

ALASKA STATE LEGISLATURE

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Revised
30049
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SENATOR LYDA GREEN SENATE DISTRICT G

TO: Representative Samuels, Chairman
Legislative Budget and Audit Committee

FROM: Senator Lyda Green, President
Alaska State Senate

DATE: January 24, 2008

RE: Mat Maid Audit Scope Revision

In November the Committee approved an audit of the activity and financial transactions during the transition and sale of the Matanuska-Maid Dairy. The anticipated December 2007 sale of the dairy was not successful.

Therefore I request the Committee approve a revised scope for this audit.

The auditors should

1. Identify the use of the \$600,000 appropriated in Ch 30, SLA 2007 Section 18(b)
“The sum of \$600,000 is appropriated from the general fund to the Department of Natural Resources for assistance to the Creamery Corporation, dba Matanuska Maid Dairy.”
2. Prepare a pro-forma balance sheet for the Creamery Corporation as of the beginning of 2008 and identify the source and use of any cash after that time.
3. Determine the total compensation package being paid to the current on-site Mat Maid manager. Identify the source of the compensation and if that source is reasonable.
4. An inventory of property and equipment was done in the preparation to the expected December 2007 sale. Identify: (1) how the equipment was disposed of and 2) an accounting of all proceeds generated from the disposition of the equipment.

Mat Maid LB&A scope change 24jan08

5. For any leased equipment – determine if it is a capital lease (lease covers the useful life of the asset) or an operating lease. Also determine if the lease is structured under standard business practices or does the lease have “favorable” lease terms and if so, what are they?

6. Confirm the requirements of 11 AAC 39-700 were correctly followed in the disposition of Mat-Maid assets.
7. Identify the composition of the Board of Agriculture and Conservation and the Board of Directors of the Creamery Corporation for the last 10 years. Identify if they had an outstanding loan at the time of their appointment and the status of that loan.

While the disposition of the Mat-Maid assets is currently in flux; I would like the auditors to follow that progress of the disposition and determine if applicable statutes, regulations and prudent business practices are being adhered to until the disposition is complete. Once the disposition is complete I would like to know if proceeds have been completely and appropriately accounted for and reported.

As with the initial request, I ask that Legislative Audit make periodic reports when portions of the audit have been completed.