Denali Commission Agency Financial Report (AFR) Fiscal Year 2014

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Message from the Federal Co-Chair

November 7, 2014

Enclosed is the Denali Commission Fiscal Year (FY) 2014 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 several 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 2014.

Since the inception of the Denali Commission in 1998, the agency has concentrated on its 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 resiliency of rural Alaska communities
- To fortify accountability policies and procedures

As we tell the narrative of the Commission for FY 2014, what becomes apparent is the agency's abiding commitment to the improvement of the quality of life of rural Alaskans.

The budget authority of the Commission has decreased steadily over the past ten years to the point that the current agency appropriations are 10% in the agency's second decade compared to its first decade. This has resulted in two significant changes for the agency.

First, is a change in the staffing profile and the second is a change in the agency portfolio of work. In the past four years permanent agency staff has been cut in half. When staff positions are vacated due to natural attrition they typically have not been refilled. Duties and responsibilities are moved to other remaining staff; making position descriptions more generalist in nature. Concurrently, subject matter experts for intermittent positions have been hired. These individuals are assigned periodic tasks and when completed they stand down until another assignment is provided. This process is designed as a means to making the agency a "think tank" on best business practices for rural Alaska infrastructure, economic development and workforce training.

In 2011 the agency held listening sessions around Alaska to identify what it should be doing in its second decade. A number of recommendations were made, but two stood out. The first was to address the high cost of energy in rural Alaska. Electricity and heating fuel costs have increased three-fold in the past 10 years. The second was that rural villages need technical assistance in developing and maintaining infrastructure projects, repairs and renovations to existing structures and utilities.

The second significant agency change is underway as investments and resources are transitioned to address these two recommendations. In addition to undertaking new work with the help of program partners and Commission subject matter experts the completion of dozens of active training, health and transportation projects is underway. Most of these active projects are expected to be completed by the end of FY 2015. The Commission's goal is to operate where there are gaps in service and to complement, but not duplicate, the work of other Federal and State agencies.

Two years ago Congress passed the Moving Ahead for Progress in the 21st Century (MAP-21) legislation (P.L. 112-141). MAP-21 provides the Commission authority to accept conditional 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. The first MAP-21 initiative is a partnership with the Administration for Children and Families (ACF), which manages a Grants Center of Excellence (COE). ACF and the Commission are working together to ease the pathway of entry to the COE for smaller agencies. The COE provides top of the line grants management lifecycle software and services to 'larger' agencies across the Federal government. Agencies that use the COE's toolsets realize improved efficiencies in all 14 defined stages of the Grants Management lifecycle. To date, these services required a level of funding that smaller agencies have not been able to justify. The partnership between the Commission and ACF will allow small agencies to access the COE at a rate where a return on investment can be realized.

As noted above, the Commission's Energy Program, which continues to receive funding through the Energy & Water Appropriation, is undergoing transition. The Commission is transitioning 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. The development of a community scale energy efficiency model is a top priority for the agency. Given the high cost of energy, a number of rural organizations are carrying out weatherization and energy efficiency improvements. These efforts are not often coordinated on a community scale; which could result in significant reduction in energy use. The challenge is getting the financing in place at the same time for the myriad of different building owners and stakeholders. In FY 2014 the agency made investments to improve the energy efficiency for over 70 communities. The sanitation systems in rural Alaska require significant heating to keep the systems from freezing. Another investment was for energy efficiency improvements in four Alaska villages on a community scale to determine whether deploying this work at one time provides contract efficiencies and savings. Other investments are being made to identify tools and strategies to lower energy usage in rural villages.

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

Message from the Federal Co-Chair (continued)

report, and can confirm that our annual audit has identified no material 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 the passing of 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). 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.

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

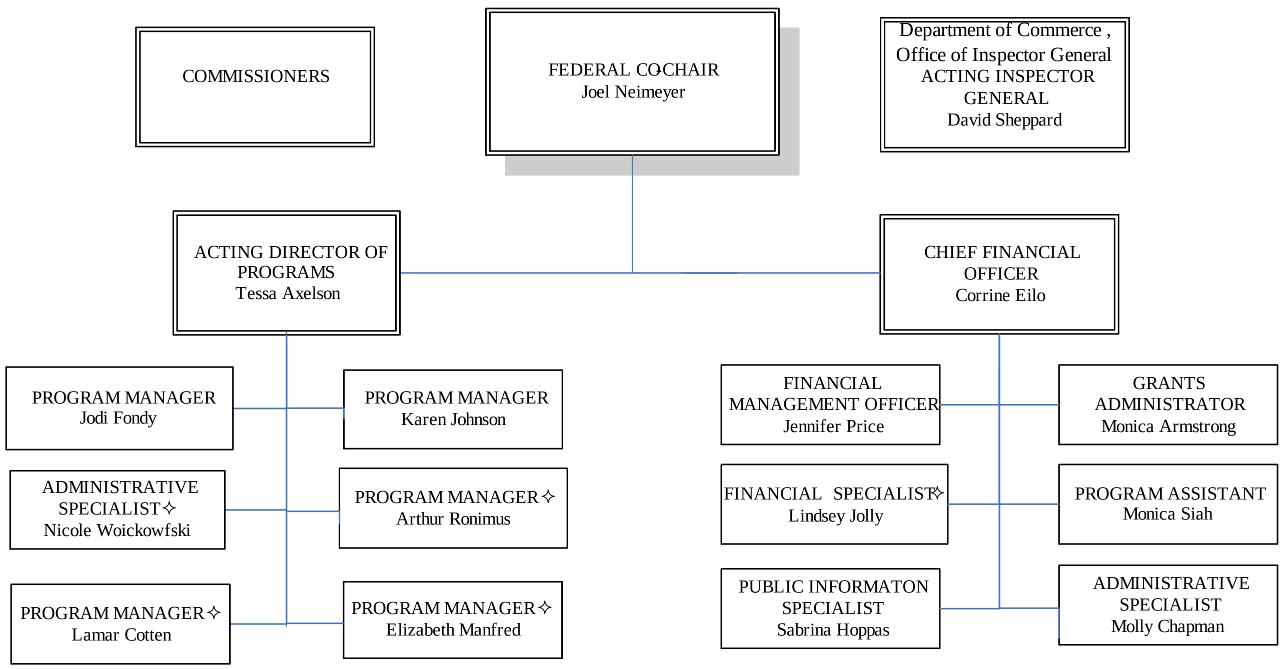
The Commission works toward the accomplishment of the mission by focusing on these goal areas:

- 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. 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 2014 included hiring three part-time subject matter experts in the areas of rural infrastructure development and maintenance. These subject matter experts were hired as part-time, on-demand, fixed-term employees. One full time and one part time Administrative Specialists were also hired in FY 2014. As of September 2014, the Commission had 10 full-time equivalent positions.

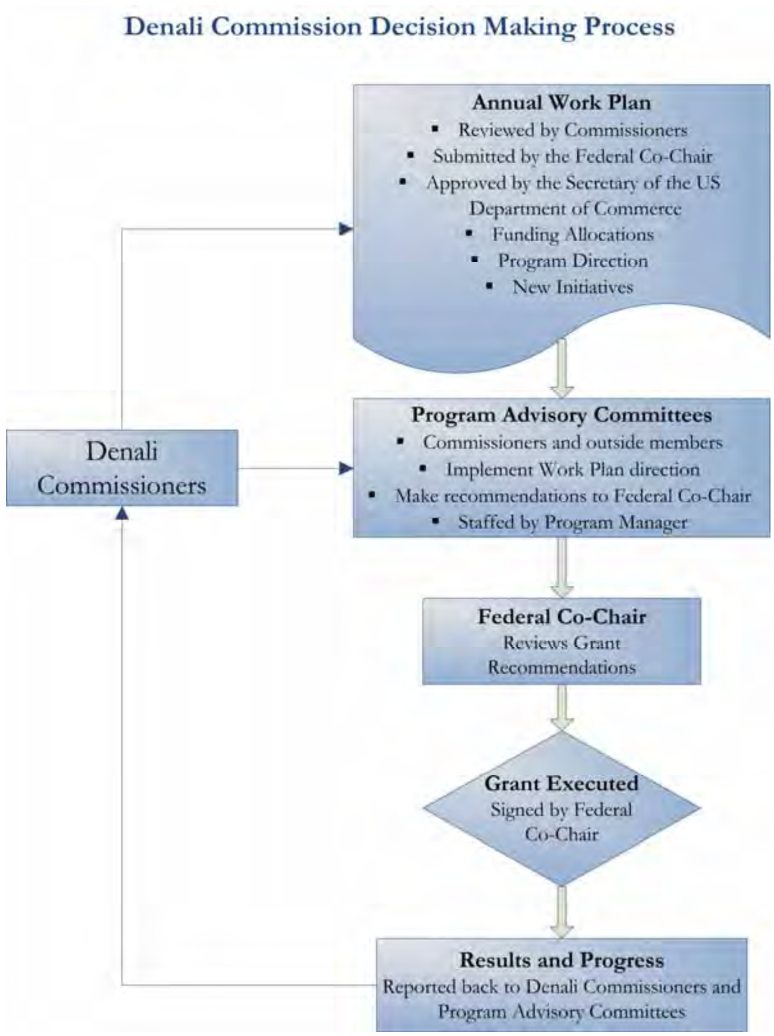
Organizational Chart



✧ These five individuals are employed with the Commission in a part-time capacity

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).

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..

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 United States Department of Agriculture 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 2014 Work Plan

Following the normal course of events described above, Commissioners initially submitted the FY 2014 proposed work plan to the Federal Co-Chair in June 2014. 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 approved the Work Plan in September of 2014.

The FY 2014 Work Plan outlined the Commission's intentions to allocate $6.3 million to the Energy Program, $4.5 million to initiatives, including the START program and Sanitation Energy Efficiency, and approximately $3.2 million for administrative costs.

The full FY 2014 Work Plan can be found in the Other Accompanying Information section of this document.

Summary of Performance

In FY 2014 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.

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 2014 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 2015. A summary of performance is presented here.

Functional Uses of FY 2014 Budgetary Resources

The FY 2014 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

Administration

- Salaries and contracts
- Initiatives toward sustainable rural communities and accountability goal areas

Summary of Performance (continued)

FY 2014 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 2014, Denali Commissioners sent the Work Plan to the Federal Co-Chair in June 2014. 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 2014 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 2014 here and more fully in the Agency Performance Report, which will be submitted in February 2015.

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 2014 reveal a conscious reflection on the Commission's past, present and future by agency leadership and the Denali Commissioners. During the 14 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 $23.9 million. The changing budget has mandated a meditation on the past focus of the agency and what a lower funding base means.

Summary of Performance (continued)

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 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 FY 2014. 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 2014, 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 have decreased Commission staff have worked with communities to leverage and coordinate funds from other funding sources, providing technical assistance in planning and managing capital projects and community plans, and finding solutions to complicated issues that can be applied to other rural Alaska communities.

Summary of Performance (continued)

Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska

FY 2014 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 2014, the **Transportation Program** continued work on:

- 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 12 active road projects, 2 active board road projects and 11 active waterfront projects in the planning, design or construction phases.

Kwethluk Road Pre-Construction Conference with Commission Staff

In FY 2014, the **Energy Program** was able to contribute to:

- 1 Bulk Fuel Storage Facility
- 2 Rural Power System Upgrades
- 1 Project Design for Bulk Fuel and/or Rural Power System Upgrade

Overall, since 1999, the Commission through its Energy Program has invested in the construction of 111 code compliant bulk fuel tank farms and 69 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

Summary of Performance (continued)

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 2014:

- Contributed to the construction or renovation of 4 rural primary care clinics
- Contributed to the design of 3 rural primary care clinics
- Celebrated the grand openings of 5 rural primary care clinics

Over the course of its existence, the Health Program has contributed to 143 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:

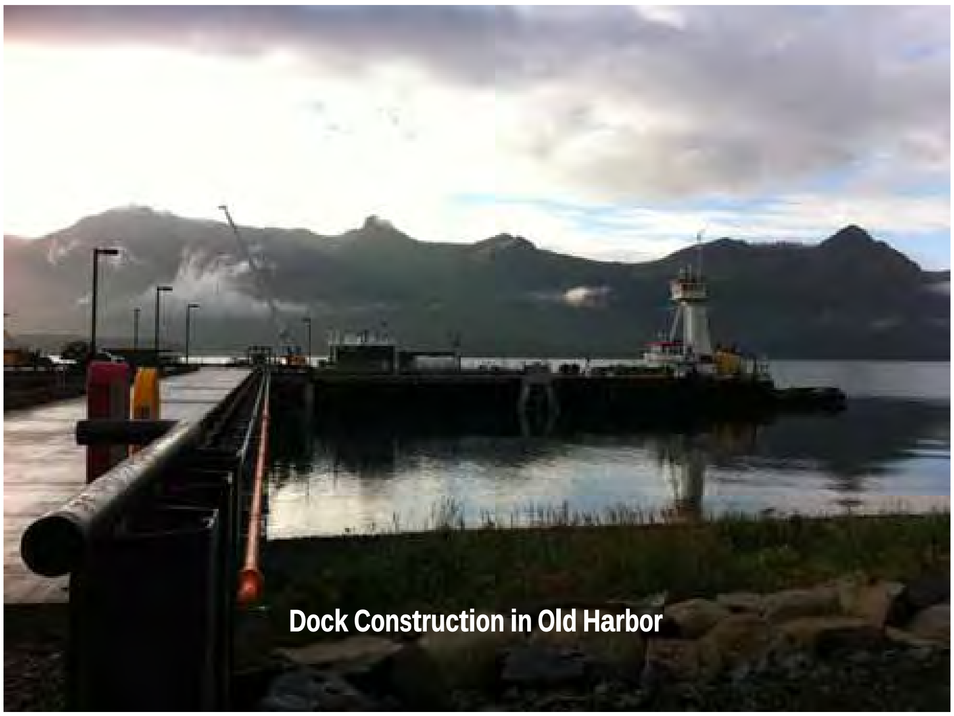
- Lead the coordination of the Rural Alaska Maintenance Partnership—Training (RAMP-T) project which has resulted in the support, development and endorsement of a standardized curriculum for Facility Maintenance Technician (FMT). The RAMP-T effort is an on-going collaboration between rural investors, rural training centers and universities, organizations, cities and tribes to develop, create and align the FMT training programs across Alaska. The intent of RAMP-T is to build a strong rural workforce, able to maintain and operate all rural facilities in a way that protects buildings, enhances energy efficiencies, saves money and creates more rural jobs.


Construction trades trainee from Toksook Bay

Summary of Performance (continued)

- Technical assistance and project development support to the community of Galena in response to devastating flood of 2014 which decimated a majority of the community's infrastructure and housing. And resulted in a federal disaster declaration. Efforts included the coordination of multiple Federal and State agencies funding disaster relief and recovery, development of a project management and grant oversight model, and emergency support for administrative and personnel needs.

- Serving as a funding partner in the continued support of the Pre-Development program which provides an array of project management, business planning, community assessment, regional planning and rural community facility and energy audit services to nominated organizations or communities through The Foraker Group.



Dock Construction in Old Harbor

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 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.

Summary of Performance (continued)

In FY 2014, 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 2014 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 collaborations that sought insights into current rural training and workforce development systems in regards to facility maintenance, operation and management.

In FY 2014, the **Training Program** achievements included:

- Continued (year 2) collaboration with State, Federal and regional agencies on ways to improve rural facility integrity for the long term, save maintenance dollars, create long-term rural jobs and resolve gaps in regular and preventative maintenance in private and public facilities.
- Collaborated with rural training centers and universities on facility maintenance technician certification.
- Finalized a state standard certification level I for Facility Maintenance Technician and an articulation agreement for this training program amongst four centers of excellence for facility maintenance in Alaska.
- Initiated collaboration in response to the 2012 Manager Survey. Confirmed Alaska Rural Manager Initiative (ARMI) committee to lead research and development of a Rural Manager Training Program available via distance delivery.
- Administered over 25 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 while protecting federal, state and local investments.

Summary of Performance (continued)

Training Rural Alaskans in Wind Turbine Maintenance

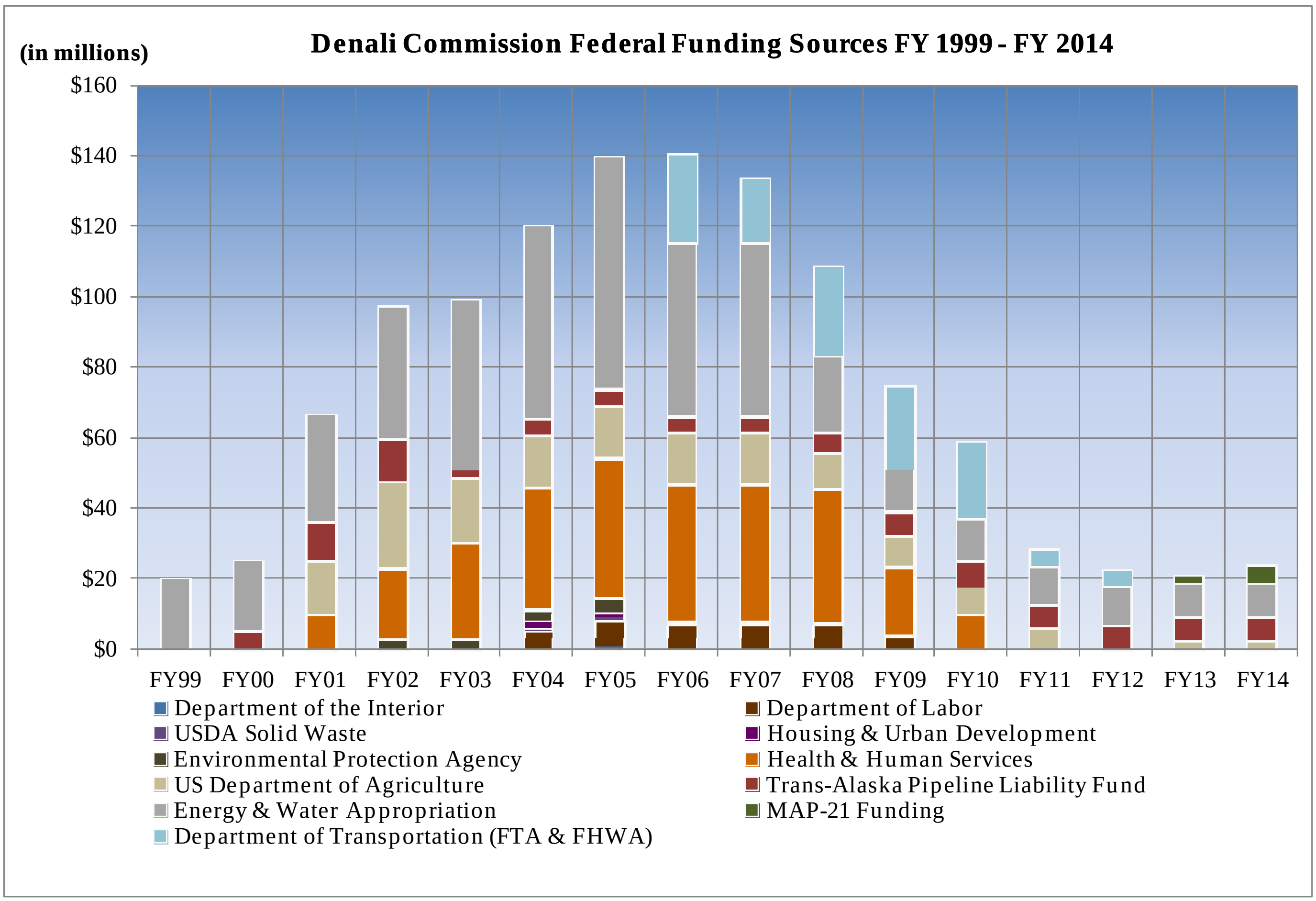
Goal Area Three: Fortify accountability policies and procedures

In FY 2014, 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 2014, less than $1 million was carried over for obligation in FY 2015. 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 2014. This is the most obvious outcome of the Commission's commitment to accountability.

Financial Performance Overview

As of September 30, 2014 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.



Financial Performance Overview (continued)

Sources of Funds

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

Public Law 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21), granted authority to accept funding from both Federal and non-Federal sources to carry out the purposes of the Denali Commission Act.

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 2014, $6.54 million was transferred to Denali Commission to assist in efforts to make bulk fuel tanks in Alaska code-compliant.[1]

FY 2014 Budget Authority	
Appropriations Received	$10,000,000
Nonexpenditure Transfers	$6,537,320
Offsetting Collections	$7,335,000
Total Budget Authority	$23,872,320

In FY 2014, Denali Commission's total budget resources were $29.50 million which includes $1.00 million in unobligated balances brought forward and $5.30 million in recoveries of prior year obligations.

Uses of Funds by Function

The Denali Commission incurred obligations of $26.28 million in FY 2014 for program and administration operations. Unobligated funds in the amount of $3.22 million were carried forward, for obligation in FY 2015.

1 *Denali Commission TAPL expenditures limited to no more than $4,000,000 per Agriculture, Rural Development, FDA, & Related Agencies Appropriations Act, 2014.*

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 $73.08 million as of September 30, 2014. This is a decrease of $8.89 million from the end of FY 2013. The Commission's largest asset, Fund balance with Treasury, decreased due to a decline in funding in FY 2014. The assets reported in the Denali Commission's balance sheet are summarized in the accompanying table.

ASSET SUMMARY	FY 2014	FY 2013
Fund balance with Treasury	$72,066,402	$81,957,362
Other intragovernmental assets	1,000,000	-
Accounts receivable, public	9,763	16,978
Total assets	**$73,076,165**	**$81,974,340**

Financial Statements Highlights (continued)

Liabilities

The Denali Commission's liabilities were $2.27 million as of September 30, 2014, a decrease of $5.11 million from the end of FY 2013. 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.

LIABILITIES SUMMARY	FY 2014	FY 2013
Accounts payable, intragovernmental	$5,336	$140
Other intragovernmental liabilities	280,169	2,131,640
Accounts payable, public	161,317	91,698
Other liabilities, public	1,827,497	5,153,100
Total assets	**$2,274,319**	**$7,376,578**

Net Position

The difference between total assets and total liabilities, net position, was $70.80 million as of September 30, 2014. This is a decrease of $3.80 million from the FY 2013 year-end balance. The net position reported in the Denali Commission's balance sheet is summarized in the accompanying table.

NET POSITION SUMMARY	FY 2014	FY 2013
Unexpended appropriations	$26,327,169	$24,533,280
Cumulative results of operations	44,474,677	50,064,482
Total Net Position	**$70,801,846**	**$74,597,762**

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 2014 and FY 2013. These costs consist of $3.17 million of intragovernmental costs and $25.69 million in public costs.

NET COST	FY 2014	FY 2013
Program costs	$28,855,161	$27,777,161
Less: earned revenue	-	-
Total Net Costs of Operations	**$28,855,161**	**$27,777,161**

Statement of Changes in Net Position

The Net Position for the year ended September 30, 2014 is $70.80 million, a decrease of $3.80 million from FY 2013. This decrease is primarily due to a reduction in funding in FY 2014.

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 $29.50 million in total budgetary resources for FY 2014 – comprised of direct appropriations, nonexpenditure transfers from other federal agencies, and an unobligated balance available from FY 2013. During the fiscal year, $26.28 million was obligated for program and administrative functions; $3.22 million in funds were carried forward, and will be available for obligation in FY 2015. Net outlays in FY 2014 amounted to $25.52 million.

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, 2014, was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

Finally, the US Treasury, Bureau of Fiscal Service (BFS) (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, BFS and therefore

Analysis of Systems, Controls and Legal Compliance (continued)

The 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, 2014.

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, Congress and the public.

FFMIA Compliance Determination

The Commission utilizes the services of US Treasury BFS 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 U.S. 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 U.S. Treasury BFS. 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

Agency Financial Report (AFR)

Financial Section

Financial Section

Chief Financial Officer's Letter

November 15, 2014

The Commission is pleased to have once again achieved an unmodified opinion on the agency's consolidated financial statements from our financial auditors for FY 2014. 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.

During FY 2014, the Commission was proud to have played an active role in implementation of the Uniform Guidance across the federal, state and private sectors. The highlight of our involvement in those efforts was our hosting of Mr. Gil Tran, senior policy analyst with the Executive Office of the President, Office of Management and Budget (OMB), Office of Federal Financial Management, to address the federal grantee community here in Alaska. Mr. Tran spoke extensively on how the guidance will impact our grantees across the State, specifically in the area of Single Audits. Attendees included a broad cross section of interested parties including Federal and State agencies; local non-profits; Native Regional Corporations and the University of Alaska. We look forward to assisting with these efforts as the implementation of this guidance takes affect next month across the nation.

The Commission looks toward a successful FY 2015 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 E. Eilo

Corrine Eilo
Chief Financial Officer

Inspector General Transmittal Letter

Denali Commission
Office of Inspector General
Seattle, WA 98174

November 14, 2014

MEMORANDUM FOR: Denali Commission Commissioners

FROM: David Sheppard
Acting Inspector General

SUBJECT: FY 2014 Financial Statements
Final Report no. DCOIG-15-002-A

I am pleased to provide you with the attached audit report, which presents an unmodified opinion on the Denali Commission's fiscal year 2014 financial statements. SB & Company, LLC, an independent public accounting firm, performed the audit in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget Bulletin 14-02. *Audit Requirements for Federal Financial Statements*.

In its audit of the Commission, SB & Company

- determined that the financial statements were fairly presented in all material respects and in conformity with U.S. generally accepted accounting principles;
- identified no deficiencies in internal control that they considered to be material weaknesses;
- identified no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or OMB audit guidance.

My office oversaw the audit performance. We reviewed SB & Company's report and related documentation and made inquiries of its representatives. Our review disclosed no instances where SB & Company did not comply, in all material respects, with U.S. generally accepted government auditing standards. However, our review, as differentiated from an audit in accordance with these standards, was not intended to enable us to express, and we do not express, any opinion on the Commission's financial statements, conclusions about the

Inspector General Transmittal Letter

effectiveness of internal control, or conclusions on compliance with laws, regulations, contracts, and grant agreements. SB & Company is solely responsible for the attached audit report, dated November 7, 2014, and the conclusions expressed in it.

We appreciate the cooperation and courtesies the Commission extended to both SB & Company and my office during the audit. If you wish to discuss the contents of this report, please call me at (206) 220-7970.

Attachment

cc: Corrine Eilo, Chief Financial Officer, Denali Commission
Todd Zinser, Inspector General, U.S. Department of Commerce

Report of Independent Public Accountants

SB & COMPANY LLC

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Office of the Inspector General and the Denali Commission

Report on the Financial Statements

We have audited the accompanying balance sheets of the Denali Commission (the Commission) as of September 30, 2014 and 2013 and the related statements of net cost, changes in net position and budgetary resources for the years then ended and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 14-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of September 30, 2014 and 2013, and its net cost, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Report of Independent Public Accountants

SB & COMPANY, LLC

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board and OMB Circular A-136, *Financial Reporting Requirements*. This required information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The other information as listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated November 7, 2014 on our consideration of the Commission's internal control over financial reporting and over compliance, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope and results of our testing of that and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance.

Hunt Valley, Maryland
November 7, 2014

SB & Company, LLC

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Report of Independent Public Accountants

SB & COMPANY, LLC

INDEPENDENT PUBLIC ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Office of the Inspector General and the Denali Commission

We have audited in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *Audit Requirements for Federal Financial Statements* the financial statements of the Denali Commission (the Commission) as of and for the year ended September 30, 2014, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting and compliance (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Limitation of Internal Control

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.

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Report of Independent Public Accountants

SB & COMPANY, LLC

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We did not test compliance with all laws and regulations applicable to the Commission. We limited our tests of compliance to those provisions of laws and regulations OMB audit guidance requires that we test that we deemed applicable to the financial statements for the fiscal year ended September 30, 2014. We caution that noncompliance may have occurred and may not have been detected by these tests, and that such testing may not be sufficient for other purposes. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB audit guidance.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hunt Valley, Maryland
November 7, 2014

SB & Company, LLC

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Financial Statements and Independent Auditor's Report

DENALI COMMISSION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

Financial Statements and Independent Auditor's Report

DENALI COMMISSION
FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

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Financial Statements and Independent Auditor's Report

DENALI COMMISSION
BALANCE SHEETS
AS OF SEPTEMBER 30, 2014 AND 2013
(In Dollars)

		2014		2013
Assets:				
Intragovernmental				
Fund Balance With Treasury (Note 3)	$	72,066,402	$	81,957,362
Accounts Receivable (Note 4)		1,000,000		-
Total Intragovernmental		73,066,402		81,957,362
Accounts Receivable, Net (Note 4)		9,763		16,978
Total Assets	$	73,076,165	$	81,974,340
Liabilities:				
Intragovernmental				
Accounts Payable	$	5,336	$	140
Other (Note 6)		280,169		2,131,640
Total Intragovernmental		285,505		2,131,780
Accounts Payable		161,317		91,698
Other (Note 6)		1,827,497		5,153,100
Total Liabilities (Note 5)	$	2,274,319	$	7,376,578
Net Position:				
Unexpended Appropriations - Other Funds	$	26,327,169	$	24,533,280
Cumulative Results of Operations - Funds from Dedicated Collections (Note 8)		15,873,812		14,915,965
Cumulative Results of Operations - Other Funds		28,600,865		35,148,517
Total Net Position	$	70,801,846	$	74,597,762
Total Liabilities and Net Position	$	73,076,165	$	81,974,340

The accompanying notes are an integral part of these balance sheets.

Financial Statements and Independent Auditor's Report

DENALI COMMISSION
STATEMENTS OF NET COST
FOR THE YEARS ENDING SEPTEMBER 30, 2014 AND 2013
(In Dollars)

	2014	2013
Program Costs:		
Gross Costs (Note 9)	$ 28,855,161	$ 27,777,161
Less: Earned Revenue	-	-
Net Program Costs	$ 28,855,161	$ 27,777,161
Net Cost of Operations	$ 28,855,161	$ 27,777,161

The accompanying notes are an integral part of these financial statements.

Financial Section

Financial Statements and Independent Auditor's Report

DENALI COMMISSION
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDING SEPTEMBER 30, 2014 AND 2013
(In Dollars)

	2014 Funds from Dedicated Collections	2014 All Other Funds	2014 Consolidated Total	2013 Funds from Dedicated Collections	2013 All Other Funds	2013 Consolidated Total
Cumulative Results of Operations:						
Beginning Balances	$ 14,915,965	$ 35,148,517	$ 50,064,482	$ 10,711,291	$ 39,752,157	$ 50,463,448
Budgetary Financing Sources:						
Appropriations Used	-	7,522,511	7,522,511	-	18,096,669	18,096,669
Donations and Forfeitures of Cash and Cash Equivalents	-	20,000	20,000	-	-	-
Transfers In/Out Without Reimbursement	6,537,320	9,118,213	15,655,533	6,708,757	2,500,000	9,208,757
Other Financing Sources (Non-Exchange):						
Imputed Financing Sources (Note 10)	-	67,312	67,312	-	72,769	72,769
Total Financing Sources	6,537,320	16,728,036	23,265,356	6,708,757	20,669,438	27,378,195
Net Cost of Operations	(5,579,473)	(23,275,688)	(28,855,161)	(2,504,083)	(25,273,078)	(27,777,161)
Net Change	957,847	(6,547,652)	(5,589,805)	4,204,674	(4,603,640)	(398,966)
Cumulative Results of Operations	$ 15,873,812	$ 28,600,865	$ 44,474,677	$ 14,915,965	$ 35,148,517	$ 50,064,482
Unexpended Appropriations:						
Beginning Balances	$ -	$ 24,533,280	$ 24,533,280	$ -	$ 32,509,525	$ 32,509,525
Budgetary Financing Sources:						
Appropriations Received	-	10,000,000	10,000,000	-	10,679,000	10,679,000
Other Adjustments	-	(683,600)	(683,600)	-	(558,576)	(558,576)
Appropriations Used	-	(7,522,511)	(7,522,511)	-	(18,096,669)	(18,096,669)
Total Budgetary Financing Sources	-	1,793,889	1,793,889	-	(7,976,245)	(7,976,245)
Total Unexpended Appropriations	$ -	$ 26,327,169	$ 26,327,169	$ -	$ 24,533,280	$ 24,533,280
Net Position	$ 15,873,812	$ 54,928,034	$ 70,801,846	$ 14,915,965	$ 59,681,797	$ 74,597,762

The accompanying notes are an integral part of these financial statements.

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Financial Statements and Independent Auditor's Report

DENALI COMMISSION
STATEMENTS OF BUDGETARY RESOURCES
FOR THE YEARS ENDING SEPTEMBER 30, 2014 AND 2013
(In Dollars)

		2014		2013
Budgetary Resources:				
Unobligated Balance Brought Forward, October 1	$	1,007,431	$	976,123
Recoveries of Prior Year Unpaid Obligations		5,301,539		6,177,823
Other changes in unobligated balance		(683,599)		-
Unobligated balance from prior year budget authority, net		5,625,371		7,153,946
Appropriations		16,537,320		16,491,678
Spending authority from offsetting collections		7,335,000		4,549,864
Total Budgetary Resources	$	29,497,691	$	28,195,488
Status of Budgetary Resources:				
Obligations Incurred (Note 12)	$	26,282,675	$	27,188,057
Unobligated balance, end of year:				
Apportioned		3,195,016		946,855
Exempt from apportionment		20,000		-
Unapportioned		-		60,576
Total unobligated balance, end of year		3,215,016		1,007,431
Total Budgetary Resources	$	29,497,691	$	28,195,488
Change in Obligated Balance				
Unpaid Obligations:				
Unpaid Obligations, Brought Forward, October 1	$	79,545,027	$	85,601,603
Obligations Incurred		26,282,675		27,188,057
Outlays (gross)		(31,856,074)		(27,066,808)
Recoveries of Prior Year Unpaid Obligations		(5,301,539)		(6,177,823)
Unpaid Obligations, End of Year (Gross)		68,670,089		79,545,027
Uncollected payments:				
Change in Uncollected Customer Payments, Federal Sources		(1,000,000)		-
Uncollected Customer Payments, Federal Sources, End of Year		(1,000,000)		-
Memorandum entries:				
Obligated Balance, Start of Year	$	79,545,027	$	85,601,603
Obligated Balance, End of Year	$	67,670,089	$	79,545,027
Budget Authority and Outlays, Net:				
Budget authority, gross	$	23,872,320	$	21,041,542
Actual offsetting collections		(6,335,000)		(4,549,864)
Change in uncollected customer payments from Federal sources		(1,000,000)		-
Budget Authority, net	$	16,537,320	$	16,491,678
Outlays, gross	$	31,856,074	$	27,066,808
Actual offsetting collections		(6,335,000)		(4,549,864)
Agency outlays, net	$	25,521,074	$	22,516,944

The accompanying notes are an integral part of these financial statements.

Financial Statements and Independent Auditor's Report

DENALI COMMISSION
NOTES TO THE 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, Special 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 (TAPL), which is managed by the U.S. Treasury Bureau of Fiscal Service, 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.

Special Funds are receipt accounts credited with collections earmarked by law but included in the Federal funds group rather than classified as trust fund collections.

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 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.

Financial Statements and Independent Auditor's Report

The Denali Commission reports its liabilities under two categories, Intragovernmental and With the Public. Intragovernmental liabilities represent funds owed to another government agency. 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 Office of Personnel Management (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 2014 and 2013 to the extent directed by accounting standards.

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 $843,793 and $1,067,400 as of September 30, 2014 and September 30, 2013, respectively.

NOTE 3. FUND BALANCE WITH TREASURY

Fund balance with Treasury account balances as of September 30, 2014 and 2013, were as follows:

	2014	2013
Fund Balances:		
Trust Funds	$ 15,873,812	$ 15,189,913
Special Funds	20,000	-
Appropriated Funds	55,328,797	65,700,049
Other Fund Types	843,793	1,067,400
Total	$ 72,066,402	$ 81,957,362
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 3,215,016	$ 946,855
Unavailable	-	60,576
Obligated Balance Not Yet Disbursed	67,670,089	79,545,027
Temporary Sequestration-TAPL	337,504	337,504
Non-Budgetary FBWT	843,793	1,067,400
Total	$ 72,066,402	$ 81,957,362

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.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2014 and 2013, were as follows:

		2014		2013
Intragovernmental				
Grants Management Receivable	$	1,000,000	$	-
Total Intragovernmental Accounts Receivable	$	1,000,000	$	-
With the Public				
Employee Indebtedness	$	9,763	$	16,978
Total Public Accounts Receivable	$	9,763	$	16,978
Total Accounts Receivable	$	1,009,763	$	16,978

The intragovernmental accounts receivable consists of funds to be collected through an intra-agency agreement for services related to the Commission's grants management, while the public accounts receivable is primarily made up of employee indebtedness 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, 2014 and 2013.

NOTE 5. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the Commission as of September 30, 2014 and 2013, 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.

		2014		2013
Intragovernmental – FECA	$	1,355	$	1,355
Intragovernmental – Unemployment Insurance		6,430		-
Unfunded Leave		85,098		51,391
Deferred Lease Liabilities		738		(262)
Total Liabilities Not Covered by Budgetary Resources	$	93,621	$	52,484
Total Liabilities Covered by Budgetary Resources		2,180,698		7,324,094
Total Liabilities	$	2,274,319	$	7,376,578

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, 2014 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	$ -	$ 1,355	$ 1,355
Unemployment Insurance Liability	6,430	-	6,430
Payroll Taxes Payable	8,368	-	8,368
Other Accrued Liabilities	264,016	-	264,016
Total Intragovernmental Other Liabilities	$ 278,814	$ 1,355	$ 280,169
With the Public			
Payroll Taxes Payable	$ 1,063	$ -	$ 1,063
Accrued Funded Payroll and Leave	230,978	-	230,978
Unfunded Leave	85,098	-	85,098
Other Accrued Liabilities Grants	559,157	127,407	686,564
Deposit Fund Liability (State of Alaska)	823,794	-	823,794
Total Public Other Liabilities	$ 1,700,090	$ 127,407	$ 1,827,497

Other liabilities account balances as of September 30, 2013 were as follows:

	Current	Non Current	Total
Intragovernmental			
FECA Liability	$ -	$ 1,355	$ 1,355
Payroll Taxes Payable	7,088	-	7,088
Other Accrued Liabilities	2,122,197		2,122,197
Total Intragovernmental Other Liabilities	$ 2,129,285	$ 1,355	$ 2,130,640
With the Public			
Payroll Taxes Payable	$ 810	$ -	$ 810
Accrued Funded Payroll and Leave	181,895	-	181,895
Unfunded Leave	51,390	-	51,390
Other Accrued Liabilities Grants	3,856,290	-	3,856,290
Deposit Fund Liability (State of Alaska)	1,012,715	50,000	1,062,715
Total Public Other Liabilities	$ 5,103,100	$ 50,000	$ 5,153,100

NOTE 7. LEASES

Operating Leases

Denali Commission occupies office space under a l ease agreement that i s accounted for as an operating lease. The lease ter m began on June 1, 2013 and expi res on October 1, 2021. Lease payments are increased annually based on the adju stments for operating cost a nd real estate tax escalations. The total operating lease expense for fiscal years 2014 and 2013 were $415,796 and $321,289, respectively. Below is a schedule of future payments for the term of the lease.

Fiscal Year		Office Space
2015	$	388,203
2016		391,990
2017		395,892
2018		399,910
Thereafter		1, 295,541
Total Future Payments	$	2, 871,536

NOTE 8. FUNDS FROM DEDICATED COLLECTIONS

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 Funds from Dedicated Collections as of September 30, 2014 and 2013.

	2014	2013
Balance Sheet		
ASSETS		
Fund Balance with Treasury	$ 15,873,812	$ 15,189,913
Total Assets	$ 15,873,812	$ 15,189,913
LIABILITIES AND NET POSITION		
Other	-	$ 273,948
Cumulative Results of Operations	15,873,812	14,915,965
Total Liabilities and Net Position	$ 15,873,812	$ 15,189,913
Statement of Net Cost		
Program Costs	$ 5,579,473	$ 2,504,083
Less: Earned Revenues	-	-
Net Cost of Operations	$ 5,579,473	$ 2,504,083
Statement of Changes in Net Position		
Net Position Beginning of Period	$ 14,915,965	$ 10,711,291
Net Cost of Operations	(5,579,473)	(2,504,083)
Other Revenue	6,537,320	6,708,757
Change in Net Position	957,847	4,204,674
Net Position End of Period	$ 15,873,812	$ 14,915,965

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:

	2014	2013
Intragovernmental Costs	$ 3,165,108	$ 2,440,404
Public Costs	25,690,053	25,336,757
Total Net Cost	$ 28,855,161	$ 27,777,161

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, 2014 and 2013, respectively, imputed financing was as follows:

	2014	2013
Office of Personnel Management	$ 67,312	$ 72,769
Total Imputed Financing Sources	$ 67,312	$ 72,769

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

The President's Budget that will include fiscal year 2014 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2015 and can be found at the OMB Web site: http://www.whitehouse.gov/omb/. The 2015 Budget of the United States Government, with the "Actual" column completed for 2013, 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 2014 and 2013 consisted of the following:

	2014	2013
Direct Obligations, Category A (Admin)	$ 8,952,294	$ 3,453,601
Direct Obligations, Category B (Program)	17,309,513	21,418,239
Reimbursable Obligations, Category B (Program)	20,868	2,316,217
Total Obligations Incurred	$ 26,282,675	$ 27,188,057

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, 2014 and 2013, budgetary resources obligated for undelivered orders amounted to $67,579,700 and $75,338,073, 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 $9,016 and $4,824 for the years ended September 30, 2014, and 2013, 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.

	2014	2013
Resources Used to Finance Activities		
Budgetary Resources Obligated		
Obligations Incurred	$ 26,282,675	$ 27,188,057
Spending Authority from Offsetting Collections and Recoveries	(12,636,539)	(10,727,687)
Obligations Net of Offsetting Collections and Recoveries	13,646,136	16,460,370
Other Resources		
Imputed Financing from Costs Absorbed by Others	67,312	72,769
Net Other Resources Used to Finance Activities	67,312	72,769
Total Resources Used to Finance Activities	13,713,448	16,533,139
Resources Used to Finance Items Not Part of the Net Cost of Operations		
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	15,100,575	11,244,022
Total Resources Used to Finance the Net Cost of Operations	28,814,023	27,777,161
Total Components of Net Cost of Operations That will not Require or Generate Resources in the Current Period	41,138	-
Net Cost of Operations	$ 28,855,161	$ 27,777,161

Agency Financial Report (AFR)

Other Accompanying Information

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support money management for the economically vulnerable consumers in this country.

(34) Are there useful international examples of the spread of mobile technology for financial services that enhance access for low-income consumers? What differences would or should apply if these approaches were adapted for the U.S. context?

(35) Does mobile technology offer enhanced possibilities for direct person-to-person international money transmittal? Does this bring with it greater risk of theft, fraud or money laundering?

Authority: 12 U.S.C. 5511(c).

Christopher D'Angelo,

Chief of Staff, Bureau of Consumer Financial Protection.

[FR Doc. 2014–13552 Filed 6–11–14; 8:45 am]

BILLING CODE 4810–AM–P

DEPARTMENT OF DEFENSE

Department of the Air Force

Notice of Intent Cancellation of Environmental Impact Statement on the Proposal To Relocate the 18th Aggressor Squadron From Eielson Air Force Base, Alaska to Joint Base Elmendorf-Richardson, Alaska

AGENCY: United States Air Force, Pacific Air Forces, DOD.

ACTION: Notice of Cancellation of Environmental Impact Statement.

SUMMARY: The Air Force is issuing this notice to advise the public that per direction of the Secretary of the Air Force, the Air Force is cancelling the preparation of an Environmental Impact Statement under the National Environmental Policy Act on its proposal to relocate the 18th Aggressor Squadron from Eielson AFB, Alaska to Joint Base Elmendorf-Richardson (JBER), Alaska, and for the Air Force to adjust the size of the remaining base operating support functions at Eielson. Cancellation notifications will also be made in Eielson AFB and JBER regions of influence.

DATES: This cancellation of the Environmental Impact Statement is effective upon publication of this notice in the **Federal Register**.

Previous **Federal Register** notices regarding this action included:

- Notice of Intent to prepare an EIS, January 16, 2013 (78 FR 4134)
- Notice of Availability of a draft EIS, May 31, 2013 (78 FR 32645)
- Notice of Extension of the public comment period August 7, 2013 (78 FR 48151)

For further information, contact: Ms. Toni Ristau, AFCEC/CZN, 2261 Hughes Ave., Ste. 155, Lackland AFB, TX 78236–9853. Telephone: (210) 925–2738.

Henry Williams,

Acting Air Force Federal Register Liaison Officer.

[FR Doc. 2014–13721 Filed 6–11–14; 8:45 am]

BILLING CODE 5001–10–P

DENALI COMMISSION

Denali Commission Fiscal Year 2014 Draft Work Plan

AGENCY: Denali Commission.

ACTION: Notice.

SUMMARY: The Denali Commission (Commission) is an independent federal agency based on an innovative federal-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 (Act) (Title III of Public Law 105–277, 42 U.S.C. 3121). The 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 2014 (FY 2014).

DATES: Comments and related material to be received by July 14, 2014.

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

FOR FURTHER INFORMATION CONTACT: Ms. Sabrina Hoppas, Denali Commission, 510 L Street, Suite 410, Anchorage, AK 99501. Telephone: (907) 271–1414. Email: *shoppas@denali.gov*.

Background

The Denali Commission (Commission) is an independent federal agency based on an innovative federal-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 (Act) (Title III of Public Law 105–277, 42 U.S.C. 3121).

The Commission's mission is to partner with tribal, federal, state, and local governments and collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska's basic infrastructure.

By creating the Commission, Congress mandated that all parties 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 Act, the Commission determines its own basic operating principles and funding criteria on an annual federal fiscal year (October 1 to 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:

- Project proposals are solicited from local government and other entities.
- Commissioners forward a 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–RD).
- Public comment concludes and Commission staff provides the Federal Co-Chair with a summary of public comment and recommendations, if any, associated with the draft Work Plan.
- If no revisions are 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; or, if there are revisions the Federal Co-Chair provides notice of modifications to the Commissioners for their consideration and approval, and upon receipt of approval from Commissioners, forwards the Work Plan

Denali Commission FY 2012 Work Plan (continued)

to the Secretary of Commerce for approval.

• The Secretary of Commerce approves the Work Plan.

• The Federal Co-Chair then approves grants and contracts based upon the approved Work Plan.

FY 2014 Appropriations Summary

The Commission has historically received federal funding from several sources. These fund sources are governed by the following general principles:

• In FY 2014 no project specific direction was provided by Congress.

• The Energy and Water Appropriation (i.e. discretionary funding) is eligible for use in all programs.

• Certain appropriations are restricted in their usage. Where restrictions apply, the funds may be used only for specific program purposes.

• Final appropriation funds received may be reduced due to Congressional action, rescissions by the Office of Management and Budget, and other federal agency action. Final program available figures may not be provided until later in FY 2014.

• All Energy and Water Appropriation funds, including operating funds, designated as "up to" may be reassigned to other programs, if they are not fully expended in a program component area or a specific project.

• *Total FY 2014 Budgetary Resources provided:*

These are the figures that appear in the rows entitled "FY 2014 Appropriation" and are the original appropriations amounts which do not include Commission operating funds. These funds are identified by their source name (i.e., Energy and Water Appropriation, TAPL, etc.). The grand total for all appropriations appears at the end of the FY 2014 Funding Table.

• *Total FY 2014 Program Available Funding:*

These are the figures that appear in the rows entitled "FY 2014 Appropriations—Program Available" and are the amounts of funding available for program(s) activities after Commission operating funds have been deducted. The FY 2014 appropriations bill contains language that the Commission may utilize more than five percent for operating costs, Notwithstanding the limitations contained in section 306(g) of the Denali Commission Act of 1998.

However only, five percent of Trans Alaska Pipeline Liability (TAPL) Trust Funds are used for agency operating purposes. The grand total for all program available funds appears at the end of the FY 2014 Funding Table.

• *Program Funding:*

These are the figures that appear in the rows entitled with the specific Program and Sub-Program area, and are the amounts of funding the Draft FY 2014 Work Plan recommends, within each program fund source for program components.

• *Subtotal of Program Funding:*

These are the figures that appear in rows entitled "subtotal" and are the subtotals of all program funding within a given fund source. The subtotal must always equal the Total FY 2014 Program Available Funding.

Denali Commission FY 2014 funding table	Totals
FY 2014 Energy & Water Appropriation	$10,000,000.
FY 2014 Energy & Water Appropriation—Operating Funds	$3,000,000.
FY 2014 Energy & Water Appropriation—Program Available	$7,000,000.
Energy:	
• Bulk Fuel Tank Replacements (to be funded in full with TAPL funding)	$0.
• Rural Power System Upgrades*	$2,448,000.
Total Energy Projects	$2,448,000.
Initiatives, Programs, Projects:	
• Sanitation Energy Efficiency	Up to $2,148,000.
• START Program Energy Efficiency Upgrades	Up to $1,250,000.
• Additional Community Scale Energy Efficiency	Up to $854,000.
Community Energy Efficiency Total	Up to $4,252,000.
• Pre-Development Program	Up to $300,000.
Total Initiative, Programs, Projects	Up to $4,552,000.
Sub-total, FY 2014 Energy & Water—Program Available	Not to exceed $7,000,000.
FY 2014 TAPL Trust	$4,000,000.
FY 2014 TAPL—Program Available (less 5% operating funds)	$3,800,000.
Bulk Fuel Planning, Design & Construction	$3,800,000.
Sub-total	$3,800,000.
Total FY 2014 Program Available	$10,800,000.

* Funding for the four initiatives, programs and projects are listed as an upper amount and it is possible that several of these initiatives may require less funds than listed in the table. Under these circumstances, the remaining Energy and Water appropriations will be used for Rural Power System Upgrades.

FY 2014 Program Details & General Information

The following section provides narrative discussion for each of the Commission Programs identified for funding in the FY 2014 funding table above.

Energy Program

Basic Rural Energy Infrastructure

The Energy Program is the Commission's original program and focuses on bulk fuel facilities and rural power system upgrades/power generation (RPSU) across rural Alaska. About 94% of electricity in rural communities is produced by diesel generators and about half of the fuel storage in most villages is used for these power plants. The majority of the Commission's work in the energy program is carried out by two of our long-standing partners: Alaska Energy Authority (AEA), an agency of the State of Alaska, and the Alaska Village Electric Cooperative (AVEC), a non-profit member Organization serving 56 communities.

Since inception of the agency, the Commission has partnered with AEA on rural energy investments, and shortly

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thereafter, AVEC also became a program partner to address deficiencies in fuel storage and generation in the cooperative's communities. In recent years, a single combined list of energy projects has been compiled for both bulk fuel and RPSU programs. AEA maintains documents on their Web site that identify the universe of need for each of the programs and provides project status updates (see following links). *http://www.akenergyauthority.org/PDF%20files/BFUStatusList_Sept2013.pdf http://www.akenergyauthority.org/PDF%20files/RPSUStatusListSept2013.pdf*

In addition, the Commission has been exploring opportunities to identify and reduce the consumption of energy in rural communities. Energy efficiency measures can be demonstrated to reduce the use of fossil fuels as well as reducing costs to residents and users, which can contribute to enhanced community services. The Alaska Native Tribal Health Consortium (ANTHC) has been a long-standing program partner on rural clinics and sanitation systems. ANTHC has developed a rural energy initiative to address the high cost of energy associated with clinics and sanitation systems. Previously, the Commission has invested in some clinic energy efficiency improvements with ANTHC. In addition, the Commission for the past two years has collaborated with the US Department of Energy—Office of Indian Energy Policy and Programs on a Strategic Technical Assistance and Response Team (START) program. The START program is a community-driven model to identify local solutions for the local challenges with the high cost of energy.

FY 2014 Project Selection Process

Bulk Fuel and RPSU Projects

The legacy projects prioritized for FY 2014 funding are listed below within the two energy program themes: bulk fuel and RPSU. The selected projects in the table below exceed FY 2014 funding levels (both TAPL and Energy and Water Appropriation), with the understanding that projects may proceed out of order due to factors such as the extended period of time between project selections, draft Work Plan development, and grant execution; match funding availability; and due diligence requirements.

Beginning in FY 2012, Energy and Water Appropriations were subject to a statutory cost share requirement for construction activities of 20% for distressed communities and 50% for non-distressed communities. That cost share match requirement has since been applied to all energy program funding sources. All projects prioritized for FY 2014 funding, with the exception of Shungnak bulk fuel upgrade, are in distressed communities and will include at least a 20% project cost share match.

In FY 2014, the Commission, AEA, and AVEC will investigate opportunities with existing bulk fuel storage facilities to refurbish the infrastructure resulting in code compliance and significant extension of the life of the facilities at a reduced cost versus complete replacement. The Commission provided funding to AEA to update the statewide bulk fuel inventory assessment, which will help inform all parties of the potential for refurbishment of facilities. The updated assessment is scheduled to be completed by the end of FY 2015. The refurbishment approach was considered for the AVEC projects listed in the bulk fuel project table.

Bulk fuel projects	Total project cost	Cost share	DC funding	Program partner
Pilot Station AVEC Tanks	$4,621,000	$924,200	$3,696,800	AVEC.
Pilot Station Community Tanks	4,456,000	891,200	3,564,800	AVEC.
Chalkyitsik	2,600,000	520,000	2,080,000	AEA.
Togiak AVEC Tanks	4,656,000	931,200	3,724,800	AVEC.
Togiak Community Tanks	6,045,000	1,209,000	4,836,000	AVEC.
Beaver	2,300,000	460,000	1,840,000	AEA.
Shungnak	1,100,000	550,000	550,000	AVEC.
Venetie	2,100,000	420,000	1,680,000	AEA.
RPSU projects **	**Total project cost**	**Cost share**	**DC funding**	**Program partner**
Pilot Station Relocation	1,556,000	311,200	1,244,800	AVEC.
Perryville	3,200,000	640,000	2,560,000	AEA.
Togiak	7,409,000	1,481,800	5,927,000	AVEC.
Koliganek	2,900,000	580,000	2,320,000	AEA.

** The Commission expects to receive prior year USDA Rural Utilities Service funds in FY 2014 which will be used to address a portion of the Perryville RPSU project. The balance of funding necessary to complete the Perryville project will be provided from FY 2014 Energy and Water appropriations and some prior year funds from energy projects that were completed under budget and therefore have a surplus of funds.

Project management	Total project cost	Cost share	DC funding	Program partner
AEA/AVEC/ANTHC Project Management	$10,800,000	N/A	$932,688 ***	AEA/AVEC/ANTHC.

*** Project management costs have been estimated pending final project selection.

Initiatives, Programs, Projects

Community Energy Efficiency

In FY 2014, the Commission will collaborate with federal, state, and local agencies to coordinate and provide funding for community energy efficiency projects. Projects for the FY 2014 year will include completion of energy efficiency improvements previously determined by energy audits in 39 communities, energy audits for an additional 39 communities with circulating water systems, as well as, funding for energy efficiency improvements in START round one which includes five communities. Specific types of energy efficiency activities that will be carried out in funded communities will include, but are not limited to, replacement of old inefficient circulating pumps, lighting changes, installation of occupancy sensors for lights, weather sealing work

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for doors and windows, insulation work, control upgrades for thermostats and heating and ventilation systems, and education of building operators to decrease building interior set points.

Pre-Development Program Investment

The Pre-Development program has been a historic investment of the Commission since 2007, when the Commission partnered with the Alaska Mental Health Trust Authority, the Rasmuson Foundation, and the Foraker Group to "stand up" the program. The Pre- Development program provides technical assistance to prospective Commission grantees on capital development projects. In 2010 the Mat-Su Health Foundation joined as a partner to the Pre-Development program. Further information about the program can be obtained at the following link: *http://www.forakergroup.org/index.cfm/Shared-Services/Pre-Development.*

Discussion on Future Commission Investments

The agency is exploring what is our role in a time of decreasing Federal and State of Alaska budgets and therefore limited funds for pressing rural Alaska needs. It is the intent of the Commissioners to carry out a public dialogue on what are the core areas of need and how best can Commission investments address these needs while complementing the work of many other State and Federal agencies operating in rural Alaska. We welcome comments about this question, but more importantly, we are alerting the public and our current program partners that we will be raising this question in the future.

Joel Neimeyer,
Federal Co-Chair.

[FR Doc. 2014–13710 Filed 6–11–14; 8:45 am]

BILLING CODE 3300–01–P

DEPARTMENT OF EDUCATION

Applications for New Awards; Rehabilitation Services Administration—Centers for Independent Living

AGENCY: Office of Special Education and Rehabilitative Services, Department of Education.

ACTION: Notice.

Overview Information: Rehabilitation Services Administration—Centers for Independent Living Notice inviting applications for new awards for fiscal year (FY) 2014.

Catalog of Federal Domestic Assistance (CFDA) Number: 84.132A.

DATES:

Applications Available: June 12, 2014.

Deadline for Transmittal of Applications: July 14, 2014.

Deadline for Intergovernmental Review: September 10, 2014.

Full Text of Announcement

I. Funding Opportunity Description

Purpose of Program: The Centers for Independent Living program provides support for planning, conducting, administering, and evaluating centers for independent living (centers) that comply with the standards and assurances in section 725 of part C of title VII of the Rehabilitation Act of 1973, as amended (Act), consistent with the design included in the State plan for establishing a statewide network of centers.

Program Authority: 29 U.S.C. 796f–1.

Applicable Regulations: (a) The Education Department General Administrative Regulations (EDGAR) in 34 CFR parts 74, 75, 77, 79, 80, 81, 82, 84, and 97. (b) The Education Department debarment and suspension regulations in 2 CFR part 3485. (c) The regulations for this program in 34 CFR parts 364 and 366.

Note: The regulations in 34 CFR part 79 apply to all applicants except federally recognized Indian tribes.

II. Award Information

Type of Award: Discretionary grant.

Estimated Available Funds: $219,669.

Estimated Number of Awards: 1.

States and outlying areas	Estimated available funds	Estimated number of awards
Kentucky	$219,669	1

Note: The Department is not bound by any estimates in this notice.

Project Period: Up to 60 months.

III. Eligibility Information

1. *Eligible Applicants:* To be eligible for funding, an applicant must—

(a) Be a consumer-controlled, community-based, cross-disability, nonresidential, private nonprofit agency;

(b) Have the power and authority to—

(1) Carry out the purpose of part C of title VII of the Act and perform the functions listed in section 725(b) and (c) of the Act and subparts F and G of 34 CFR part 366 within a community located within a State or in a bordering State; and

(2) Receive and administer—

(i) Funds under 34 CFR part 366;

(ii) Funds and contributions from private or public sources that may be used in support of a center; and

(iii) Funds from other public and private programs;

(c) Be able to plan, conduct, administer, and evaluate a center consistent with the standards and assurances in section 725(b) and (c) of the Act and subparts F and G of 34 CFR part 366;

(d) Either—

(1) Not currently be receiving funds under part C of chapter 1 of title VII of the Act; or

(2) Propose the expansion of an existing center through the establishment of a separate and complete center (except that the governing board of the existing center may serve as the governing board of the new center) at a different geographical location;

(e) Propose to serve one or more of the geographic areas that are identified as unserved or underserved by the States and Outlying Areas listed under *Estimated Number of Awards;* and

(f) Submit appropriate documentation demonstrating that the establishment of a new center is consistent with the design for establishing a statewide network of centers in the State plan of the State or Outlying Area whose geographic area or areas the applicant proposes to serve.

2. *Cost Sharing or Matching:* This competition does not require cost sharing or matching.

IV. Application and Submission Information

1. *Address to Request Application Package:* ED Pubs, U.S. Department of Education, P.O. Box 22207, Alexandria, VA 22304. Telephone, toll free: 1–877–433–7827. FAX: (703) 605–6794. If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call, toll free: 1–877–576–7734.

You can contact ED Pubs at its Web site, also: *www.EDPubs.gov* or at its email address: *edpubs@inet.ed.gov.*

If you request an application package from ED Pubs, be sure to identify this competition as follows: CFDA number 84.132A.

Individuals with disabilities can obtain a copy of the application package in an accessible format (e.g., braille, large print, audiotape, or compact disc) by contacting the team listed under *Accessible Format* in section VIII of this notice.

2. *Content and Form of Application Submission:* Requirements concerning the content of an application, together with the forms you must submit, are in

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 reduced staff level. ARC has served (and continues to serve) as a cost effective solution to operational budget challenges during times of decreased 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 2014, 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 2013, 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 program 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 fiscal year. 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 acitivites 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 2014, 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

Inspector General's Perspective on Management & Performance Challenges Facing the Denali Commission

Denali Commission
Office of Inspector General
Seattle, WA 98174

October 6, 2014

INFORMATION MEMORANDUM FOR THE DENALI COMMISSIONERS

FROM: David Sheppard
Acting Inspector General

SUBJECT: Draft Top Management Challenges Facing the Denali Commission in Fiscal Year 2015

Enclosed is our report on the Denali Commission's top management challenges for fiscal year (FY) 2015. The commission has been substantially affected by continued budget reductions and a decision by the Justice Department in 2006 regarding the application of federal conflict-of-interest rules to the commissioners. Inherent logistical challenges also impact the commission staff's ability to visit funded projects.

We remain committed to keeping the commission's decision-makers informed of problems identified through our audits, evaluations, and investigations so that timely corrective actions can be taken. Please provide your written response to this draft top management challenges report by October 20, 2014. A copy of this report and the commission's response to it (which will appear as an appendix) will be included in the commission's Agency Financial Report, as required by law.[1]

We appreciate the cooperation received from the commission, and we look forward to working with you and the Denali Commission staff in the coming months. If you have any questions concerning this report, please contact me at (206) 220-7970

[1] 31 U.S.C. § 3516(d).

Contents

Challenge 1

Identifying a Strategic Vision and Plan in a Period of Uncertainty

The Denali Commission has had diminishing funding since fiscal year (FY) 2006. It no longer receives Congressional earmarks, and receives few transfers from other federal or state agencies. In FY 2006, the commission's budget was $140.6 million, with funding coming from six federal sources. Its FY 2014 budget was $13.8 million, with funding coming from only two federal sources: the Energy and Water Development and Related Agencies Appropriations Act, 2014, and the Trans-Alaska Pipeline Liability Fund.

Despite this drastic reduction in funding over the past 8 years, the commission has not yet developed a strategic plan that would define its vision for the future and identify strategies to get there. This is due in part to funding uncertainties, other pressing priorities (such as the widely reported conflicts between the commissioners and the former Inspector General), and resource limitations.

Earlier this year, the commission entered into an agreement with the Performance Institute of Washington, DC, to help it begin the critical effort of creating a strategic plan. This process will require bringing together commissioners with different perspectives and with varied perceptions of the commission's priorities. It will also require that commission staff, the federal co-chair, and the commissioners themselves agree on a common vision for the commission's future and a set of core values. This will be a challenge, considering the commission's limited and uncertain funding.

However, this funding challenge is the very reason that the completion of a strategic vision and planning effort is so critically important. Strategic planning will help the commission fulfill its mandate from Congress by (a) clearly identifying its priorities and whom it should be serving, and (b) developing a process to help it deliver those priorities to its beneficiaries, which are primarily rural Alaska communities. The planning process will also help the commission to make the best use of its limited funding and unite the commission staff, commissioners, and its stakeholders—which include its beneficiaries, the Alaskan Congressional delegation, and others—around a common vision and approach. The planning process should also provide the commission with a method of assessing whether its activities are successfully meeting measurable program goals.

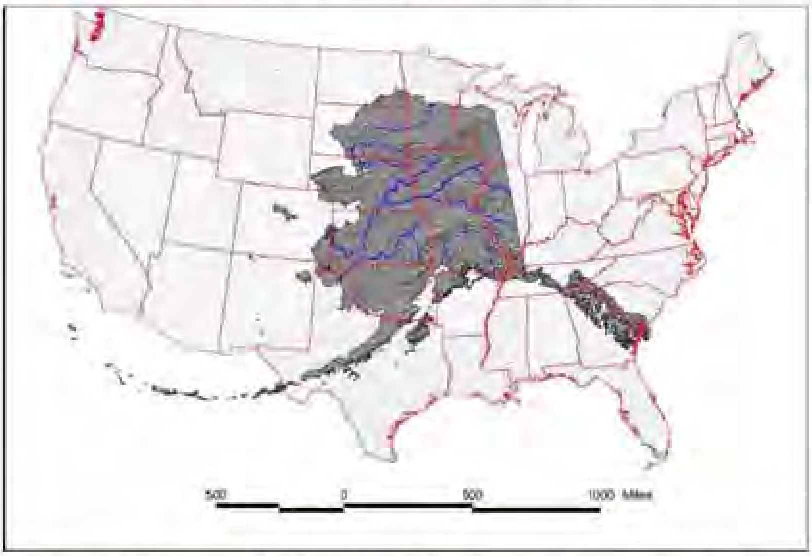
In order to have an effective strategic planning process, the commission must have the full support of each staff member and each commissioner, working toward a common goal and pulling in the same direction.

Challenge 2

Improving the Monitoring of Grant Recipients in the Face of Logistical Challenges

Alaska's large size, sparse population, and lack of roads present a challenge to the commission in monitoring the activity of its grant recipients. The state's land mass comprises more than 570,000 square miles, by far the largest of the 50 states (see figure 1), but it is among the most sparsely populated—ranking 47th, with just over 735,000 residents. And Alaska's terrain of vast wilderness creates natural barriers to transportation. As a result, Alaska has very few roads, and those that exist cover only a very small area of the state (see figure 2). Most cities and villages in Alaska, including the capital city of Juneau, are accessible only by sea or air.

Figure 1. Size of Alaska Compared to the Lower 48 States



Source: U.S. Department of Agriculture, Natural Resources Conservation Service.

Much of the Denali Commission's funds support projects located in rural areas of Alaska. These projects can be difficult and expensive to visit. For example, in 2008 the commission provided nearly $1.53 million to the Alaska Native Tribal Health Consortium for the construction of a clinic in Kobuk, Alaska, a city in the Northwest Artic Borough. The only way of reaching Kobuk is by air, and its airport is a general aviation facility that does not have regularly scheduled commercial passenger service. A flight from Anchorage to Kobuk can take between 9 and 11 hours with two stops, and costs nearly $900; there are no hotels in or around Kobuk.

Figure 2. Alaska Highways

Source: U.S. Department of Transportation, Federal Highway Administration.

As a result of the remote location of many of the public works projects funded by the Denali Commission, it is both time consuming and costly to monitor their progress. While financial monitoring is not as difficult because grants are typically awarded to larger entities located near larger cities, without visiting the site it is difficult to determine whether certain items purchased for projects are actually used on them.

The challenge of ensuring that federal funds are being spent in accordance with the terms and conditions of the grant, and are satisfying the objectives of the award, can only be met by using creative monitoring and assessment techniques. For the commission to meet this challenge, its staff must develop cost-effective alternatives. We plan to conduct a review of the commission's project monitoring and assessment process for FY 2015.

Challenge 3

Engaging Commissioners in Light of Conflict-of-Interest Concerns and Funding Realities

The Denali Commission Act of 1998 establishes that the commission will be composed of seven members appointed by the Secretary of Commerce. The commissioners are responsible for creating an annual work plan for the commission. They represent a variety of perspectives throughout Alaska, and include the governor and the presidents of the University of Alaska, the Alaska Municipal League, the Alaska Federation of Natives, the AFL-CIO Alaska, the Associated General Contractors of Alaska, and the federal co-chair of the Denali Commission.

Given the positions held by the commissioners within their respective organizations, the commission requested an opinion from various federal entities—including the Office of Government Ethics and the Department of Justice—on whether federal conflict-of-interest laws apply to commissioners. The decisions provided by the Department of Justice in 2006 and 2007 were that, absent an exemption, the federal conflict-of-interest laws apply to each commissioner, in part because they are considered "special government employees."[3] In light of this determination, commissioners became concerned about their level of engagement, considering they could be held criminally liable for breaking conflict-of-interest laws.

As noted previously, the commission's funding has been declining since 2006 and is currently only $13.8 million. Incentives for commissioner engagement have weakened as a result of the limited funding available to support needed projects for their respective constituents.

While funding is not the only incentive for commissioners to be engaged in the work of the commission, and exceptions from conflicts of interest can be established by Congressional action or the granting of a waiver or exemption, encouraging all commissioners to be sufficiently engaged with the commission's work remains a challenge.

The current cadre of commissioners embodies a wealth of knowledge and experience within the state and represents an important cross-section of tribes, municipalities, state government, academia, business, and labor. Obtaining their input and advice is considered by many to be an important component of the Denali Commission Act. Increasing commissioner engagement is therefore a challenge that the Denali Commission's staff will need to overcome to ensure it is meeting the intent of the act.

[3] A *special government employee* is defined by law (18 U.S.C. §202) as an "officer or employee … who is retained, designated, appointed, or employed to perform, with or without compensation, for not to exceed one hundred and thirty days during any period of three hundred and sixty-five consecutive days, temporary duties either on a full-time or intermittent basis, a part-time United States commissioner, a part-time United States magistrate judge, or, regardless of the number of days of appointment, an independent counsel."

Federal Co-Chair Response to Inspector General's Perspective on Management and Performance Challenges Facing the Denali Commission, November 2014

Federal Co-Chair Response to Inspector General's Perspective on Management and Performance Challenges Facing the Denali Commission, November 2012

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Memorandum

To: David Sheppard, Acting Inspector General
From: Joel Neimeyer, Federal Co-Chair
Subject: Commissioner Response to Top Management Challenges Facing the Denali Commission in FY2015
Date: November 3, 2014

This is in response to your memo dated October 6, 2014 concerning the above referenced subject. I am signing the document on behalf of all of the Commissioners who deliberated on the three top management challenges in a public meeting held on October 17, 2014. The following is offered.

Challenge 1: Identifying a Strategic Vision and Plan in a Period of Uncertainty:

Commissioners concur with this management challenge. We note that we want to produce a first draft by the next quarter of FY2015 and we want the plan to not be perfunctory, but to address the larger needs facing rural Alaska today. We are in the process of scheduling resources to this discussion and we intend to engage the Alaska delegation and the Office of the Governor in a meaningful way in the development of the agency strategic vision and plan.

Challenge 2: Improving the Monitoring of Grant Recipients in the Face of Logistical Challenges:

Commissioners concur with this management challenge. We note that with reduced resources the agency will have to identify creative solutions to monitoring grantees based upon risk management principles. As an example, we will explore opportunities with mature contractors/grantees as recognized by other agencies to reduce the need for additional agency oversight and utilize new mechanisms for grantees who need more wrap around support. The Denali Commission has experience with small communities facing multiple challenges and we will update agency processes in consultation with our other federal partners.

Challenge 3: Engaging Commissioners in Light of Conflict-of-Interest Concerns and Funding Realities:

Commissioners concur with this management challenge; however, we wish to note that disengagement is not exclusively a result from reduced agency funding, but more importantly from our collective unfavorable experience with the former Inspector General. Commissioners were appointed based upon their varied skills and experiences and the special government employee ruling has prevented full participation by the Commissioners, and we look forward to Congressional statutory changes to address this matter.

We thank you for the opportunity to provide our thoughts on the Top Management Challenges for 2015.