

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

Letter to the Members of the Legislative Council
and the Legislative Budget and Audit Committee

Year Ended June 30, 2025



Elgee Rehfeld

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9309 Glacier Highway, Suite B-200
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February 6, 2026

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

We have audited the 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, 2025, and have issued our report thereon dated February 6, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Schedules Audit

As communicated in our engagement letter dated June 4, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the schedules that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the schedules does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the schedules are free of material misstatement. An audit of the schedules includes consideration of the system of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the Legislature solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

As part of our engagement, we assisted management in the drafting of the schedules of the Legislature from the Legislature's accounting records; however, management of the Legislature was involved in the drafting process and retains responsibility for the schedules. We applied safeguards to ensure the identified risks to our independence, related to our assistance, were reduced to an acceptable level.

Significant Risks Identified

Our audit standards require we communicate significant risks identified in the planning phase and that we design our audit to provide reasonable assurance that the schedules are free of material misstatement whether caused by error or fraud. The significant risks identified are consistent with the risks we discussed with you during planning.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Legislature is included in Note 1 of the schedules. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the schedules prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the schedules and because of the possibility that future events affecting them may differ markedly from management's current judgments. We evaluated the key factors and assumptions used to develop estimates and determined that it is reasonable in relation to the schedules as a whole.

Schedule Disclosures

The schedule disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate, and communicate to the appropriate level of management:

- All known and likely misstatements identified during the audit, other than those that we believe are trivial.
- All material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- The effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the schedules as a whole.

No such misstatements were identified.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Legislature's schedules or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Legislature, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Legislature's auditors.

This report is intended solely for the information and use of the Members of the Legislative Council and the Legislative Budget and Audit Committee and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Elgee Rehfeld

State of Alaska

Legislative Affairs Agency

Administrative Services

Terry Miller Legislative Office Building

Mailing Address: State Capitol, Room 3 ~ Juneau, Alaska 99801-1182 ~ Phone (907)465-3852 ~ Fax (907) 465-1772



February 6, 2026

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

This representation letter is provided in connection with your audit of the Schedule of Appropriations, Expenditures, and Encumbrances and the Schedule of Revenues (the schedules) of the Alaska State Legislature (Legislature), a department within the State of Alaska General Fund, for the period ended June 30, 2025, for the purpose of expressing an opinion on whether the schedules present fairly, in all material respects, the appropriations, expenditures and encumbrances and revenues of the Legislature in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of February 6, 2026:

Schedules

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 4, 2025, for the preparations and fair presentation of the schedules referred to above in accordance with U.S. GAAP.
- The schedules referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the schedules.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the schedules and related notes.
- We have a process to track the status of audit findings and recommendations.

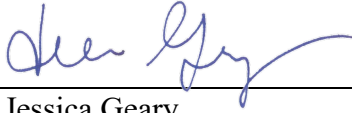
- We have identified and communicated to you all previous audits, attestations engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the schedules and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- With regard to pensions and OPEB:
 - We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - We are unable to determine the possibility of a withdrawal liability from the plan of which we are a sponsor and are not currently contemplating withdrawing from the plan.
 - Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.
- With respect to the preparation of the schedules and tax services, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including a process to monitor the system of internal control.

Information Provided

- We provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the schedules referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the schedules.
- We have disclosed to you the results of our assessment of the risk that the schedules may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the schedules.

- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the schedules or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), analysts, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of schedule amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the schedules or other financial data significant to the audit objectives.
- We have a process to track the status of audit findings and recommendations.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the schedules.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The Legislature has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Legislature is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on schedule amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the schedules, or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62, except as disclosed to you.
- The Legislature has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

- The Legislature has complied with all aspects of contractual agreements that would have a material effect on the schedules in the event of noncompliance.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.



Jessica Geary
Executive Director

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, 2025
Together With Independent Auditor's Report



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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, 2025, 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, 2025, 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

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 6, 2026

ALASKA STATE LEGISLATURE
(A Department within the State of Alaska General Fund)
Schedule of Appropriations, Expenditures and Encumbrances
Year Ended June 30, 2025

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>	
				<u>Continuing</u>	<u>Lapsed</u>
Operating:					
Legislative Budget and Audit Committee:					
Legislative Audit:					
Personal Services	\$ 5,751,144	\$ 5,751,144	\$ -	\$ -	\$ -
Travel	112,141	110,672	1,469	-	-
Services	810,133	809,133	-	-	1,000
Commodities	85,328	54,876	30,451	-	1
Capital Outlay	27,070	27,070	-	-	-
Total Legislative Audit	6,785,816	6,752,895	31,920	-	1,001
Legislative Finance:					
Personal Services	8,207,939	8,207,939	-	-	-
Travel	186,008	186,008	-	-	-
Services	111,628	110,878	-	-	750
Commodities	52,755	52,755	-	-	-
Total Legislative Finance	8,558,330	8,557,580	-	-	750
Committee Expenses:					
Personal Services	377,710	377,710	-	-	-
Travel	7,034	7,034	-	-	-
Services	197,393	196,393	-	-	1,000
Total Committee Expenses	582,137	581,137	-	-	1,000
Total Legislative Budget and Audit Committee	15,926,283	15,891,612	31,920	-	2,751
Legislative Council:					
Administrative Services:					
Personal Services	6,257,120	6,257,120	-	-	-
Travel	40,105	40,105	-	-	-
Services	1,218,267	1,208,011	9,855	-	401
Commodities	317,926	309,135	8,791	-	-
Capital Outlay	88,611	80,596	8,015	-	-
Total Administrative Services	7,922,029	7,894,967	26,661	-	401
Council and Subcommittees:					
Personal Services	437,260	437,260	-	-	-
Travel	90,463	90,463	-	-	-
Services	146,802	146,102	-	-	700
Commodities	32,552	32,552	-	-	-
Capital Outlay	8,948	8,948	-	-	-
Total Council and Subcommittees	716,025	715,325	-	-	700
Legal and Research Services:					
Personal Services	6,287,468	6,286,531	-	-	937
Travel	29,177	29,177	-	-	-
Services	48,482	48,482	-	-	-
Commodities	70,173	70,173	-	-	-
Total Legal and Research Services	6,435,300	6,434,363	-	-	937
Select Committee on Legislative Ethics:					
Personal Services	225,373	225,373	-	-	-
Travel	24,022	24,022	-	-	-
Services	22,511	22,411	-	-	100
Commodities	2,557	2,557	-	-	-
Total Select Committee on Legislative Ethics	274,463	274,363	-	-	100
					(continued)

See accompanying notes to the schedules.

ALASKA STATE LEGISLATURE
(A Department within the State of Alaska General Fund)
Schedule of Appropriations, Expenditures and Encumbrances (continued)
Year Ended June 30, 2025

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>	
				<u>Continuing</u>	<u>Lapsed</u>
Office of Victims' Rights:					
Personal Services	1,228,493	1,228,493	-	-	-
Travel	4,647	4,647	-	-	-
Services	48,735	48,635	-	-	100
Commodities	12,240	12,240	-	-	-
Total Office of Victims' Rights	1,294,115	1,294,015	-	-	100
Office of the Ombudsman:					
Personal Services	1,521,752	1,521,752	-	-	-
Travel	30,805	30,805	-	-	-
Services	103,234	103,134	-	-	100
Commodities	3,245	3,245	-	-	-
Total Office of the Ombudsman	1,659,036	1,658,936	-	-	100
Legislative State Facilities Rent:					
Services	1,627,353	1,626,853	-	-	500
Commodities	394	394	-	-	-
Total Legislative State Facilities Rent	1,627,747	1,627,247	-	-	500
Security Services:					
Personal Services	1,136,147	1,136,147	-	-	-
Travel	20,830	20,830	-	-	-
Services	184,856	184,756	-	-	100
Commodities	61,615	58,027	3,588	-	-
Total Security Services	1,403,448	1,399,760	3,588	-	100
Integrated Technology Services:					
Personal Services	7,289,527	7,289,527	-	-	-
Travel	65,944	65,944	-	-	-
Services	1,536,721	1,531,222	4,999	-	500
Commodities	230,082	203,313	26,769	-	-
Capital Outlay	12,459	12,459	-	-	-
Total Integrated Technology Services	9,134,733	9,102,465	31,768	-	500
Total Legislative Council	30,466,896	30,401,441	62,017	-	3,438
Legislative Operating Budget:					
Legislators' Allowances:					
Personal Services	7,996,540	7,996,540	-	-	-
Travel	767,482	767,482	-	-	-
Services	300,499	300,299	-	-	200
Commodities	130,294	129,845	449	-	-
Total Legislators' Allowances	9,194,815	9,194,166	449	-	200
Legislative Operating Budget:					
Personal Services	10,849,734	10,849,734	-	-	-
Travel	132,470	132,470	-	-	-
Services	404,760	404,261	-	-	499
Commodities	30,570	30,570	-	-	-
Total Legislative Operating Budget	11,417,534	11,417,035	-	-	499

(continued)

See accompanying notes to the schedules.

ALASKA STATE LEGISLATURE
(A Department within the State of Alaska General Fund)
Schedule of Appropriations, Expenditures and Encumbrances (continued)
Year Ended June 30, 2025

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>	
				<u>Continuing</u>	<u>Lapsed</u>
Session Expenses:					
Personal Services	10,654,858	10,654,858	-	-	-
Travel	3,159,811	3,159,811	-	-	-
Services	430,834	430,334	-	-	500
Commodities	264,362	264,362	-	-	-
Total Session Expenses	<u>14,509,865</u>	<u>14,509,365</u>	<u>-</u>	<u>-</u>	<u>500</u>
Total Legislative Operating Budget	<u>35,122,214</u>	<u>35,120,566</u>	<u>449</u>	<u>-</u>	<u>1,199</u>
Total Operating	<u>81,515,393</u>	<u>81,413,619</u>	<u>94,386</u>	<u>-</u>	<u>7,388</u>
Capital Improvements	<u>26,439,111</u>	<u>2,919,615</u>	<u>850,302</u>	<u>22,669,194</u>	<u>-</u>
Total	<u><u>\$107,954,504</u></u>	<u>84,333,234</u>	<u><u>\$ 944,688</u></u>	<u><u>\$ 22,669,194</u></u>	<u><u>\$ 7,388</u></u>
Current Year Expenditures Against Prior Year Encumbrances		<u>154,053</u>			
Total		<u><u>\$ 84,487,287</u></u>			

See accompanying notes to the schedules.

ALASKA STATE LEGISLATURE
(A Department within the State of Alaska General Fund)
Schedule of Revenues
Year Ended June 30, 2025

	Appropriated Revenues	Actual Revenues
Unrestricted Revenues:		
Prior Year Recovery	\$ -	\$ 24,213
Miscellaneous	-	19,222
Total Unrestricted Revenues	-	43,435
Restricted Revenues:		
Statute Royalty Charges	35,000	35,000
West Benson Building Rent	279,900	287,448
Assembly Building Rent	235,000	209,626
Lounge	85,000	104,523
Print Shop	15,000	25,535
Statute Handling Charges	20,000	26,605
Press Message Center	5,000	3,025
Total Restricted Revenues	674,900	691,762
Total Revenues	\$ 674,900	\$ 735,197

See accompanying notes to the schedules.

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

Notes to the Schedules

Year Ended June 30, 2025

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 are 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 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 (the 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.

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

Notes to the Schedules

Expenditures

Expenditures are recognized in the period in which the liability was incurred. Current year expenditures against prior year encumbrances, as reported in the schedule of appropriations, expenditures and encumbrances, represent fiscal year expenditures that were encumbered in prior year and relate to prior year appropriations. The details of these expenditures can be found in the prior year schedules.

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 schedules 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 2030. 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.

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, 2025:

	Office
2026	1,569,884
2027	847,352
2028	656,411
2029	648,683
2030	583,712
Total minimum lease	<u>\$ 4,306,042</u>

Rental expenditures related to all leases for office space totaled \$1,602,100 in fiscal year 2025.

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

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Notes to the Schedules

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.

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%. 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 2025 contribution rate of 26.73%. The Legislature is legally responsible only for the payments of up to 22% of covered payroll. Total contributions for pensions were \$3,915,155 in 2025.

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 2025.

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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, 2025, were 22% of annual covered payroll. This rate consisted of 5% pension, 0.24% occupational death and disability, 0.83% retiree medical, and 6.07% 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 \$1,278,017, \$979,719, and \$4,590,819 respectively, for the year ended June 30, 2025. The Legislative PERS Tier IV employees made pension contributions of \$2,368,695 during fiscal year 2025.

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.

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.

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Two 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 superior court awarded \$11,000 to one of the parties. The other fee motion is pending appeal 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.