

ALASKA STATE LEGISLATURE  
(A Department within the State of Alaska General Fund)

Schedule of Appropriations, Expenditures  
and Encumbrances and Schedule of Revenues

Year Ended June 30, 2023

Together With Independent Auditor's Report



# Elgee Rehfeld Alaska's CPA Firm

Founders: George Elgee, CPA & Robert Rehfeld, CPA

## Partners

Janelle Anderson, CPA  
Ryan Beason, CPA  
Sarah Griffith, CPA  
Mark Mesdag, CPA  
Adam Sycks, CPA  
Karen Tarver, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Council  
and the Legislative Budget and Audit Committee  
of the Alaska State Legislature

### Report on the Audit of the Schedules

#### *Opinion*

We have audited the accompanying Schedule of Appropriations, Expenditures and Encumbrances, and the Schedule of Revenues (the schedules) of the Alaska State Legislature (the Legislature) as of and for the year ended June 30, 2023, and the related notes to the schedules.

In our opinion, the accompanying schedules present fairly, in all material respects, the appropriations, expenditures, encumbrances and revenues of the Legislature, as of June 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Legislature and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Schedules*

The Legislature's management is responsible for the preparation and fair presentation of the schedules referred to above in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

In preparing the schedules, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Legislature's ability to continue as a going concern for twelve months beyond the schedules date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Schedules***

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit 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 Legislature's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Legislature's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Emphasis of Matter***

As discussed in Note 1, the schedules of the Legislature are intended to present the appropriations, expenditures and encumbrances, and the revenues of only that portion of the State of Alaska General Fund that is attributable to the transactions of the Legislature. They do not purport to, and do not, present fairly the appropriations, expenditures and encumbrances, and the revenues of the State of Alaska General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the schedules. Such missing information, although not a

part of the presented schedules, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the schedules in an appropriate operational, economic, or historical context. Our opinion on the schedules is not affected by this missing information.

*Elgee Rehfeld*

February 1, 2024

ALASKA STATE LEGISLATURE  
(A Department within the State of Alaska General Fund)  
Schedule of Appropriations, Expenditures and Encumbrances  
Year Ended June 30, 2023

	Appropriations	Expenditures	Encumbrances	Unencumbered Balance	
				Continuing	Lapsed
Operating:					
Legislative Budget and Audit Committee:					
Legislative Audit:					
Personal Services	\$ 4,998,536	\$ 4,998,536	\$ -	\$ -	\$ -
Travel	72,622	72,622	-	-	-
Services	948,342	574,842	-	-	373,500
Commodities	25,562	30,294	(4,732)	-	-
Capital Outlay	97,368	97,368	-	-	-
Total Legislative Audit	6,142,430	5,773,662	(4,732)	-	373,500
Legislative Finance:					
Personal Services	6,595,245	6,595,245	-	-	-
Travel	130,834	130,834	-	-	-
Services	568,019	151,320	-	-	416,699
Commodities	52,311	60,861	(8,550)	-	-
Capital Outlay	11,250	-	11,250	-	-
Total Legislative Finance	7,357,659	6,938,260	2,700	-	416,699
Committee Expenses:					
Personal Services	173,485	173,485	-	-	-
Travel	16,796	16,796	-	-	-
Services	288,255	261,355	-	-	26,900
Total Committee Expenses	478,536	451,636	-	-	26,900
Total Legislative Budget and Audit Committee	13,978,625	13,163,558	(2,032)	-	817,099
Legislative Council:					
Administrative Services:					
Personal Services	8,245,677	8,245,554	-	-	123
Travel	89,404	89,404	-	-	-
Services	1,672,937	1,421,051	19,098	-	232,788
Commodities	313,826	299,532	1,983	-	12,311
Capital Outlay	17,956	17,956	-	-	-
Total Administrative Services	10,339,800	10,073,497	21,081	-	245,222
Council and Subcommittees:					
Personal Services	190,533	190,533	-	-	-
Travel	49,274	49,274	-	-	-
Services	63,014	50,436	-	-	12,578
Commodities	43,167	43,167	-	-	-
Total Council and Subcommittees	345,988	333,410	-	-	12,578
Legal and Research Services:					
Personal Services	4,939,266	4,939,266	-	-	-
Travel	16,333	16,333	-	-	-
Services	420,707	30,257	-	-	390,450
Commodities	84,105	85,690	(1,643)	-	58
Capital Outlay	27,416	-	27,416	-	-
Total Legal and Research Services	5,487,827	5,071,546	25,773	-	390,508
Select Committee on Legislative Ethics:					
Personal Services	211,093	211,093	-	-	-
Travel	17,345	17,345	-	-	-
Services	22,996	10,968	-	-	12,028
Commodities	583	75	1,224	-	(716)
Total Select Committee on Legislative Ethics	252,017	239,481	1,224	-	11,312
Office of Victims' Rights:					
Personal Services	883,912	883,912	-	-	-
Travel	6,047	6,047	-	-	-
Services	265,078	135,215	-	-	129,863
Commodities	12,733	12,299	434	-	-
Total Office of Victims' Rights	1,167,770	1,037,473	434	-	129,863

(continued)

See accompanying notes to the schedules.

ALASKA STATE LEGISLATURE  
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Schedule of Appropriations, Expenditures and Encumbrances (continued)  
Year Ended June 30, 2023

	Appropriations	Expenditures	Encumbrances	Unencumbered Balance	
				Continuing	Lapsed
Office of the Ombudsman:					
Personal Services	1,375,675	1,375,675	-	-	-
Travel	30,714	30,714	-	-	-
Services	139,654	66,686	-	-	72,968
Commodities	7,296	6,602	694	-	-
Total Office of the Ombudsman	<u>1,553,339</u>	<u>1,479,677</u>	<u>694</u>	<u>-</u>	<u>72,968</u>
Legislative State Facilities Rent:					
Services	1,489,767	1,489,767	-	-	-
Commodities	1,032	252	-	-	780
Total Legislative State Facilities Rent	<u>1,490,799</u>	<u>1,490,019</u>	<u>-</u>	<u>-</u>	<u>780</u>
Security Services:					
Personal Services	985,996	985,996	-	-	-
Travel	7,240	7,240	-	-	-
Services	32,641	9,429	-	-	23,212
Commodities	26,167	26,167	-	-	-
Total Security Services	<u>1,052,044</u>	<u>1,028,832</u>	<u>-</u>	<u>-</u>	<u>23,212</u>
Integrated Technology Services:					
Personal Services	2,948,079	2,948,079	-	-	-
Travel	48,774	48,774	-	-	-
Services	1,246,557	1,096,917	3,616	-	146,024
Commodities	241,491	185,360	56,131	-	-
Capital Outlay	50,868	8,645	42,223	-	-
Total Integrated Technology Services	<u>4,535,769</u>	<u>4,287,775</u>	<u>101,970</u>	<u>-</u>	<u>146,024</u>
Redistricting Board:					
Personal Services	244,503	244,503	-	-	-
Travel	1,382	1,382	-	-	-
Services	848,646	190,883	-	657,763	-
Commodities	825	825	-	-	-
Total Redistricting Board	<u>1,095,356</u>	<u>437,593</u>	<u>-</u>	<u>657,763</u>	<u>-</u>
Total Legislative Council	<u>27,320,709</u>	<u>25,479,303</u>	<u>151,176</u>	<u>657,763</u>	<u>1,032,467</u>
Legislative Operating Budget:					
Legislators' Salaries and Allowances:					
Personal Services	5,169,980	5,169,980	-	-	-
Travel	701,076	701,076	-	-	-
Services	431,244	337,794	-	-	93,450
Commodities	123,692	123,692	-	-	-
Total Legislators' Salaries and Allowances	<u>6,425,992</u>	<u>6,332,542</u>	<u>-</u>	<u>-</u>	<u>93,450</u>
Legislative Operating Budget:					
Personal Services	8,300,600	8,300,600	-	-	-
Travel	138,742	138,742	-	-	-
Services	951,622	385,945	-	-	565,677
Commodities	29,268	29,268	-	-	-
Total Legislative Operating Budget	<u>9,420,232</u>	<u>8,854,555</u>	<u>-</u>	<u>-</u>	<u>565,677</u>
Session Expenses:					
Personal Services	8,547,241	8,547,241	-	-	-
Travel	2,887,598	2,887,598	-	-	-
Services	820,800	284,180	4,743	-	531,877
Commodities	308,389	310,005	(679)	-	(937)
Capital Outlay	12,623	12,623	-	-	-
Total Session Expenses	<u>12,576,651</u>	<u>12,041,647</u>	<u>4,064</u>	<u>-</u>	<u>530,940</u>
Total Legislative Operating Budget	<u>28,422,875</u>	<u>27,228,744</u>	<u>4,064</u>	<u>-</u>	<u>1,190,067</u>
Total Operating	<u>69,722,209</u>	<u>65,871,605</u>	<u>153,208</u>	<u>657,763</u>	<u>3,039,633</u>
Capital Improvements	<u>24,063,837</u>	<u>5,299,644</u>	<u>5,299,747</u>	<u>13,464,446</u>	<u>-</u>
Total	<u>\$ 93,786,046</u>	<u>71,171,249</u>	<u>\$ 5,452,955</u>	<u>\$ 14,122,209</u>	<u>\$ 3,039,633</u>
Current Year Expenditures Against Prior Year Encumbrances		<u>59,049</u>			
Total		<u>\$ 71,230,298</u>			

See accompanying notes to the schedules.

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Schedule of Revenues

Year Ended June 30, 2023

	Appropriated Revenues	Actual Revenues
Unrestricted Revenues:		
Prior Year Recovery	\$ -	\$ 12,278
Miscellaneous	-	127,490
Total Unrestricted Revenues	-	139,768
Restricted Revenues:		
Unallocated Revenue - Uncollectable	300	-
West Benson Building Rent	272,400	272,357
Assembly Building Rent	67,900	72,129
Lounge	70,000	135,942
Teleconferences	6,500	1,138
Print Shop	25,000	18,844
Statute Handling Charges	20,000	22,516
Press Message Center	2,400	5,500
Total Restricted Revenues	464,500	528,426
Total Revenues	\$ 464,500	\$ 668,194

See accompanying notes to the schedules.

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Notes to the Schedules

Year Ended June 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Alaska State Legislature (the Legislature) consists of legislative committees and the Legislative Affairs Agency (the Agency), the Legislative Finance Division, the Legislative Audit Division, the Office of the Ombudsman, the Office of Victims' Rights, and the Redistricting Board.

The Agency provides legal services and office space as well as general administrative support services to the Legislature. The Agency also provides teleconference sites throughout Alaska along with other information services to the public. The Agency is responsible to the Legislative Council, which is a permanent interim committee of the Legislature. The Legislative Council is comprised of the President of the Senate and six other Senators appointed by the President, and the Speaker of the House of Representatives and six other Representatives appointed by the Speaker.

The Legislative Finance Division is responsible for performance of fiscal analysis and budget review functions. The Legislative Audit Division is responsible for completion of the post-audit function. These divisions report to the Legislative Budget and Audit Committee. This committee is comprised of five members of the Senate and five members of the House. Two members from each body is required to be from the finance committees.

The Office of the Ombudsman is responsible for the receipt and independent investigation of citizen complaints about the administrative acts of state government. The Ombudsman makes findings and recommendations to rectify governmental actions found to violate standards outlined in AS 24.55.150. The Office of the Ombudsman performs a portion of the legislative responsibility for providing oversight of the other branches of government including their boards, commissions, corporations, and the university system.

The Office of Victims' Rights, established under AS 24.65.010, provides free legal services to victims of crime to help them obtain the rights they are guaranteed under the Alaska Constitution and Statutes with regard to their contacts with police, prosecutors, judges and other criminal justice agencies in the State of Alaska.

The Redistricting Board, established under AS 15.10.200-300 is an independent 5-member board that is selected in the year of the decennial census. The Board hires its own staff and is tasked with establishing 40 single-member house districts and 20 single-member senate districts and they must propose at least one redistricting plan and hold public hearings within 30 days after the official reporting of the census data. The Board must adopt a final plan and issue a proclamation of redistricting within 90 days of the official reporting of census data. By precedent, the budget authorization and administrative duties for the Board switch back and forth between the Office of the Governor within the Executive Branch and the Legislative Affairs Agency within the Legislative Branch. The last redistricting in 2011 was housed within the Office of the Governor. As such, the 2023 Redistricting Board's budget is contained within the Legislative Branch's appropriations and the administrative functions, such as processing payroll, travel, and accounts payable, are handled by the Legislative Affairs Agency. Because of potential litigation costs, the budget authorization associated with the Board often extends for several years and is classified as a multi-year operating budget.



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Notes to the Schedules

The Legislature is accounted for by the State of Alaska as a department within the State of Alaska General Fund (the General Fund). The accompanying Schedule of Appropriations, Expenditures and Encumbrances, and the Schedule of Revenues (Schedules) present only the activity attributable to the Legislature within the General Fund and not the General Fund as a whole.

Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the Schedules. The Legislature uses a flow of current financial resources measurement focus and the modified accrual basis of accounting.

Appropriations

The appropriations are authorized by the Legislature from the General Fund. Appropriations lapse on June 30 of each year except for those pertaining to capital improvements which are carried forward to the completion of the project and those which have been specifically extended by the Legislature.

Expenditures

Expenditures are recognized in the period in which the liability incurred.

Encumbrances

Encumbrance accounting, under which commitments for the expenditure of funds are recorded in order to reserve appropriated funds, is employed as an extension of formal budgetary integration in the accounting system.

Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

Revenue Recognition

Reimbursements for expenditures are recorded against the corresponding expenditure accounts and all other receipts and interagency charges are recorded in revenue accounts when measurable and available.

Date of Subsequent Review

The Legislature's management has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

**NOTE 2 – LEASES**

The Legislature leases certain office space under various lease agreements. These leases expire in various years through 2028. These leases generally contain renewal options for periods ranging from one to five years but are cancelable by the Legislature in the event sufficient funds are not appropriated by the Legislature. The office space rental rates are subject to periodic escalation based on changes in the Anchorage Consumer Price Index.

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Notes to the Schedules

The following is a schedule of future minimum lease payments for office space leases (with recognition of remaining terms in excess of one year) as of June 30, 2023:

	Office
2024	\$ 1,416,635
2025	782,242
2026	656,890
2027	504,986
2028	410,374
Total minimum lease	<u>\$ 3,771,127</u>

Rental expenditures related to all leases for office space totaled \$1,483,624 in fiscal year 2023.

Expanded disclosures related to the Legislature's leases, in accordance with GASB No. 87, *Leases*, are presented in the State of Alaska Annual Comprehensive Financial Report. Such disclosures are not included in the Notes to the Schedules as they are not relevant to the individual schedules presented within.

### NOTE 3 – RETIREMENT COMMITMENTS

#### Alaska Public Employees' Tiers I-III Defined Benefit Retirement Plan

##### *Plan Description*

The Legislature contributes to the State of Alaska Employees' Retirement System (PERS), which was originally established as an agent multiple employer defined benefit plan. Prior to July 1, 2006, PERS was a defined benefit, agent, multiple employer public employee retirement plan. The Legislature passed Senate Bill 141, which was signed by the Governor on July 27, 2005. This law converted the PERS to a cost-sharing plan under which the unfunded liability will be shared among all employers. This legislation also established a uniform contribution rate of 22% of participating employees' covered payroll.

PERS provides pension and post-employment healthcare, death and disability benefits, and cost of living adjustments for eligible State and local government employees. Benefit and contribution provisions are established by state law and may be amended only by the Legislature.

With the exception of contract employees, all legislative employees participate in PERS if they work any portion of the year during the legislative session. All full-time employees, except contract employees, are active members of PERS even if they do not work during the legislative session. Elected officials have the option of not participating in PERS.

Each fiscal year, PERS issues a stand-alone financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

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Notes to the Schedules

*Funding Policy*

The Legislature's contribution requirements are established and may be amended by legislation. Defined benefit PERS plan members are required by statute to contribute 6.75% (6.75% for pension and 0% for healthcare) of their annual covered salary.

AS 39.35.255 established a statutory employer contribution rate of 22%. Beginning in FY23, the full 22% funded pension benefits, with none allocated to other postemployment benefits (OPEB).

AS 39.35.280 required additional State contributions to make up the difference between 22%, and the actuarially determined fiscal year 2023 contribution rate of 24.79%. The Legislature is legally responsible only for the payments of up to 22% of covered payroll. Total contributions for pensions were \$3,156,100 in 2023.

The Legislature's employees are employees of the State of Alaska. The Legislature's proportionate share of the State's net pension and OPEB liability and related accounts is included with the State of Alaska's proportionate share as disclosed in the State of Alaska Annual Comprehensive Financial Report for fiscal year 2023.

Alaska Public Employees' Tier IV Defined Contribution Retirement Plan

The Legislature enacted into law Senate Bill 141 to create the Public Employees' Retirement System (PERS) Tier IV defined contribution retirement plan for all new employees who first became members on or after July 1, 2006, including elected officials. The plan was established and is administered by the State of Alaska to provide pension and other post-employment benefits for eligible state and local government employees. Benefit and contribution provisions are established by state law and may be amended only by the Legislature.

Benefits depend solely on the amount contributed to the plan and investment earnings. Employees are eligible to participate from the date of employment. Contributions made by employees and any investment earnings on the account are vested to the employee immediately. Qualified employees contribute 8% of their annual covered wages.

Annual contributions by the Legislature for the year ended June 30, 2023, were 22% of annual covered payroll. This rate consisted of 5% pension, 0.30% occupational death and disability, 1.10% retiree medical, and 6.40% health reimbursement arrangement, with the rest of the rate funding PERS Tiers I-III defined benefit unfunded liability.

The Legislature made PERS Tier IV employer pension, other post-employment benefits and Tiers I-III defined benefit unfunded liability contributions of \$949,910, \$870,043, and \$2,891,455 respectively, for the year ended June 30, 2023. The Legislative PERS Tier IV employees made pension contributions of \$1,706,351 during fiscal year 2023.

**NOTE 4 – ON-BEHALF PAYMENTS FOR FRINGE BENEFITS**

The State of Alaska provided financial relief to entities participating in PERS by making direct contributions to the PERS plan and reducing annual contribution rates paid by employers. PERS on-behalf amounts were not recognized by the Legislature in the Schedules.

ALASKA STATE LEGISLATURE  
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Notes to the Schedules

**NOTE 5 – CONTINGENCIES**

*Legislature*

In the normal course of its activities, the Legislature is involved in various claims and litigation. In the opinion of management and the Legislature's legal counsel, ultimate resolution of these matters is not expected to have a material adverse effect on the Legislature.

*Redistricting Board*

After the Alaska Redistricting Board (the "Board") adopted its 2021 proclamation plan, five lawsuits were filed against it challenging aspects of the plan. The lawsuits were consolidated into one Alaska superior court case. The lawsuits raised constitutional questions about aspects of the Board's redistricting plan for Alaska legislative districts. After trial and appeal, the courts ultimately resolved all of the claims. When a party brings a successful constitutional lawsuit against a public entity in Alaska, the law generally provides the plaintiff will recover full reasonable attorney's fees for the successful constitutional claim.

The Board entered into recent settlement agreements to address fee claims by two of the parties in the amount of \$400,000. The agreement was effective November 3, 2023, and the expenditures for the settlement will be reflected in the fiscal 2024 schedules.

Two other parties, each of whom lost their central claims, have filed fee motions claiming that because they prevailed on minor technical issues, they should recover full attorney's fees. The fee motions are pending before the superior court, and the outcome cannot be estimated at this time, therefore no accrual has been made in the accompanying schedules.

**NOTE 6 – COMMITMENTS**

In the normal course of its activities, the Legislature has entered into various contracts, including construction contracts which, with the exception of Capital Appropriations, are not reflected as outstanding encumbrances in the Schedule of Appropriations, Expenditures and Encumbrances as the encumbrance is closed at year end and re-appropriated in the next fiscal year.