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http://www.denali.gov/finance#par

To order copies of the report or to submit comments on how we could improve the report, contact:

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510 L Street, Suite 410
Anchorage, AK 99501
Telephone: 907-271-1414
Toll Free - 1-888-480-4321
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November 15, 2012

Enclosed is the Denali Commission Fiscal Year (FY) 2012 Agency Financial Report (AFR). The AFR represents the first of a three-part Performance and Accountability Report (PAR) for the agency. The Denali Commission (Commission) has presented performance and accountability data and analysis in three parts for the past six years in an effort to increase the accessibility and clarity of this information to stakeholders – the Executive Branch, Congress, constituents, and the general public.

The AFR acquaints readers with the Commission’s mission, goals and accomplishments. It also reviews the organizational structure, operations, budget authority and the programmatic applications and results of federal appropriations for FY 2012.

Since the inception of the Denali Commission in 1998, the agency has concentrated on our mission to work with partners to develop basic public infrastructure, opportunity, and quality of life in Alaska communities. To progress toward this mission, the Commission has formulated three major goals:

- To modernize and develop stronger and sustainable infrastructure in rural Alaska
- To promote the sustainability of rural Alaska communities
- To fortify accountability policies and procedures

As we tell the narrative of the Commission for FY 2012, what becomes apparent is that the agency is adapting well to changing resources, demands, and environment. But overarching all of this is an abiding commitment to the improvement of the quality of life of rural Alaskans.

The budget authority of the Commission has decreased from a high in FY 2005 of about $140 million to about $25 million annually now. In response to this reduction, staff positions vacated due to natural attrition have not been refilled. As a result, the size of the agency staff went from 26 positions in January, 2010 to 16 positions in September, 2012. FY 2013 will continue to witness a compression of the number of positions, with a trend toward maximizing the potential of each position by combining duties and responsibilities and making position descriptions more generalist in nature.

Directed appropriations have not been received for the Training, Health Facilities, and now Transportation Programs (surface roads), and Transportation Program (waterfront) since FY 2009, 2010, 2011, and 2012 (respectively). Program managers will continue to oversee dozens of active projects in these programs through the end of FY 2015. But, as workloads diminish, existing staff will be utilized in other programs and initiatives.
One such initiative is framed by authorizing language in the Moving Ahead for Progress in the 21st Century (MAP-21) legislation that was signed into law this past summer (P.L. 112-141). MAP-21 provides the Commission authority to accept gifts from other federal or non-federal organizations. This ability to accept and administer other agencies’ program funds offers an opportunity both to other agencies and to the Commission, in that the Commission is well equipped and has a strong track record to manage Alaska-based programs. Furthermore, once transferred under this authority, Federal appropriations become no-year funds, with the flexibility to fulfill Congress’ intended outcomes.

Although the largest program at the Commission, the Energy Program, continues to enjoy funding through the Energy & Water Appropriation, it is also undergoing transition. The Program has historically focused on bringing rural bulk fuel tanks and energy generation equipment up to safety and code compliance standards, with the goal of bringing reliable cost-effective energy remedies to rural Alaska. As the agency’s budgetary resources have declined, and as energy costs especially in rural Alaska continue to rise beyond affordability, new approaches are sought. The Commission will transition from large energy infrastructure projects to having a more comprehensive review of high energy consumers in Alaska villages, and seeking solutions to the communities’ energy issues. Our first thoughts are of the water and sanitation systems, schools and housing – the largest energy consumers in any community – and an examination of energy efficiencies and conservation measures that might be enhanced by smaller-scale investments in infrastructure, or even alternative and renewable energy.

It is true that the Denali Commission is in transition from a grant making agency focused on singular, large infrastructure projects to one that takes a broader view of community sustainability in this time of limited financial resources and dramatically increasing heating and electricity costs. The Commission’s vision of “Alaska having a healthy, well-trained labor force working in a diversified and sustainable economy that is supported by a fully developed and well-maintained infrastructure,” is, ultimately, all about sustainability.

As the Federal Co-Chair of the Denali Commission, it is my pleasure to present this AFR to the public, our partners, and policymakers. I attest to the reliability and completeness of financial and performance data in this report, and can confirm that our annual audit has, for the third year in a row, identified no materials internal weaknesses. (You are welcome to review the entire audit, which is contained in this document.)

Joel Neimeyer
Federal Co-Chair
Overview of the Denali Commission

In 1998, national attention was focused on the immense infrastructure and economic challenges faced by rural Alaskan communities by passing the Denali Commission Act (the full text of which is available on the Denali Commission website at [www.denali.gov/images/denali_commission_act_of_1998.pdf](http://www.denali.gov/images/denali_commission_act_of_1998.pdf)). The Act became law on October 21, 1998 (Title III of Public Law 105-277, 42 USC 3121) establishing the Denali Commission (Commission) as an independent federal agency that acts as a regional commission focusing on the basic infrastructure needs of rural Alaska. Working as a federal-state-tribal-local partnership, the Commission provides critical utilities, infrastructure and promotes economic growth in the rural areas of the state. The agency also coordinates and streamlines federal program efforts in rural Alaska, and better leverages federal investments. By creating the Commission, Congress intended for those involved in addressing the unique infrastructure and economic challenges faced by America’s most remote communities to work together in new ways to make a lasting difference.
Management’s Discussion and Analysis

The Denali Commission Act designates seven leading Alaskan policy makers by position to form a team as the Denali Commissioners:

- Federal Co-Chair, appointed by the U.S. Secretary of Commerce
- The Governor of Alaska, who serves as the State Co-Chair*
- President of the University of Alaska
- President of the Alaska Municipal League
- President of the Alaska Federation of Natives**
- Executive President of the Alaska AFL-CIO
- President of the Associated General Contractors of Alaska

Commissioners meet at least twice a year to develop and monitor annual work plans that guide the agency’s activities. Commissioners draw upon community-based comprehensive plans as well as comments from individuals, organizations and partners to guide funding recommendations. This approach helps provide basic services in the most cost-effective manner by moving the problem solving resources closer to the people best able to implement solutions.

* The Governor has delegated this authority to the Commissioner of the Alaska Department of Commerce, Community and Economic Development (DCCED).

** The President of the Alaska Federation of Natives (AFN) delegated this authority to an AFN Board Member for the first half of FY 2012; for the remainder of the FY, the President served in this capacity.
Management’s Discussion and Analysis

Vision, Mission and Organizational Structure

Vision

Alaska will have a healthy, well-trained labor force working in a diversified and sustainable economy that is supported by a fully developed and well-maintained infrastructure.

Mission

The Denali Commission works with partners to develop basic public infrastructure, opportunity, and quality of life in Alaska communities.

Goal Areas

The Commission works toward the accomplishment of the mission by focusing on these goal areas:

- Modernize and develop stronger and sustainable infrastructure in rural Alaska
- Promote the sustainability of rural Alaska communities
- Fortify accountability policies and procedures

Staffing

The Commission is staffed by a small number (less than 20) of employees, with additional personnel detailed from partner organizations. The Commission relies upon a special network of federal, state, tribal, local, and other organizations to successfully carry out its mission. Staffing changes during FY 2012 included hiring three part-time subject matter experts in the areas of construction supervision, utility management, and one individual who resides near Washington DC. These subject matter experts were hired as part-time, on-demand, fixed-term employees. One detailee was gained from the Alaska Native Tribal Health Consortium (ANTHC); he is a mid-career municipal engineer with experience in rural Alaska. The Commission covers 75 percent of his salary, and ANTHC pays 25 percent. The arrangement is for a two-year term. The Senior Program Manager of the Energy Program resigned in September 2012, and the Deputy Program Manager was temporarily promoted to manage the program. The Energy Program will be managed by one staff member for the foreseeable future. The Program Support Assistant ended his term in July 2012. His position will not be immediately back-filled. As of September, 2012, the Commission had 16 full-time equivalent positions and one detailee.
Organizational Chart

Denali Commission Organizational Chart - FY 2012

COMMISSIONERS

FEDERAL CO-CHAIR
Joel Neimeyer

Office of Inspector General
INSPECTOR GENERAL
Mike Marsh

CHIEF OPERATING
OFFICER
Vacant

CHIEF FINANCIAL
OFFICER
Corrine Elo

DIRECTOR OF
PROGRAMS
Vacant

SR. PROGRAM MANAGER
Denali Daniels

PROGRAM MANAGER
Jodi Fondy

SR. PROGRAM MANAGER
Tessa DeLoog

PROGRAM SPECIALIST
Adison Wetzel

SR. PROGRAM MANAGER
Nancy Mertman

PROGRAM MANAGER
Karen Johnson

SR. PROGRAM MANAGER
Mark Spafford, P.E. (Detailee from ANTHO)

PROGRAM MANAGER
Jay Escott

PROGRAM MANAGER
Mark Prevo

PROGRAM MANAGER
Roger Muril

FINANCIAL MANAGEMENT OFFICER
Jennifer Price

FINANCIAL SPECIALIST
Lindsey Joey

GRANTS ADMINISTRATOR
Monica Armstrong

PROGRAM ASSISTANT
Emilie Johannes

INFORMATION TECHNOLOGY
SPECIALIST
Payton Snider

PROGRAM ASSISTANT
Michael Andrews

PROGRAM SPECIALIST
Sabrina Hoppas

PROGRAM SUPPORT ASSISTANT
Joseph Pirrann

PROGRAM SPECIALIST
Kathy Berzanske

* These five individuals are employed with the Commission in a part-time capacity
Work Plan

The Denali Commission Act outlines specific duties of the Commission primarily focused upon the development and implementation of an annual work plan. The Commission must develop an annual work plan that solicits project proposals from local governments and other entities and organizations; and provides for a comprehensive work plan for rural and infrastructure development and protection, and necessary job training in the areas covered under the work plan.

This proposed plan is submitted to the Federal Co-Chair for review who then publishes the work plan in the Federal Register, with notice and a 30 day opportunity for public comment.

The Federal Co-Chair takes into consideration the information, views, and comments received from interested parties through the public review and comment process, and consults with appropriate Federal officials in Alaska including, but not limited to, the Bureau of Indian Affairs, the Department of Housing and Urban Development, Economic Development Administration, and USDA Rural Development.

The Federal Co-Chair then provides the plan to the Secretary of Commerce who issues the Commission a notice of approval, disapproval, or partial approval of the plan.

The FY 2012 Work Plan

Following the normal course of events described above, Commissioners initially submitted the FY 2012 proposed work plan to the Federal Co-Chair in May 2012. That proposed work plan was published for 30 days in the Federal Register and public comments were solicited. No comments were received, and the Plan was submitted to the Secretary of Commerce.

The Secretary of Commerce’s office requested a clarifying addendum be printed in the Federal Register that provided detail on proposed Energy projects. Publication occurred in August 2012. By the end of August, the Acting Assistant Secretary of Commerce had approved the FY 2012 Work Plan.

The FY 2012 Work Plan outlined the Commission’s intentions to allocate $16.6 million to the Energy Program, $4.7 to $28.2 million in Transportation projects, and approximately $3.5 million for administrative costs.

The full FY 2012 Work Plan can be found in the Other Accompanying Information section of this document.
Summary of Performance

Budgetary Resources

The Fiscal Year 2012 (FY 2012) proposed amended Work Plan was developed based on the appropriations approved by Congress for FY 2012. Several federal funding sources have historically comprised the Commission’s annual budget, including the Energy & Water Appropriation, US Department of Agriculture-Rural Utility Service (USDA-RUS), US Health and Human Services Health Resources and Services Administration (HRSA), US Department of Labor (DOL), Federal Highways Administration (FHWA), Federal Transit Authority (FTA), and interest from the Trans-Alaska Pipeline Liability Fund (TAPL). The respective amounts of these funds received each year is depicted in the bar chart in the Financial Performance Overview section of this document (page 19).

The Commission’s FY 2012 budget authority once again included federal funds transfers from FTA and TAPL. However, transfers from USDA-RUS, FHWA, HRSA and DOL were not received in FY 2012.

In FY 2012 no project specific earmarks were provided in any appropriations to the Commission. The Energy and Water Appropriations (commonly referred to as Commission “Base” funding) are no-year funds eligible for use in all programs.
Management’s Discussion and Analysis

Summary of Performance (continued)

While the Base funds may be applied to any Commission program area, all other appropriations and transfers are restricted. Where restrictions apply, the funds may be used only for specific program purposes.

A comprehensive discussion of all FY 2012 program activities and performance will be provided in the Annual Performance Report (APR), to be submitted in accordance with OMB Circular A-11, in February 2013. A summary of performance is presented here.

Functional Uses of FY 2012 Budgetary Resources

The FY 2012 Commission budgetary authority primarily funded and administered the following program and functional areas:

- **Energy Program**
  - Bulk Fuel Storage
  - Community Power Generation and Rural Power System Upgrades
  - Energy Cost Reduction Projects
  - Renewable, Alternative, and Emerging Energy Technologies
  - Power Line Interties

- **Transportation**
  - Roads
  - Waterfront Projects

- **Administration**
  - Salaries and contracts
  - Initiatives toward sustainable rural communities and accountability goal areas
Summary of Performance (continued)

FY 2012 Performance By Goal Area

Denali Commission grants are customarily issued when Congress makes appropriations and when the agency annual Work Plan is approved by the Secretary of Commerce. In FY 2012, Denali Commissioners sent the Work Plan to the Federal Co-Chair in May 2012. Upon Secretary of Commerce approval and signature, grant documents were issued during the final quarter of the fiscal year. Due to these timing challenges, most of the newly established projects were only just begun by the end of the fiscal year, and construction projects, for example, may only have progressed to the materials ordering phase. These circumstances make linking the FY 2012 budget to performance results in the same fiscal year difficult. Therefore, as in last year’s Annual Financial Report (AFR), the Commission will present performance activities and achievements conducted in FY 2012 here and more fully in the Agency Performance Report, which will be submitted in February 2013.

The Denali Commission has deep roots in infrastructure development and has primarily been a grant-making agency, having contributed substantially to numerous energy, health, transportation and other construction projects in the state since 1998. While we recognize that the results presented here are more akin to outputs than outcomes, these are the data points this small agency has been able to collect regarding its work this fiscal year, in light of the appropriations and work plan timelines.

The Goal Areas of the Commission and the work conducted by the agency in FY 2012 reveal a conscious reflection on the Commission’s past, present and future by agency leadership and the Denali Commissioners. During the 13 years of the Commission’s existence, federal budget authority has been as low as $10 million, has expanded to as much as $140 million a year, and over the past four years has steadily declined to $25 million. The changing budget has mandated a meditation on the past focus of the agency and what a lower funding base means.
In December 2011, Denali Commissioners participated in a strategic planning session which reconfirmed the strengths of the agency. Among the noted Commission assets were:

- Significant positive rural project experience that allows the Commission caché and entry into rural communities
- Flexibility and innovation with project funding, so that the agency can be nimble and responsive to new priorities
- Solid relationships with program partners across the state

Having endorsed these strengths, Denali Commissioners set out priority guidance for the ensuing two years for agency leadership and staff:

- To research, document and promote regional best practices
- To identify and provide technical assistance to help rural organizations to access funds and organize projects
- To continue to build and fortify partnerships
- To maintain the ability to be nimble, completing some time-critical projects that can be successes

These principles informed the work of the leadership and staff throughout the rest of FY 2012. The Denali Commission’s Goal Areas also embody these tenets and remain consistent with last fiscal year — demonstrating a commitment to the infrastructure needs of rural Alaska, which is the agency’s founding mission:

- **Goal Area One**: Modernize and develop stronger and sustainable infrastructure in rural Alaska
- **Goal Area Two**: Promote the sustainability of rural Alaska communities
- **Goal Area Three**: Fortify accountability policies and procedures

The Goal Areas are reflective of the past and the historic work of the Commission as a grant-making agency contributing to capital projects. In addition, though, the Goal Areas point the agency toward a future that mandates contemplation of community sustainability through initiatives that have systemic impacts for rural Alaska. As the agency’s resources change, the relative emphasis on each of these Goal Areas will shift over time.

In FY 2012, Goal Area One constituted the bulk of the effort of the Commission as capital funds from prior years which funded numerous energy, transportation and health projects continued to be expended and facilities got closer to completion. But as appropriated capital funds decrease Commission staff will work with communities to leverage and coordinate funds from other funding sources; they will provide technical assistance in planning and managing capital projects and community plans; and they will find solutions to complicated issues that can be applied to other rural Alaska communities. This will represent a shift to Goal Area Two.
Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska

FY 2012 continued to reflect the Commission’s commitment to infrastructure development in rural Alaska communities. The Commission’s funding, along with all the leveraged funding from other program partners, has improved the standard of living across the state and has provided rural residents with access to fundamental facilities and opportunities that many urban residents take for granted.

In FY 2012, the **Transportation Program** achievements included funding:

- 29 Roads projects
- 2 Board roads projects
- 26 Waterfront projects

Since FY 2005, the Transportation program has contributed to the planning, design and/or construction of 85 rural road projects and 88 waterfront development projects and participated in the opening of 62 road and 66 waterfront development projects. The program currently has 19 active road projects and 26 active waterfront projects in the planning, design or construction phases.

In FY 2012, the **Energy Program** was able to contribute to:

- 4 Bulk Fuel Storage Facilities
- 1 Rural Power System Upgrades
- 1 Transmission Intertie
- 2 Project Designs for Bulk Fuel and/or Rural Power System Upgrades

Overall, since 1999, the Commission through its Energy Program has invested in the construction of 107 code compliant bulk fuel tank farms and 65 rural power system upgrades in rural Alaska communities.
Although the last directed federal appropriation for the Health Program was in FY 2010, the Commission has been able to maximize the budget authority by capitalizing on program partners’ significant efficiencies during construction. It has not been unusual for recent projects to experience savings in the order of between ten and fifty percent of construction costs. By continuing to support communities in their efforts to conceptualize and plan for clinic capital projects, the Commission has been able to help position these projects to approach other funders by assisting with business plans and facility designs. Using savings from prior projects, the Health Program maintained a focus on improving the access to primary care services in rural Alaska, its original core in FY 2012:

- Contributed to the construction or renovation of 6 rural primary care clinics
- Contributed to the design of 5 rural primary care clinics
- Celebrated the grand openings of 4 rural primary care clinics

Over the course of its existence, the Health Program has contributed to 134 primary care clinics, 20 behavioral health facilities, 20 elder supportive housing buildings, and 49 hospital primary care projects. Currently, 8 clinics are in the construction phase.
Summary of Performance (continued)

Goal Area Two: Promote the sustainability of rural Alaska communities

WHAT WE NEED IN RURAL ALASKA COMMUNITIES ARE AN ECONOMY, AFFORDABLE AND SAFE HOUSING, ACCESSIBLE HEALTH CARE, EFFECTIVE GOVERNMENT, AND INFRASTRUCTURE MANAGEMENT. OVERARCHING ALL OF THIS IS THE NEED FOR SAFE AND COST-EFFECTIVE ENERGY.

Sheldon Kactchetag
Elder, Unalakleet

The Commission has learned from our rich history of capital infusion into singular infrastructure projects across Alaska. As the agency transitions away from these large investments, the Commission looks to the future and what our original mission means for Alaska. From a past of assessing a project’s sustainability potential to looking at an entire community’s sustainability is what this Goal Area embodies. This Goal Area is less tangible than the bricks-and-mortar of Goal Area One. The work in this Goal Area entails a closer look at Alaska’s rural communities and making tough choices about which investments will have the highest return on investment.

Residents in rural Alaska villages have told the Commission what they need to be more sustainable and self-reliant. They need a prosperous economy, safe and affordable housing, health care, effective governance and infrastructure management—all with an overarching need to have safe and affordable energy solutions.

Communities need the capability to secure, protect and maintain these components—and they need that capacity within their own communities. The Commission has stepped out to assist communities to attain this capacity in new ways. Some examples of these efforts are:

- Support of a community in Southeast Alaska (Yakutat) to determine the feasibility of assuming ownership of an excessed federal government building. The result of the work was the finding that the building was not a practical asset to own for the City.

- Technical assistance to a community in the Northwest part of Alaska (Shaktoolik) in the replacement of the exterior insulation package on the
community’s water storage tank. The municipal engineer was able to help the City secure several sources of capital, procure the materials and service, and manage the project. The result of the project is that the replaced insulation will save the City about $20,000 a year in heating costs to that tank.

- Serving as a technical expert to the joint Department of Energy (DOE), National Renewable Energy Laboratory (NREL) and Denali Commission project called Strategic Technical Assistance Response Team (START), which is intended to leverage shared technical resources and expertise and help Alaska Native communities across the state strengthen their energy security and build a sustainable energy future.

In FY 2012, the **Transportation Program**’s work in this goal area included completing 25 community mooring point and barge landing designs which were prioritized in the 2010 United States Army Corp of Engineer (USACE) Barge Landing System Design Study. The study resulted in a prioritized list of barge landing and mooring point improvements in 202 Alaskan communities. The report relies on innovative ideas for rural project design and construction and provides a phased schedule of projects in high-need regions of Alaska for completion in the next 10 years. Additionally, the study creates a state-wide prioritization list of over 100 rural villages which can be used by communities, regional organizations and funding agencies to determine appropriate, sustainable solutions for the movement of fuel, freight and equipment from river systems into villages.

The power generation and fuel delivery and storage efficiencies realized upon completion of upgraded facilities directly contributed to lowering energy costs in rural Alaska. In addition, the **Energy Program** partnered to provide technical assistance to assess community-wide energy matters by evaluating energy production and consumption, as well as providing energy education and renewable resource development information.
One of the mandates to the Denali Commission in the agency’s enabling legislation was to work cooperatively with partners in promoting rural development. Along this vein, the Commission celebrates with program partners Alaska Energy Authority (AEA) and the Alaska Village Electric Cooperative (AVEC) the integration of the energy project priority lists of these two entities. In presenting a coordinated prioritized list of energy infrastructure projects from AEA and AVEC, the Commission has strengthened the defense of project selection and prioritization for Denali Commissioners, the State of Alaska and Congress. This is the kind of coordination that maximizes efficiency of resources and demonstrates cooperation and common goals of Alaskans and supports communities across the state equitably.

In FY 2012, the Commission’s Training Program continued to build a high performing workforce system in rural Alaska focused on jobs and careers in construction, energy and health care. As training dollars at the Commission decrease, the agency emphasized regional planning, leverage, collaboration and coordination among partners and providers to bridge differences, reinforce strengths, and build training systems that will be successful and sustainable in years to come.

Training success in FY 2012 was due to this kind of federal, state and local synchronization happening at the forefront, giving rural residents meaningful opportunities to learn specific and applicable skills matched to immediate job openings in their home regions. The Commission also embarked on important studies that sought insights into current rural training and workforce development systems and the gaps that exist.

In FY 2012, the Training Program achievements included:

- Completed a study that identified education gaps and the availability and delivery methods of accredited business education programs offered and easily accessible to rural managers.

- Completed a study that looked at ways to coordinate, combine, and expand existing community, employment and local resource information across various public agency datasets and websites for the purpose of increasing local employment, and sourcing of local resources for the purpose of rural development.
Summary of Performance (continued)

- Began meeting with entities that own or operate rural facilities and infrastructure assets, to explore ways to improve the way rural facility maintenance is conducted. The intent is to improve rural facility integrity for the long term, save maintenance dollars, create long-term rural jobs and resolve gaps in regular and preventive maintenance in private and public facilities.

- Administered over 30 training projects around Alaska in the construction trades, allied health occupations, leadership and management areas - directly connected people to meaningful and legacy jobs in their communities. Begun as the backbone of the Training Program, training and education related to the construction, maintenance and operations of Commission-funded infrastructure project continues to be important to the work of the agency.

In FY 2012, the Training Program continued to support these types of energy infrastructure upgrades through training individuals to become certified welders, wind turbine technicians, and commercial drivers. Additionally, in 2012 in cooperation with our program partners, over 250 rural residents received some type of certification that will help their communities manage their own energy systems. Now, local year-long residents can rely on these jobs to sustain their families and, likewise, the community can rely on their own workforce to maintain and sustain their vital energy systems.
Goal Area Three: Fortify accountability policies and procedures

In FY 2012, the Commission continued to make good progress on fortifying accountability systems. A rigorous process for examining each grant has been put into place to monitor progress over time and to investigate reasons for projects to have exceptions to scope, schedule or budget. This more active monitoring has resulted in some delayed projects being replaced by projects that are ready to move into construction or implementation immediately. More dynamic project vetting and oversight has led to more efficient obligation of current fiscal year budget authority on projects that are equipped for sustainability. At the close of FY 2012, less than $1 million was carried over for obligation in FY 2013. In addition, the Commission’s grant close-out process has been accelerated, so that any savings realized as construction and training projects reach completion can quickly be re-programmed for new projects.

Finally, of note under this Goal Area is the accomplishment of the Commission’s unqualified audit opinion for FY 2012. This is the most obvious outcome of the Commission’s commitment to accountability.
Management’s Discussion and Analysis

Financial Performance Overview

As of September 30, 2012 the financial condition of the Denali Commission was sound with respect to having sufficient funds to meet program needs and adequate control of these funds in place to ensure obligations did not exceed budget authority. Agency audits are conducted in accordance with auditing standards generally accepted in the United States of America, OMB Bulletin 07-04 (Audit Requirements for Federal Financial Statements) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.
Sources of Funds

The Denali Commission is funded through the Energy and Water Appropriation which is direct budget authority; funds are available until expended.

Denali Commission gained spending authority through a nonexpenditure transfer from the Federal Transit Administration (FTA). This transfer is regarded as a no-year appropriation.

Finally, Denali Commission is the recipient of a portion of the interest earned on the trust fund for the Trans-Alaska Pipeline Liability (TAPL) fund. In FY 2012, $6.87 million was transferred to Denali Commission to assist in efforts to make bulk fuel tanks in Alaska EPA code-compliant.

<table>
<thead>
<tr>
<th>FY 2012 Budget Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriations Received</td>
</tr>
<tr>
<td>Nonexpenditure Transfers</td>
</tr>
<tr>
<td><strong>Total Budget Authority</strong></td>
</tr>
</tbody>
</table>

In FY 2012, Denali Commission’s total budget resources were $28.63 million which includes $0.98 million in unobligated balances brought forward and $5.11 million in recoveries of prior year obligations.

Uses of Funds by Function

The Denali Commission incurred obligations of $27.66 million in FY 2012 for program and administration operations. Unobligated funds in the amount of $0.98 million were carried forward, for obligation in FY 2013.
Management's Discussion and Analysis

Financial Statement Highlights

The Denali Commission's financial statements summarize the financial activity and financial position of the agency. The financial statements, footnotes, and the balance of the required supplementary information appear in the Financial Section of this document.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 USC 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the US Government, a sovereign entity.

Balance Sheet

Assets

The Commission’s assets were $88.68 million as of September 30, 2012. This is a decrease of $22.85 million from the end of FY 2011. The Commission’s largest asset, Fund balance with Treasury, decreased due to a decline in funding in FY 2012. The assets reported in the Denali Commission’s balance sheet are summarized in the accompanying table.

<table>
<thead>
<tr>
<th>ASSET SUMMARY</th>
<th>FY 2012</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund balance with Treasury</td>
<td>$88,657,597</td>
<td>$111,473,835</td>
</tr>
<tr>
<td>Other intragovernmental assets</td>
<td>-</td>
<td>13,248</td>
</tr>
<tr>
<td>Accounts receivable, public</td>
<td>21,346</td>
<td>46,640</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$88,678,943</strong></td>
<td><strong>$111,533,723</strong></td>
</tr>
</tbody>
</table>
Liabilities
The Denali Commission’s liabilities were $5.71 million as of September 30, 2012, a decrease of $2.77 million from the end of FY 2011. The decrease in liabilities is attributed to a reduction in funding which has a direct impact on the amount of total active grants as well as the grant accruals associated with them. The liabilities reported in the Denali Commission’s balance sheet are summarized in the accompanying table.

<table>
<thead>
<tr>
<th>LIABILITIES SUMMARY</th>
<th>FY 2012</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable, intragovernmental</td>
<td>$60,000</td>
<td>$79,416</td>
</tr>
<tr>
<td>Other intragovernmental liabilities</td>
<td>26,793</td>
<td>23,157</td>
</tr>
<tr>
<td>Accounts payable, public</td>
<td>100,486</td>
<td>66,440</td>
</tr>
<tr>
<td>Other liabilities, public</td>
<td>5,518,691</td>
<td>8,304,550</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$5,705,970</strong></td>
<td><strong>$8,473,563</strong></td>
</tr>
</tbody>
</table>

Net Position
The difference between total assets and total liabilities, net position, was $82.97 million as of September 30, 2012. This is a decrease of $20.09 million from the FY 2011 year-end balance. The net position reported in the Denali Commission’s balance sheet is summarized in the accompanying table.

<table>
<thead>
<tr>
<th>NET POSITION SUMMARY</th>
<th>FY 2012</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unexpended appropriations</td>
<td>$32,509,525</td>
<td>$35,082,107</td>
</tr>
<tr>
<td>Cumulative results of operations</td>
<td>50,463,448</td>
<td>67,978,053</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>$82,972,973</strong></td>
<td><strong>$103,060,160</strong></td>
</tr>
</tbody>
</table>
Financial Statements Highlights (continued)

Statement of Net Cost

The Statement of Net Cost reports the cost of conducting the Denali Commission programs during the reporting period. The accompanying table displays the net cost for FY 2012 and 2011. These costs consist of $2.26 million of intragovernmental costs and $40.47 million in public costs.

<table>
<thead>
<tr>
<th>NET COST</th>
<th>FY 2012</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program costs</td>
<td>$42,731,658</td>
<td>$61,296,666</td>
</tr>
<tr>
<td>Less: earned revenue</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Net Costs of Operations</td>
<td>$42,731,658</td>
<td>$61,296,666</td>
</tr>
</tbody>
</table>

Statement of Changes in Net Position

The Net Position for the year ended September 30, 2012 is $82.97 million, a decrease of $20.09 million from FY 2011. This decrease is primarily due to a reduction in funding in FY 2012.

Statement of Budgetary Resources

The Statement of Budgetary Resources shows what budget authority the Denali Commission possesses and compares the status of that budget authority. The Commission had $28.63 million in total budgetary resources for FY 2012 – comprised of direct appropriations, nonexpenditure transfers from other federal agencies, and an unobligated balance available from FY 2011. During the fiscal year, $27.66 million was obligated for program and administrative functions; $0.98 million in funds were carried forward, and will be available for obligation in FY 2013. Net outlays in FY 2012 amounted to $44.52 million.
Management’s Discussion and Analysis

Analysis of Systems, Controls and Legal Compliance

Management Assurances

Federal Managers’ Financial Integrity Act (FMFIA)

The Federal Managers’ Financial Integrity Act (FMFIA or the Integrity Act) provides the statutory basis for management’s responsibility for, and assessment of, accounting and administrative internal controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The FMFIA requires executive agencies to establish internal and administrative controls in accordance with standards prescribed by the Comptroller General that provide reasonable assurance that obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets. The FMFIA also requires the agency head to annually assess and report on the effectiveness of internal controls that protect the integrity of federal programs and whether financial management systems conform to related requirements.

FMFIA Statement of Assurance

The Denali Commission management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers’ Financial Integrity Act (FMFIA). I am able to provide an unqualified statement of assurance of the agency’s compliance with the FMFIA. The Commission’s internal controls provide for effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations.

Assessments have been conducted in regard to the internal controls over financial reporting. The Commission attests the reasonable assurance that the internal controls over financial reporting comply with the requirements of the FMFIA.

Further, evaluations tested the effectiveness of the internal control over operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, Management’s Responsibility for Internal Control. Based on the results of these evaluations, the Denali Commission can provide reasonable assurance that its internal controls over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2012, was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

Finally, the US Treasury, Bureau of the Public Debt (BPD) (Denali Commission’s Financial Management Line of Business partner) engages a contractor to independently review its financial management systems in accordance with OMB Circular A-127, Financial Management Systems. Based on the results of this review, BPD
and therefore Denali Commission can provide reasonable assurance that its financial management systems are in compliance with the applicable provisions of the FMFIA as of September 30, 2012.

**Federal Financial Management Improvement Act (FFMIA)**

The Federal Financial Management Improvement Act (FFMIA) is designed to advance Federal financial management by ensuring that Federal financial management systems provide accurate, reliable, and timely financial management information to the government’s managers. Compliance with the FFMIA provides the basis for the continuing use of reliable financial management information by program managers, and by the President, the Congress and the public.

**FFMIA Compliance Determination**

The Commission utilizes the services of US Treasury BPD and its financial management system. Annual audits of their system indicate that the system complies with federal financial management systems requirements, standards promulgated by the Federal Accounting Standards Advisory Board (FASAB), and US Standard General Ledger (USSGL) at the transaction level. The annual financial audit confirms this finding.

**Goals and the supporting financial system strategies**

As a small agency, the Commission has arrived at the conclusion that human and financial resources internal to the agency are not sufficient to meet the increasing federal standards for financial systems and the costs involved. Therefore, three years ago, the Commission outsourced our financial management system and transactional level activities to the US Treasury BPD. This strategy has proven effective and efficient and allows this small agency to assure the President, Congress and the public that federal budget authority entrusted to the Commission is executed responsibly and with full accountability.

Joel Neimeyer
Federal Co-Chair
Chief Financial Officer’s Letter

November 15, 2012

The Commission is pleased to have once again achieved an unqualified opinion on the agency’s consolidated financial statements from our financial auditors for FY 2012. This audit result meets the highest rating possible for a federal agency. It serves to demonstrate that the Commission considers its transparent and complete financial reporting to be of the utmost importance. As always, the Commission prides itself on good stewardship of taxpayer dollars while meeting our mission as defined in our enabling statute. Our sound internal controls and continued compliance with all federal regulations and laws exhibit our commitment to excellent financial standards well into our second decade of operations.

The Commission continued to have challenges in light of further staff reductions during FY 2012. Those reductions, coupled with increased work requirements expected of all federal agencies, has led the agency to seek solutions as to how to stay efficient and effective with diminished resources. In response, the Commission further increased its utilization of the services of the US Treasury’s Bureau of the Public Debt’s (BPD) Administrative Resource Center (ARC), in Parkersburg, West Virginia during the last twelve months. Specifically, additional outsourcing to ARC has occurred in the key area of financial management in order to maintain adequate internal controls to meet federal audit standards. While sufficient depth of staff may remain a problem for management for some time, increased outsourcing coupled with enhanced training and investment in the current workforce is a proactive measure that will allow for the quality and performance of the Commission to remain at the highest levels.

The recently amended language to our legislation (noted in the “Message from the Federal Co-Chair”) presents our financial and programmatic teams with an exciting opportunity. This endeavor should serve to allow our agency to expand our revenue stream by increased amounts. Specifically, it will offer other federal agencies, who currently do work in Alaska, an avenue to accomplish projects from various programs throughout our state in a more effective and efficient manner. By utilizing the Commission (with all of its flexibilities), these federal programs will provide benefit to grant recipients throughout the state of Alaska for many years to come.
The Commission looks toward a successful FY 2013 as we continue to serve all Alaskans (and Americans) with the same drive and enthusiasm that we had at this agency during its inaugural year.

Best regards,

Corrine Eilo
Chief Financial Officer
The inspector general contracted with the independent certified public accounting firm of SB & Company to audit the FY 2012 financial statements of the Denali Commission. The contract required that the audit for FY 2012 be done in accordance with generally accepted government auditing standards and OMB Bulletin 07-04, Audit Requirements for Federal Financial Statements. SB & Company had previously performed its audit for FY 2011.

The attached audit report by SB & Company describes its opinion for FY 2012 as follows:

“In our audits of the Commission for fiscal years September 30, 2012 and 2011, we found:

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;

- no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations; and

- no reportable noncompliance with laws and regulations we tested.”

In connection with the contract, the inspector general reviewed SB & Company's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Denali Commission’s financial statements, internal controls, or compliance with laws and regulations. SB & Company is responsible for the attached auditor's report dated November 7, 2012 and the conclusions expressed in the report. However, our review disclosed no instances where SB & Company did not comply with the contract’s requirements.
Office of the Inspector General
Denali Commission

In accordance with United States of America generally accepted government auditing standards and OMB audit guidance we are responsible for conducting audits of the Denali Commission (the Commission). In our audits of the Commission for fiscal years September 30, 2012 and 2011, we found:

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations; and
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management’s Discussion and Analysis and other supplementary information, (3) our audit objectives, scope, and methodology, and (4) agency comments and our evaluation.

Opinion on Financial Statements

The financial statements including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Commission’s assets, liabilities, and net position as of September 30, 2012 and 2011; and net costs, changes in net position, and budgetary resources for the years then ended.

Consideration of Internal Control

In planning and performing our audit, we considered the Commission’s internal control over financial reporting and compliance. We did this to determine our procedures for auditing the financial statements and to comply with OMB audit guidance, not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management’s assertion on internal control included in Management’s Discussion and Analysis. However, for the controls we tested, we found no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance. A material weakness is a control deficiency that results in more than a remote likelihood that the design or operation of one or more internal controls will not allow management or employees, in the normal course of performing their duties, to promptly detect or prevent errors, fraud, or noncompliance in amounts that would be material to the financial statements. Our internal control work would not necessarily disclose all deficiencies in internal control that might be material weaknesses or other significant deficiencies.
Compliance With Laws and Regulations

Our tests of the Commission’s compliance with selected provisions of laws and regulations for fiscal year 2012 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Consistency of Other Information

The Commission’s Management’s Discussion and Analysis and other accompanying information contain a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with Commission officials. Based on this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

Objectives, Scope, and Methodology

Commission management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers’ Financial Integrity Act are met, and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. We are also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (3) performing limited procedures with respect to certain other information appearing in the Annual Financial Statement.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the entity and its operations, including its internal control related to financial reporting (including safeguarding assets), and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
Agency Financial Report (AFR)

Financial Section

Report of Independent Public Accountants

- tested relevant internal controls over financial reporting and compliance; and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers’ Financial Integrity Act;
- tested compliance with selected provisions of the Antideficiency Act.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the Federal Managers’ Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to the Commission. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the Commission’s financial statements for the fiscal year ended September 30, 2012. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audit in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Agency Comments and Our Evaluation

In commenting on a draft of this report (see appendix A), the Commission concurred with the facts and conclusions in our report.

Washington D.C.
November 7, 2012
DENALI COMMISSION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011
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The accompanying notes are an integral part of these financial statements.
The accompanying notes are an integral part of these financial statements.
### DENALI COMMISSION
#### STATEMENT OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011
(In Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2012 Earmarked Funds</th>
<th>2012 All Other Funds</th>
<th>2012 Consolidated Total</th>
<th>2011 Earmarked Funds</th>
<th>2011 All Other Funds</th>
<th>2011 Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cumulative Results of Operations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balances</td>
<td>$11,630,396</td>
<td>$56,347,657</td>
<td>$67,978,053</td>
<td>$13,065,724</td>
<td>$80,799,755</td>
<td>$93,865,479</td>
</tr>
<tr>
<td><strong>Budgetary Financing Sources:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations Used</td>
<td>-</td>
<td>18,246,838</td>
<td>18,246,838</td>
<td>-</td>
<td>22,497,493</td>
<td>22,497,493</td>
</tr>
<tr>
<td>Transfers In/Out Without Reimbursement</td>
<td>6,870,915</td>
<td>-</td>
<td>6,870,915</td>
<td>7,029,941</td>
<td>5,775,000</td>
<td>12,804,941</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Non-Exchange):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imputed Financing Sources (Note 10)</td>
<td>-</td>
<td>99,300</td>
<td>99,300</td>
<td>-</td>
<td>106,806</td>
<td>106,806</td>
</tr>
<tr>
<td><strong>Total Financing Sources</strong></td>
<td>6,870,915</td>
<td>18,346,138</td>
<td>25,217,053</td>
<td>7,029,941</td>
<td>28,379,299</td>
<td>35,409,240</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>(7,790,020)</td>
<td>(34,941,638)</td>
<td>(42,731,658)</td>
<td>(8,465,269)</td>
<td>(52,831,397)</td>
<td>(61,296,666)</td>
</tr>
<tr>
<td>Net Change</td>
<td>(919,105)</td>
<td>(16,595,500)</td>
<td>(17,514,605)</td>
<td>(1,435,328)</td>
<td>(24,452,098)</td>
<td>(25,887,426)</td>
</tr>
<tr>
<td><strong>Cumulative Results of Operations</strong></td>
<td>$10,711,291</td>
<td>$39,752,157</td>
<td>$50,463,448</td>
<td>$11,630,396</td>
<td>$56,347,657</td>
<td>$67,978,053</td>
</tr>
<tr>
<td><strong>Unexpended Appropriations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balances</td>
<td>$</td>
<td>$35,082,107</td>
<td>$35,082,107</td>
<td>$</td>
<td>$56,911,001</td>
<td>$56,911,001</td>
</tr>
<tr>
<td><strong>Budgetary Financing Sources:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations Received</td>
<td>-</td>
<td>10,679,000</td>
<td>10,679,000</td>
<td>-</td>
<td>10,700,000</td>
<td>10,700,000</td>
</tr>
<tr>
<td>Appropriations Transferred In/Out</td>
<td>-</td>
<td>5,000,000</td>
<td>5,000,000</td>
<td>-</td>
<td>4,990,000</td>
<td>4,990,000</td>
</tr>
<tr>
<td>Other Adjustments</td>
<td>-</td>
<td>(4,744)</td>
<td>(4,744)</td>
<td>-</td>
<td>(15,021,400)</td>
<td>(15,021,400)</td>
</tr>
<tr>
<td>Appropriations Used</td>
<td>-</td>
<td>(18,246,838)</td>
<td>(18,246,838)</td>
<td>-</td>
<td>(22,497,494)</td>
<td>(22,497,494)</td>
</tr>
<tr>
<td><strong>Total Budgetary Financing Sources</strong></td>
<td>-</td>
<td>(2,572,582)</td>
<td>(2,572,582)</td>
<td>-</td>
<td>(21,828,894)</td>
<td>(21,828,894)</td>
</tr>
<tr>
<td><strong>Total Unexpended Appropriations</strong></td>
<td>$</td>
<td>$32,509,525</td>
<td>$32,509,525</td>
<td>$</td>
<td>$35,082,107</td>
<td>$35,082,107</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td>$10,711,291</td>
<td>$72,261,682</td>
<td>$82,972,973</td>
<td>$11,630,396</td>
<td>$91,429,764</td>
<td>$103,060,160</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## Agency Financial Report (AFR)

### Financial Section

### Financial Statements and Independent Auditor’s Report

#### DENALI COMMISSION

**STATEMENT OF BUDGETARY RESOURCES**

**FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

(In Dollars)

<table>
<thead>
<tr>
<th>Budgetary Resources:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unobligated Balance Brought Forward, October 1</td>
<td>$981,238</td>
<td>$23,412,371</td>
</tr>
<tr>
<td>Recoveries of Prior Year Unpaid Obligations</td>
<td>$5,106,982</td>
<td>$6,925,677</td>
</tr>
<tr>
<td>Other changes in unobligated balance</td>
<td>(4,744)</td>
<td>-</td>
</tr>
<tr>
<td>Unobligated balance from prior year budget authority, net</td>
<td>$6,083,476</td>
<td>$30,338,048</td>
</tr>
<tr>
<td>Appropriations</td>
<td>$22,549,915</td>
<td>$7,698,541</td>
</tr>
<tr>
<td>Spending authority from offsetting collections</td>
<td>-</td>
<td>$5,775,000</td>
</tr>
<tr>
<td>Total Budgetary Resources</td>
<td><strong>$28,633,391</strong></td>
<td><strong>$43,811,589</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status of Budgetary Resources:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations Incurred</td>
<td>$27,657,268</td>
<td>$42,830,351</td>
</tr>
<tr>
<td>Unobligated balance, end of year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apportioned</td>
<td>$953,622</td>
<td>$901,918</td>
</tr>
<tr>
<td>Unapportioned</td>
<td>$22,501</td>
<td>$79,320</td>
</tr>
<tr>
<td>Total unobligated balance, end of year</td>
<td>$976,123</td>
<td>$981,238</td>
</tr>
<tr>
<td>Total Budgetary Resources</td>
<td><strong>$28,633,391</strong></td>
<td><strong>$43,811,589</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change in Obligated Balance:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid Obligations, Brought Forward, October 1</td>
<td>$107,572,252</td>
<td>$135,479,318</td>
</tr>
<tr>
<td>Obligations Incurred</td>
<td>$27,657,268</td>
<td>$42,830,351</td>
</tr>
<tr>
<td>Outlays (gross)</td>
<td>$(44,520,935)</td>
<td>$(63,811,741)</td>
</tr>
<tr>
<td>Recoveries of Prior Year Unpaid</td>
<td>$(5,106,982)</td>
<td>$(6,925,676)</td>
</tr>
<tr>
<td>Obligated balance, end of year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unpaid obligations, end of year</td>
<td>$85,601,603</td>
<td>$107,572,252</td>
</tr>
<tr>
<td>Obligated balance, end of year</td>
<td><strong>$85,601,603</strong></td>
<td><strong>$107,572,252</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Budget Authority and Outlays, Net:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget authority, gross</td>
<td>$22,549,915</td>
<td>$13,473,541</td>
</tr>
<tr>
<td>Budget Authority, net</td>
<td><strong>$22,549,915</strong></td>
<td><strong>$13,473,541</strong></td>
</tr>
<tr>
<td>Outlays, gross</td>
<td>$44,520,935</td>
<td>$63,811,741</td>
</tr>
<tr>
<td>Actual offsetting collections</td>
<td>-</td>
<td>$(5,775,000)</td>
</tr>
<tr>
<td>Agency outlays, net</td>
<td><strong>$44,520,935</strong></td>
<td><strong>$58,036,741</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Denali Commission was established under the Denali Commission Act of 1998 (P.L. 105-277, Division C, Title III), as amended and 42 U.S.C. Chapter 38, Sec. 3121. The Commission, a “designated” federal entity as published by the Office of Management and Budget under the Inspector General Act of 1978, functions as a unique federal-state-local partnership to address crucial needs of rural Alaskan communities, particularly isolated Native villages and other communities lacking access to the national highway system, affordable power, adequate health facilities and other impediments to economic self-sufficiency. The Denali Commission reporting entity is comprised of Trust Funds, General Funds, and General Miscellaneous Receipts.

The Denali Commission is a party to allocation transfers with other federal agencies as a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations and budget apportionments are derived. The Denali Commission receives allocation transfers, as the child, from the Federal Highway Administration under the Department of Transportation.

Trust Funds are credited with receipts that are generated by terms of a trust agreement or statute. At the point of collection, our receipts are unavailable until appropriated by the U.S. Congress. The Trust Fund included in our financial statements includes the Trans-Alaska Pipeline Liability Fund, which is managed by the U.S. Treasury Bureau of the Public Debt, and assists the efforts to make bulk fuel tanks in Alaska EPA code-compliant.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. Denali Commission manages two General Fund accounts.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations of the Denali Commission. The Balance Sheet presents the financial position of the agency. The Statement of Net Cost presents the agency’s operating results; the Statement of Changes in Net Position.
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displays the changes in the agency’s equity accounts. The Statement of Budgetary Resources presents the sources, status, and uses of the agency’s resources and follow the rules for the Budget of the United States Government.

The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the Denali Commission in accordance with the hierarchy of accounting principles generally accepted in the United States of America, standards issued by the Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, as amended, and the Denali Commission accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the Denali Commission’s use of budgetary resources. The financial statements and associated notes are presented on a comparative basis. Unless specified otherwise, all amounts are presented in dollars.

C. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

D. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the Denali Commission’s funds with Treasury in expenditure, receipt, and deposit fund accounts. Appropriated funds recorded in expenditure accounts are available to pay current liabilities and finance authorized purchases.

The Denali Commission does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury disburses funds for the agency on demand.

E. Accounts Receivable

Accounts receivable consists of amounts owed to the Denali Commission by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor’s ability to pay.

F. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

G. Liabilities

Liabilities represent the amount of funds likely to be paid by the Denali Commission as a result of transactions or events that have already occurred.

The Denali Commission reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another
Liabilities With the Public represents funds owed to any entity or person that is not a federal agency, including private sector firms and federal employees. Each of these categories may include liabilities that are covered by budgetary resources and liabilities not covered by budgetary resources.

Liabilities covered by budgetary resources are liabilities funded by a current appropriation or other funding source. These consist of accounts payable and accrued payroll and benefits. Accounts payable represent amounts owed to another entity for goods ordered and received and for services rendered except for employees. Accrued payroll and benefits represent payroll costs earned by employees during the fiscal year which are not paid until the next fiscal year.

Liabilities not covered by budgetary resources are liabilities that are not funded by any current appropriation or other funding source. These liabilities consist of accrued annual leave, actuarial FECA, and the amounts due to Treasury for collection and accounts receivable of civil penalties and FOIA request fees.

H. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used.

I. Accrued and Actuarial Workers’ Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the Denali Commission employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the Denali Commission terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

J. Other Post-Employment Benefits

The Denali Commission employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the Denali Commission with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The Denali Commission recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the Denali Commission through the recognition of an imputed financing source.

K. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles
requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

L. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. The Denali Commission recognized imputed costs and financing sources in fiscal years 2012 and 2011 to the extent directed by accounting standards.
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NOTE 2. NON-ENTITY ASSETS

The Denali Commission Act of 1998 states that one of the purposes of the Commission is to deliver the services of the federal government in the most cost-effective manner practicable by reducing administrative and overhead costs. In the spirit of this legislation, the Commission has offered a service to other federal agencies whereby a federal agency may utilize the Commission to make payments to non-federal organizations in Alaska on the agency’s behalf. No fee is collected for this service. Amounts received from the State of Alaska, but not disbursed, are recorded on the Balance Sheet in the Fund Balance with Treasury line and are offset by a liability on the Other Liabilities line. This balance is $2,079,872 and $2,920,345 as of September 30, 2012 and September 30, 2011, respectively.

NOTE 3. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2012 and 2011, were as follows:

<table>
<thead>
<tr>
<th>Fund Balances:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust Funds</td>
<td>$10,932,485</td>
<td>$11,632,274</td>
</tr>
<tr>
<td>Appropriated Funds</td>
<td>$75,645,240</td>
<td>$96,921,216</td>
</tr>
<tr>
<td>Deposit Funds (State of Alaska)</td>
<td>2,079,872</td>
<td>2,920,345</td>
</tr>
<tr>
<td>Total</td>
<td>$88,657,597</td>
<td>$111,473,835</td>
</tr>
</tbody>
</table>

Status of Fund Balance with Treasury:

<table>
<thead>
<tr>
<th>Unobligated Balance</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available</td>
<td>$953,622</td>
<td>$901,918</td>
</tr>
<tr>
<td>Unavailable</td>
<td>22,500</td>
<td>79,320</td>
</tr>
<tr>
<td>Obligated Balance Not Yet Disbursed</td>
<td>85,601,603</td>
<td>107,572,252</td>
</tr>
<tr>
<td>Non-Budgetary FBWT</td>
<td>2,079,872</td>
<td>2,920,345</td>
</tr>
<tr>
<td>Total</td>
<td>$88,657,597</td>
<td>$111,473,835</td>
</tr>
</tbody>
</table>

No discrepancies exist between the Fund Balance reflected on the Balance Sheet and the balances in the Treasury accounts.

The available unobligated fund balances represent the current-period amount available for obligation or commitment. At the start of the next fiscal year, this amount will become part of the unavailable balance as described in the following paragraph.

The unavailable unobligated fund balances represent the amount of appropriations for which the period of availability for obligation has expired. These balances are available for upward adjustments of obligations incurred only during the period for which the appropriation was available for obligation or for paying claims attributable to the appropriations.

The obligated balance not yet disbursed includes accounts payable, accrued expenses, and undelivered orders that have reduced unexpended appropriations but have not yet decreased the fund balance on hand.
Financial Section

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NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2012 and 2011, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>13,248</td>
</tr>
<tr>
<td>Total Intragovernmental Accounts Receivable</td>
<td>$ -</td>
<td>13,248</td>
</tr>
<tr>
<td>With the Public</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>21,346</td>
<td>46,640</td>
</tr>
<tr>
<td>Total Public Accounts Receivable</td>
<td>$21,346</td>
<td>$46,640</td>
</tr>
<tr>
<td>Total Accounts Receivable</td>
<td>$21,346</td>
<td>$59,888</td>
</tr>
</tbody>
</table>

The accounts receivable is primarily made up of grant monies that are expected to be returned to the Commission.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2012 and 2011.

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the Commission as of September 30, 2012 and 2011, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental – FECA</td>
<td>$1,355</td>
<td>$1,355</td>
</tr>
<tr>
<td>Unfunded Leave</td>
<td>84,276</td>
<td>67,232</td>
</tr>
<tr>
<td>Total Liabilities Not Covered by Budgetary Resources</td>
<td>$85,631</td>
<td>$68,587</td>
</tr>
<tr>
<td>Total Liabilities Covered by Budgetary Resources</td>
<td>5,620,339</td>
<td>8,404,976</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$5,705,970</td>
<td>$8,473,563</td>
</tr>
</tbody>
</table>

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.
NOTE 6. OTHER LIABILITIES

Other liabilities account balances as of September 30, 2012 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non Current</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FECA Liability</td>
<td>$</td>
<td>- $1,355</td>
<td>$1,355</td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td>23,563</td>
<td>-</td>
<td>23,563</td>
</tr>
<tr>
<td>Other Accrued Liabilities</td>
<td>1,875</td>
<td>-</td>
<td>1,875</td>
</tr>
<tr>
<td><strong>Total Intragovernmental Other Liabilities</strong></td>
<td>$25,438</td>
<td>$1,355</td>
<td>$26,793</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non Current</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>With the Public</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td>$3,090</td>
<td>- $3,090</td>
<td>3,090</td>
</tr>
<tr>
<td>Accrued Funded Payroll and Leave</td>
<td>187,289</td>
<td>-</td>
<td>187,289</td>
</tr>
<tr>
<td>Unfunded Leave</td>
<td>84,276</td>
<td>-</td>
<td>84,276</td>
</tr>
<tr>
<td>Other Accrued Liabilities Grants</td>
<td>3,165,736</td>
<td>-</td>
<td>3,165,736</td>
</tr>
<tr>
<td>Deposit Fund Liability (State of Alaska)</td>
<td>1,940,382</td>
<td>137,918</td>
<td>2,078,300</td>
</tr>
<tr>
<td><strong>Total Public Other Liabilities</strong></td>
<td>$5,380,773</td>
<td>$137,918</td>
<td>$5,518,691</td>
</tr>
</tbody>
</table>

Other liabilities account balances as of September 30, 2011 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non Current</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FECA Liability</td>
<td>$</td>
<td>- $1,355</td>
<td>$1,355</td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td>20,802</td>
<td>-</td>
<td>20,802</td>
</tr>
<tr>
<td>Other Accrued Liabilities</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total Intragovernmental Other Liabilities</strong></td>
<td>$21,802</td>
<td>$1,355</td>
<td>$23,157</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Non Current</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>With the Public</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Taxes Payable</td>
<td>$2,616</td>
<td>- $2,616</td>
<td>2,616</td>
</tr>
<tr>
<td>Accrued Funded Payroll and Leave</td>
<td>223,876</td>
<td>-</td>
<td>223,876</td>
</tr>
<tr>
<td>Unfunded Leave</td>
<td>67,233</td>
<td>-</td>
<td>67,233</td>
</tr>
<tr>
<td>Other Accrued Liabilities Grants</td>
<td>5,090,480</td>
<td>-</td>
<td>5,090,480</td>
</tr>
<tr>
<td>Deposit Fund Liability (State of Alaska)</td>
<td>2,647,135</td>
<td>273,210</td>
<td>2,920,345</td>
</tr>
<tr>
<td><strong>Total Public Other Liabilities</strong></td>
<td>$8,031,340</td>
<td>$273,210</td>
<td>$8,304,550</td>
</tr>
</tbody>
</table>

NOTE 7. LEASES

**Operating Leases**

Denali Commission occupies office space under a lease agreement that is accounted for as an operating lease. The lease term begins on October 1, 2002 and expires on October 1, 2012. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for fiscal years 2012 and 2011 were $321,289 and $402,228, respectively. An occupancy agreement is pending although monthly payments will continue.
NOTE 8. EARMARKED FUNDS

The Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 established the annual transfer of interest from the Oil Spill Liability Trust Fund to the Denali Commission. The Coast Guard and the Environmental Protection Agency enlist the assistance of the Commission to help in bringing bulk fuel tanks in Alaska up to environmental and safety standards as set by the two agencies. The Commission accounts for and reports on the use of these funds separately through its annual budget execution reporting.

Schedule of Earmarked Funds as of September 30, 2012 and 2011.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance with Treasury</td>
<td>$10,932,485</td>
<td>$11,632,274</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$10,932,485</td>
<td>$11,632,274</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET POSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$221,194</td>
<td>$1,878</td>
</tr>
<tr>
<td>Cumulative Results of Operations</td>
<td>10,711,291</td>
<td>11,630,396</td>
</tr>
<tr>
<td>Total Liabilities and Net Position</td>
<td>$10,932,485</td>
<td>$11,632,274</td>
</tr>
<tr>
<td><strong>Statement of Net Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Costs</td>
<td>$7,790,020</td>
<td>$8,465,269</td>
</tr>
<tr>
<td>Less: Earned Revenues</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>$7,790,020</td>
<td>$8,465,269</td>
</tr>
<tr>
<td><strong>Statement of Changes in Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position Beginning of Period</td>
<td>$11,630,396</td>
<td>$13,065,724</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>(7,790,020)</td>
<td>(8,465,269)</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>6,870,915</td>
<td>7,029,941</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>(919,105)</td>
<td>(1,435,328)</td>
</tr>
<tr>
<td>Net Position End of Period</td>
<td>$10,711,291</td>
<td>$11,630,396</td>
</tr>
</tbody>
</table>
NOTE 9. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and revenue represent exchange transactions between Denali Commission and other federal government entities, and are in contrast to those with non-federal entities (the public). Such costs and revenue are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental Costs</td>
<td>$2,257,454</td>
<td>$3,669,631</td>
</tr>
<tr>
<td>Public Costs</td>
<td>$40,474,204</td>
<td>$57,627,035</td>
</tr>
<tr>
<td><strong>Total Net Cost</strong></td>
<td><strong>$42,731,658</strong></td>
<td><strong>$61,296,666</strong></td>
</tr>
</tbody>
</table>

NOTE 10. IMPUTED FINANCING SOURCES

The Commission recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees that are attributable to OPM. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal years ended September 30, 2012 and 2011, respectively, imputed financing was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Personnel Management</td>
<td>$99,300</td>
<td>$106,806</td>
</tr>
<tr>
<td><strong>Total Imputed Financing Sources</strong></td>
<td><strong>$99,300</strong></td>
<td><strong>$106,806</strong></td>
</tr>
</tbody>
</table>

NOTE 11. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President’s Budget that will include fiscal year 2012 actual budgetary execution information has not yet been published. The President’s Budget is scheduled for publication in February 2013 and can be found at the OMB Web site: [http://www.whitehouse.gov/omb/](http://www.whitehouse.gov/omb/). The 2013 Budget of the United States Government, with the "Actual" column completed for 2011, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 12. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2012 and 2011 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Obligations, Category A (Admin)</td>
<td>$4,325,312</td>
<td>$10,095,729</td>
</tr>
<tr>
<td>Direct Obligations, Category B (Program)</td>
<td>$20,295,704</td>
<td>$32,094,924</td>
</tr>
<tr>
<td>Reimbursable Obligations, Category B (Program)</td>
<td>$3,036,252</td>
<td>$639,698</td>
</tr>
<tr>
<td><strong>Total Obligations Incurred</strong></td>
<td><strong>$27,657,268</strong></td>
<td><strong>$42,830,351</strong></td>
</tr>
</tbody>
</table>

Category A apportionments distribute budgetary resources by fiscal quarters.

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.
NOTE 13. UNDELIVERED ORDERS AT THE END OF THE PERIOD

For the fiscal years ended September 30, 2012 and 2011, budgetary resources obligated for undelivered orders amounted to $82,060,872 and $102,087,358, respectively.

NOTE 14. CUSTODIAL ACTIVITY

The Commission custodial collection primarily consists of grant monies returned from cancelled funds. While these collections are considered custodial, they are neither primary to the mission of the Commission nor material to the overall financial statements. The Commission’s total custodial collections are $72,353 and $629 for the years ended September 30, 2012, and 2011, respectively.

NOTE 15. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

The Commission has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources Used to Finance Activities:</strong></td>
<td></td>
</tr>
<tr>
<td>Budgetary Resources Obligated</td>
<td></td>
</tr>
<tr>
<td>Obligations Incurred</td>
<td>$27,657,268</td>
</tr>
<tr>
<td>Spending Authority From Offsetting Collections and Recoveries</td>
<td>(5,106,982)</td>
</tr>
<tr>
<td>Net Obligations</td>
<td>22,550,286</td>
</tr>
<tr>
<td>Other Resources</td>
<td></td>
</tr>
<tr>
<td>Imputed Financing From Costs Absorbed By Others</td>
<td>99,300</td>
</tr>
<tr>
<td>Net Other Resources Used to Finance Activities</td>
<td>99,300</td>
</tr>
<tr>
<td>Total Resources Used to Finance Activities</td>
<td>22,649,586</td>
</tr>
<tr>
<td>Resources Used to Finance Items Not Part of the Net Cost of Operations</td>
<td>20,065,028</td>
</tr>
<tr>
<td>Total Resources Used to Finance the Net Cost of Operations</td>
<td>42,714,614</td>
</tr>
<tr>
<td>Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,044</td>
</tr>
<tr>
<td><strong>Net Cost of Operations</strong></td>
<td>$42,731,658</td>
</tr>
</tbody>
</table>
Other Accompanying Information

Denali Commission FY 2012 Work Plan

Federal Register / Vol. 77, No. 100 / Wednesday, May 23, 2012 / Notices

D. Estimate of whether the proposed solution would cost the state additional funds in order to have an improvement of high impact.

E. Your contact information so that we can follow-up if we need any clarifications.

Dated: May 16, 2012.

Patricia L. Tappan
OSD Federal Register Liaison Officer
Department of Defense
(703) 295-1745

DEPARTMENT OF DEFENSE

Department of the Air Force

Notice to Extend Public Comment Period for United States Air Force F-22A Operational Baseline Environmental Impact Statement

AGENCY: The United States Air Force, DoD.

ACTION: Notification of Extension of Public Comment Period.

SUMMARY: The U.S. Air Force is issuing this notice to advise the public of an extension to the public comment period. The initial Notice of Availability published in the Federal Register on April 13, 2012 (Vol. 77, No. 72; Notices/22315) requested public comments as late as June 4, 2012. The Air Force has extended the deadline for submitting public comments to June 20, 2012. All substantive comments on the Draft EIS received during the public comment period will be considered in the preparation of the Final EIS.

FOR FURTHER INFORMATION CONTACT: Please direct any written comments or requests for information to Mr. Nicholas Germain, ACC/APS2, 129 Andrews St., Suite 352, Langley AB, VA 23665, phone: 703-714-3334.

Henri Williams Jr.
ElA/Acting Air Force Federal Register Liaison Officer
(703) 295-1745

DEALI COMMISSION

Fiscal Year 2012 Draft Work Plan

AGENCY: Denali Commission.

ACTION: Notice; Correction.

SUMMARY: The Denali Commission (Commission) is an independent federal agency based on innovative federal-state partnership designed to provide critical utilities, infrastructure and support for economic development and in training in Alaska by delivering federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998 Denali Commission Act (P.L. 106-357) (Title III of Public Law 106-277, 4 USC 351c). The Denali Commission Act requires that the Commission develop proposed work plans for future spending and that the annual Work Plan be published in the Federal Register, providing an opportunity for a 30-day period of public review and written comment. This Federal Register notice serves to announce the 30-day opportunity for public comment on the Denali Commission Draft Work Plan for Federal Fiscal Year 2012.

DATES: Comments and related material to be received by June 20, 2012.

ADRESSES: Submit comments to the Denali Commission, Attention: Sabrina Hopkins, 510 I Street, Suite 410, Anchorage, AK 99501.

FOR FURTHER INFORMATION CONTACT: Ms. Sabrina Hopkins, Denali Commission, 510 I Street, Suite 410, Anchorage, AK 99501. Telephone: (907) 271-1414. Email: shoppes@denal.gov.

Background

The Denali Commission (Commission) is an independent federal agency based on innovative, state partnership designed to provide critical utilities, infrastructure and support for economic development and training in Alaska by delivering federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998 Denali Commission Act (P.L. 106-357) (Title III of Public Law 106-277, 4 USC 351c). The Commission's mission is to partner with tribal, federal, state, and local governments and collaborate with all Alaska to improve the efficiency and effectiveness of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and maintain Alaska's basic infrastructure.

By creating the Commission, Congress mandated that all parties involved be.<redacted> the Commission, Congress mandated that all parties be involved, partner together to find new and innovative solutions to the unique infrastructure and economic development challenges in America's most remote communities. Pursuant to the Denali Commission Act, as amended, the Commission determines its basic operating principles and funding criteria on an annual federal fiscal year (October 1 through September 30) basis. The Commission outlines these priorities and funding recommendations in an annual Work Plan. The Work Plan is adopted on an annual basis in the following manner, which occurs sequentially as listed:

• Commissioners first forward an approved draft version of the Work Plan to the Federal Co-Chair.

• The Federal Co-Chair approves the draft Work Plan for publication in the Federal Register providing an opportunity for a 30-day period of public review and written comment. During this time, the draft Work Plan is also disseminated widely to Commission program partners (including, but not limited to the Bureau of Indian Affairs (BIA), the Economic Development Administration (EDA), and the United States Department of Agriculture-Rural Development (USDA-REI).

• Public comment concludes and Commission staff presents the Federal Co-Chair with a summary of public comment and recommendations, if any, that have been received. The Commission forwards the Work Plan to the Secretary of Commerce for approval. If there are revisions made to the draft, the Federal Co-Chair provides notice of approval of the Work Plan to the Commissioners, and forwards the Work Plan to the Secretary of Commerce for approval.

• The Secretary of Commerce approves the Work Plan.

FY 2012 Annual Work Plan (Amended)

In FY 2011, the typical annual Work Plan process was not carried out. Several factors contributed to this including continuing resolutions (CRs) passed by Congress late in the fiscal year resulting in limited consideration of the FY 2011 annual Work Plan by the Commissioners (Commissioners met on June 2, 2011 to consider the FY 2011 annual Work Plan). In addition, the final FY 2011 budget included a rescission of $15,000,000 in prior year unobligated funds and uncertainty on how the final FY 2011 budget would be implemented until September 2011.

With concurrence from the Office of Management and Budget (OMB) and the Secretary of Commerce, the amended FY 2011 Work Plan will be processed concurrently with the FY 2012 Work Plan.
Other Accompanying Information

Denali Commission FY 2012 Work Plan (continued)

Federal Register

Plan. The FY 2011 Work Plan and the amended budget for the FY 2011 Work Plan are not included as part of this FY 2012 Work Plan document.

FY 2012 Appropriations Summary

The Denali Commission has historically received several federal funding sources (identified by the varying colors in the table below). These fund sources are governed by the following general principles:

- In FY 2012 no project-specific earmarks were directed.
- The Energy and Water Appropriations are eligible for use in all programs, but have historically been used substantively to fund the Energy Program.
- All other funds outlined below may be used only for the specific program and may not be used across programs. For instance, Federal Transit Administration funding, which has in the past been appropriated for the Transportation Program, may not be moved to the Energy Program.
- Final transportation funds received may be reduced due to agency modifications, reductions and fees determined by the U.S. Department of Transportation. Final program available figures may not be provided until later this spring.
- All Energy and Water Appropriations are subject to operational funds, designated as “up to” which may be reallocated to the Legacy Energy Program, Bulk Fuel and Rural Power System Upgrades, if they are not fully expended in a program component area or a specific project.
- Total FY 2012 Budgetary Resources provided:
- These are the figures that appear in the rows entitled “FY 2012 Appropriation” and are the original appropriations amounts which do not include Commission overhead deductions. These funds are identified by their source name (i.e., Energy and Water Appropriation, USDA–RUS, etc.). The grand total for all appropriations appears at the end of the FY 2012 Funding Table.
- Total FY 2012 Program Available Funding:
- These are the figures that appear in the rows entitled “FY 2012 Appropriations—Program Available” and are the amounts of funding available for program(s) activities after Commission overhead has been deducted. The grand total for all program available funds appears at the end of the FY 2012 Funding Table.

FY 2012 Energy & Water Appropriation

<table>
<thead>
<tr>
<th>FY 2012 Energy &amp; Water Appropriation</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012 Energy &amp; Water Appropriation—Administrative Funds</td>
<td>$1,244,000</td>
</tr>
<tr>
<td>FY 2012 Energy &amp; Water Appropriation—Program Available</td>
<td>$3,786,000</td>
</tr>
<tr>
<td>Total Energy Projects</td>
<td>$7,630,000</td>
</tr>
<tr>
<td>Health</td>
<td>0</td>
</tr>
<tr>
<td>Training Program</td>
<td>0</td>
</tr>
<tr>
<td>Economic Development</td>
<td>0</td>
</tr>
<tr>
<td>SKINAKA Program</td>
<td>0</td>
</tr>
<tr>
<td>Sponsorship Program</td>
<td>0</td>
</tr>
<tr>
<td>Sub-total $</td>
<td>7,386,000</td>
</tr>
<tr>
<td>FY 2012 USDA, Rural Utilities Service (RUS)—pending estimate</td>
<td>2,960,000</td>
</tr>
<tr>
<td>FY 2012 USDA, Rural Utilities Service (RUS)—Program Available (less 4% overhead)</td>
<td>2,784,000</td>
</tr>
<tr>
<td>Bulk Fuel/PHPSU Planning, Design &amp; Construction</td>
<td>2,784,000</td>
</tr>
<tr>
<td>Sub-total $</td>
<td>2,784,000</td>
</tr>
<tr>
<td>FY 2012 Trans Alaska Pipeline Liability (TAPI) Trust</td>
<td>6,800,000</td>
</tr>
<tr>
<td>FY 2012 Trans Alaska Pipeline Liability (TAPI)—Program Available (less 5% overhead)</td>
<td>6,460,000</td>
</tr>
<tr>
<td>Bulk Fuel Planning, Design &amp; Construction</td>
<td>6,460,000</td>
</tr>
<tr>
<td>Sub-total $</td>
<td>6,460,000</td>
</tr>
<tr>
<td>FY 2012 Federal Transit Administration (FTA)—Estimate</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Total FY 2012 Federal Program Available</td>
<td>24,700,000</td>
</tr>
</tbody>
</table>

FY 2012 Program Details and General Information

The following section provides narrative discussion, by each of the Commission Programs identified for funding in the FY 2012 funding table above.

Energy Program

Basic Rural Energy Infrastructure

The Energy Program is the Commission’s original program and focuses on bulk fuel facilities (BFS) and rural power system upgrades/power generation (RNSU) across rural Alaska.

About 94% of electricity in rural communities is produced by diesel generators and about half the fuel storage in most villages is used for these power plants for distribution. Alternative means of generating power can reduce the capacity needed for fuel...
storage and ultimately reduce the cost of power to the community.

Alternative/Renewable Program and Emerging Technologies

The Energy Policy Act of 2005 established new authorities for the Commission’s Energy Program with an emphasis on alternative and renewable energy projects. Although the 2005 Energy Policy Act did not include appropriations, the Commission is expected to carry out the intent of the Act through a portion of its Energy and Water Appropriation funding. To date, the Commission has co-funded a number of renewable projects and each year new initiatives are considered. After receiving seed funding toward the initiative, in 2007, the State of Alaska passed legislation and funded the Renewable Energy Fund (REF). With the advent of the REF, State resources to meet commercial-ready renewable energy needs are available, yet a gap in advanced emerging energy needs was identified. Similar to the REF partnership, the newly established Emerging Energy Technology Fund (EETF) was provided seed funding to support demonstration projects for applied research and further technologies focusing on deployment in rural Alaska. The EETF has since passed the State legislature, has funded its selection process and is proceeding with project selection.

Other Renewable Initiatives

As the Renewable Energy Fund and Emerging Energy Technology Fund proceed, the Commission strives to secure success. In 2011, the Commission funded $300,000 toward Renewable Energy Technical Assistance, which resulted in matching funds from the Department of Energy toward the newly established State Technical Assistance Response Team (START). The START effort provides technical assistance to a select number of communities to help assess energy needs, deal with barriers and identify funding options. To keep with the 2005 direction to fund renewable and alternative energy, the FY 2012 Work Plan includes $300,000 toward this effort in 2012.

FY 2012 Program and Project Policy Issues

The approved FY 2008 Denali Commission Policy Document requires and prioritizes cost share match for funded projects. In implementing this policy, 10% match was required in FY 2010 and FY 2011. In FY 2012 new statutory match is required in the amounts of 50% for non-distressed and 20% for distressed communities and only applies toward construction projects using Energy and Water Appropriation funding. In future funding years, the Commission will require consistent match for energy projects funded with other funding (TAPL, RUSL). For FY 2012 funding, the Commission will apply the 10% match for RUS and TAPL funding and the 50% and 20% match requirements for Energy and Water Appropriation funding.

Sustainability Policy

All energy construction grants will proceed after business plans are reviewed and approved by Commission.

FY 2012 Project Selection Process

The Energy Advisory Committee (EAC) provides guidance to Commissioners and staff on the program, and is comprised of members involved in energy development in Alaska. Members include representatives of Associated General Contractors, Alaska API-CIO, Department of Energy National Renewable Energy Lab, the University of Alaska Institute of Northern Engineering, USDA, Kotzebue Electric Association and two public members representing rural and urban Alaska. The EAC provided general recommendations supporting the ongoing priority for funding Bulk Fuel/Rural Power System Upgrade planning, design and construction, providing match funding for the emerging energy technology program and for renewable energy regional planning in coordination with the Alaska Energy Authority’s initiative to meet statewide energy infrastructure needs for all of the above.

Legacy Program (Bulk Fuel/RPSU)

Due to the nature of the due diligence requirement of energy projects, seasonal logistics in Alaska and funding restrictions (i.e. TAPL funds may only be used for bulk fuel projects)—a project may not progress as quickly as another. Given the late timing of funding in FY 2011, summer construction grants are not anticipated. A final project list will be developed based on available funds, project readiness, available match and other due diligence. Final project list is provided to EAC for feedback prior to final grant execution.

Transportation

Section 399 of the Denali Commission Act 1989 (amended), created the Transportation Advisory Committee, including the Transportation Advisory Program, including the Transportation Advisory Program Committee. The advisory committee is composed of nine members appointed by the Governor of the State of Alaska including the Chairman of the Denali Commission, four members who represent existing regional native corporations, native nonprofit entities, or tribal governments, including one member who is a civil engineer; and four members who represent rural Alaska regions. All members, including one member who is a civil engineer. The Transportation Program addresses two areas of rural Alaska: transportation infrastructure; roads and waterfront development. There is consensus among agencies and communities that the program is successfully addressing improvements to local and regional transportation systems. This is largely a function of the TAC’s success at project selection and monitoring, and the success of the program’s project development partners. The program is currently a competitively bid contractor or materials-based project opportunity grounded in Title 23 CFR. Three district projects development and construction guidelines have presented some challenges to the Commission’s ability to respond quickly to targets of opportunity, but they have also had the positive effect of ensuring project design and construction is executed at a professional level. The program operates under a reimbursable payment system that requires local and program partner sponsors to pay close attention to accounting procedures prior to their payments to contractors and vendors. This system ensures project payments are eligible when submitted to the Commission. In FY 2012 the program will continue its focus on barge landings and mooring points in rural communities. These projects range from one to two mooring points to secure a barge, to small dock structures, depending on community size and barge operation characteristics. The value of these structures lies in improved fuel freight transport operations and improved worker and environmental safety. The Commission and the U.S. Army Corps of Engineers (USACE) will continue to work through the prioritized list of barge landing and mooring point projects which were identified in a formal analysis conducted in FY 2009 and FY 2010. The
universe of need for the first generation of projects is in the range of $80,000,000.

The TAC met on January 26–27, 2012, to select waterfront projects and will meet in early summer to select road project priorities for FY 2012. Final project approvals and funding amounts have been approved by the Federal Co-Chair and are available on the Commission’s Web site. As shown in the FY 2012 Funding Table, the estimate for FHWA funding ranges from $0 to $24,700,000. In 2011 continuing resolution language, the US Secretary of Transportation was assigned the responsibility by Congress to identify FHWA projects and programs that were sufficiently funded (i.e., 100% funded). In the following assignment, the Secretary determined that the Denali Access Program was sufficiently funded and $13,300,000 in FY 2011 FHWA funding was assigned to the Alaska Department of Transportation. At the request of the Denali Commission Inspector General, CAO is presently considering whether the Secretary had the authority to make this determination regarding the Denali Access Program. At the time of drafting this 2012 annual Work Plan, the CAO Comptroller General has not yet issued an opinion. Therefore, depending upon the forthcoming opinion, the Commission may receive no FHWA funding or potentially receive both FY 2011 and FY 2012 FHWA funding—totaling $24,740,000.

Joel Nienmeyer, Federal Co-Chair.
FR Doc. 2012-13662 Filed 5–22–12; 8:35 am
BILLING CODE 2030-01-P

DEPARTMENT OF EDUCATION
Notice of Proposed Information Collection Requests; Office of Planning, Evaluation and Policy Development; Strategies for Preparing At-Risk Youth for Postsecondary Success

SUMMARY: Strategies for Preparing At-Risk Youth for Postsecondary Success focuses on preventing students from dropping out and preparing them for postsecondary education or training. Interested persons are invited to submit comments on or before July 23, 2012.

ADDRESSES: Written comments regarding burden and/or the collection activity requirements and could be electronically mailed to ECODocket@ed.gov or mailed to U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Washington, DC 20202–4357. Copies of the proposed information collection request can be accessed from http://edgardweb.ed.gov, by selecting the “Browse Pending Collections” link and by clicking on link number 04158. When you access the information collection, click on “Download Attachments” to view.

Written requests for information should be addressed to U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Washington, DC 20202–4357. Requests may also be electronically mailed to ECODocket@ed.gov or faxed to 202–401–0920. Please specify the complete title of the information collection and OMB Control Number when making your request.

Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1–800–877–8339.

SUPPLEMENTAL INFORMATION: Section 3506 of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) requires that Federal agencies provide interested parties an early opportunity to comment on information collection requests. The Acting Director, Information Collection Clearance Division, Privacy, Information, and Records Management Services, Office of Management, publishes this notice containing proposed information collection requests at the beginning of the Departmental review of the information collection. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper functions of the Department? (2) Will this information be processed and used in a timely manner? (3) Is the estimate of burden accurate? (4) How might the Department enhance the quality, utility, and clarity of the information to be collected? and (5) How might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: Strategies for Preparing At-Risk Youth for Postsecondary Success.
OMB Control Number: Pending.
Type of Review: New.
Total Estimated Number of Annual Respondents: 132.
Total Estimated Number of Annual Burden Hours: 114.

Abstract: Educators are increasingly concerned about poor high school graduation rates, especially among at-risk youth. Many of the programs adopted by districts and schools to decrease the dropout rate traditionally set the goal of completing high school. Programs that meet the dual goals of supporting at-risk youth to graduate from high school and then enroll in and succeed in postsecondary education are not commonly found in most school districts and few studies of dropout prevention programs have a postsecondary focus. This study aims to fill a gap by conducting qualitative case studies of up to 15 sites. This study will systematically analyze qualitative data across multiple respondents to generate narratives of programs and strategies that the sites use, lessons based on implementation successes and challenges, and evidence suggesting their effectiveness in improving the outcomes of interest.

To complete the study, the U.S. Department of Education is requesting OMB approval of two related qualitative data collection activities: (1) A phone screen with local program managers to determine the final sample of case studies and (2) up to 15 site visits to a purposive case study sample. Although the lessons are not generalizable to a larger population because the sample is purposive and small, the case studies will provide rich contextual information to help practitioners assess the applicability of the lessons in their own schools or districts.

Date: May 18, 2012.

Stephanie Valentine, Acting Director, Information Collection Clearance Division, Privacy, Information, and Records Management Services, Office of Management.
FR Doc. 2012-13506 Filed 5–22–12; 8:45 am
BILLING CODE 4000–01–P

DEPARTMENT OF EDUCATION
Native American Career and Technical Education Program; Final Waivers and Extension of Project Period

AGENCY: Office of Vocational and Adult Education, Department of Education.

ACTION: Notice.

Overview Information: Final Waivers and Extension of Project Period for the Native American Career and Technical Education Program

Catalog of Federal Domestic Assistance (CFDA) Number: 84.101A.

SUMMARY: For 80-month projects funded in fiscal year (FY) 2007 under the Native American Career and Technical Education Program (NACTEP), the Secretary waives 34 CFR 75.250 and 75.261(c)(2) in order to extend the
Committee will review a Memorandum of Understanding about coordination on deep-sea coral issues with the other Atlantic coast Councils, particularly MAFC. This will include a presentation from the PFC on fishing effort in coral areas. Second, they will review comments received to date on the Federal Register notice indicating that the Council is exploring the possibility of splitting corals from the EFP Omnibus Amendment, 77 FR 42064, July 27, 2012, (comment period closes on August 27). Finally, the Committee will discuss work plans and timelines under various scenarios (i.e., corals split or not).

Although non-emergency issues not contained in this agenda may come before this group for discussion, those issues may not be the subject of formal action during this meeting. Action will be restricted to those issues specifically listed in this notice and any issues arising after publication of this notice that require emergency action under section 365(c) of the Magnuson-Stevens Act, provided the public has been notified of the Council’s intent to take final action to address the emergency.

Special Accommodations
This meeting is physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Paul J. Howard, Executive Director, at 075-405-0402, at least 10 days prior to the meeting date.

Authority: 16 U.S.C. 1801 et seq.

Date: August 3, 2012.

Tracy L. Thompson,
Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.
[FR Doc. 2012-20147 Filed 8-1-12; 8:45 am]

DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
RIN 0648-XC151
New England Fisheries Management Council; Public Meeting

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of public meeting.

SUMMARY: The New England Fishery Management Council (Council) is scheduling a public meeting of the Scientific and Statistical Committee to consider actions affecting New England fisheries in the exclusive economic zones (EEZ). Recommendations from this group will be brought to the Council for formal consideration and action, if appropriate.

DATES: This meeting will be held on Friday, August 3, 2012 at 8:30 a.m.

ADDRESS: The meeting will be held at the Seaport Hotel, One Seaport Lane, Boston, MA 02210; telephone: (617) 308-4000; fax: (617) 308-4001.

Council address: New England Fishery Management Council, 50 Water Street, Mill 2, Newburyport, MA 01950.

FOR FURTHER INFORMATION CONTACT: Paul J. Howard, Executive Director, New England Fishery Management Council; telephone: (978) 485-0942.

SUPPLEMENTARY INFORMATION: The Scientific and Statistical Committee will meet to review groundfish stock assessments and develop ABC recommendations for fishing years 2013 through 2015 for Gulf of Maine haddock, Cape Cod/Gulf of Maine yellowtail flounder, Southern New England/Mid-Atlantic yellowtail flounder, Georges Bank yellowtail flounder, witch flounder, plaice and Georges Bank/Gulf of Maine white hake. The Council may not develop all the recommendations for these stocks at this meeting. Other business may be discussed.

Although non-emergency issues not contained in this agenda may come before this group for discussion, those issues may not be the subject of formal action during this meeting. Action will be restricted to those issues specifically listed in this notice and any issues arising after publication of this notice that require emergency action under section 365(c) of the Magnuson-Stevens Act, provided the public has been notified of the Council’s intent to take final action to address the emergency.

Special Accommodations
This meeting is physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids should be directed to Paul J. Howard, Executive Director, at 075-405-0402, at least 10 days prior to the meeting date.

Authority: 16 U.S.C. 1801 et seq.

Date: August 3, 2012.

Tracy L. Thompson,
Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.
[FR Doc. 2012-19058 Filed 8-3-12; 8:45 am]

DENALI COMMISSION
Fiscal Year 2012 Draft Work Plan; Correction

AGENCY: Denali Commission.

ACTION: Notice; second correction.

SUMMARY: The Denali Commission (Commission) published a document in the Federal Register of May 23, 2012, seeking comment for comments on the Draft Work Plan for Fiscal Year 2012. This revision to Fiscal Year 2012 Work Plan is to provide clarifying edits, in particular, Section 200(a)(3) of the Denali Commission Act, as amended (Title III of Pub. L. 108-277, 42 U.S.C. 4131) outlines the process for approval of the Work Plan by the Secretary of Commerce. The aforementioned edits are included as recommendations from the Department of Commerce to make the Work Plan subject to approval. This Federal Register notice serves to announce the 15-day opportunity for public comment on the Denali Commission Draft Work Plan for Fiscal Year 2012. The Commission will hold a public hearing via teleconference on the FY 2012 Work Plan within 15 days after the publication date of this second correction. Please check www.denali.gov for details on this public hearing including the date, time and teleconference number.

DATES: Comments and related material to be received by August 20, 2012.

ADDRESS: Submit comments to the Denali Commission, Attention: Sabrina Hoppes, 510 L Street, Suite 410, Anchorage, AK 99501.

FOR FURTHER INFORMATION CONTACT: Ms. Sabrina Hoppes, Denali Commission, 510 L Street, Suite 410, Anchorage, AK 99501; telephone: (907) 271-3144; Email: smhoppes@denali.gov.

SUPPLEMENTARY INFORMATION: Correction

In the Federal Register of May 23, 2012, in FR Doc. 2012-12452, make the following correction:

1. On page 28511, in the first column, remove paragraph: “The FY 2011 Work Plan outlines a strategy to balance the Energy Program in both legacy and renewable components, providing up to $24 million of available program funds specifically toward the emerging technologies program pending state matching. If no match for this program is not provided, this funding shall be reallocated to legacy projects.”
### Denali Commission FY 2012 Work Plan (continued)

5. On page 30510, after the Denali Commission FY 2012 Funding Table, include table to read:

<table>
<thead>
<tr>
<th>Proposed energy projects</th>
<th>FY12 Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nunamaiqua Bulk Fuel Facility</td>
<td>$2,700,000</td>
</tr>
<tr>
<td>Perryville Fuel Facility</td>
<td>1,172,000</td>
</tr>
<tr>
<td>Shagawa Bulk Fuel Facility</td>
<td>2,617,778</td>
</tr>
<tr>
<td>St. George Rural Power System Upgrade</td>
<td>2,100,000</td>
</tr>
</tbody>
</table>
| Alaska/Eskimo Power Plant Bulk Fuel Storage Facility | 2,700,000-
| St. Michaels Intercity | 2,610,000 |
| Holy Cross Bulk Fuel Facility Business Plan | 20,000 |
| St. Mary's Bulk Fuel Facility or Rural Power System Upgrade Design | 250,000 |
| Alaska Energy Authority Project Management | 260,138 |
| Alaska Village Electric Cooperative Project Management | 334,000 |
| Strategic Technical Assistance Response Team (START) Program | 300,000 |
| **Total FY12 Energy Program** | **16,920,000** |

6. On page 30512, after the last paragraph, include to read:

Update on the Commission’s Transportation Program

As stated in the May 23, 2012 Federal Register notice, the Commission’s Transportation Advisory Committee met on June 6 and 7, 2012. The TAC reviewed and ranked 43 surface road projects and recommended 23 projects for funding. These 23 road projects, if funded, have an aggregate need of approximately $14 million. Coupled with the previously rated and recommended FY11 road projects (10 projects with an aggregate need of approximately $6 million), the Commission stands ready to obligate up to $20 million in FY12. However, the Commission is still awaiting a decision by the Government Accountability Office on whether the FY11 and FY12 Federal Highways Administration funding for the Denali Access Program (i.e., the Commission’s Transportation Program) will be provided to the Commission. Therefore, there are no new projects in the Commission’s Transportation Program for 2012.

Joel Weimayer, Federal Co-Chair

[TR Doc. 2012-18465 Filed 6-7-12; 8:45 am]

**DEPARTMENT OF EDUCATION**

**Notice of Proposed Information Collection Requests; Federal Student Aid: William D. Ford Federal Direct Loan (Direct Loan) Program/Federal Family Loan (FFEL) Program: Deferment Request Forms**

**AGENCY:** Department of Education.

**ACTION:** Notice.

**SUMMARY:** This form serves as the means by which borrowers in the William D. Ford Federal Direct Loan (Direct Loan) and Federal Family Education Loan (FFEL) Programs may request an Income-Based or Income-Contingent Repayment Plan if they meet certain statutory and regulatory criteria.

**DATES:** Interested persons are invited to submit comments on or before October 9, 2012.

**ADDRESSES:** Written comments regarding burden and/or the collection activity requirements should be electronically mailed to ICDocket@ed.gov or mailed to U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Washington, DC 20202-4537. Copies of the proposed information collection request may be accessed from [http://fedweb.ed.gov](http://fedweb.ed.gov), by selecting the “Borrower Pending Collections” link and by clicking on link number 04006. When you access the information collection, click on “Download Attachments” to view. Written requests for information should be addressed to U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Washington, DC 20202-4537. Requests may also be electronically mailed to ICDocket@ed.gov or faxed to 202-461-0920. Please specify the complete title of the information collection and OMB Control Number when making your request.

Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339.

**SUPPLEMENTARY INFORMATION:** Section 3506 of the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) requires that Federal agencies provide interested parties an early opportunity to comment on information collection requests. The Acting Director, Information Collection Clearance Division, Privacy, Information and Records Management Services, Office of Management, publishes this notice containing proposed information collection requests at the beginning of the Departmental review of the information collection. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper functions of the
Financial Management Trends

As a micro agency, the Commission continues to expand use of the services of the Administrative Resource Center (ARC) under the US Treasury, Bureau of Public Debt. These services, which include Travel, Finance, Human Resources and Procurement, allow for our independent agency to continue to meet all federal mandates despite our declining staff level. ARC has served (and continues to serve) as a cost effective solution to operational budget challenges during times of declining appropriations. In a professional manner, ARC ensures that our agency still maintains high quality and exceptional performance in all of our management systems. We look forward to many years of “partnership” with this federal Center of Excellence.

Summary of Material Weaknesses, Non-Conformances and Corrective Action Plans

For FY 2012, the Commission received an unqualified opinion in its annual financial audit. The results of this audit also found no material weaknesses and no significant deficiencies. The auditor stated that the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles; that the Commission had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, along with no reportable noncompliance with laws and regulations with the items that were tested.

In FY 2011, the Commission’s received an unqualified opinion in its annual financial audit. The results of this audit also found no material weaknesses and no significant deficiencies. The auditor stated that the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles; that the Commission had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, along with no reportable noncompliance with laws and regulations with the items that were tested.

Improper Payments Report

On July 22, 2010, the President signed into law the Improper Payments Elimination and Recovery Act (IPERA). IPERA amended the Improper Payments Information Act of 2002 (IPIA) and generally repealed the Recovery Auditing Act. OMB has supplied implementing direction on IPERA which requires:

- Review all programs and activities and identify those that are susceptible to significant improper payments

  Because of its small size, Denali Commission has assessed all of its grant programs and acknowledges that all
are susceptible to improper payments as defined by the IPERA. However, none of the Commission’s programs meet the threshold of ‘significant improper payment’ defined in Section 57 of OMB Circular A-11, which would be both 1.5 percent of program outlays and $10,000,000 of all program or activity payments during the FY. And none of the agency’s grant programs are funded at $100,000,000.

- Obtain a statistically valid estimate of the annual amount of improper payments in programs and activities for those programs that are identified as susceptible to significant improper payments

  Denali Commission has assessed all of its grant programs, and finds that none of the programs or activities reach the definition of ‘significant improper payments’.

- Implement a plan to reduce improper payments

  This requirement does not apply to the Commission, as no programs or activities were identified with the conditions above.

- Report estimates of the annual amount of improper payments in programs and activities and progress in reducing them

  Even though the Commission is not required to report on this component, the relatively low volume of grants and contracts payments made by the Commission allow a full review of all of the Commission’s grants and contracts payments during FY 2012, and that assessment revealed that the agency has no improper payments to report.
Agency Financial Report (AFR)

Inspector General's Perspective on Management & Performance Challenges Facing the Denali Commission
The OMB-required *Performance and Accountability Report* (the “PAR”) is largely a book authored by the agency’s management. However, OMB reserves one of the final sections for the inspector general’s perspective:

*The PAR shall include a statement prepared by the agency’s Inspector General (IG) summarizing what the IG considers to be the most serious management and performance challenges facing the agency and briefly assess the agency’s progress in addressing those challenges.*

**The “Other Alaska’s” daily dose of Hurricane Sandy**

The nation recently watched as Hurricane Sandy deprived many of their electricity, clean water, mobility, and shoreline homes.

The government’s response to this disaster illustrates three American values. First, the public expects some level of government to provide some level of basic public facilities for “decent” living (“basic infrastructure”). Second, the public expects the federal government to respond to disasters with aggressive rescue and rebuilding (something akin to our “Marshall Plan” for restoring other countries). Third, the first two expectations are universal regardless of the geography that one calls “home.”

But the deprivations from Hurricane Sandy are often everyday life in the “other Alaska” — the “bush” where the cruise ships don’t take their visitors from the “Lower 48.” The remote settlements served by the Denali Commission are far from the roads, the power grid, and the state’s scenic railroad. The electricity is sometimes, the fuel tanks leak, the food rots, the garbage sits, and the homes wash away. The water is undrinkable, a shower is a treat, and the bathroom is a bucket. The teeth fall out and people get diseases that we assumed were history.

In short, the third world conditions of the “other Alaska” are still out there in the land beyond the tourism commercials and the travelogues.

Denali’s original strategic plan idealistically aspired that “*all Alaska, no matter how isolated, will have the physical infrastructure necessary to protect health and safety and to support*
self sustaining economic development.”Nevertheless, one of Denali’s most difficult and uncomfortable issues has always been the size of community that warrants public support (versus self-support). While national lore may abstractly decry construction to “nowhere,” the choices are very real — and very serious — for rural families that must go without what most of America takes for granted.

But the truth is out there: projects throughout Denali’s subject areas have often been awarded to “micro-settlements” with less than 200 people. And the controversy continues to this day over the serviceable size of the communities that should receive the funded projects.

And it remains as a recurring theme in our inspections of Denali projects. In July, we visited the $2 million clinic shown in Exhibit 1 that Denali built in tiny Goodnews Bay (est. pop. ≈ 250).  

But minimal facilities are still very much a part of the “other Alaska.” For instance, the hamlet of Platinum (est. pop. now ≈ 70) was once the nation’s largest mine for the valuable mineral worth more than gold. While the federal government supports the small post office shown in Exhibit 2, the settlement still makes do with an even smaller “sewage treatment facility” shown in Exhibit 3. The latter is, of course, merely a tank on wheels that periodically gathers the human waste stored at homes.

Retooling for reduced resources

The programs entrusted to Denali have varied over the agency’s life span with changing congressional priorities and support. Denali started in the late 1990s with only around $20 million and a mission to replace leaking fuel tanks. In the agency’s heyday, it had annual

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1 Denali Commission Five Year Strategic Plan (2005-2009), page 3 (emphasis added).

2 Our inspection was conducted on July 25, 2012.
congresional support of well over $100 million for clinics, training, housing, community centers, transportation, and rural electrification. Congressional support today has dwindled down close to the startup funding, and now only the latter program receives new money.

Our reports over the years have criticized the low matching contributions by Alaska’s state government, which has no personal income tax, no state sales tax, and a long-term savings account sufficient to fund much of its operating expenses. This stands in stark contrast to the financial shortfalls of states like Illinois\(^3\) and California as they struggle to make ends meet.

In fact, this inspector general has publicly recommended that Congress reauthorize the Denali Commission as nonprofit corporation rather than continue it as an independent federal agency. Congress would thereby give it the legal capacity to assemble its own funding from nonfederal sources.\(^4\)

In July, Congress did indeed amend Denali’s enabling act to allow it to accept funding from a diversified spectrum of public and private sources.\(^5\) It remains to be seen how Denali will implement this new freedom to fend for itself.

Federal grants and contracts are big business in Alaska. Per the state economist,\(^6\) Alaska ranks first in the nation in its per capita receipt of federal grants. And it ranks fourth in the nation for federal contracts.

Alaskan grantees and contractors have understandably sought to maximize federal funding and minimize the federal strings attached to it (also known as bureaucracy, inflexibility, restrictions, and red tape). And, according to local lore, this was precisely the

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vision of the late founding senator\(^7\) when he first discussed the possibility of a Denali Commission at the very remote “bush” site in Exhibit 4.\(^8\)

Though the founding senator and his seniority are now gone, the agency may have planted the seeds of its future funding in its early years — funding that could possibly be tapped at this point to continue Denali’s efforts.

_Dormant “renewal and replacement” savings accounts required of grantees_

Rural electrification is the largest program that Congress has funded at the Denali Commission (~ $480 million).

Denali has made large grants to the State of Alaska to install power plants and tank farms throughout the “bush.” Such grants to the State have totaled around $240 million.

Around 60 small cities are among the various beneficiaries of these grants to the State for power plants and tank farms. Since the State uses its Denali grants to construct these facilities, Denali attaches some very long-term requirements for the cities as a condition of their sub-awards.

Over the past decade, Denali has required small cities to open a “renewal and replacement” bank account as a condition of getting their power plants and tank farms. The condition includes a table of the amount that the city must deposit each year to assure that it can repair — and eventually replace — the facility over its useful life of 30 to 40 years.

The theory is that the amounts in these savings accounts will — many years down the road — be sufficient to replace the facilities that

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\(^7\) Because the enabling act surfaced in a 1998 conference committee, there is little legislative history for a more formal record of the agency’s origins.

\(^8\) The remote site in Exhibit 4 is now abandoned and difficult to approach closer, due to the rotting boardwalk over the spongy muskeg. It’s on a backwater slough of the Kuskokwim River about two miles east of the Kwethluk airstrip. The site’s GPS position is approximately N 60.794° W 161.38°. We photographed this site during our recent (July 2012) motorboat trip up the Kuskokwim River to inspect projects in small settlements. The popular History Channel program, _Tougher in Alaska_, had a “Frozen Freeway” episode about the challenge of using the frozen Kuskokwim River to truck fuel to a Denali-funded tank farm at Kwethluk.
Denali originally funded. If this assumption works perfectly in practice (unlikely, of course), the total in such accounts will hypothetically approach the millions that Denali has passed through the State. But bank accounts for even a fraction of this optimal total are obviously still worth our scrutiny.

The grant condition specifies various reporting requirements in support of Denali’s monitoring of these bank accounts. Cities agree to (1) open a savings account acceptable to Denali, (2) send Denali periodic bank statements, (3) send Denali an annual “audit” or “financial review” conducted by a CPA, and (4) send Denali an annual report form on the facility’s operations.

And cities agree in advance to some very decisive enforcement by Denali if the latter is dissatisfied with their use of the facilities. Denali’s commitments in the grant documents, in effect, position the agency as a form of guardian, trustee, guarantor, or receiver for decades long into the future.

Unfortunately, our interviews of Denali’s employees show that the agency has never established any system for the monitoring of these bank accounts that its policies represent the agency will provide. The current status of these accounts is thus unknown.

The accounts in question were potentially established by around 60 small cities. They presumably reflect some substantial portion of the $240 million that Denali has awarded to the State for power plants and tank farms over the past 14 years. Even accounts with just 10% of this total would be a significant resource for Denali to coordinate for beneficiaries in the years ahead.

**Expanded use of funding from the Oil Spill Liability Trust Fund**

Another source of future funding with an element of uncertainty is the Oil Spill Liability Trust Fund (Trust Fund). Ironically, this may be both the most permanent and the most restricted of Denali’s funding sources. We have applied for a Comptroller General’s determination to resolve a troublesome ambiguity in Denali’s legislation.9

Congress has by permanent legislation directed that certain interest earned on the Trust Fund will be used by Denali “to repair or replace bulk fuel storage tanks in Alaska.”10 Denali funds the construction of these tank farms in hopes of addressing (1) the availability of reliable electricity, (2) high fuel costs to consumers, (3) winter fuel shortages that require emergency intervention,11 and (4) the environmental damage from outdated tanks that leak.

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9 See GAO, Denali Commission—Use of Oil Spill Liability Trust Fund, # B-323365 (pending for decision).


However, Denali’s agency head has astutely noted that the long-term prevention of oil spills will be promoted by reductions in the amount of fuel that must be brought into the bush in the first place.

His point is a good one. Even if rusting tanks are replaced, risk remains as the visiting fuel barge drapes its long hose over the shoreline to connect with the tank farm’s “marine header” (see Exhibit 5).

The Comptroller General is the “booth referee” for interpreting such spending laws. His determination will guide Denali as to the extent that use of the Trust Fund’s interest can evolve in practice as the need to replace tanks is mooted by new energy sources and users’ fuel efficiencies.

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12 See 31 USC 3526(d) and 31 USC 3529.
Agency Financial Report (AFR)

Federal Co-Chair Response to Inspector General’s Perspective on Management and Performance Challenges

Facing the Denali Commission, November 2012
Fundamentally, the challenge the Inspector General raises is how can Federal services, projects and programs be delivered in the most economical, efficient and effective manner practicable when there are many State, Federal, regional and non-profit organizations and agencies currently working in rural Alaska. Some thoughts on how the Commission may meet this challenge follow.

**Retooling for reduced resources**

The Commissioners recently committed to reviewing the Commission’s established Investment Policies to reflect the changing nature of rural Alaska and in response to reduced resources. This effort may address the investment concerns raised by the Inspector General for small rural villages. As an example, is there a role for the Commission to address community sustainability concerns given that the price of fuel oil used for heat and electricity has increased three-fold in the past ten years? This and other investment questions will be explored in FY2013 such as identifying gaps in services and programs to rural Alaska that the Commission may be well positioned to address.

**Dormant “renewal and replacement” savings accounts required by grantees**

Recently, I interviewed the Commission’s former Chief Operating Officer, Mr. Krag Johnsen, and the former Energy Program Manager, Ms. Kathy Prentki, on renewal and replacement accounts for bulk fuel facilities. Both acknowledge that there was some cursory review, although not systematic, on the accounts. They are aware of several accounts being opened by communities, but it is their belief that few communities actually opened accounts.

Therefore, I have directed Commission staff to thoroughly review all of the Commission records and the records of our bulk fuel program partners to determine which communities did open an account. Once this information is obtained, the matter will be brought to the Commissioners for their consideration and guidance.

**Expanded use of funding from the Oil Spill Liability Trust Fund**

I look forward to the Comptroller General’s opinion on this matter and I and Commission staff will respond accordingly.

There is no question that the Commission is going through changes with significant reductions in annual appropriations. With the wisdom and guidance provided by the Commissioners, our historic program partners and individual rural Alaskans, I am confident that the Commission will continue to provide meaningful structure and input on how best to invest in rural Alaska.