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Exxon Valdez Oil Spill Trustee Council

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March 3, 2006

Elgee Rehfeld Mertz, LLC
9309 Glacier Highway, Suite B-200
Juneau, Alaska 99801

We are providing this letter in connection with your audits of the financial statements of the *Exxon Valdez* Oil Spill Trustee Council Trust Funds, Oil Spill Investment Fund and Oil Spill Settlement Fund as of and for the years ended June 30, 2005 and 2004, and the Natural Resource Damage Assessment and Restoration Funds (NRDA&R) as of and for the years ended September 30, 2005 and 2004 for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the cash balances of NRDA&R as of September 30, 2005 and 2004 and the results of operations for the year then ended on the basis of accounting described in Note 2 for NRDA&R and the financial position of the Investment Fund and Settlement Trust as of June 30, 2005 and 2004, and the results of their operations for the year ended June 30, 2005 and the nine months ended June 30, 2004 in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of March 3, 2006, the following representations made to you during your audits.

- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information required by generally accepted accounting principles to be included in the financial reporting entity.
- 2) We have made available to you all—
 - a) Financial records and related data.
 - b) Minutes of the meetings of *Exxon Valdez* Oil Spill Trustee Council, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 5) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
- 6) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 7) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,

- b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 8) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 9) We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
- 10) The *Exxon Valdez* Oil Spill Trustee Council has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 11) The following, if any, have been properly recorded or disclosed in the financial statements:
- a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the *Exxon Valdez* Oil Spill Trustee Council is contingently liable.
 - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
- 12) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 13) There are no—
- a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies*.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d) Reservations or designation of fund equity that were not properly authorized and approved.
- 14) As part of your audit, you prepared the draft financial statements and related notes. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 15) The *Exxon Valdez* Oil Spill Trustee Council has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

To: Elgee Rehfeld Metz, LLC
Re: Financial Audits for Years 2004 & 2005

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- 16) The *Exxon Valdez* Oil Spill Trustee Council has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 17) The financial statements properly classify all funds and activities.
- 18) Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
- 19) Deposits and investment securities are properly classified as to risk, and investments are properly valued.
- 20) Subsequent to the balance sheet date, all funds were disbursed from NRDA&R and the Settlement Trust for the administration the implementation of the 2003 Work Plan, as disclosed in Note 9. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed:


Michael Baffrey
Interim Executive Director