 also calls for amounts in NRDA&R to be invested by the U.S. Secretary of the Treasury in interest bearing obligations of the United States.

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NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U.S. Department of the Interior, Natural Resources Damage Assessment and Restoration Fund (Continued) Disbursements from NRDA&R are made pursuant to the directions of the Council and as approved by the Court. At the beginning of each fiscal year, the Department of Interior, Fish and Wildlife Service communicates with each of the United States Trustee Agencies to determine the timing of disbursements from NRDA&R to each Federal Trustee Agency. Investments are purchased in order to earn interest on available balances within NRDA&R, and with scheduled maturity dates coincident with the scheduled date of disbursement.

The financial presentation for NRDA&R is of the amounts related to the Council only and is not intended to present the financial position of NRDA&R or the Department of Interior, Fish and Wildlife Service and the results of their operations.

State of Alaska, Exxon Valdez Oil Spill Settlement Trust

- Disbursements which are made from the Joint Trust Account CRIS to the State are deposited in the State of Alaska, *Exxon Valdez* Oil Spill Settlement Trust (Settlement Trust). The Settlement Trust is established pursuant to AS 37.14.400. Pursuant to State law a state agency may not expend money from the Settlement Trust unless the expenditure is in accordance with an appropriation made by law. Expenditures of funds are made upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain.
- The Settlement Trust is an expendable trust fund of the State. Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the fund's designated operations.
- Upon approval by the Council, the Court, and the State of Alaska, Trustee Agencies make expenditures directly against the Settlement Trust.
- The financial presentation for the Settlement Trust is of the Settlement Trust only and is not intended to present the financial position of the State of Alaska or any of its component units and the results of their operations.

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.
- The basis of accounting used by the Joint Trust Account CRIS, NRDA&R and the Settlement Trust are as follows:
 - <u>Joint Trust Account CRIS</u> The financial statements of the Joint Trust Account CRIS are prepared on a cash basis of accounting. As such, revenues are recognized when received, and disbursements are recognized when paid.
 - <u>NRDA&R</u> The financial statements of NRDA&R are prepared on a cash basis of accounting. As such, revenues are recognized when received, and disbursements are recognized when paid.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- <u>Settlement Trust</u> The financial statements of the Settlement Fund are accounted for using a current financial resources measurement focus on the modified accrual basis. The Settlement Fund recognizes revenues when the source is measurable and available, and intended for the fiscal year. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Assets are recorded when measurable and due.
- Expenditures are recorded when the related liability is incurred. Encumbrance 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 Settlement Trust. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.
- Until June 30, 1997, interest and investment income was allocated to the Settlement Trust as agreed to under a Memorandum of Understanding (MOU) by and between the State Departments of Revenue and Administration effective July 1, 1993. Under the MOU, interest was credited daily to the Settlement Trust by determining the Settlement Trust's daily cash balance and applying the current weekly 180-day Treasury Bill Rates based on the Treasury Bill auctions. Effective July 1, 1997, a new MOU, dated November 26, 1997, superceded the original MOU and modified the method of determining interest income earned by the Settlement Trust. Under the new method, interest income is allocated daily based on actual earnings of the cash management pool of which the Settlement Trust is a part.

Statement Presentation

Separate balance sheets and statements of receipts and disbursements or revenues and expenditures are presented for each of the Joint Trust Account - CRIS, NRDA&R and the Settlement Trust. This is due to the fact that ownership of the Trust Funds rests separately with each of the U.S. District Court, U.S. Department of Interior, Fish and Wildlife Service and the State of Alaska, and the different bases of accounting used by the Trust Funds.

Accounts Payable and Deferred Revenue - Settlement Trust

- Accounts payable in the Settlement Trust financial statements include disbursements made against the Settlement Trust subsequent to September 30, 1997, which relate to fiscal 1997 restoration activities.
- Deferred Revenues in the Settlement Trust financial statements include amounts received or receivable at September 30, 1997, which are to be expended by the State in fiscal 1998.

3. CASH AND INVESTMENTS

- Cash and investments for the Joint Trust Account CRIS, NRDA&R and the Settlement Trust are as follows:
 - <u>Joint Trust Account CRIS</u> All deposits and investments of the Joint Trust Account CRIS are held in the name of Clerk, U.S. District Court, Southern District of Texas at the Federal Reserve Bank. At September 30, 1997, the balances held in the CRIS liquidity account are held in U.S. Treasury Bills with maturities less than 100 days, and the balances held in the CRIS reserve fund are held in U.S. Treasury Bills with maturity dates on November 15, in each year from 1997 through 2003. A nominal amount of cash is also included in the balance. There are no uninsured or unregistered deposits or investments. This places all of CRIS's investments and deposits in GASB credit risk category 1 *.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

3. CASH AND INVESTMENTS (Continued)

- <u>NRDA&R</u> All cash and investments of NRDA&R are held in the name of the U.S. Department of the Interior, Fish and Wildlife Service, Natural Resources Damage Assessment and Restoration Fund at the U.S. Department of the Treasury. At September 30, 1997, substantially all balances are held in U.S. Treasury Bills with maturities ranging from 30 to 300 days. A nominal amount of cash is also included in the balance. There are no uninsured or unregistered deposits or investments. This places all of NRDA&R's investments and deposits in GASB credit risk category 1 *.
- Settlement Trust Cash and Investments of the Settlement Trust represent cash on deposit in banks, and cash invested in various investments as a part of the State's short-term cash management pools. By law, all deposits and investments relating to the Settlement Trust are under the control of the Commissioner of the State Department of Revenue. The State's cash is invested pursuant to State laws which mandate that investments shall be made with the judgment and care exercised by an institutional investor of ordinary professional prudence, discretion and intelligence. All deposits are insured or collateralized with securities held by the State or by its custodian in its name. All investments are insured or registered in the State's name and are held by the State or its custodian. This places all of the State's General Investment Funds deposits and investments, of which the Settlement Trust cash and investments are a part, in GASB credit risk category 1 *.
 - * GASB Statement No. 3 requires deposits and investments to be categorized to indicate the level of risk assumed by an entity. For investments, category 1 consists of investments that are insured or registered for which the securities are held by the entity or its custodian in the entity's name, category 2 consists of uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the entity's name, and category 3 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent not in the entity's name.

4. CONTRIBUTIONS BY EXXON CORPORATION

Agreement and Consent Decree

On October 8, 1991, the United States, the State, Exxon Corporation (Exxon) and Exxon Shipping Company, and Exxon Pipeline Company entered into an Agreement and Consent Decree (Agreement). The Agreement principally stipulates that Exxon make certain payments, and that all parties release and covenant not to sue or to file any administrative claim against the other parties or specifically identified third parties. Pursuant to the Agreement Exxon is to pay the United States and the State a total of \$900 million as follows:

Date Payment Due	 Amount
Ten days after the Agreement	\$ 90,000,000
became effective	
December 1, 1992	150,000,000
September 1, 1993	100,000,000
September 1, 1994	70,000,000
September 1, 1995	70,000,000
September 1, 1996	70,000,000
September 1, 1997	70,000,000
September 1, 1998	70,000,000
September 1, 1999	70,000,000
September 1, 2000	70,000,000
September 1, 2001	 70,000,000
•	\$ 900,000,000

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

4. CONTRIBUTIONS BY EXXON CORPORATION (Continued)

Agreement and Consent Decree (Continued)

During fiscal 1997, Exxon Corporation made the contribution to the Joint Trust Account - CRIS as required by the Agreement. As further discussed in Note 5, \$5,000,000 of the \$70,000,000 contribution was paid directly to the State of Alaska. The balance of \$65,000,000 was placed with the Joint Trust Account - CRIS.

Reopener for Unknown Injury

In addition to the payment terms discussed above, the Agreement also has a reopener provision that allows the governments to claim an additional \$100 million from Exxon between September 1, 2002, and September 1, 2006, as required for the performance of restoration projects in Prince William Sound and other areas affected by the Oil Spill to restore one or more populations, habitats, or species which, as a result of the Oil Spill, suffered substantial loss or substantial decline in the areas affected by the Oil Spill. 1

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The cost of the restoration projects must not be grossly disproportionate to the magnitude of the benefits obtained, and the reopener is available only for any losses or declines that could not reasonably have been known or anticipated from information available at the time of the Agreement.

5. REIMBURSEMENTS TO THE UNITED STATES AND THE STATE

- Under the terms of the Agreement, certain amounts paid by Exxon are to be made directly to the United States and the State. These payments are to be used solely to reimburse them for the following purposes:
 - 1. Response and clean-up costs incurred by either of them on or before December 31, 1990 in connection with the Oil Spill;
 - 2. Natural resource damages assessment costs incurred by either of them on or before March 12, 1991 in connection with the Oil Spill;
 - 3. (State only) Attorneys fees, experts' fees, and other costs incurred by the State on or before March 12, 1991 in connection with litigation arising from the Oil Spill;
 - 4. Response and clean-up costs incurred by either of them after December 31, 1990 in connection with the Oil Spill;
 - 5. To assess injury resulting from the Oil Spill and to plan, implement, and monitor the restoration, rehabilitation, or replacement of natural resources, natural resource services, or archaeological sites and artifacts injured, lost or destroyed as a result of the Oil Spill, or the acquisition of equivalent resources or services after March 12, 1991; and
 - 6. (State only) Reasonable litigation costs incurred by the State after March 12, 1991.

The agreement states that the amounts to be reimbursed to the United States for items one and two above are not to exceed \$67 million. The amounts to be reimbursed to the State for items one, two and three above are not to exceed \$75 million. The agreement does not place a cap on items four and five. The amounts paid to the State for item six above are not to exceed \$1 million per month.

During fiscal 1997, \$5,000,000 was paid to the State of Alaska as a reimbursement pursuant to the Agreement. There were no other reimbursements made to the United States or the State during fiscal 1997 under the Agreement.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

6. DISBURSEMENTS FROM JOINT TRUST ACCOUNT - CRIS

Approved Payment Uses

Under the terms of the MOA, amounts paid by Exxon, excluding the reimbursements discussed in the preceding Note, are deposited into the Joint Trust Account - CRIS. These payments are to be used solely to assess injury resulting from the Oil Spill and to plan, implement, and monitor the restoration, rehabilitation, or replacement of natural resources, natural resource services, or archaeological sites and artifacts injured, lost or destroyed as a result of the Oil Spill, or the acquisition of equivalent resources or services.

Project Approval

The Council has developed a solicitation and review process for projects to address the purposes stated above. The outcome of the process is the development of a fiscal year Work Plan, which approves the funding for all projects to be conducted during the fiscal year. For the fiscal year ending September 30, 1997, the following project solicitation and review process was used by the Council:

- 1. In February 1996, the Council published an *Invitation to Submit Restoration Proposals for Fiscal Year 1997.* As part of the Invitation requirements, proposers developed and submitted detailed project descriptions and project budgets for review.
- 2. In May 1996, the Council's Chief Scientist and core revieweres coordinated a preliminary scientific and technical review of the projects. The projects were also discussed by the Council's Executive Director, agencies, and representatives of the Public Advisory Group (the Public Advisory Group consists of members of the public and concerned groups and was appointed by the Secretary of Interior based on the Council's recommendations in accordance with the MOA to help provide meaningful public participation in the injury assessment and restoration process).
- 3. In June 1996, all proposals and the results of the reviews were published in the Draft Fiscal Year 1997 Work Plan.
- 4. In August 1996, a public hearing was held on the FY'97 Draft Work Plan and the Public Advisory Group met to advise Trustee Council on the final work plan.
- 5. The majority of approved projects, received funding from the Council in August 1996. In addition to the public review many proposals underwent further technical, budget, policy, and legal review.
- 6. In December 1996, the Council approved six additional research monitoring, and general restoration projects for FY'97 Final Work Plan.
- In addition to the process outlined above, the Council has also identified and acquired several tracts of land as permitted by the MOA. The land acquisition support costs are funded through the Work Plan. Land acquisitions are separately approved by the Council.

Interest Income Recovery - NRDA&R and the Settlement Trust

The governments are to report to the Council the amount of interest earned on net available balances in NRDA&R and the Settlement Trust. The Council then recovers the interest reported by reducing subsequent disbursements from the Joint Trust Fund for future projects. During fiscal 1997, disbursements to the United States and the State were reduced by \$493,030 and \$1,456,568 for such interest earnings, respectively.

Unobligated Balance Recovery - NRDA&R and the Settlement Trust

Actual project costs are frequently less than the original project budgets. When this occurs, the United States and the State retain the unspent or unobligated balances. The Council then recovers these balances by reducing subsequent disbursements for new projects. During fiscal 1997, the United States and the State reported total unobligated balances of \$4,652,369. Of this amount, the United States and the State reported \$1,102,442 and \$3,549,927 respectively. These unobligated funds were recovered through reduced project disbursements during the fiscal year ending September 30, 1997.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

6. DISBURSEMENTS FROM JOINT TRUST ACCOUNT - CRIS (Continued)

Disbursements from the Joint Trust Account - CRIS

During fiscal 1997, the Council disbursed \$77,947,932 for restoration projects and land acquisition pursuant to the MOA as follows:

Restoration Projects Authorized By the Council For 1997 and 1998:		
To be conducted by the United States	\$	7,984,200
To be conducted by the State		11,315,000
Total		19,299,200
Land Acquisitions and Research Infrastructure Improvements Authorized By The Council For 1997 and 1998:		
To be acquired by the United States		53,713,074
To be acquired by the State		11,537,625
Total		65,250,699
		84,549,899
Less:		
Unobligated balances on prior years projects Interest earnings on payments not yet disbursed		(4,652,369)
by the United State and State		(1,949,598)
Disbursements from the Joint Trust Account - CRIS	<u>\$</u>	77,947,932

7. DEFERRED REVENUE

- On August 15, 1997, the Court approved the initial funding for restoration projects to be conducted by the Trustee Agencies in fiscal 1998. The disbursement relating to this action was made from the Joint Trust Account CRIS on August 21, 1997, and the amount disbursed to the State Trustee Agencies' of \$4,975,772 has been recorded as deferred revenue.
- As further discussed in Note 8, the Council approved and disbursed \$724,000 for the acquisition of research equipment for the Alaska Sea Life Center. These funds were received by the Settlement Trust prior to September 30, 1997. Expenditure of these funds will be made in fiscal 1998. Accordingly, this amount is included in deferred revenue.
- NRDA&R received the United States' disbursement relating to the initial funding for restoration projects to be conducted by the Trustee Agencies in fiscal 1998 prior to September 30 1997. The amount received of \$5,782,169 has been recorded as Receipts CRIS in the NRDA&R financial statements since NRDA&R is accounted for using the cash basis of accounting, and is part of the ending Trust Fund Balance. However, this money will be made available to the Federal Trustee Agencies in fiscal 1998.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

8. REAL PROPERTY ACQUISITIONS

In order to protect the habitat of resources and services injured by the oil spill, the Council, directed its staff to establish a process for the evaluation and acquisition of real property that was imminently threatened by development, or had habitat value. This process was divided into two phases; large parcels, generally those over 1,000 acres, and small parcels, generally those smaller than 1,000 acres.

Large Parcel Acquisitions

- The large parcel phase of the land evaluation and acquisition process was initiated in 1992. This evaluation process lead to the consideration of numerous parcels for acquisition by Trustee Agencies. As of September 30, 1997, the Council funded the acquisition, through either the purchase of the property or the acquisition of a limited term conservation, for 420,640 acres, with a total purchase cost of \$229,350,000. Of the total purchase cost, \$184,600,000 is being provided from the Joint Trust Account CRIS, and \$44,750,000 from other sources.
- During fiscal 1997, large parcel acquisitions were completed on 59,520 acres with a total purchase cost of \$34,000,000. Of the total purchase cost, \$24,000,000 is being provided from the Joint Trust Account CRIS, and \$10,000,000 from other sources.
- Two of the acquisitions completed to date are to be paid on an installment basis through fiscal 2002. The following is a summary of the remaining commitments (excluding interest) due from the Joint Trust Account CRIS as of September 30, 1997:

Fiscal Year Ending	
September 30:	
1998	\$ 8,500,000
1999	4,000,000
2000	4,000,000
2001	4,000,000
2002	 11,805,734
	\$ 32,305,734

Pending Large Parcel Acquisitions

The Council has authorized the acquisition of three additional large parcels totaling 176,850 acres with a total cost of \$95,176,440. Of the total purchase cost, \$83,933,094 is to be provided from the Joint Trust Account - CRIS, and \$11,243,346 from other sources. One of these acquisitions was substantially completed subsequent to year-end. This acquisition was for the purchase of 29,636 acres for a total cost of \$14,128,074. Approximately an additional 3,000 is to be acquired under the same purchase agreement during fiscal 1998, pending resolution of certain issues. However, the remaining land, which has an anticipated cost of approximately \$1,250,000, is to be acquired with funds from other sources. The other two acquisitions are also anticipated to be completed during fiscal 1998. In addition, negotiations continue on two other large parcel acquisitions. Currently, the area under negotiation includes approximately 169,909 acres.

Small Parcel Acquisitions

The small parcel phase of the land evaluation and acquisition process was initiated in 1994. In response to a public solicitation, 327 parcels have been nominated for acquisition by the Trustees. The nomination period is open ended, and the Council continues to receive and evaluate nominations. The Council's staff evaluate, score, and rank the parcels, taking into account the resource value of the parcel, adverse impacts from human activity, and potential benefits to management of public lands. To date the Council has expressed interest in acquiring approximately 60 of the nominated parcels.

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 1997

8. REAL PROPERTY ACQUISITIONS (Continued)

During fiscal 1996, the Council completed the acquisition on the first 14 parcels containing 805 acres with a total cost of \$5,294,700. During fiscal 1997 an additional 18 parcels consisting of 2,756 acres and costing \$7,583,000 were acquired. In addition, offers have been accepted by sellers on 5 parcels which are expected to close during fiscal 1998. These parcels contain 3,440 acres and have a total cost of \$4,464,300. All of the small parcels are purchased under fee simple title, and cash is paid on these parcels at closing. Most of these acquisitions are purchased through the Alaska Department of Natural Resources or the U.S. Department of the Interior, Fish and Wildlife Service, and all parcels acquired to date have been funded full from the Joint Trust Account - CRIS.

Alaska Sea Life Center

On November 2, 1994, the Council approved the disbursement of \$24,956,000 from the Joint Trust Account - CRIS with CRIS to fund the construction of the research infrastructure improvements for the Alaska Sea Life Center in Seward, Alaska which is affiliated with the University of Alaska, School of Fisheries and Ocean Sciences, Institute of Marine Science. The first of two withdrawals to fund the project in the amount of \$12,500,000 was made in September, 1995. The second withdrawal of \$12,456,000 was made in September, 1996. The funds are being expended by the Alaska Department of Fish and Game under a \$24,846,000 cooperative agreement with the City of Seward, Alaska. As of September 30, 1997, \$22,344,000 had been expended under the contract, and \$2,502,000 remained encumbered. The balance of the total disbursement is \$110,000 and is to be retained by the Alaska Department of Fish and Game for contract administration.

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- During fiscal 1997, the Council approved additional funding for the construction of the Alaska Sea Life Center totaling \$545,600. The additional funds are also being expended by the Alaska Department of Fish and Game. As of September 30, 1997, \$454,000 of the additional funds had been expended, and \$68,648 remained encumbered. The balance of the additional funds is \$22,952 and is to be retained by the Alaska Department of Fish and Game for contract administration.
- Also during fiscal 1997, the Council approved funding for the acquisition of research equipment for the Alaska Sea Life Center totaling \$724,000. The additional funds are also being expended by the Alaska Department of Fish and Game. None of these funds had been expended as of September 30, 1997. It is anticipated that all of these additional funds will be expended during fiscal 1998.

9. SUBSEQUENT EVENTS

On January 12, 1998, the Council applied for a disbursement in the amount of \$1,089,000 related to its fiscal 1998 *Work Plan* for Restoration Projects to be conducted by the Trustee Agencies.

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Certified Public Accountants

9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801 Phone: 907-789-3178 · FAX: 907-789-7128

ELGEE, REHFELD & FUNK

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, 1997, as listed in the accompanying table of contents, and have issued our report thereon dated January 29, 1998. 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.

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.

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 on pages 20 through 93, and the Schedules of Fiscal 1995 and 1996 *Work Plan* Status as of September 30, 1997, on pages 94 and 95, are presented for purposes of additional analysis and are not a required part of the financial statements. With the exception of Alaska Department of Natural Resources; U.S. Department of Agriculture, U.S. Forest Service; and Department of Interior, National Park Service, 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.

Elger, Rehfeld & fruk

January 29, 1998

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Department Totals Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual Expenditures Budget & Obligations					Variance		
Personnel	\$	3,766,101	\$	3,270,890	\$	495,211		
Travel		237,300		152,118		85,182		
Contractual		5,700,199		5,802,066		(101,867)		
Commodities		305,800		. 301,580		4,220		
Equipment		87,800		89,759		(1,959)		
Project Total	\$	10,097,200	\$	9,616,413	\$	480,787		

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

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Recovery of Harbor Seals From EVOS: Condition and Health Status Project # 97001 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations		penditures	Variance	
Personnel	\$	-	\$	-	\$ -
Travel		-		-	-
Contractual		192,000		191,958	42
Commodities		-		-	-
Equipment		-		-	 -
Project Total	\$	192,000	\$	191,958	\$ 42

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators Project # 97025 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

		Actual Original Expenditures Budget & Obligations			Variance	
Personnel	\$	-	\$	-	\$	-
Travel	·	-		-		-
Contractual		410,800		410,808		(8)
Commodities		-		-		-
Equipment				-		
Project Total	\$	410,800	\$	410,808	\$	(8)

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Community Involvement and Use of Traditional Ecological Knowledge Project # 97052 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations			Variance		
Personnel	\$	35,190	\$	15,081	\$	20,109
Travel		5,500		755		4,745
Contractual		301,410		324,992		(23,582)
Commodities		800		18		782
Equipment		-		-		
Project Total	\$	342,900	\$	340,846	\$	2,054

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Monitoring, Habitat Use, and Trophic Interactions of Harbor Seals in PWS Project # 97064 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures							
		Budget		& Obligations		Variance		
Personnel	\$	160,310	\$	128,745	\$	31,565		
Travel		8,200		5,016		3,184		
Contractual		89,790		100,985		(11,195)		
Commodities		59,500		65,481		(5,981)		
Equipment		-		4,403		(4,403)		
Project Total		317,800	\$	304,630	\$	13,170		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Administration, Public Information and Scientific Management Project # 97100 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

		Original Budget		Actual (penditures Obligations	,	Variance	
Personnel	\$	1,088,280	\$	947,190	\$	141,090	
Travel		130,300		89,811		40,489	
Contractual		732,620		646,236		86,384	
Commodities		29,500		21,645		7,855	
Equipment		19,000	<u>.</u>	33,150		(14,150)	
Project Total	\$	1,999,700	\$	1,738,032	\$	261,668	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Habitat Protection and Acquisition Support Project # 97126 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

			4	Actual		
	Original		Exp	enditures		۱.
		Budget	& Obligations		Variance	
Personnel	\$	14,979	\$	8,945	\$	6,034
Travel		2,800		328		2,472
Contractual		321		1,533		(1,212)
Commodities		200		-		200
Equipment		<u> </u>		-		-
Project Total	\$	18,300	\$	10,806	\$	7,494

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Tatitlek Coho Salmon Release Program Project # 97127 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual Original Expenditures Budget & Obligations				Variance	
Personnel Travel	\$	-	\$	-	\$	-
Contractual		- 11,100		- 11,128		(28)
Commodities Equipment		-		-		-
Project Total	\$	11,100	\$	11,128	\$	(28)

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Chugach Native Region Clam Restoration Project # 97131 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	 Original Budget	Variance		
Personnel	\$ -	\$ -	\$	-
Travel	-	-		-
Contractual	365,000	365,012		(12)
Commodities	-	-		-
Equipment	 	 -	<u> </u>	
Project Total	\$ 365,000	\$ 365,012	\$	(12)

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Salmon Instream Habitat and Stock Restoration - Little Waterfall Barrier Bypass Project # 97139A1 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

		Original Expendit		Actual penditures Obligations			
Personnel	\$	23,716	\$	20,759	\$	2,957	
Travel		1,000		-		1,000	
Contractual		1,284		4,020		(2,736)	
Commodities		400		1,572		(1,172)	
Equipment	·			<u> </u>		-	
Project Total	\$	26,400	\$	26,351	\$	49	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Port Dick Creek Tributary and Development Project Project # 97139A2 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual							
	(Original	Exp	oenditures				
]	Budget	& Obligations		Variance			
Personnel	\$	42,665	\$	36,410	\$	6,255		
Travel		600		38		562		
Contractual		32,635		36,097		(3,462)		
Commodities		600		2,622		(2,022)		
Equipment		-		290		(290)		
Project Total	\$	76,500	\$	75,457	\$	1,043		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Investigation of Disease Factors Affecting Pacific Herring Populations in PWS Project # 97162 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$ 26,220	\$	23,853	\$	2,367		
Travel	4,000		6,817		(2,817)		
Contractual	486,680		486,874		(194)		
Commodities	35,100		26,968		8,132		
Equipment	 		5,730		(5,730)		
Project Total	\$ 552,000	\$	550,242	\$	1,758		

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game APEX: Barren Island Survey and Historic Review Project # 97163L Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

		Actual							
		Original		Expenditures					
]	Budget	_& C	Obligations	Variance				
Personnel	\$	28,800	\$	24,707	\$	4,093			
Travel		-		-		-			
Contractual		-		3,706		(3,706)			
Commodities		-		-		-			
Equipment	<u></u>	· -				-			
Project Total	\$	28,800	\$	28,413	\$	387			

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Generic Discrimination of Prince William Sound Herring Populations Project # 97165 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Original Budget		Exp	Actual penditures Obligations	Variance		
Personnel	\$	26,400	\$	23,220	\$	3,180	
Travel		6,000		30		5,970	
Contractual		3,000		9,321		(6,321)	
Commodities		6,200		5,102		1,098	
Equipment		<u> </u>		-		-	
Project Total	\$	41,600	\$	37,673	\$	3,927	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Herring Natal Habitats Project # 97166 Fiscal Year Ending September 30, 1997

	Actual							
	Original		Ex	penditures				
		Budget	& Obligations		Variance			
Personnel	\$	152,800	\$	151,685	\$	1,115		
Travel		800		1,441		(641)		
Contractual		179,500		165,007		14,493		
Commodities		7,200		16,168		(8,968)		
Equipment		-		1,840		(1,840)		
Project Total	\$	340,300	\$	336,141	\$	4,159		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Isotope Ratio Studies of Marine Mammals in PWS Project # 97170 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$	-	\$	-	\$		
Travel		-		-		-	
Contractual		143,300		143,273		27	
Commodites		-		-		-	
Equipment		-		-		-	
Project Total	\$	143,300	\$	143,273	\$	27	

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Kenai Habitat Restoration and Recreation Enhancement Project Project # 97180 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual							
	(Original	Exp	penditures				
		Budget	& C	Obligations	Variance			
Personnel	\$	96,600	\$	75,378	\$	21,222		
Travel		4,700		2,626		2,074		
Contractual		76,700		78,576		(1,876)		
Commodities		5,500		5,041		459		
Equipment		-		3,510		(3,510)		
Project Total	\$	183,500	\$	165,131	\$	18,369		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Coded Wire Tag Recoveries From Pink Salmon in PWS Project # 97186 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$	225,600	\$	175,911	\$	49,689	
Travel		11,400		7,807		3,593	
Contractual		33,900		50,361		(16,461)	
Commodites		2,900		8,655		(5,755)	
Equipment		-		1,871		(1,871)	
Project Total	\$	273,800	\$	244,605	<u>\$</u>	29,195	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Otolith Thermal Mass Marking of Hatchery Reared Pink Salmon in PWS Project # 97188 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

		Actual							
	(Driginal	Exp	penditures					
		Budget	& Obligations		Variance				
Personnel	\$	80,960	\$	70,400	\$	10,560			
Travel		2,600		-		2,600			
Contractual		16,840		27,261		(10,421)			
Commodities		1,600		2,922		(1,322)			
Equipment		18,100		19,435		(1,335)			
Project Total	\$	120,100	\$	120,018	\$	82			

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Construction of Linkage Map for Pink Salmon Genome Project # 97190 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Original Budget	Variance		
Personnel	\$ -	\$ -	\$	-
Travel	-	-		-
Contractual	254,500	254,460		40
Commodities	-	-		-
Equipment	 	 -		-
Project Total	\$ 254,500	\$ 254,460	\$	40

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Oil Related Embryo Mortalities in PWS Pink Salmon Populations Project # 97191A Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual							
	Original		Ex	penditures				
		Budget	& (Obligations	Variance			
Personnel	\$	128,320	\$	114,522	\$	13,798		
Travel		11,500		4,961		6,539		
Contractual		47,180		27,568		19,612		
Commodities		19,400		17,059		2,341		
Equipment		2,100		123		1,977		
Project Total	\$	208,500	\$	164,233	\$	44,267		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Genetic Structure of PWS Pink Salmon Project # 97196 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$ 139,580	\$	121,400	\$	18,180		
Travel	8,800		12,400		(3,600)		
Contractual	17,120		33,908		(16,788)		
Commodities	30,000		26,292		3,708		
Equipment	 -		1,262		(1,262)		
Project Total	\$ 195,500	\$	195,262	\$	238		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Youth Area Watch Project # 97210 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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Actual							
Original							
	Budget	& Obligations		Variance			
\$	-	\$	-	\$	-		
	-		-		-		
	150,000		150,000		-		
	-		-		-		
			-				
\$	150,000	\$	150,000	\$	-		
		Budget \$ - 150,000	Budget & (\$ - \$ - 150,000 - - -	Original BudgetExpenditures & Obligations\$-\$-150,000150,000	Original BudgetExpenditures & Obligations\$-\$-\$-150,000150,000		

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Documentary on Subsistence Harbor Seal Hunting in PWS Project # 97214-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$ 5,040	\$	4,309	\$	731		
Travel	2,800		2,861		(61)		
Contractual	4,260		908		3,352		
Commodities	-		7		(7)		
Equipment	 		-		-		
Project Total	\$ 12,100	\$	8,085	\$	4,015		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Port Graham Pink Salmon Subsistence Project Project # 97225 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Driginal Budget	Variance		
Personnel	\$ -	\$ -	\$	-
Travel	-	-		-
Contractual	74,400	74,365		35
Commodities	-	-		-
Equipment	 -	 		
Project Total	 74,400	\$ 74,365	<u> </u>	35

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Community Based Harbor Seal Management and Biological Sampling Project # 97244 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$	17,710	\$	15,535	\$	2,175	
Travel		3,900		1,535		2,365	
Contractual		91,690		94,144		(2,454)	
Commodities		1,200		392		808	
Equipment		400		-		400	
Project Total	\$	114,900	\$	111,606	\$	3,294	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Kametolook River Coho Salmon Project # 97247 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual							
	Original Budget		Exp	oenditures				
			& C	bligations	Variance			
Personnel	\$	5,870	\$	-	\$	5,870		
Travel		7,300		-		7,300		
Contractual		12,230		31,602		(19,372)		
Commodities		6,000		-		6,000		
Equipment		-				-		
Project Total	\$	31,400	\$	31,602	\$	(202)		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Project Management Project # 97250 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations Variance						
Personnel	\$ 403,100	\$	343,042	\$	60,058		
Travel	-		-		-		
Contractual	-		51,261		(51,261)		
Commodities	-		-		-		
Equipment	 -		-		-		
Project Total	 403,100	\$	394,303	\$	8,797		

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Excon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Akalura Lake Restoration Project # 97251-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Original Budget	Exp	Actual penditures obligations	Variance		
Personnel	\$ 34,420	\$	31,200	\$	3,220	
Travel	-		220		(220)	
Contractual	4,280		9,298		(5,018)	
Commodities	5,000		2,962		2,038	
Equipment	 					
Project Total	\$ 43,700	\$	43,680	\$	20	

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Delight and Desire Lakes Restoration Project # 97254 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Original Budget	Actual penditures Obligations	Variance		
Personnel	\$ 104,926	\$ 79,738	\$	25,188	
Travel	900	-		900	
Contractual	8,774	27,099		(18,325)	
Commodities	8,300	8,886		(586)	
Equipment	 200	 -		200	
Project Total	\$ 123,100	\$ 115,723	\$	7,377	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Kenai River Sockeye Salmon Restoration Project # 97255-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures							
		Budget	& (Obligations	Variance			
Personnel	\$	117,155	\$	115,413	\$	1,742		
Travel		6,700		2,619		4,081		
Contractual		14,445		19,075		(4,630)		
Commodities		20,000		17,751		2,249		
Equipment		·		2,285		(2,285)		
Project Total	\$	158,300	\$	157,143	\$	1,157		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Sockeye Salmon Overescapement Project Project # 97258A-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Original Budget	Actual penditures Obligations	Variance		
Personnel	\$ 189,715	\$ 157,109	\$	32,606	
Travel	3,700	1,117		2,583	
Contractual	16,585	28,591		(12,006)	
Commodities	4,000	5,333		(1,333)	
Equipment	 -	 -		-	
Project Total	\$ 214,000	\$ 192,150	\$	21,850	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Restoration of Coghill Lake Sockeye Salmon Stocks Project # 97259-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual							
	Original		Exp	oenditures				
]	Budget	& O	bligations	Variance			
Personnel	\$	42,320	\$	38,769	\$	3,551		
Travel		1,200		449		751		
Contractual		1,280		6,683		(5,403)		
Commodities		2,000		895		1,105		
Equipment		-				-		
Project Total	\$	46,800	\$	46,796	\$	4		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Port Graham Salmon Stream Enhancement Project # 97263 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

		Variance			
Personnel	\$		\$ 	\$	-
Travel		-	-		-
Contractual		58,000	57,994		6
Commodities		-	-		-
Equipment			 		-
Project Total	\$	58,000	\$ 57,994	\$	6

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Chenega Chinook Release Program Project # 97272-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures Budget & Obligations					Variance		
Personnel	\$	-	\$	-	\$	-		
Travel		-		-		-		
Contractual		45,000		44,266		734		
Commodities		-		-		-		
Equipment		-		••		-		
Project Total	\$	45,000	\$	44,266	\$	734		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game SEA: Salmon and Herring Predation Project # 97320E Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Actual Expenditures Original & Obligations Budget Variance Personnel \$ 385,570 \$ 380,159 \$ 5,411 Travel 3,200 3,852 (652) Contractual 152,030 154,363 (2,333)Commodities 43,900 39,361 4,539 Equipment 47,100 13,879 33,221 **Project Total** \$ 631,800 \$ 591,614 \$ 40,186

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game SEA: Phytoplankton and Nutrients Project # 97320G Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Original Budget			Actual penditures Obligations	Variance		
Personnel	\$	-	\$	-	\$	-	
Travel		-		-		-	
Contractual		130,000		129,850		150	
Commodities		-		-		-	
Equipment		-		-		-	
Project Total	\$	130,000	\$	129,850	\$	150	

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game SEA: Zooplankton Project # 97320H Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Original Budget	Actual penditures Obligations			
Personnel	\$ -	\$	-	\$	-
Travel	-		-		-
Contractual	136,400		136,425		(25)
Commodities	-		-		-
Equipment	 -		<u> </u>		
Project Total	\$ 136,400	\$	136,425	\$	(25)

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game SEA: PWSAC Experimental Fry Release Project # 97320K Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Driginal Budget	Exp	Actual benditures bligations	Variance		
Personnel	\$ -	\$	-	\$	-	
Travel	-		-		-	
Contractual	24,800		22,540		2,260	
Commodities	-		-		-	
Equipment	 -					
Project Total	 24,800	\$	22,540	\$	2,260	

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game SEA Trophodynamic Modeling and Validation Through Remote Sensing Project # 97320R Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Original Budget	Actual penditures Obligations	Variance		
Personnel	\$ -	\$ -	\$		
Travel	-	-		-	
Contractual	182,100	182,000		100	
Commodities	-	-		-	
Equipment	 -	 <u> </u>	t	-	
Project Total	\$ 182,100	\$ 182,000	\$	100	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game SEA: Juvenile Herring Project # 97320T Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Original Expenditures						
	 Budget		Obligations	Variance			
Personnel	\$ -	\$	-	\$	-		
Travel	-		-		-		
Contractual	946,700		948,320		(1,620)		
Commodities	-		-		-		
Equipment	 		-		-		
Project Total	\$ 946,700	\$	948,320	\$	(1,620)		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game SEA: Somatic and Spawning Energetics of Herring, Pollock and Pink Salmon Project # 97320U Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual Original Expenditures Budget & Obligations				Variance		
Personnel	\$	_	\$	-	\$	-	
Travel		-		-		-	
Contractual		154,400		154,401		(1)	
Commodities		-		-		-	
Equipment		-				-	
Project Total	\$	154,400	\$	154,401	\$	(1)	

Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game SEA: Synthesis and Integration Project # 97320Z1 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Personnel	Driginal Budget	Actual Expenditures & Obligations Variance					
	\$ -	\$	-	\$	-		
Travel	-		-		-		
Contractual	61,300		61,311		(11)		
Commodities	-		-		-		
Equipment	 · _		-		-		
Project Total	 61,300	\$	61,311	\$	(11)		

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Fish and Game Harlequin Duck Recovery Monitoring Project # 97427 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual							
	Original		Ex	penditures				
		Budget	& (Obligations	Variance			
Personnel	\$	189,855	\$	167,410	\$	22,445		
Travel		9,400		7,435		1,965		
Contractual		35,845		44,486		(8,641)		
Commodities		16,500		26,448		(9,948)		
Equipment		900		1,981		(1,081)		
Project Total	\$	252,500	\$	247,760	\$	4,740		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Department Totals Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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		Actual Expenditures Budget & Obligations Variance							
Personnel	\$	146,185	\$	98,660	\$	47,525			
Travel		43,000		11,023		31,977			
Contractual		3,050,315		3,022,006	¢	28,309			
Commodities		2,200		1,100		1,100			
Equipment	610623 ,000			1,860	*******	(1,860)			
Project Total	\$	3,241,700	\$	3,134,649	\$	107,051			

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

Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Report Writing: Microbial Sediments Project # 97026-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Personnel	Actual Expenditures Budget & Obligations Variance							
	\$	•	\$	-	\$	-		
Travel		-		-		-		
Contractual		15,100		15,100		-		
Commodities		-				-		
Equipment						-		
Project Total	\$	15,100	\$	15,100	\$	-		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Administration, Public Information and Scientific Management Project # 97100 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual Expenditures								
]	Budget	& C	bligations	Variance				
Personnel		49,700	\$	31,665	\$	18,035			
Travel		8,000		4,842		3,158			
Contractual		-		8,084		(8,084)			
Commodities		1,500		609		891			
Equipment	the second statements	**		1,860		(1,860)			
Project Total	\$	59,200	\$	47,060	\$	12,140			

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Implementation of the Sound Waste Management Plan Project # 97115 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

		Variance			
Personnel	\$	-	\$ -	\$	-
Travel		-	-		-
Contractual		1,167,900	1,138,770		29,130
Commodities		-	-		-
Equipment		••	 -		-
Project Total	\$	1,167,900	\$ 1,138,770	\$	29,130

Excon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Chenega-Area Shoreline Residual Oiling Reduction Project # 97291 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	96,485	\$	66,995	\$	29,490	
Travel		35,000		6,181		28,819	
Contractual		1,599,815		1,592,552		7,263	
Commodities		700		491		209	
Equipment		-				-	
Project Total	\$	1,732,000	<u>\$</u> .	1,666,219	\$	65,781	

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Environmental Conservation Kodial Waste Management Plan Project # 97304 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

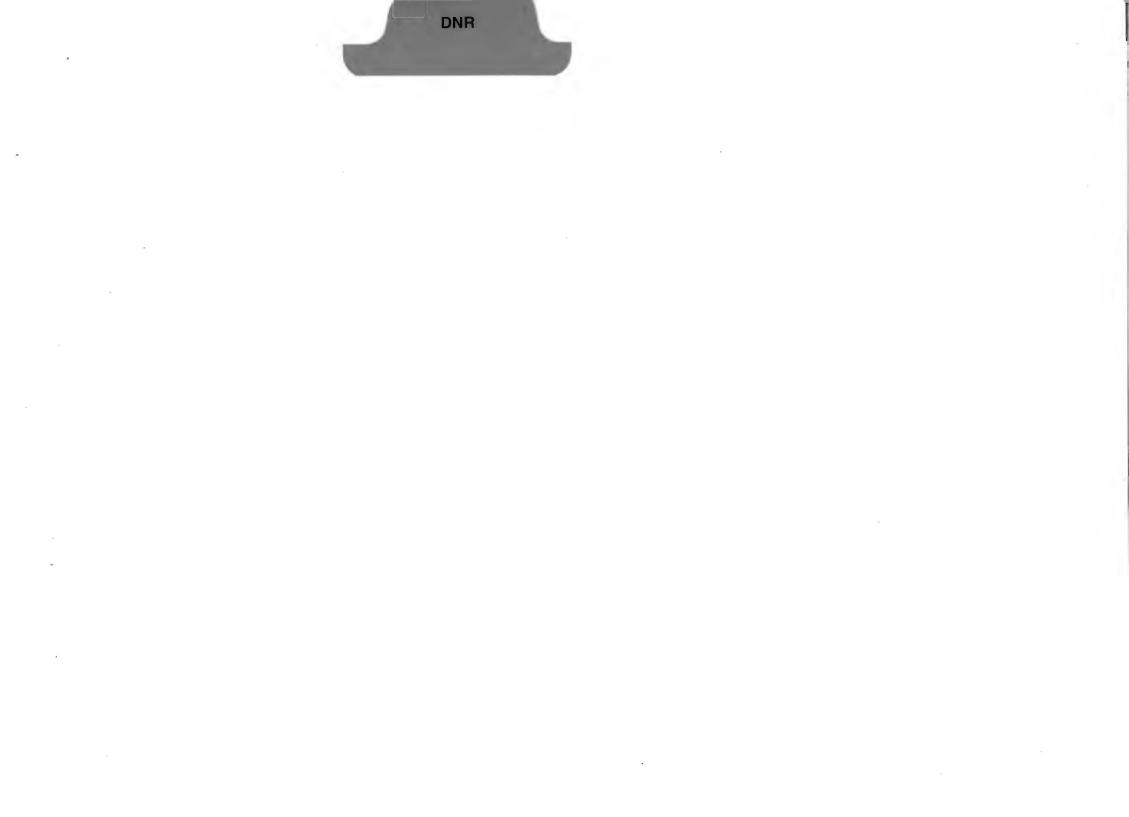
	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	-	\$	-	\$	-		
Travel		-		-		-		
Contractual		267,500		267,500		-		
Commodities		-		-		-		
Equipment		-		-		-		
Project Total	\$	267,500	\$	267,500	\$	-		

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Department Totals Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

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	 Actual Expenditures Budget & Obligations Variance						
Personnel	\$ 428,180	\$	256,455	\$	171,725		
Travel	27,100		14,940		12,160		
Contractual	1,194,120		1,217,925		(23,805)		
Commodities	19,000		13,157		5,843		
Equipment	 -		6,238		(6,238)		
Project Total	\$ 1,668,400	\$	1,508,715	\$	159,685		

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

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Archaeological Index Site Monitoring Project # 97007A Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	58,400	\$	-	\$	58,400		
Travel		11,100		-		11,100		
Contractual		15,300		72,522		(57,222)		
Commodities		3,500		-		3,500		
Equipment	www.co.co.co.co.co.co.co.co.co.co.co.co.co.			**				
Project Total	\$	88,300	\$	72,522	\$	15,778		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Administration, Public Information and Scientific Management Project #97100 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	153,180	\$	121,789	\$	31,391	
Travel		3,000		2,328		672	
Contractual		471,220		455,241		15,979	
Commodities		4,500		7,344		(2,844)	
Equipment		-		4,424		(4,424)	
Project Total	\$	631,900	\$	591,126	<u>\$</u>	40,774	

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Habitat Protection Acquisition Support Project # 97126 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

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Actual Expenditures							
\$	40,710	\$	26,173	\$	14,537		
	4,500		12,050		(7,550)		
	350,690		276,973		73,717		
	500		3,770		(3,270)		
	-						
	396,400	\$	318,966	\$	77,434		
	\$ 	\$ 40,710 4,500 350,690 500	Budget & C \$ 40,710 \$ 4,500 350,690 500	Budget & Obligations \$ 40,710 \$ 26,173 4,500 12,050 350,690 276,973 500 3,770	Budget Expenditures \$ 40,710 \$ 26,173 \$ 4,500 12,050 \$ 350,690 276,973 \$ 500 3,770 -		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Archaeological Site Stewardship Project # 97149 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	 Budget	Exp	Actual conditures obligations	Variance
Personnel	\$ 37,390	\$	-	\$ 37,390
Travel	3,700		-	3,700
Contractual	3,210		39,418	(36,208)
Commodities	2,000		-	2,000
Equipment	-		-	 -
Project Total	\$ 46,300	\$	39,418	\$ 6,882

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Excon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Kenai Habitat Restoration & Recreation Enhancement Project Project # 97180 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Budget	Actual Expenditures & Obligations Variance					
Personnel	\$ 96,600	\$	89,379	\$	7,221		
Travel	4,800		562		4,238		
Contractual	221,000		234,224		(13,224)		
Commodities	8,500		2,043		6,457		
Equipment	 -		1,814		(1,814)		
Project Total	\$ 330,900	\$	328,022	\$	2,878		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Valdez Duck Flats Restoration Project #97230 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

Personnel]	Budget	Exp	Actual penditures obligations	v	ariance
	\$	-	\$	-	\$	=
Travel		-		-		-
Contractual		67,800		65,440		2,360
Commodities		-		-		-
Equipment		,				•
Project Total	\$	67,800	\$	65,440	\$	2,360

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

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Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Project Management Project # 97250 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

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]	Budget	Exp	Actual cenditures Obligations	Variance			
Personnel	\$	41,900	\$	19,114	\$	22,786		
Travel		-		-		-		
Contractual		-		18,703		(18,703)		
Commodities		-		-		-		
Equipment		-		-				
Project Total	\$	41,900	\$	37,817	\$ ·	4,083		

Exxon Valdez Oil Spill Trustee Council Alaska Department of Natural Resources Synthesis of Scientific Findings from EVOS Restoration Process Project #97300 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

Personnel	1	Budget	Exp	Actual cenditures Obligations	v	ariance
	\$	-	\$		\$	-
Travel		-		-		-
Contractual	,	64,900		55,404		9,496
Commodities		-		-		-
Equipment		-		-		-
Project Total	\$	64,900	\$	55,404	\$	9,496

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Department Totals Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Budget	Actual Expenditures & Obligations Variance				
Personnel	\$ 612,430	\$	524,845	\$	87,585	
Travel	85,500		80,253		5,247	
Contractual	487,970		363,298		124,672	
Commodities	27,600		21,383		6,217	
Equipment	 9,400		1,000		8,400	
Project Total	\$ 1,222,900		990,779		232,121	

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Archaeological Index Site Monitoring Project # 97007A Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

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	I	Budget	Exp	Actual benditures bligations	v	ariance
Personnel	\$	14,410	\$	21,541	\$	(7,131)
Travel		4,700		210		4,490
Contractual		4,390		3,587		803
Commodities		1,500		387		1,113
Equipment		-				
Project Total	\$	25,000	\$	25,725	\$	(725)

Excon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Site Specific Archaeological Restoration Project # 97007B-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	1	Budget	Exp	Actual Expenditures & Obligations Variance				
Personnel	\$	15,000	\$	20,131	\$	(5,131)		
Travel		3,400		1,272		2,128		
Contractual		-		122		(122)		
Commodities		1,500		-		1,500		
Equipment								
Project Total	<u> </u>	19,900	\$	21,525	\$	(1,625)		

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Survey of Octopuses in Intertidal Habitats Project # 97009D Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

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	Actual								
	Expenditures								
Personnel		Budget	& Obligations		Variance				
	\$	-	\$	-	\$	-			
Travel		-		-		-			
Contractual		48,000		48,000		-			
Commodities		-		-		-			
Equipment		-		-		-			
Project Total	\$	48,000	\$	48,000	\$	-			

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators Project # 97025 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures Budget & Obligations Var					
Personnel	\$	44,300	\$	45,262	\$	(962)
Travel		1,700		606		1,094
Contractual		7,800		8,043		(243)
Commodities		2,500		2,778		(278)
Equipment				-		-
Project Total	\$	56,300	\$	56,689	\$	(389)

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

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Excon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Monitoring of Cutthroat Trout and Dolly Varden Habitat Improvement Structures Project # 97043B Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

Personnel	Actual Expenditures Budget & Obligations Variance							
		17,290	\$	20,130	\$	(2,840)		
Travel	•	400	•		•	400		
Contractual		3,210		3,532		(322)		
Commodities		3,100		362		2,738		
Equipment		-		-	_	-		
Project Total	\$	24,000	\$	24,024	\$	(24)		

Excon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Administration, Public Information and Scientific Management Project # 97100 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	1	Actual Expenditures Budget & Obligations Variance					
Personnel	\$	57,300	\$	54,473	\$	2,827	
Travel		10,000		8,949		1,051	
Contractual		-		-		-	
Commodities		1,500		864		636	
Equipment				-		-	
Project Total	\$	68,800		64,286	\$	4,514	

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Habitat Protection and Acquisition Support Project # 97126 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

Actual Expenditures							
\$	199,220	\$	153,245	\$	45,975		
	22,500		32,616		(10,116)		
	186,180		86,881		99,299		
	6,000		5,344		656		
	-		-		-		
\$	413,900	\$	278,086	\$	135,814		
	\$	22,500 186,180 6,000	Budget & 0 \$ 199,220 \$ 22,500 186,180 6,000	Budget & Obligations \$ 199,220 \$ 153,245 22,500 32,616 186,180 86,881 6,000 5,344	Budget Expenditures \$ 199,220 \$ 153,245 \$ 22,500 32,616 \$ 186,180 86,881 6,000		

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Montague Riparian Rehabilitation Monitoring Project # 97139C1 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

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	Actual Expenditures							
Personnel	Budget		& Obligations		Variance			
	\$	7,600	\$	7,415	\$	185		
Travel		900		-		900		
Contractual		-		852		(852)		
Commodities		800		102		698		
Equipment				-				
Project Total	\$	9,300	\$	8,369	\$	931		

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Cutthroat Trout and Dolly Varden: Relation Among and Within Populations of Anadromous and Resident Forms Project # 97145 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

Personnel	Actual Expenditures Budget & Obligations Variance						
	\$	67,620	\$	75,600	\$	(7,980)	
Travel		36,600		36,600		-	
Contractual		122,480		114,500		7,980	
Commodities		2,000		2,000		-	
Equipment		1,000		1,000		-	
Project Total		229,700	\$	229,700	\$		

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Kenai Habitat Restoration & Recreation Enhancement Project Project # 97180 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

Personnel	Actual Expenditures Budget & Obligations Variance					
	\$	38,100	\$	7,455	\$	30,645
Travel		-		-		-
Contractual		46,900		77,300		(30,400)
Commodities		-		245		(245)
Equipment	¥*****	-	*****	**		•••
Project Total	\$	85,000	\$	85,000	_\$	-

Excon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Eastern PWS Wildstock Salmon Habitat Restoration Project # 97220 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	58,060	\$	31,547	\$	26,513	
Travel	•	1,400	•	,	•	1,400	
Contractual		44,940		991		43,949	
Commodities		4,200		7,926		(3,726)	
Equipment		6,400		-		6,400	
Project Total	\$	115,000	\$	40,464	\$	74,536	

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Project Management Project # 97250 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

Personnel	Actual Expenditures Budget & Obligations Variance						
	\$	51,500	\$	48,804	\$	2,696	
Travel		-		-		-	
Contractual		-		2,771		(2,771)	
Commodities		-		-		-	
Equipment		-		-	_	-	
Project Total	\$	51,500	\$	51,575	\$	(75)	

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

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Excon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Sockeye Salmon Stocking at Solf Lake Project # 97256B Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual							
Personnel	Budget		Expenditures & Obligations		Variance			
	\$	18,600	\$	19,980	\$	(1,380)		
Travel		2,800		-		2,800		
Contractual	•	23,000		13,479		9,521		
Commodities		3,600		1,235		2,365		
Equipment		2,000		-		2,000		
Project Total	\$	50,000	\$	34,694	\$	15,306		

Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service Chenega-Area Shoreline Residual Oiling Reduction Project # 97291 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	12,630	\$	11,399	\$	1,231	
Travel		-		-		-	
Contractual		1,070		3,240		(2,170)	
Commodities		-		140		(140)	
Equipment	10000	-		-		**	
Project Total	<u> </u>	13,700	\$	14,779	\$	(1,079)	

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Agriculture, U.S. Forest Service PWS Cutthroat Trout/Dolly Varden Inventory Project # 97302 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures							
	I	Budget	& Obligations		Variance			
Personnel	\$	10,800	\$	7,863	\$	2,937		
Travel		1,100		-		1,100		
Contractual		-		-		-		
Commodities		900		-		900		
Equipment				-		-		
Project Total	\$	12,800	\$	7,863	<u> </u>	4,937		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Department Totals Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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		Budget	Variance		
Personnel	\$	968,590	\$ 782,354	\$	186,236
Travel		95,400	34,509		60,891
Contractual		182,310	161,404		20,906
Commodities		65,200	102,531		(37,331)
Equipment		21,000	 42,042		(21,042)
Project Total	<u> </u>	1,332,500	\$ 1,122,840	\$	209,660

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Archaeological Index Site Monitoring Project # 97007A Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	10,370	\$	13,057	\$	(2,687)	
Travel		2,600		789		1,811	
Contractual		3,530		886		2,644	
Commodities		-		-		-	
Equipment				-		-	
Project Total	\$	16,500	\$	14,732	<u> </u>	1,768	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Administration, Public Information & Scientific Management Project # 97100 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Personnel	ı	Actual Expenditures Budget & Obligations Variance						
	\$	25,900	\$	24,058	\$	1,842		
Travel		-		613		(613)		
Contractual		-		1,275		(1,275)		
Commodities		-		118		(118)		
Equipment		• -		-		-		
Project Total	\$	25,900	\$	26,064	\$	(164)		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Habitat Protection and Acquisition Support Project # 97126 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	293,480	\$	84,536	\$	208,944		
Travel		42,200		4,817		37,383		
Contractual		55,120		97,417		(42,297)		
Commodities		1,500		4,990		(3,490)		
Equipment		-		340		(340)		
Project Total	\$	392,300	\$	192,100	\$	200,200		

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Common Murre Population Monitoring Project # 97144 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	18,400	\$	47,821	\$	(29,421)		
Travel		5,200		2,996		2,204		
Contractual		46,200		5,265		40,935		
Commodities		2,800		11,404		(8,604)		
Equipment		1,200		2,176		(976)		
Project Total	\$	73,800	\$	69,662	<u>\$</u>	4,138		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Archaeological Site Stewardship Project # 97149 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	12,420	\$	15,993	\$	(3,573)	
Travel		3,900		281		3,619	
Contractual		2,680		-		2,680	
Commodities		1,000		123		877	
Equipment		-		96		(96)	
Project Total	\$	20,000	\$	16,493	\$	3,507	

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Surveys to Monitor Marine Bird Abundance in PWS During Winter and Summer Project # 97159 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	41,600	\$	44,561	\$	(2,961)		
Travel		1,100		1,860		(760)		
Contractual		15,400		13,632		1,768		
Commodities		2,000		2,133		(133)		
Equipment		-		249		(249)		
Project Total	<u>\$</u>	60,100	\$	62,435	\$	(2,335)		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Differentiation and Interchange of Harlequin Duck Within the North Pacific Project # 97161 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Budget	Variance		
Personnel	\$ 28,900	\$ 11,791	\$	17,109
Travel	-	-		-
Contractual	-	3,947		(3,947)
Commodities	-	6,522		(6,522)
Equipment	 -	 2,232		(2,232)
Project Total	\$ 28,900	\$ 24,492	\$	4,408

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service APEX: Seabird Interactions Project # 97163B Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	98,600	\$	101,847	\$	(3,247)		
Travel		9,200		4,655		4,545		
Contractual		6,100		1,579		4,521		
Commodities		700		5,299		(4,599)		
Equipment		3,800		5,313		(1,513)		
Project Total	\$	118,400	\$	118,693	\$	(293)		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service APEX: Kittiwakes Project # 97163E Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	108,230	\$	111,021	\$	(2,791)	
Travel		8,700		5,646		3,054	
Contractual		19,370		6,870		12,500	
Commodities		22,000		32,736		(10,736)	
Equipment		11,700		14,384		(2,684)	
Project Total	\$	170,000	\$	170,657	\$	(657)	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service APEX: Guillemots Project # 97163F Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual Expenditures							
	Budget		& Obligations		Variance			
Personnel	\$	96,840	\$	87,858	\$	8,982		
Travel		7,600		6,444		1,156		
Contractual		14,660		10,131		4,529		
Commodities		12,100		20,281		(8,181)		
Equipment		3,300		9,464		(6,164)		
Project Total	\$	134,500	\$	134,178	\$	322		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service APEX: Barren Islands Murres and Kittiwakes Project # 97163J Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	82,470	\$	85,102	\$	(2,632)	
Travel		6,900		2,292		4,608	
Contractual		8,130		14,546		(6,416)	
Commodities		9,500		5,784		3,716	
Equipment		-		1,225		(1,225)	
Project Total	\$	107,000	\$	108,949	\$	(1,949)	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service APEX: Large Fish as Samplers Project # 97163K Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	5,090	\$	5,177	\$	(87)	
Travel		500		-		500	
Contractual		1,610		2,450		(840)	
Commodities		2,000		762		1,238	
Equipment		-	-	802		(802)	
Project Total	\$	9,200	\$	9,191	\$	9	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Marbled Murrelet Productivity Project # 97231 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	90,390	\$	93,700	\$	(3,310)		
Travel	·	7,500		4,116		3,384		
Contractual		9,510		3,406		6,104		
Commodities		11,600		12,379		(779)		
Equipment		1,000		5,761		(4,761)		
Project Total	\$	120,000	\$	119,362	\$	638		

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Fish and Wildlife Service Project Management Project # 97250 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	55,900	\$	55,832	\$	68		
Travel		-		-		-		
Contractual		-		-		-		
Commodities		-		-		-		
Equipment		-		-		-		
Project Total	\$	55,900	\$	55,832	\$	68		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Department Totals Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual Expenditures							
		Budget		Obligations	Variance			
Personnel	\$	495,270	\$	482,374	\$	12,896		
Travel		41,800		26,229		15,571		
Contractual		937,630		951,036		(13,406)		
Commodities		125,400		122,235		3,165		
Equipment		4,000		12,706		(8,706)		
Project Total		1,604,100	\$	1,594,580	\$	9,520		

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators Project # 97025 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Budget	Actual spenditures Obligations	 Variance		
Personnel	\$ 300,840	\$ 290,586	\$ 10,254		
Travel	36,300	23,277	13,023		
Contractual	731,560	731,7 8 9	(229)		
Commodities	72,100	80,573	(8,473)		
Equipment	 2,500	 12,706	 (10,206)		
Project Total	\$ 1,143,300	\$ 1,138,931	\$ 4,369		

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Administration, Public Information & Scientific Management Project # 97100 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures							
Personnel	Budget		& Obligations		Variance			
	\$	-	\$	-	\$	-		
Travel		1,600		1,417		183		
Contractual		-		178		(178)		
Commodities		500		242		258		
Equipment		-		-		-		
Project Total	\$	2,100		1,837	\$	263		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Differentiation and Interchange of Harlequin Duck Populations Project # 97161 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance					
Personnel	\$	25,000	\$	24,377	\$	623
Travel		-		-		-
Contractual		-		307		(307)
Commodities		21,400		16,996		4,404
Equipment				-		-
Project Total	\$	46,400	\$	41,680	\$	4,720

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey APEX: Barrren Island Survey & Historic Review Project # 97163L Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Personnel	Actual Expenditures Budget & Obligations Variance					
	\$	19,300	\$	19,582	\$	(282)
Travel		-		-		
Contractual		-		-		-
Commodities		-		-		-
Equipment		-				-
Project Total	\$	19,300	\$	19,582	\$	(282)

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Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey APEX: Response of Seabirds to Forage Fish Density Project # 97163M Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	77,050	\$	109,001	\$	(31,951)	
Travel		-		1,118		(1,118)	
Contractual		138,250		109,064		29,186	
Commodities		28,000		24,009		3,991	
Equipment		-		<u> </u>		-	
Project Total	\$	243,300	\$	243,192	\$	108	

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey APEX: Black-Legged Kittiwake Controlled Feeding Experiment Project # 97163N Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures						
	Budget		& Obligations		Variance		
Personnel	\$	21,160	\$	4,983	\$	16,177	
Travel		2,500		417		2,083	
Contractual		4,140		24,698		(20,558)	
Commodities		1,700		-		1,700	
Equipment		500		-		500	
Project Total	\$	30,000	\$	30,098	\$	(98)	

Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Genetic Study of Murres, Guillemots Murrelets Project # 97169 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Personnel	Actual Expenditures Budget & Obligations Variance						
	\$		\$	3,798	\$	(3,798)	
Travel		-		-		-	
Contractual		59,400		56,000		3,400	
Commodities		-		-		-	
Equipment		-		-		-	
Project Total	\$	59,400	\$	59,798	\$	(398)	

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Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Project Management Project # 97250 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Personnel	Actual Expenditures							
		Budget		bligations	Variance			
	\$	27,500	\$	26,662	\$	838		
Travel		-		-				
Contractual		-		-				
Commodities		-		-		-		
Equipment		•		-		-		
Project Total	\$	27,500	\$	26,662	\$	838		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - U.S. Geological Survey Ecology and Demographics of Pacific Sand Lance Project # 97306 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	24,420	\$	3,385	\$	21,035	
Travel		1,400		-		1,400	
Contractual		4,280		29,000		(24,720)	
Commodities		1,700		415		1,285	
Equipment		1,000		-		1,000	
Project Total	\$	32,800	\$	32,800	\$		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - National Park Service Department Totals Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

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	Actual Expenditures Budget & Obligations Variance					
Personnel	\$	45,390	\$	43,155	\$	2,235
Travel		4,300		3,249		1,051
Contractual		35,110		32,341		2,769
Commodities		1,900		-		1,900
Equipment				1,795		(1,795)
Project Total	\$	86,700	\$	80,540	\$	6,160

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Exxon Valdez Oil Spill Trustee Council Department of Interior - National Park Service Archaeological Index Site Monitoring Project # 97007A Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures							
	E	Budget		bligations	Variance			
Personnel	\$	8,050	\$	403	\$	7,647		
Travel		1,200		-		1,200		
Contractual		3,550		9,217		(5,667)		
Commodities		1,900		-		1,900		
Equipment				1,795	<u></u>	(1,795)		
Project Total	\$	14,700	\$	11,415	\$	3,285		

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Exxon Valdez Oil Spill Trustee Council Department of Interior - National Park Service Administration, Public Information & Scientific Management Project # 97100 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures							
		Budget	& Obligations		Variance			
Personnel	\$	17,300	\$	14,600	\$	2,700		
Travel				2,296		(2,296)		
Contractual		-		212		(212)		
Commodities		-		-		-		
Equipment				-		-		
Project Total	\$	17,300	\$	17,108	\$	192		

Exxon Valdez Oil Spill Trustee Council Department of Interior - National Park Service Habitat Protection and Acquisition Support Project # 97126 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	I	Variance			
Personnel	\$	13,540	\$ 23,480	\$	(9,940)
Travel		2,600	-		2,600
Contractual		8,560	1,027		7,533
Commodities		-	-		-
Equipment			-		-
Project Total	\$	24,700	\$ 24,507	\$	193

Exxon Valdez Oil Spill Trustee Council Department of Interior - National Park Service Differentiation and Interchange of Harlequin Duck Within the North Pacific Project # 97161 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

				Actual				
	Expenditures							
	Budget		& O	bligations	Variance			
Personnel	\$	-	\$	-	\$	-		
Travel		500		316		184		
Contractual		23,000		20,784		2,216		
Commodities		-		-		-		
Equipment		-		-		=		
Project Total	\$	23,500	\$	21,100	\$	2,400		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - National Park Service Project Management Project # 97250 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997 (Unaudited)

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	6,500	\$	4,672	\$	1,828		
Travel		-		637		(637)		
Contractual		-		1,101		(1,101)		
Commodities		-		-		-		
Equipment		-		-		-		
Project Total	\$	6,500	\$	6,410	\$	90		

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Office of the Secretary Department Totals Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	52,400	\$	52,835	\$	(435)	
Travel		-		-		-	
Contractual		15,000		15,734		(734)	
Commodities		-		•		-	
Equipment	<u> </u>	-	·	<u> </u>		-	
Project Total	\$	67,400	\$	68,569	\$	(1,169)	

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Office of the Secretary Administration, Public Information and Scientific Management Project # 97100 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	52,400	\$	52,835	\$	(435)	
Travel		-		-		-	
Contractual		-		-		-	
Commodities		-		-		-	
Equipment					<u> </u>	-	
Project Total	\$	52,400	\$	52,835	\$	(435)	

Exxon Valdez Oil Spill Trustee Council Department of Interior - Office of the Secretary Habitat Protection and Acquisition Support Project # 97126 Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997

	I	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	-	\$	-	\$	-		
Travel		-		-		-		
Contractual		15,000		15,734		(734)		
Commodities		-		-		-		
Equipment		-				-		
Project Total	\$	15,000	\$	15,734	\$	(734)		

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

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Exxon Valdez Oil Spill Trustee Council Department of Interior - Bureau Of Indian Affairs Archaeological Index Site Monitoring Project # 97286 - Department Totals Schedule of Expenditures - Budget to Actual Fiscal Year Ending September 30, 1997

Personnel	Actual Expenditures Budget & Obligations Variance						
	\$	-	\$	-	\$	-	
Travel		-		-		-	
Contractual		15,800		15,800		-	
Commodities		-		-		-	
Equipment		-		-		-	
Project Total	\$	15,800	\$	15,800	\$	-	

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Department Totals Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Actual Expenditures Budget & Obligations Variance					
Personnel	\$	837,030	\$	788,063	\$	48,967
Travel		145,300		66,443		78,857
Contractual		3,033,970		3,035,392		(1,422)
Commodities		110,900		148,749		(37,849)
Equipment	<u></u>	20,400		13,415		6,985
Project Total		4,147,600	\$	4,052,062	\$	95,538

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

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Excon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Comprehensive Killer Whale Investigation in PWS Project # 97012-BAA Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Varian					ariance
Personnel	\$	-	\$	-	\$	-
Travel		-		-		-
Contractual		157,500		156,584		916
Commodities		-		-		-
Equipment						-
Project Total	\$	157,500	\$	156,584	\$	916

Exxon Valdez Oil Spill Trustee Council

U.S. Department of Commerce, National Oceanic and Atmospheric Administration Mechanisms of Impact and Potential Recovery of Nearshore Vertebrate Predators Project # 97025 Schedule of Expenditures and Obligations - Budget and Actual

Fiscal Year Ending September 30, 1997

	Budget	 Actual penditures Obligations	v	Variance
Personnel	\$ 77,660	\$ 59,873	\$	17,787
Travel	17,900	9,561		8,339
Contractual	40,240	70,832		(30,592)
Commodities	12,100	6,676		5,424
Equipment	 	 *		
Project Total	\$ 147,900	\$ 146,942	\$	958

Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Effects of Oiled Incubation Substrate on Straying and Survival of Wild Pink Salmon Project # 97076 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Actual Expenditures Budget & Obligations Variance Personnel \$ 305,550 S 305,430 S 120 Travel 28,900 5,349 23,551 Contractual 222,350 187,628 34,722 Commodities 53,600 78,606 (25,006)Equipment 8,400 8,400 Project Total \$ 618,800 \$ 577,013 \$ 41,787

Excon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Mussel Bed Restoration and Monitoring Project # 97090-CLO Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations V				ariance	
Personnel	\$	4,300	\$	6,202	\$	(1,902)
Travel		3,600		1,465		2,135
Contractual		-		-	•	•
Commodities		2,100		287		1,813
Equipment		-		-		-
Project Total		10,000	\$	7,954	\$	2,046

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Administration, Public Information and Scientific Management Project # 97100 Schedule of Expenditures and Obligations - Budget and Actual

Fiscal Year Ending September 30, 1997

	1	Budget	Exp	Actual penditures Obligations	۲	/ariance
Personnel	\$	55,180	\$	89,371	\$	(34,191)
Travel		10,000		3,665		6,335
Contractual		17,120		18,657		(1,537)
Commodities		1,500		817		683
Equipment				-		-
Project Total	\$	83,800	\$	112,510	\$	(28,710)

Excon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Status and Ecology of Kittlitz's Murrelets in PWS Project # 97142-BAA Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Budget	Actual penditures Obligations	V	ariance
Personnel	\$ -	\$ -	\$	-
Travel	-	-		-
Contractual	188,500	182,158		6,342
Commodities	-	-		-
Equipment	 -	 -		-
Project Total	\$ 188,500	\$ 182,158	\$	6,342

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration APEX: Forage Fish Assessment Project # 97163A Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	-	\$	-	\$	-	
Travel		3,400		1,068		2,332	
Contractual		403,100		412,032		(8,932)	
Commodities		-		50		(50)	
Equipment		-					
Project Total	\$	406,500	\$	413,150	<u> </u>	(6,650)	

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Excon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration APEX: Fish Diet Overlap Project # 97163C Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	6,330	\$	59,442	\$	(53,112)	
Travel		8,600		3,108		5,492	
Contractual		69,370		14,840		54,530	
Commodities		4,000		6,837		(2,837)	
Equipment				2,632		(2,632)	
Project Total	\$	88,300	\$	86,859	\$	1,441	

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration APEX: Seabird Energetics Project # 97163G Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	-	\$	-	\$	-	
Travel		-		-		-	
Contractual		171,000		169,938		1,062	
Commodities		-		-		-	
Equipment		-					
Project Total	\$	171,000	\$	169,938	\$	1,062	

Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration APEX: Project Management Project # 97163I Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance					
Personnel	\$	-	\$	-	\$	-
Travel		-		-		-
Contractual		139,200		138,353		847
Commodities		-		-		-
Equipment	<u>-</u>	•		-		-
Project Total	\$	139,200	\$	138,353	\$	847

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration APEX: Barren Island Survey and Historic Review Project # 97163L Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	I	Actual Expenditures Budget & Obligations Variance					
Personnel	\$	7,240	\$	28,050	\$	(20,810)	
Travel		2,800		2,361		439	
Contractual		21,260		3,813		17,447	
Commodities		-		410		(410)	
Equipment	<u> </u>	12,000	-	-		12,000	
Project Total	\$	43,300	\$	34,634	\$	8,666	

Excon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration APEX: Statistical Review Project # 97163O Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$		\$		\$	-		
Travel		-		-		-		
Contractual		21,400		21,269		131		
Commodities		-		-		-		
Equipment				-		-		
Project Total	\$	21,400	\$	21,269	\$	131		

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

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Excon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration APEX: Modeling Project # 97163Q Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	-	\$	-	\$	-	
Travel		-		-		-	
Contractual		69,800		69,245		555	
Commodities		-		-		-	
Equipment						-	
Project Total	\$	69,800	\$	69,245	\$	555	

Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Curation of Seabirds Salvaged from EVOS Project # 97167-BBA Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

Personnel	Actual Expenditures Budget & Obligations Variance							
	\$	-	\$	•	\$	-		
Travel		-		-		-		
Contractual		32,100		31,903		197		
Commodities				-		-		
Equipment	<u>. </u>	-		-		-		
Project Total	\$	32,100	\$	31,903	\$	197		

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Pink Salmon Spawning Habitat Recovery Project # 97194 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance					
Personnel	\$ 118,100	\$	67,114	\$	50,986	
Travel	2,900		1,928		972	
Contractual	-		63,910		(63,910)	
Commodities	17,300		7,210		10,090	
Equipment	 				-	
Project Total	\$ 138,300	\$	140,162	\$	(1,862)	

Exxon Valdez Oil Spill Trustee Council

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U.S. Department of Commerce, National Oceanic and Atmospheric Administration Pristine Monitoring in Mussels and Predators of Juvenile Pink Salmon & Herring Project # 97195

Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

]	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	65,090	\$	70,893	\$	(5,803)		
Travel		43,200		29,340		13,860		
Contractual		210		310		(100)		
Commodities		. 6,800		5,754		1,046		
Equipment		-		8,154		(8,154)		
Project Total	\$	115,300	\$	114,451	\$	849		

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Publication of Sea Otter Data Project # 97223-BBA Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Varia					
Personnel	\$	-	\$	-	\$	-
Travel		-		-		-
Contractual		43,000		42,750		250
Commodities		-		-		-
Equipment		-		-		-
Project Total	\$	43,000	\$	42,750	\$	250

Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Project Management Project # 97250 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance						
Personnel	\$	55,200	\$	-	\$	55,200	
Travel		-		-		-	
Contractual		-		-		-	
Commodities		-		-		-	
Equipment		-				-	
Project Total	\$	55,200	\$	-	\$	55,200	

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Excon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Hydrocarbon Data Analysis, Interpretation and Database Maintenance Project # 97290 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

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	Ţ	Actual Expenditures Budget & Obligations Variance								
	<u> </u>	Budget	_ & C	oligations	V	ariance				
Personnel	\$	63,490	\$	64,008	\$	(518)				
Travel		4,100		562		3,538				
Contractual		3,210		9,303		(6,093)				
Commodities		5,500		1,094		4,406				
Equipment		-		-		-				
Project Total	\$	76,300	\$	74,967	\$	1,333				

Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration Chenega-Area Shoreline Residual Oiling Reduction Project # 97291 Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations Variance							
Personnel	\$	78,890	\$	37,680	\$	41,210		
Travel		19,900		8,036		11,864		
Contractual		36,910		29,834		7,076		
Commodities		8,000		41,008		(33,008)		
Equipment		-		2,629		(2,629)		
Project Total	\$	143,700	\$	119,187	_\$	24,513		

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 SEA: Confirming Food Webs of Fishes with Stable Isotope Tracers Project # 97320I Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Actual Expenditures Budget & Obligations					Variance			
Personnel	\$	-	\$	-	\$	-			
Travel		-		-		-			
Contractual		125,400		124,635		765			
Commodities		-		-		-			
Equipment						-			
Project Total	\$	125,400	\$	124,635	\$	765			

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration SEA: Information System and Model Development Project # 97320J Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Budget	-	Actual penditures Obligations	Ţ	Variance
Personnel	\$ 	\$	-	\$	-
Travel	-		-		-
Contractual	554,500		565,111		(10,611)
Commodities	. –		-		-
Equipment	 -				
Project Total	\$ 554,500	\$	565,111	\$	(10,611)

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

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Exxon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration SEA: Physical Oceanography Project # 97320M Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Budget	Actual penditures Obligations	 Variance
Personnel	\$ -	\$ -	\$ -
Travel	-	-	-
Contractual	353,400	355,401	(2,001)
Commodities	-	-	-
Equipment	 	 -	-
Project Total	\$ 353,400	\$ 355,401	\$ (2,001)

Excon Valdez Oil Spill Trustee Council U.S. Department of Commerce, National Oceanic and Atmospheric Administration SEA: Nekton and Plankton Acoustics Project # 97320N Schedule of Expenditures and Obligations - Budget and Actual Fiscal Year Ending September 30, 1997

	Budget	Actual penditures Obligations	•	Variance
Personnel	\$ -	\$ -	\$	-
Travel	-	-		-
Contractual	364,400	366,886		(2,486)
Commodities	-	-		-
Equipment	 -	 -		-
Project Total	\$ 364,400	\$ 366,886	\$	(2,486)

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

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1995 & 1996

Exxon Valdez Oil Spill Trustee Council Schedule of Fiscal 1995 Work Plan Status as of September 30, 1997

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		Budget		Actual Expenditures Obligations as of 9/30/95	Actual Expenditures Obligations as of 9/30/96		Actual expenditures Obligations as of 9/30/97	U	nobligated Balance as of 9/30/97
Alaska Departments of:	*******		<u></u>		 				<u></u>
Fish & Game	\$	13,488,100	\$	12,543,504	\$ 12,441,209	\$	12,181,923	\$	1,306,177
Environmental Conservation		2,254,200		1,492,970	1,489,502		1,466,016		788,184
Natural Resources		1,730,300		1,161,948	 1,162,229	-	1,162,470		567,830
Total State of Alaska		17,472,600		15,198,422	 15,092,940		14,810,409		2,662,191
United States Departments of:									
Agriculture, United States Forest Service		2,823,100		2,327,220	2,516,779		2,516,779		306,321
Interior:									
Fish & Wildlife Service		1,532,200		1,266,599	1,267,261		1,267,107		265,093
National Biological Service		765,300		743,106	747,241		747,242		18,058
National Park Service		91,400		63,407	61,706		63,541		27,859
Minerals Management Service		17,400		9,469	9,434		9,434		7,966
Office of the Secretary		71,200		71,200	49,860		49,860		21,340
Commerce, National Oceanic & Atmospheric	с								
Administration		3,242,900		2,965,273	 2,964,844		2,946,687		296,213
Total United States		8,543,500		7,446,274	 7,617,125		7,600,650		942,850
Totals	\$	26,016,100	\$	22,644,696	\$ 22,710,065	\$	22,411,059		3,605,041

See Note 5 of the Notes to Supplementary Information Related to Restoration Projects on Page 98 for additional discussion relating to this schedule.

Exxon Valdez Oil Spill Trustee Council Schedule of Fiscal 1996 Work Plan Status as of September 30, 1997

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	Budget		Actual Expenditures & Obligations as of 9/30/96		Actual Expenditures & Obligations as of 9/30/97		U	nobligated Balance as of 9/30/97
Alaska Departments of:								
Fish & Game	\$	12,618,000	\$	11,758,711	\$	11,656,814	\$	961,186
Environmental Conservation		263,100		261,210		261,288		1,812
Natural Resources		2,503,900		1,882,384		1,857,455		646,445
Total State of Alaska		15,385,000		13,902,305		13,775,557		1,609,443
United States Departments of:								
Agriculture, United States Forest Service		2,820,800		2,203,709		1,649,209		1,171,591
Interior:								
Fish & Wildlife Service		1,809,800		1,684,409		1,649,888		159,912
National Biological Service		1,418,700		1,387,139		1,389,265		29,435
National Park Service		81,700		58,107		58,108		23,592
Office of the Secretary		67,200		54,000		52,845		14,355
Commerce, National Oceanic & Atmospheric								•
Administration		3,981,300		3,925,471		3,929,489		51,811
Total United States		10,179,500		9,312,835		8,728,804		1,450,696
Totals	\$	25,564,500	\$	23,215,140	\$	22,504,361	\$	3,060,139

See Note 5 of the Notes to Supplementary Information Related to Restoration Projects on Page 98 for additional discussion relating to this schedule.

NOTES TO SUPPLEMENTARY INFORMATION

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NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 1997

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 1997 Work Plan*, and any amendments approved thereto, along with expenditures and obligations incurred by the Trustee Agencies in carrying out the Fiscal 1997 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 1997 relating to restoration projects of prior years and to the liquidation of prior year encumbrances, is also not presented. The procedures used to develop and implement the project budgets for Fiscal 1997 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 <u>Financial Operating Procedures</u> (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. 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.

NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 1997

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. Transfers in excess of this amount must be approved by the Council. 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:

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- 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	\$ 9,616,413
Alaska Department of Environmental Conservation	3,134,649
Alaska Department of Natural Resources	 1,508,715
Total	14,259,777
Add: Prior Years' Encumbrances Liquidated During Fiscal 1997	1,034,845
Less: Encumbrances Outstanding at September 30, 1997 Relating to Fiscal 1997 Restoration Projects	 (2,257,160)
Total Current Operating Expenditures, Settlement Trust Statement of Revenues, Expenditures and Changes in	
Fund Balances	\$ 13,037,462

NOTES TO SUPPLEMENTARY INFORMATION RELATED TO RESTORATION PROJECTS

Fiscal Year Ended September 30, 1997

5. CURRENT STATUS OF 1996 and 1995 WORK PLAN RESTORATION PROJECTS

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- Total expenditures and obligations relating to 1996 and 1995 Work Plan Restoration Projects for each agency as of September 30, 1997 is presented on pages 94 and 95. 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, 1996 which, during fiscal 1997, were liquidated due to incurring less expenditures under contracts than the amounts originally anticipated by the agencies.

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ADDITIONAL REPORTS



9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801 Phone: 907-789-3178 · FAX: 907-789-7128

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the *Exxon Valdez* Oil Spill Trustee Council, Court Registry Investment System, *Exxon Valdez* Oil Spill Settlement Account as of and for the year ended September 30, 1997, and have issued our report thereon dated January 29, 1998. 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.

Compliance

As part of obtaining reasonable assurance about whether the *Exxon Valdez* Oil Spill Trustee Council, Court Registry Investment System, *Exxon Valdez* Oil Spill Settlement Account's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the *Exxon Valdez* Oil Spill Trustee Council, in a separate letter dated January 29, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the *Exxon Valdez* Oil Spill Trustee Council, Court Registry Investment System, *Exxon Valdez* Oil Spill Settlement Account's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting to be a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the *Exxon Valdez* Oil Spill Trustee Council in a separate letter dated January 29, 1998.

This report is intended for the information of the *Exxon Valdez* Oil Spill Trustee Council and management. However, this report is a matter of public record and its distribution is not limited.

gel, Repfeld & Funk

January 29, 1998



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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the *Exxon Valdez* Oil Spill Trustee Council, U.S. Department of the Interior, Natural Resource Damage Assessment and Restoration Fund as of and for the year ended September 30, 1997, and have issued our report thereon dated January 29, 1998. 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.

Compliance

As part of obtaining reasonable assurance about whether the *Exxon Valdez* Oil Spill Trustee Council, U.S. Department of the Interior, Natural Resource Damage Assessment and Restoration Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the *Exxon Valdez* Oil Spill Trustee Council, in a separate letter dated January 29, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the *Exxon Valdez* Oil Spill Trustee Council, U.S. Department of the Interior, Natural Resource Damage Assessment and Restoration Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we kness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the *Exxon Valdez* Oil Spill Trustee Council in a separate letter dated January 29, 1998.

This report is intended for the information of the Exxon Valdez Oil Spill Trustee Council and management. However, this report is a matter of public record and its distribution is not limited.

Elger, Rebbeld & Funk

January 29, 1998



9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801 Phone: 907-789-3178 · FAX: 907-789-7128

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Exxon Valdez Oil Spill Trustee Council, State of Alaska, Exxon Valdez Oil Spill Settlement Trust as of and for the year ended September 30, 1997, and have issued our report thereon dated January 29, 1998. 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.

Compliance

As part of obtaining reasonable assurance about whether the Exxon Valdez Oil Spill Trustee Council, State of Alaska, Exxon Valdez Oil Spill Settlement Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Exxon Valdez Oil Spill Trustee Council, in a separate letter dated January 29, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Exxon Valdez Oil Spill Trustee Council, State of Alaska, Exxon Valdez Oil Spill Settlement Trust's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Exxon Valdez Oil Spill Trustee Council in a separate letter dated January 29, 1998.

This report is intended for the information of the Exxon Valdez Oil Spill Trustee Council and management. However, this report is a matter of public record and its distribution is not limited.

Elger, Kehfeld & Fink

January 29, 1998

Internal Control and Operating Comments

January 23, 1997

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INTERNAL CONTROL AND OPERATING COMMENTS AND RECOMMENDATIONS

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TRUSTEE AGENCY RESPONSES

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APPENDIX 1

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ELGEE, REHFELD & FUNK

9309 Glacier Highway, Suite B-200 · Juneau, Alaska 99801 Phone: 907-789-3178 · FAX: 907-789-7128

January 23, 1997

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

Dear Members:

In planning and performing our audit of the financial statements of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds as of and for the year ended September 30, 1996, we considered the internal control structure used to administer the Trust Funds and used to expend funds related to restoration projects conducted by the Federal and State Trustee Agencies. This was done in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. We have not considered the internal control structure since the date of our report.

However, during our audit we noted certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 23, 1997, on the financial statements of the *Exxon Valdez* Oil Spill Trustee Council, Trust Funds. Following our comments, we have listed our internal control and operating comments identified during our fiscal 1995 audit and the status of those comments as of our current year audit.

We have organized our comments by Trustee Agency. Those comments that relate to all Trustee Agencies or to other matters that came to our attention precede the individual Trustee Agency comments.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with appropriate personnel, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We would also like to thank Molly McCammon, Traci Cramer and the members of the Federal and State Trustee Agencies with whom we worked for their assistance during the audit. They worked very intently to ensure that the audit was completed as smoothly and as efficiently as possible.

Sincerely,

Elyee Kehfeld + Fink

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GENERAL COMMENTS

Obtain Detail from University of Alaska Fairbanks

Finding -

- As was identified in our prior audit, several Trustee Agencies have entered into several Reimbursable Service Agreements ("RSA's" for State Trustee Agencies) or contracts (for Federal Trustee Agencies) with the University of Alaska Fairbanks (UAF) for UAF to conduct restoration projects as approved by the Council. In certain instances, UAF in turn contracted with others to conduct the specific restoration projects. In other instances, UAF conducted the restoration projects directly.
- The Trustee Agencies are responsible for ensuring public trust and accountability with respect to these projects. UAF provided regular billings to the Trustee Agencies for reimbursement under the RSA's or contracts. UAF's billings did not include sufficient detail to support the amounts billed. Without this support, the Trustee Agencies' project managers cannot perform a detailed review of amounts billed, determine whether these items represent expenditures and encumbrances of the appropriate fiscal year, or compare those amounts to the budgets for the projects.
- We did note that several Trustee Agencies began to require detail support in the current year. However, others still had not implemented these requirements.

Recommendation -

We recommend that the Trustee Agencies include a stipulation in RSA's or contracts with UAF, and all other contractors, that detail be provided (time and attendance records, encumbering documents, travel authorization forms, invoices, etc.) with invoices to support the amounts claimed for reimbursement, as is currently required by the Alaska Department of Fish and Game. This detail should be summarized by object code (personnel, travel, contractual, etc.), and should clearly indicate to which federal fiscal year the invoices relate.

Improve Review of Restoration Project Activity

Finding -

The project managers for each Federal and State Trustee Agency have financial reports available to them which reflect detailed expenditure and obligation activity for each restoration project. At several of the Trustee Agencies, these reports are not being reviewed to ensure that amounts charged to projects were proper and represented expenditures of the projects. A review of monthly detail expenditure reports by the project managers is necessary to ensure restoration projects are charged only for proper restoration expenditures, and to ensure that cumulative expenditures do not exceed the amounts budgeted for the projects.

Recommendation -

We recommend that project managers review monthly restoration project expenditure reports. The reviewer should evaluate if project expenditures were properly approved and appropriate for the project, and if cumulative expenditures are within authorized budget limits.

COURT REGISTRY INVESTMENT SYSTEM - JOINT TRUST ACCOUNT

Improve Disbursements Process

Finding -

- As noted in our prior audit, when disbursements are made from the Joint Trust Account with CRIS to the Federal and State governments, the Court Clerk in Houston transfers the appropriate amount to the Court Clerk for the U.S. District Court, District of Alaska in Anchorage. This transfer occurs within the U.S. Treasury system. The Court Clerk in Anchorage then issues checks, as stipulated in the Joint Applications for Disbursement, to the State or Federal governments. Because of the administrative procedures involved, the time lag between when the funds are liquidated in CRIS and when the checks are again reinvested in the interest-bearing trust funds maintained by the State and Federal Governments is at least seven days. During this time lag, the funds are obviously not earning interest. We estimate that during fiscal 1995, the interest lost due to this time lag was approximately \$95,000, and approximately \$90,000 during fiscal 1996.
- Based on discussions with the Court Clerks in Anchorage and Houston in the prior year, the Anchorage Court Clerk does not have the ability to wire transfer funds. However, the Houston Court Clerk does. (Apparently the Houston Clerk is one of two or three Court Clerks in the country that has the ability to initiate wire transfers.) It appears that the Houston Court Clerk could make the wire transfers directly from Houston. The Anchorage Clerk would generate a voucher to initiate the transfer and fax this voucher to Houston prior to the wire transfer. In this manner, the Anchorage Court continues to control the disbursement process.

Recommendation -

Due to the significance of this matter, we provided the Executive Director with a letter dated February 1, 1996, explaining this issue and recommended that immediate action be initiated. The Trustee Council requested legal counsel to initiate discussions with the U.S. District Court regarding the ability to electronically transfer disbursements to the Governments. The Court has indicated that this is an issue best resolved by administrative personnel. Accordingly, a letter was sent to the Court requesting assistance in determining the current status of the Court to initiate wire transfers and an analysis of the process outlined in the finding above. The Court administrative personnel have not provided an affirmative response to this request. We recommend that the Council ensure that staff continues to pursue this issue.

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UNITED STATES, NATURAL RESOURCES DAMAGE ASSESSMENT AND RESTORATION FUND

We have no comments with respect to the United States, Natural Resources Damage Assessment And Restoration Fund.

STATE OF ALASKA, EXXON VALDEZ OIL SPILL SETTLEMENT TRUST

We have no comments with respect to the State of Alaska, Exxon Valdez Oil Spill Settlement Trust.

ALASKA DEPARTMENT OF FISH AND GAME

Accurate Recording of Payroll Activity

Finding -

Our procedures with respect to restoration projects included the selection and testing of payroll transactions charged to the projects. The State's payroll system ("AKPAY") allows for employees' work effort to be predesignated. In other words, employees payroll charges can be charged to a specific project, or projects, without the need for payroll clerks to input the appropriate account codes each pay period. For employees who work on a single project for several consecutive pay periods, this process is appropriate. However, during our fiscal 1995 and during the current year audit, we identified several employees who work on several projects during a single pay period. These employees' time is charged to specified projects based on the predesignation established in AKPAY. As a result, the employees' work efforts are not accurately represented by the percentage of their payroll charged to each project. In July 1996, ADF&G implemented a new computer application, which summarizes timesheet information by cost center and makes it easier to charge time to different collocation codes. Per review of employee's timesheets before and after the implementation of the new application, employee work effort prior to July 1996 was being charged on a predesignated basis. Beginning in July 1996, employee work effort is accurately reflected on their timesheets, and in AKPAY, with the exception of Cordova based employees within the Commercial Fisheries Management and Development Division. We noted that in this division, employee time, during July 1996 through September 1996, was still being charged on restoration projects using consistent percentages to those noted prior to July 1996.

Recommendation -

We recommend that account coding for employees working on several restoration projects reflect actual work effort. For such employees, time should be accurately maintained by project on a daily basis. Employees' time should be recorded daily on the employees' Time and Attendance Reports, which should be used for reporting time to AKPAY.

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Improve Project Financial and Management Oversight

Finding -

- Each Trustee Agency is responsible for ensuring that restoration project monies are expended in accordance with the Financial Operating Procedures, Federal and State laws and regulations, and in accordance with the Detailed Project Budgets approved by the Trustee Council. The Council provides project management and liaison funds to each Trustee Agency to ensure that these functions are carried out. During Fiscal 1996, we noted that the Department of Environmental Conservation (DEC) neglected to properly perform the primary functions of project administration and financial administration for the EVOS projects authorized to the agency. Due to the lack of project management and financial review the following issues were identified during the Fiscal 1996 audit:
 - 1. Project Managers did not review interim expenditure reports for each project to ensure that projects were expended in accordance with the approved budgets for the projects and that expenditures were proper.
 - 2. The budget authorizations established in AKSAS (the State's accounting system) for each project did not agree to the project budgets authorized by the Trustee Council. DEC neglected to review and correct the authorizations in AKSAS which is essential for correct coding and budgetary management and control. As a result, DEC did not properly account for costs on a project by project basis.
 - 3. Project expenditures were coded to whichever project had available remaining budget authorization in AKSAS, not based on which project the expenditures related. As a result, one project, #96027, was overexpended by \$8,203. This overexpenditure is in excess of the ten percent allowed by the Financial Operating Procedures.
 - 4. Two travel transactions totaling \$1,127, which were not related to any of DEC's restoration projects, were improperly charged to restoration projects. These amounts were identified during the audit and have been subsequently recorded to non-EVOS expenditure accounts within AKSAS.
 - 5. DEC did not maintain a method to ensure that general and administrative expenditures were charged to each restoration project as a percentage of direct project expenditures, as required by the Financial Operating Procedures.

Recommendation -

We recommend that DEC implement appropriate procedures to ensure that restoration project management is executed as required by the Trustee Council. Also, DEC should obtain Trustee Council ratification for the project overexpenditure discussed in item 3 above, as required by the Financial Operating Procedures.

Contractor Budgetary Performance

Finding -

DEC enters into contracts with vendors to perform certain restoration project activity. Based on a review of contracts entered into during Fiscal 1996, we noted that contracts for restoration project activity do not include a line-item budget indicating how the contractor is to expend the contract funds. In the absence of budgetary parameters in the contract agreement, the Agency does not have sufficient control over the contractors' performance of services in accordance with the budget approved by the Trustee Council.

Recommendation -

We recommend that DEC include sufficient budgetary documentation in its contracts in order to administer contract performance in accordance with the approved project budget.

Review of Payroll Disbursements

Finding -

The State's internal control structure provides for Certifying Officers to perform certain review and approval of disbursement transactions. Certifying Officers are appointed by the Commissioner of each department, and certify to the Disbursing Officer that all disbursement transactions are in conformity with accepted policies and practices. Part of this responsibility includes attesting to the appropriateness, propriety and legality of disbursements transactions.

Our procedures for the audits of the restoration projects included selecting and testing a sample of payroll transactions charged to restoration projects. As part of our testing we identified whether the collocation account charged for the payroll transactions was proper. Of the ten payroll items tested, two were charged to incorrect restoration project collocation accounts. Further analysis revealed that time and attendance reports prepared by the employees and approved by the supervisor were correctly coded. However, when the information was input into the payroll system, the collocation codes were incorrectly input. These errors were not subsequently identified and corrected by the certifying officer upon certification.

Recommendation -

We recommend that, as part of the certification process, the certifying officer be provided a list of the appropriate collocation codes and employees to be charged to restoration related activity. Certifying Officers should use this list to review payroll activity for correct collocation coding for the individual payroll disbursements being processed. We believe this review will help eliminate improper payroll charges based on collocation coding input errors.

Restricting Expenditures After Fiscal Year End

Finding -

AKSAS allows the Finance Officers for each Department to place restrictions on unexpended and unencumbered balances. These restrictions will then bar any expenditures or encumbrances against restoration funding without their approval. In Fiscal 1996, all restoration project funding approved by the State's Legislative Budget and Audit Committee lapsed on September 30, 1996. However, AKSAS is not programmed to lapse funding until the close of the State fiscal year following the close of the Federal fiscal year (i.e. funding from the Council for Federal fiscal 1996 will remain valid until the close of the State's fiscal 1997). Because of the differences in timing for fiscal year ends, the State Trustee Agencies can continue to expend funds related to the Federal fiscal year for nine months following the end of the Federal fiscal year. As was identified during our prior audit, the Department of Environmental Conservation (DEC) did not place restrictions on the restoration project authorizations which were unexpended and unencumbered.

Recommendation -

For the State Trustee Agencies, lapsing of funds must include placing a restriction on unexpended and unencumbered balances after the three month "closing" period subsequent to year end. We recommend that these restrictions be put in place.

Review of Restoration Project Activity

Finding -

During our prior audit, we identified an instance in which a vendor was inadvertently overpaid by the sum of \$10,000 for services provided to DEC for restoration project activity. When we reviewed this transaction we found that the overpayment was due to an input error during processing of the invoice. Our prior year comment indicated that DEC intended to initiate steps to recover the amount overpaid. However, as of September 30, 1996, DEC had not initiated such action.

Recommendation -

We recommend that DEC initiate actions to recover the amount overpaid. To reduce the risk that similar transactions occur in the future we recommend that the project manager review, on a monthly basis, all the transactions for each project. This review should be with sufficient care to identify errors such as the item described.

ALASKA DEPARTMENT OF NATURAL RESOURCES

We have no comments with respect to the Alaska Department of Natural Resources.

UNITED STATES DEPARTMENT OF INTERIOR, FISH AND WILDLIFE SERVICE

Monitor Project Budget Authorizations

Finding -

Each Trustee Agency receives funds under #96100 - "Administration, Public Information and Scientific Management" to fund their respective Trustee Council Liaison positions. For Fiscal 1996, the Trustee Council approved \$48,900 to support a seven month Liaison position, and associated costs for the Fish and Wildlife Service (FWS). However, at the beginning of fiscal 1996, the FWS Budget Office erroneously transferred, within the Federal Financial System (FFS), \$34,255 of previous fiscal years' carry-over funds into FWS's Project #96100 authorization, making a total of \$83,155 available for this project within FFS. Of this amount, \$81,159 was expended by FWS to fund most of the Liaison's salary and benefit costs. In addition, approximately \$16,000 was used to fund a portion of another employee's salary and benefit costs who was not associated with Liaison activities at FWS. Based on discussions with FWS personnel, the Liaison was informed that funds in excess of those approved by the Trustee Council were available in FFS prior to expenditures being charged to the additional funds. As a result of this error, the amount of unexpended carry-over funds within FFS for FWS relative to EVOS is understated by \$34,255. The overexpenditure is also in excess of ten percent and \$25,000 of the authorized level of funding for that project, which is allowed to be adjusted between projects as stated in the Financial Operating Procedures.

FWS does not have procedures in place at the Regional level to ensure that amounts authorized and expended on restoration projects are the same as the amounts approved by the Trustee Council. These procedures should include a comparison of the project amounts approved by the Trustee Council to the amounts authorized in FFS. Any changes to the project authorization amounts should not be permitted without appropriate written documentation from the Trustee Council or the Executive Director.

Recommendation -

We recommend that FWS establish procedures as described above.

Fiscal 1996 Project Costs Improperly Charged to Fiscal 1995 Remaining Authorizations

Finding -

- For each fiscal year up to and including Fiscal 1996, the period of time between the beginning of the fiscal year when restoration project funding is approved by the Council and the date that funding becomes available in FFS as an authorization to spend can be several months. This is primarily due to administrative delays associated with the Federal project authorization process. During this period of time, project managers and principal investigators need to, and do, incur expenditures related to the Trustee approved projects, and finance personnel at FWS charge these costs to unexpended and unobligated authorizations remaining from the prior fiscal year. Once the current year funding becomes available in FFS, expenditures incurred relative to the current year projects should be redistributed or transferred from the prior year authorizations to the current year authorizations.
- During our current year audit, we identified \$136,823 in such expenditures and obligations which were never redistributed. As a result, FFS understates Fiscal 1996 total restoration project expenditures by \$136,823, and understates the unexpended unobligated balance relative to Fiscal 1995 by the same amount. The financial statements for FWS for Fiscal 1996 were adjusted to include these amounts. However, an adjustment is needed in FFS to transfer the costs.
- It is important to ensure that project expenditures are recorded in the appropriate fiscal year for proper project management and to ensure that the amount the Agency reflects as unobligated and available for return to

NRDA&R is appropriate. FWS does not have adequate policies and procedures in place to ensure that the redistribution occurs.

Also, as a result of this error, two projects, #96031 and #96101, were overexpended by the 10% / \$25,000 threshold allowed by the Financial Operating Procedures.

Recommendation -

We recommend that FWS implement policies and procedures to ensure that redistributions between fiscal years occur when necessary. Also, FWS should obtain Trustee Council ratification for the overexpenditures on projects #96031 and #96101 as required by the Financial Operating Procedures.

Improve Project Financial and Management Oversight

Finding -

- During our Fiscal 1995 audit, we noted that the Federal Financial System (FFS), the accounting system used to accumulate and record all restoration project expenditures for the Department of Interior, contained certain limitations. These included:
 - 1. FWS does not have direct access to FFS. All expenditure documentation is forwarded by FWS to the Federal Financial Center (FFC) for processing. FFC performs all input and administrative functions with respect to FWS transactions, and generates all reports for use by FWS. Because FWS does not have control over its activities within FFC, the FWS administrative staff must review the detail activity reflected in the FFS reports, and determine that the information is consistent with the information forwarded to the FFC. This creates inefficiencies in reviewing initial FFS reports, reconciling the information presented to the information forwarded to FFC, communicating any corrections to the FFC necessary because of processing errors made by FFC, and verifying that these corrections have been made. As a result, significant time delays occur between when expenditures are incurred and when this information is available for review by FWS. Management, therefore, cannot perform timely reviews of project budgets to actual expenditures.
 - 2. In order for the project managers for FWS to sufficiently monitor the activity on its restoration projects, project expenditure information must be summarized on a monthly and year-to-date basis by project, and within each project by object class (personnel, travel, contractual, commodities, capital outlay, equipment). During our audit we noted that while the FFS reports made available to Anchorage by FFC sorted project activity by project, the reports did not sort the project activity by object class, and did not provide year-to-date information. In order for this information to be available to the project managers, FWS's Anchorage accounting personnel maintained a separate Lotus schedule for each project. All information sent to FFC was input into the Lotus schedules. Monthly, FWS's Anchorage accounting personnel reconciled these schedules with FFC monthly reports on an item-by-item basis. This process was time-consuming and inefficient. In addition, maintaining dual accounting systems was inefficient. When differences were identified between the two reports FWS personnel forwarded information to FFC to adjust the incorrect transactions. During fiscal 1995, we noted that a large number of adjustments were necessary. As a result, FWS accounting personnel dedicated a substantial amount of their time to these adjustments.
- During our fiscal 1996 audit, we noted that significant improvements have been made to alleviate these issue including allowing the Anchorage office to remotely enter certain non-payroll transactions. Also, during Fiscal 1997, the Anchorage Office will begin remote input of payroll transactions which will further alleviate the problems discussed above. During 1996, FWS also developed a more "user friendly" project management report, the "NRDA&R Overall Financial Status By Project" report, which facilitates the analysis of actual project expenditures on an object code basis against the total authorized for each project. We noted, however, that no formal procedures were developed to ensure that these reports were forwarded to the appropriate Project Managers for review.

Recommendation -

We recommend that during fiscal 1997, FWS develop procedures to ensure that the "NRDA&R Overall Financial Status - By Project" report be forwarded to the Principal Investigators' and Project Managers' monthly for review. The managers should include a review of variations between the budgeted object classes (personnel, travel, contractual, commodities, etc.) to actual object class expenditures. While the Financial Operating Procedures allow Trustee Agencies to modify project budgets between object classes, this review is important to ensure that funds are expended in a manner that is consistent with project authorizations and that expenditures are proper.

Improve Project Monitoring and Budgeting for Project 96126

Finding -

- The Council has two distinct land acquisition programs underway relative to large and small parcel acquisitions. FWS has activities underway under each program, and is also performing work for several of the large parcel acquisitions. The Council currently funds all Agency activity for this program under one project, project #96126 - "Habitat Protection and Acquisition Support". Based on discussions with FWS, Division of Realty personnel in charge of the acquisition activity, monitoring activity under this project could be more easily facilitated if separate projects were established for individual large parcel acquisitions by location (Kodiak, Kenai, etc.) and if separated by small and large parcel acquisition activity.
- We also noted that, FWS did not perform a monthly financial review of the activity for project #96126 "Habitat Protection and Acquisition Support" to ensure that the costs incurred were appropriate and in accordance with the Detailed Project Description. This review is important to ensure that the project is proceeding within the established budget and to ensure that charges are not miscoded to this project. While the Administrative Officer does perform a reconciliation between expenditures tracked on an internally maintained ("Cusp") system to expenditures on FFS, this reconciliation does not adequately analyze expenditures for propriety.

Recommendation -

We recommend that the Trustee Council consider establishing separate projects for project #96126 based on location and activity. We also recommend that the review of financial reports be performed by the Liaison or Project Manager to ensure proper project and financial administration. The reports used should be those mentioned in our Improve Project Financial and Management Oversight comment above.

Segregate and Monitor Expenditure of General Administration

Finding-

- Each restoration project budget includes an amount to reimburse the Trustee Agencies for the general administration costs. During our audit of FWS in fiscal year 1995 and again in the current fiscal year, we noted that FWS does not account for the amounts expended on general administration separately from direct project expenditures to ensure that restoration projects are charged general administration costs in the correct proportion to direct costs as required by the Financial Operating Procedures. As a result, FWS has no way to identify whether the general administration budgets have been properly expended. In the absence of this control, FWS cannot ensure that restoration projects are charged general administration costs in the correct proportion to direct costs.
- FWS is working to address this issue and plans to implement procedures to begin complying with the requirements of the Financial Operating Procedures commencing with Fiscal 1998. In total FWS did not overexpend the allowable amount of general administration budget as a result of not tracking general administration separately during Fiscal 1996.

Recommendation -

We recommend that FWS accumulate and report general administration expenditures as required by the Financial Operating Procedures.

UNITED STATES DEPARTMENT OF INTERIOR, UNITED STATES GEOLOGICAL SURVEY

Improve Transactions Processing and Reporting

In our prior audit we identified the following which still appears to be applicable in the current year. The Federal Financial System (FFS) is the accounting system used to accumulate and record all restoration project expenditures for the U.S. Geological Survey (USGS). The Federal Financial Center (FFC) in Denver, Colorado, processes all accounting activities for USGS in Anchorage, Alaska. During our testing of USGS's transactions, we noted the following with respect to information provided by the FFS:

Finding -

1. USGS does not have direct access to FFS. All expenditure documentation is forwarded by USGS to the FFC for processing. FFC performs all input and administrative functions with respect to USGS transactions, and generates all reports for use by USGS. Because USGS does not have control over its activities within FFC, the USGS administrative staff must review the detail activity reflected in the FFS reports, and determine that the information is consistent with the information forwarded to the FFC. This creates inefficiencies in reviewing initial FFS reports, reconciling the information presented to the information forwarded to FFC, communicating any corrections to the FFC, and verifying that these corrections have been made. As a result, significant time delays occur between when expenditures are incurred and when this information is available for review by USGS. Management, therefore, cannot rely on the FFC reports to perform timely reviews of project budgets to actual expenditures.

Recommendation -

Through discussions with management, we understand that USGS is working to provide USGS-Anchorage with more control over its accounting function. We recommend that USGS be given more control over its activity within the FFC to eliminate the inefficiencies mentioned and to make the information available from the FFC more useful to management.

Finding-

2. In order for the project managers for USGS to sufficiently monitor the activity on its restoration projects, project expenditure information must be summarized on a monthly and year-to-date basis by project, and within each project by object class (personnel, travel, contractual, commodities, equipment). During our audit we noted that the FFS reports made available to Anchorage by FFC sorted project activity by project or by object class, but not by object class within each project. The reports also did not provide year-to-date information. In order for object class information to be available to the project managers by project, USGS's Anchorage accounting personnel maintained a separate Lotus schedule for each project. All information sent to FFC was input into the Lotus schedules. Monthly, USGS's Anchorage accounting personnel reconciled these schedules with FFC monthly reports on an item-by-item basis. This process was time-consuming and inefficient. In addition, maintaining dual accounting systems was inefficient. When differences were identified between the two reports USGS personnel forwarded information to FFC to adjust the incorrect transactions. During fiscal 1995 and 1996, we noted that a large number of adjustments were necessary. As a result, USGS accounting personnel dedicated a substantial amount of their time to these adjustments.

Recommendation -

As mentioned above, we recommend that that USGS be given more control over its activity within the FFC. Until this occurs we recommend that FFC customize the FFS reports to better suit the needs of USGS's accounting personnel.

Segregate and Monitor Expenditure of General Administration

Finding-

- Each restoration project budget includes an amount to reimburse the Trustee Agencies for the general administration costs. During our audit of USGS in fiscal year 1995 and again in the current fiscal year, we noted that USGS does not account for the amounts expended on general administration separately from direct project expenditures to ensure that restoration projects are charged general administration costs in the correct proportion to direct costs as required by the Financial Operating Procedures. As a result, USGS has no way to identify whether the general administration budgets have been properly expended. In the absence of this control, USGS cannot ensure that restoration projects are charged general administration costs in the correct proportion to direct costs.
- In total USGS did not overexpend the allowable amount of general administration budget as a result of not tracking general administration separately during Fiscal 1996.

Recommendation -

We recommend that USGS accounting personnel accumulate and report general administration charges separately from direct project expenditures. Project managers should review month-end reports in order to monitor the expenditure of general administration and direct project expenditures for compliance with budget limits.

Improve Controls Over Expenditures

Finding-

- Our procedures for the audits of the restoration projects included selecting and testing a sample of non-payroll transactions charged to restoration projects. These procedures included determining whether these transactions related to the restoration projects charged, whether the amounts were properly approved, and whether the transactions were properly coded as to project and object class. Of the non-payroll items tested, we identified the following:
 - Expenditures for similar supplies and equipment items were inconsistently coded to the supplies and equipment object classes.
 - Expenditures for contractual costs were charged to supplies.

Recommendation-

We recommend that all USGS staff responsible for coding expenditures to restoration project expenditures receive direction as to proper coding of items purchased or contracted.

UNITED STATES DEPARTMENT OF INTERIOR, NATIONAL PARK SERVICE

We have no comments with respect to the United States Department of Interior, National Park Service.

UNITED STATES DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Preparation of Quarterly Financial Reports

Finding -

Each Agency is required to submit quarterly financial reports to the Restoration Office reflecting the total amounts expended on each restoration project conducted in the current and prior years. Upon reviewing the reports prepared by NOAA during the current year for prior year and current year projects, we were unable to reconcile these reports to the Department of Commerce's financial system, FIMA. In addition, we were unable to determine the method used to allocate general administrative costs to the projects, other than an allocation of the general administration account to each project based on remaining available budget. This resulted in some unusual results. For example, one project, which had no activity or direct project expenditures during fiscal 1995, began reflecting general and administrative amounts expended on the 1996 quarterly reports.

Recommendation -

We recommend that the quarterly financial reports be prepared, or at a minimum reviewed, by an official in the budget office of National Marine Fisheries in Juneau prior to submission to the Restoration Office.

Improve Project Management

Finding -

At the beginning of fiscal 1996, contracts for certain restoration projects conducted by the Prince William Sound Science Center were transferred from the Alaska Department of Fish & Game to NOAA. This was done to facilitate the contracting needs of the Council. During our audit of these projects, we noted that the NOAA project manager who reviews and approves contractor invoices did not have a sufficient knowledge of the progress of the projects to critically review the detail support submitted with the invoice. His invoice review also did not include a review of the detail invoice support supplied by the contractor to determine whether the support was reasonable. In addition, even though the contractor did provide detail support, the contract language did not require that the contractor provide such information.

Recommendation -

We recommend that the NOAA project managers responsible for projects conducted by contractors have an adequate understanding and continuing status of each of their projects, and review contractor invoices with sufficient scrutiny to carry out their responsibilities as defined by the Council. We also recommend that NOAA modify future contract language to require contractors to submit detail supporting each invoice.

Improve Implementation of Accounting System

Finding -

As noted in the prior year audit and again in the current year, the National Marine Fisheries Service's Budget Tracking System ("BTS") is the accounting system used to accumulate and record all restoration project expenditures for National Marine Fisheries Service (NMFS)/Auke Bay Fisheries Laboratory (ABL) projects. During our testing of ABL's transactions, we noted that ABL does not have direct access to BTS. All expenditure documentation is forwarded by ABL to NMFS's Western Administrative Service Center (WASC) in Seattle for processing. WASC performs all input and administrative functions with respect to BTS transactions, and generates all reports for use by ABL. Because ABL does not have control over its activities within BTS, the ABL administrative staff must review the detail activity reflected in BTS, and determine that the information is consistent with the information forwarded to WASC. This creates inefficiencies in reviewing initial BTS reports, reconciling the information presented to the information forwarded to BTS, communicating any corrections to WASC, and verifying that these corrections have been made. As a result, significant time delays occur between when expenditures are incurred and when this information is available for review by ABL. Management, therefore, cannot perform timely reviews of project budgets to actual expenditures.

Recommendation -

Through discussions with management, we understand that the Agency is working to provide Juneau with more control over its accounting function. We recommend that ABL be given control over its activity within BTS to eliminate the inefficiencies mentioned and to make the information available from BTS more useful to management.

Perform Calculation of General Administration

Finding -

The Financial Operating Procedures require that each Agency ensure that general administration costs charged to projects do not exceed the amount allowed based on direct project expenditures. During fiscal 1996, NOAA had not implemented procedures to ensure that this occurred. NOAA did place the general administration budgets in separate accounts from the direct project funds, and established sufficient procedures over what expenditures were allowed to be charged to these funds. However, NOAA did not perform calculations to ensure that the total amounts expended in the general administration account did not exceed the amounts allowed based on direct program expenditures. As a result of not performing this calculation, the Agency did not expend more general administration costs, in total, than allowed.

Recommendation -

We recommend that NOAA establish procedures so that the amount of general administration costs charged to projects does not exceed the amount allowed based on direct project expenditures.

UNITED STATES DEPARTMENT OF AGRICULTURE, UNITED STATES FOREST SERVICE

Improve Project Management

Finding -

The United States Forest Service contracts with the Prince William Sound Science Center to conduct certain restoration project activities. During our review of the contract for one project, the contract language did not require that the contractor provide detail support with the invoice. In addition, this multi-year project was executed under an original contract, with subsequent years added through contract modifications. However, the contract did not require separate billings either by each modification, or by federal fiscal year. As a result, it is difficult for USFS to ensure that the contractor is billing for costs as planned in the DPD and that contractor billings are reasonable.

Recommendation -

We recommend that USFS modify future contract language to require contractors to submit detail supporting each invoice, and that separate billings be submitted for each federal fiscal year's project.

Preparation of Quarterly Financial Reports

Finding -

Each Agency is required to submit quarterly financial reports to the Restoration Office reflecting the total amounts expended on each restoration project conducted in the current and prior years. The Quarterly reports submitted during 1996 by USFS did not include updated activity relative to the fiscal 1995 and earlier projects. It is important that this information be prepared and submitted since it is required by the Financial Operating Procedures, and is needed to continue to properly reflect unexpended and unobligated balances for prior years closed projects.

Recommendation -

We recommend that the quarterly financial reports be prepared from reports available from NFC which reflect actual changes in obligations and expenditures to each prior years projects.

Caption	Current Status
AL COMMENTS	
eneral Administration Budgeting and Control	The Council revised the Financial and Operating Procedures (FOP'S) during Fiscal 1996. The revised FOP's adequately address the recommendations made in prior year.
y Transfers of General Administrative	This comment was resolved in the current year.
pject Management Budgets	The Council has developed separate project management budgets for each Trustee Agency beginning in Fiscal 1997, resolving this comment.
il from University of Alaska Fairbanks	See our comment in the Current Year Comments section of this letter.
view of Restoration Project Activity	See our comment in the Current Year Comments section of this letter.
of Project Reports	The Trustee Council has taken steps to ensure that outstanding project reports are filed. As a result of these new procedures, this comment has been resolved.
f Quarterly Expenditure/Obligation	This was not identified as an issue in the current year.
ose of Prior Year Project Authorizations	This comment was resolved in the current year.
Restoration Office Budget	The Restoration Office reviewed the allocation of its budget for the Fiscal 1997 <i>Work Plan.</i> In Fiscal 1997 the Restoration Office's budget is divided among three Trustee Agencies, Alaska Departments of Fish and Game, and Natural Resources, and the U.S. National Oceanic and Atmospheric Administration (NOAA), based on the best availability of services. The review performed adequately addressed this comment.
ntrols Over Equipment Management	The revised FOP's, adopted during Fiscal 1996, will help the Restoration Office monitor equipment purchased with

future years.

State of Alaska Audit Requirement

This comment was resolved in the current year.

restoration project funds and better utilize this equipment in

Prior Year Caption Current Status COURT REGISTRY INVESTMENT SYSTEM - JOINT TRUST ACCOUNT

The Council requested the U.S. Department of Justice to apply for a restoration of fees paid to date and a waiver of future fees with the U.S. District Court. This application has been made. The Council has made this issue a high priority. Pending the outcome of the application, this issue has been resolved. During Fiscal 1997, \$388,772 was paid in registry fees bringing the total amount paid since inception to \$1,516,629. We will monitor the progress of the application during our next audit.

Improve Disbursements Process

Reduce Registry Fees

Establish Reserve Fund

this letter. During fiscal 1996, the Reserve Fund was established,

See our comment in the Current Year Comments section of

resolving this issue.

UNITED STATES, NATURAL RESOURCES D'AMAGE ASSESSMENT AND RESTORATION FUND

NRDA&R Cash Disbursements Process

The Executive Director, her staff, and the Department of Interior worked to make improvements in this process. The changes made should help to correct the issues identified in the prior year to the extent practical.

Transfers from NRDA&R - Prior Years Projects

This issue was resolved in the current year.

STATE OF ALASKA, EXXON VALDEZ OIL SPILL SETTLEMENT TRUST

We had no comments with respect to the State of Alaska, Exxon Valdez Oil Spill Settlement Trust in our prior audit.

ALASKA DEPARTMENT OF FISH AND GAME

Timeliness of Contractor Invoicing

Starting with Fiscal 1997, contracts and RSA's, executed by the Alaska Department of Fish & Game will require a closeout period and detail supporting all invoices. Accordingly, this issue was resolved in the current year.

Review Prior Year Encumbrances

Improperly Approved Travel Authorizations

Accurate Recording of Payroll Activity

Transfers of Project Expenditures

This issue was resolved in the current year.

This issue was resolved in the current year.

See our comment in the Current Year Comments section of this letter.

This issue was resolved in the current year.

Prior Year Caption Current Status ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Review of Payroll Disbursements	See our comment in the Current Year Comments section of this letter.
Restricting Expenditures After Fiscal Year End	See our comment in the Current Year Comments section of this letter.
Review of Restoration Project Activity	See our comment in the Current Year Comments section of this letter.
Timeliness of Contractor Invoicing	This was not identified as an issue in the current year.
Review Prior Year Encumbrances	This issue was resolved in the current year.

ALASKA DEPARTMENT OF NATURAL RESOURCES

We had no comments with respect to the Alaska Department of Natural Resources during our prior audit.

UNITED STATES DEPARTMENT OF INTERIOR, FISH AND WILDLIFE SERVICE

Improve Transactions Processing and Reporting

Review of Monthly Activity

Improve Controls Over Payroll

Retain Supporting Documentation for Disbursements

Expenditures Made Not In Accordance With Approved Budgets

See our comment titled <u>Improve Project Financial and</u> <u>Management Oversight</u> in the Current Year Comments section of this letter.

See our comment titled <u>Improve Project Financial and</u> <u>Management Oversight</u> in the Current Year Comments section of this letter.

This issue was resolved in the current year.

This issue was resolved in the current year.

See our comment titled <u>Monitor Project Budget</u> <u>Authorizations</u> in the Current Year Comments section of this letter.

UNITED STATES DEPARTMENT OF INTERIOR, UNITED STATES GEOLOGICAL SURVEY

Improve Transactions Processing and Reporting

Segregate and Monitor Expenditure of General Administration

See our comment in the Current Year Comments section of this letter.

See our comment in the Current Year Comments section of this letter.

Prior Year Caption Current Status UNITED STATES DEPARTMENT OF INTERIOR, UNITED STATES GEOLOGICAL SURVEY (Continued)

Review of Monthly Activity

Improve Controls Over Payroll

See our comment titled <u>Improve Controls Over</u> <u>Expenditures</u> in the Current Year Comments section of this letter.

This issue was resolved in the current year.

Improve Controls Over Expenditures

See our comment in the Current Year Comments section of this letter.

UNITED STATES DEPARTMENT OF INTERIOR, NATIONAL PARK SERVICE

We had no comments with respect to the United States Department of Interior, National Park Service in our prior audit.

UNITED STATES DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Improve Implementation of Accounting System	See our comment in the Current Year Comments section of this letter.
Overhead Allocation to Auke Bay Fisheries Laboratory	This issue was resolved in the current year.
Improve Project Expenditure Control	This issue was resolved in the current year.
Transfers of Project Expenditures	This issue was resolved in the current year.
Improve Controls Over Payroll	This issue was resolved in the current year.
Contract Extension Beyond Fiscal Year-End	This issue was resolved in the current year.

UNITED STATES DEPARTMENT OF AGRICULTURE, UNITED STATES FOREST SERVICE

Review of Monthly Activity	This issue was resolved in the current year.
Carry Forward Prior Year Authorizations	This issue was resolved in the current year.

Exxon Valdez Oil Spill Trustee Council

Restoration Office 645 "G" Street, Anchorage, AK 99501 Phone: (907) 278-8012 Fax: (907) 276-7178



February 21, 1997

Elgee, Rehfeld & Funk, CPAs 9309 Glacier Highway, Suite B-200 Juneau, Alaska 99801

On behalf of the Trustee Council, I am submitting responses to the general comments and the Court Registry Investment System - Joint Trust Account comments contained in the *Exxon Valdez* Oil Spill Trustee Council, Internal Control and Operating Comments dated January 23, 1997. Specific agency comments are addressed separately by the affected agency.

GENERAL COMMENTS

Comment: Obtain Detail from University of Alaska Fairbanks

We recommend that the Trustee Agencies include a stipulation in RSA's or contracts with UAF, and all other contractors, that detail be provided (time and attendance records, encumbering documents, travel authorization forms, invoices, etc.) with invoices to support the amounts claimed for reimbursement, as is currently required by the Alaska Department of Fish and Game. This detail should be summarized by object code (personnel, travel, contractual, etc.), and should clearly indicated to which federal fiscal year the invoices relate.

Response: We concur. The Director of Administration will work with the agencies to ensure that consistent language is inserted in all RSA's and contracts.

Comment: Improve Review of Restoration Project Activity

We recommend that project managers review monthly restoration project expenditure reports. The reviewer should evaluate if project expenditures were properly approved and appropriate for the project, and if cumulative expenditures are within authorized budget limits.

Response: We concur. The Detailed Project Description approved for Fiscal Year 1997 for project management outlined the responsibilities of the project managers. One of the responsibilities includes monitoring project expenditures to ensure that funds are expended consistent with project authorization. Since the project management function

Appendix l Page l

was defined in the Detailed Project Description, I am optimistic that the issue will be resolved in the current year. However, a memorandum will be issued to the agencies reiterating the Detailed Project Description and reminding project managers of their responsibility to review monthly detail expenditure reports.

COURT REGISTRY INVESTMENT SYSTEM - JOINT TRUST ACCOUNT

Comment: Improve Disbursements Process

We recommend that the Council ensure that staff continue to pursue this issue.

Response: We concur. The time lag between when funds are liquidated in CRIS and again reinvested in the interest-bearing trust funds maintained by the State and Federal Governments is unacceptable. Clearly the current practice of issuing a warrant results in lost earnings on recoveries. In addition, since the registry funds are maintained within the Treasury General Account, it could be argued that the Federal Government has the use of the funds until the warrant is presented for payment. Wiring the registry funds directly to the interest-bearing trust funds would ensure that interest accrued on recoveries is used for the joint purposes as outlined in the Memorandum of Agreement and Consent Decree.

Sincerely,

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MeCam Mille

Molly McCammon Executive Director

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

COMMISSIONER'S OFFICE

P.O. BOX 25526 JUNEAU, AK 99802-5526 PHONE: (907) 465-4100 FAX: (907) 465-2332

February 21, 1997

Ms. Molly McCammon Executive Director Exxon Valdez Oil Spill Trustee Council 645 G Street, Suite 401 Anchorage, AK 99501-3451

Dear Ms. McCammon:

Thank you for the opportunity to review the draft copy of internal control and operating comments developed as part of the independent audit prepared by Elgee, Rehfeld and Funk for the year ending September 30, 1996. The department has reviewed the finding and recommendation and appreciates the opportunity to respond.

Recommendation

We recommend that account coding for employees working on several restoration projects reflect actual work effort. For such employees, time should be accurately maintained by project on a daily basis. Employees' time should be recorded daily on the employees' Time and Attendance Reports, which should be used for reporting time to AKPAY.

The department concurs with the recommendation. We are pleased to note that the auditors found improvements on timesheets prepared after July 1996 and processed on the new earnings verification entry system (EVE). EVE was designed to address our long-standing problems with labor distribution.

We have reviewed the problem timesheets and found that reported employee work effort during a single pay period in most cases did not differ from the precoded labor distribution. To address this problem the division has contacted those employees whose timesheets appeared to be precoded. They have been reminded of the requirement that they must report actual work effort on each project on a daily basis. In the future, the regional office will closely monitor the timesheets as they are processed.

If you have any questions regarding the department's response or require additional information, please contact me.

Sincerely,

Kein Brooks

Frank Rue Commissioner

MEMORANDUM

State of Alaska

Department of Environmental Conservation Office of the Commissioner

TO: Molly McCammon Executive Director, Exxon Valdez Trustee Council DATE: February 26, 1997

FILE NO: (H:\HOME\CMILLER\GINNY.MEM)

FROM:

Virginia Fay Special Assistant

PHONE NO: 465-5066

We have reviewed the draft audit documents of the Elgee, Rehfield and Funk audit of the *Exxon* Valdez Oil Spill restoration projects, and appreciate this opportunity to respond.

In general, we concur with the audit findings and recommendations. Several changes, however, have al ready been implemented to correct the issues raised in this audit. In October 1996, the Department's entire management team for administering EVOS projects was changed. The new EVOS Liaison position is now with the Commissioner's office and the responsibility for administrative management of Exxon projects was assigned to the department's Division of Administrative Services. As a result of these changes, problem areas were observed and corrective actions begun even prior to the audit.

Restoration projects must now meet the same financial and internal controls required of all department programs. Actions were taken to implement appropriate procedures that ensure restoration project management is executed as required by the Trustee Council. Actions taken include:

Review of interim expenditure reports to ensure project funds were expended in accordance with approved budgets and expenditures were charged to the proper projects

Assurance that AKSAS budget authorizations agree with budgets authorized by the Trustee Council.

Changes in budget allocations receive Trustee Council approval as required by the Trustee Council Financial Operating Procedures.

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General Administration costs are based on direct project expenditures as required by the Trustee Council Financial Operating Procedures.

Contracts now incorporate detailed project descriptions and budgets to ensure sufficient control over contractor's performance.

Adjustments performed to remove the travel transactions of \$1,127 that were unrelated to the DEC restoration projects.

State internal control and financial procedures are adhered to in the implementation of the restoration projects.

We believe that the department's new EVOS team and the Division of Administrative Services oversight has addressed the problems outlined in this audit and will prevent similar problems from occurring in the future. Thank you for the opportunity to respond to the audit findings. If you have any questions or require additional information, please contact me.

cc: JoEllen Hanrahan Tom Haas



United States Department of the Interior

FISH AND WILDLIFE SERVICE 1011 E. Tudor Rd. Anchorage, Alaska 99503-6199

AES/ESO

FEB 20 1997

Ms. Molly McCammon, Executive Director Exxon Valdez Oil Spill Trustee Council 645 G Street, Suite 401 Anchorage, Alaska 99501-3451

EXXON VALDEZ OF SPHIL TRUSTEE COUNCIL

Dear Ms. McCammon:

In response to the Fiscal Year 1996 audit document *Exxon Valdez* Oil Spill Trustee Council, *Internal Control and Operating Comments and Recommendations*, we offer the following comments and solutions for our agency:

Monitor Project Budget Authorizations

These charges were incurred as a result of misunderstandings and poor communication regarding the availability of unobligated prior year balances that happened at both the Regional Office and the Washington Office levels of the Fish and Wildlife Service. The Region has evaluated available options to correct this problem. Our first choice is to seek ratification from the Trustee Council for these erroneous charges. We are preparing appropriate documentation for this request. If this approval is not received, we will redistribute these salary charges to other Service appropriations. We do not have adequate FY 1996 EVOS funds in other projects to absorb this reprogramming, but have established a contingency fund in other accounts to facilitate repayment if ratification is not approved.

The mechanism by which the Region received these incorrect funds has been corrected. The Control Schedule Authority report now reserves prior year carryover funds in an "Unallocated" column which renders them unavailable to any obligations. This should alleviate any future instances of this nature and is consistent with the Council's Operating Procedures.

Fiscal Year 1996 Project Costs Improperly Charged to Fiscal Year 1995 Remaining Authorizations

Although the Trustee Council's Operating Procedures established procedures for return of carryover funds, the Region was still working on internal procedures for control of funds and assignment of project numbers at the beginning of FY 1996. There were several instances in which FY 1996 salaries and expenses were charged to FY 1995 project numbers. Although some of the charges were later redistributed to FY 1996 project numbers, \$136,823 was not redistributed and was not identified to the Trustee Council for any approval for use as carryover. Regional staff could research all the documents associated with these charges, prepare

redistribution transaction sheets, and perform the data entry necessary to make the changes in the Financial System to properly record the charges. We would also have to report several reprogrammings in FY 1996 projects to accommodate these amounts. Our preferred option is to request ratification of the charges from the Trustee Council and a request for this is being prepared. We believe that the Operating Procedures, as well as new internal processes being implemented by the Service as a result of this audit and the audit last year, will avoid future problems of this nature.

Improve Project Financial and Management Oversight

We are developing the procedures for providing the "NRDA&R Overall Financial Status - By Project" report to the appropriate Project Managers. The Trustee Council Liaison will establish a listing of Project Managers with their project numbers. The Liaison will update this list as needed. The Anchorage (Service's Regional Office) accounting personnel will do the distribution of the report monthly to the Project Managers. The initial distribution will include instructions and a general overview of object class definitions as they relate to the Project Proposal. This instruction will be designed to increase Project Manager's awareness of their responsibilities and facilitate their use of the reports.

Improve Project Monitoring and Budgeting for Project 96126

The Service agrees with these recommendations.

Segregate and Monitor Expenditure of General Administration

The Service began investigating this issue as a result of last year's audit and the revised Operating Procedures. We are committed to being in compliance by FY 1998.

Thank you for the opportunity to respond to the auditor's findings and recommendations. If you have any questions regarding these comments, please contact Catherine Berg at 786-3598.

Sincerely,

David B. Allen Regional Director

United States Department of the Interior



U.S. GEOLOGICAL SURVEY Reston, Virginia 20192

In Reply Refer To: Mail Stop 300 FEB 2 4 1997

MEMORANDUM

To: Bob Baldauf, POB From: Tom Thompson, Budget and Finance Officer

Subject: Review of Draft Exxon Valdez Oil Spill Audit

Attached is the U.S. Geological Survey, Biological Resources Division response to the draft audit report for the Exxon Valdez Oil Spill Trustee Council.

Attachment

cc: Debra Williams Lisa Thomas Neva Bostick Jo Margaret Hale Michele Connolly

UNITED STATES DEPARTMENT OF THE INTERIOR UNITED STATES GEOLOGICAL SURVEY BIOLOGICAL RESOURCES DIVISION

Improve Transactions Processing and Reporting

Recommendation: Through discussions with management, we understand that USGS is working to provide USGS-Anchorage with more control over its accounting function. We recommend that USGS be given more control over its activity within the FFC to eliminate the inefficiencies mentioned and to make the information available from the FFC more useful to management.

Response: Concur with recommendation. The USGS has direct access into FFS, the official finance and accounting system. We received greater control with the establishment of a separate BRD application under FFS. The Alaska Science Center (ASC) inputs all obligations and enters payments up to \$2,500 directly into FFS. Reconciliation with FFS reports is conducted on a monthly basis, but for accounting purposes the ASC in-house records are real-time, accurate, and up to date. The project leaders are given updates of real-time reports on a weekly basis.

Recommendation: As mentioned above, we recommend that USGS be given more control over its activity within the FFC. Until this occurs we recommend that FFC customize the FFS reports to better suit the needs of USGS's accounting personnel.

Response: Concur with recommendation. As a result of last year's audit recommendation, Alaska and the Finance Center worked closely together to create additional reports to aid in the audit process. Project expenditures are summarized on a monthly and year-to-date basis and can be found on the Office Management Reports for NRDA. These reports list separate accounts and are itemized by object class, current month expenditures, and a running total for each project.

Alaska reconciles their in-house records to the FFC reports item-by-item. This is time consuming, but has proven to be a good way for quality control of the ASC records and the FFC records. Differences are sometimes noted, but most errors can be corrected at ASC by redistributing directly on-line with FFS.

Segregate and Monitor Expenditure of General Administration

Recommendation: We recommend that USGS accounting personnel accumulate and report general administration charges separately from direct project expenditures. Project managers should review month-end reports in order to monitor the expenditure of general administration and direct project expenditures for compliance with budget limits.

Response: Concur with the recommendation. The Alaska Science Center will incorporate a general administration tracking system to monitor the expenditure of administrative charges.

Improve Controls Over Expenditures

Recommendation: We recommend that all NBS staff responsible for coding expenditures to restoration project expenditures receive direction as to proper coding of items purchased. We also recommend that expenditures associated with project management be charged to restoration projects based on actual work efforts of the project managers. This should be accomplished through accurate recording of time worked on the employee's time and attendance forms.

Response: Concur with recommendation. The Trustees were charged for work that was completed. In other words, the Trustees receive 5 pay periods of work over the course of the year if that is what they agreed to fund. If the Trustees do not feel they have received a product that justifies the cost, it is at that point discussions should be held. In addition, projects undergo routine review, offering ample opportunity for the Trustees to determine if they are getting products that warrant requested costs. As above, employees do in fact work time required to produce the negotiated product and fulfill contractual obligations with the Trustees. Handling time as recommended will be cumbersome and add significant cost to the Trustees.



UNITED STATES DEPARTMENT OF COMMERCE National Oceanic and Atmospheric Administration

National Marine Fisheries Service P.O. Box 21668 Juneau, Alaska 99802-1668

February 25, 1997

MEMORANDUM FOR:

Molly McCammon Executive Director, EVOS

FROM:

Steven Pennoyer Aluska Region

SUBJECT:

Internal Control and Operating Comments

We have reviewed the "Draft Internal Controls and Operating Comments" provided to us last week. We limit our comments specifically to the four comments directed toward the National Oceanic and Atmospheric Administration (NOAA) contained on pages 17 and 18 of the draft. We appreciate this opportunity to provide comments.

Preparation of Quarterly Financial Reports

We budget and track general administration funds separately from project funds and will continue to do so. In the future, we will report these expenditures in proportion to direct project expenditures.

I believe it is the Program Manager's responsibility to provide the quarterly financial reports as this is the person most familiar with the Restoration Program. The Financial Reports submitted are based entirely on budget information supplied by our budget office. We will continue to have our budget office review the reports that are submitted to ensure their accuracy.

Improve Project Management

As I understand it, certain extenuating circumstances led to these findings. First, the contracts for those projects referred to were not transferred from ADF&G to NOAA at the beginning of FY 96, but not until well into the fiscal year (February 1, 1996, to be exact), resulting in only an 8-month contract history.

Second, none of these projects have individual detailed project descriptions for the contract. Nevertheless, detailed invoices were always reviewed to determine whether the support appeared reasonable. If any invoice had contained elements that did not seem appropriate to the contract, they would have been questioned.



I concur with the recommendation that contractors provide detail supporting each invoice. However, of the nine NOAA contracts, only four of these contracts currently provide this detailed information. If this recommendation becomes adopted for all Trustee Council contracts, we will have to amend our current contracts to the extent allowed by our procurement regulations.

Improve Implementation of Accounting System

Whereas it is not possible to associate General Administration (GA) expenditures directly to individual projects (for example, janitorial costs cannot be attributed to a project but to the overall program of the office), we will continue to account for these funds as a separate budget item for the agency. We agree that the expenditure of GA should not exceed that allowed based on direct project expenditures. We propose to accomplish this by budgeting GA according to quarterly revised projections of direct project expenditures. This is how we have kept GA within direct expenditure limits in the past.

Forest Service P.O. Box 21628 Juneau, AK 99802-1628

File Code: 1590/1440

Date: FEB 24 1997

Molly McCammon, Executive Director EVOS Restoration Program 645 G Street, Suite 401 Anchorage, AK 99501-3451

Dear Ms. McCammon:

We have reviewed the Draft Internal Control Comments submitted by Elgee, Rehfeld, and Funk, dated February 6, and after the revision completed on February 21, concur with their findings.

We would like to again commend the audit team for a good job. If you have any questions concerning our comments, please call Dave Gibbons at (907) 586-8784.

Sincerely,

apal DFF

PHIL JANIK Regional Forester

cc: Dave Gibbons, RO Bonnie McElmurry, RO Ken Holbrook, CNF



