

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

For the Year Ended June 30, 2019

January 21, 2020



January 21, 2020

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, 2019, and have issued our report thereon dated January 21, 2020. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Audit**

As communicated in our engagement letter dated May 14, 2019, 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 schedules includes consideration 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 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, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **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 to the schedules. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. 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*

Accounting estimates 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 financial statements 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 than consultation for tax issues related to the office allowance account.

### **Other Significant 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, 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.

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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*

# Alaska State Legislature

## Legislative Affairs Agency

### Office of the Executive Director

Terry Miller Legislative Office Building, Room 217

Mailing Address: State Capitol, Rm. 3 Juneau, Alaska 99801-1182 Phone (907) 465-3800

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January 10, 2020

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 of the Alaska State Legislature (Legislature), a department within the State of Alaska General Fund, for the period ended June 30, 2019 for the purpose of expressing an opinion as to 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 that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

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 January 10, 2020:

#### Schedules

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 14, 2019, for the preparations and fair presentation of the schedules referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance 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.

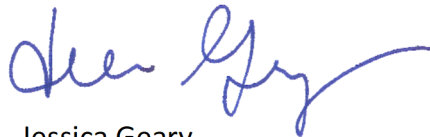
- We have identified and communicated to you all previous audits, attestations engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 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 respect to the preparation of financial statements, 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 monitoring ongoing activities.

#### **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; and
  - 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 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 allegations of fraud, or suspected fraud, affecting the entity's schedules communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 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.
- 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.
- 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.

Sincerely,



Jessica Geary  
Executive Director

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Division of Legislative Audit



P.O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347  
[legaudit@akleg.gov](mailto:legaudit@akleg.gov)

January 21, 2020

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 of the Alaska State Legislature (Legislature), a department within the State of Alaska General Fund, for the period ended June 30, 2019, specifically the section of the schedules for the Division of Legislative Audit and two transactions for the Legislative Budget and Audit Committee as shown in the attachment to this letter, for the purpose of expressing an opinion as to 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 that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

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 January 21, 2020:

#### **Schedules**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 14, 2019, for the preparations and fair presentation of the schedules referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance 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.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 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 respect to the preparation of financial statements, 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 monitoring ongoing activities

### 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; and
  - 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 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 allegations of fraud, or suspected fraud, affecting the entity's schedules communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 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.
- 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.
- 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.



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Kris Curtis  
Legislative Auditor

Enclosure

**Legislative Budget and Audit Committee FY 19 Expenses**

Contract Payments Under the Fiscal Responsibility of the Division of Legislative Audit

PL Fiscal Year	PL Budget Fiscal Year	Record Date	Document Number	Line Description	ARU	PL Account Code	Object Name	PL Vendor Legal Name	Budgetary Expenses
2019	2019	3/27/2019	GAX-30-190153486-1	February payment	302010000	3005	Management/Consulting	GAFFNEY CLINE & ASSOCIATES INC	4,925.00
2019	2019	6/26/2019	GAX-30-190205919-1	Services billed Jan - May 2019	302010000	3005	Management/Consulting	IN3ENERGY LLC	3,850.00

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

Schedule of Appropriations, Expenditures and Encumbrances  
and Schedule of Revenues

For the Year Ended June 30, 2019

Together With Independent Auditor's Report



## 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 Schedules**

We have audited the accompanying Schedule of Appropriations, Expenditures and Encumbrances, and the Schedule of Revenues of the Alaska State Legislature (the Legislature) as of and for the year ended June 30, 2019, and the related notes to the schedules.

### ***Management's Responsibility for the Schedules***

The Legislature's management is responsible for the preparation and fair presentation of these schedules referred to above 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 these schedules that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedules, 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 schedules 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 schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the schedules referred to above present fairly, in all material respects, the appropriations, expenditures, encumbrances and revenues of the Legislature, as of June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

### ***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.

### ***Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement basic governmental financial statements or recommend for schedules of a department or agency. Such missing information, although not a part of the presented schedules, is recommended 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*

January 21, 2020

ALASKA STATE LEGISLATURE  
(A Department within the State of Alaska General Fund)  
Schedule of Appropriations, Expenditures and Encumbrances  
For the year ended June 30, 2019

	Appropriations	Expenditures	Encumbrances	Unencumbered Balance	
				Continuing	Lapsed
Operating:					
Legislative Budget and Audit Committee:					
Legislative Audit:					
Personal Services	\$ 4,924,770	\$ 4,674,770	\$ -	\$ -	\$ 250,000
Travel	102,793	102,043	-	-	750
Services	565,557	564,557	-	-	1,000
Commodities	28,120	28,051	-	-	69
Capital Outlay	30,850	30,850	-	-	-
Total Legislative Audit	5,652,090	5,400,271	-	-	251,819
Legislative Finance:					
Personal Services	5,781,689	5,781,689	-	-	-
Travel	63,077	63,077	-	-	-
Services	92,088	89,785	-	-	2,303
Commodities	20,508	20,508	-	-	-
Total Legislative Finance	5,957,362	5,955,059	-	-	2,303
Committee Expenses:					
Personal Services	231,771	231,771	-	-	-
Travel	32,644	32,644	-	-	-
Services	318,162	317,262	-	-	900
Commodities	237	237	-	-	-
Total Committee Expenses	582,814	581,914	-	-	900
Total Legislative Budget and Audit Committee	12,192,266	11,937,244	-	-	255,022
Legislative Council:					
Legislators' Salaries and Allowances:					
Personal Services	4,991,018	4,991,018	-	-	-
Travel	650,159	650,159	-	-	-
Services	301,684	301,434	-	-	250
Commodities	108,354	108,354	-	-	-
Total Legislators' Salaries and Allowances	6,051,215	6,050,965	-	-	250
Administrative Services:					
Personal Services	6,738,191	6,738,191	-	-	-
Travel	97,634	97,634	-	-	-
Services	2,320,802	2,320,409	-	-	393
Commodities	436,241	418,809	-	-	17,432
Capital Outlay	60,856	60,856	-	-	-
Total Administrative Services	9,653,724	9,635,899	-	-	17,825
Council and Subcommittees:					
Personal Services	190,093	190,093	-	-	-
Travel	23,954	23,954	-	-	-
Services	4,396	4,196	-	-	200
Commodities	32,900	32,900	-	-	-
Capital Outlay	26,426	26,426	-	-	-
Total Council and Subcommittees	277,769	277,569	-	-	200
Legal and Research Services:					
Personal Services	4,166,863	4,166,863	-	-	-
Travel	17,521	17,521	-	-	-
Services	41,059	40,559	-	-	500
Commodities	73,076	73,076	-	-	-
Total Legal and Research Services	4,298,519	4,298,019	-	-	500
Select Committee on Legislative Ethics:					
Personal Services	192,783	192,783	-	-	-
Travel	23,784	23,784	-	-	-
Services	24,441	24,191	-	-	250
Commodities	2,953	2,953	-	-	-
Total Select Committee on Legislative Ethics	243,961	243,711	-	-	250
Office of Victims' Rights:					
Personal Services	925,205	925,205	-	-	-
Travel	1,428	1,428	-	-	-
Services	20,308	18,658	-	-	1,650
Commodities	929	929	-	-	-
Total Office of Victims' Rights	947,870	946,220	-	-	1,650
Office of the Ombudsman:					
Personal Services	1,077,499	1,077,499	-	-	-
Travel	27,384	27,384	-	-	-
Services	45,611	45,111	-	-	500
Commodities	12,304	12,304	-	-	-
Capital Outlay	6,823	6,823	-	-	-
Total Office of the Ombudsman	1,169,621	1,169,121	-	-	500

(continued)

See accompanying notes to schedules.



ALASKA STATE LEGISLATURE  
(A Department within the State of Alaska General Fund)  
Schedule of Appropriations, Expenditures and Encumbrances  
For the year ended June 30, 2019

	Appropriations	Expenditures	Encumbrances	Unencumbered Balance	
				Continuing	Lapsed
Legislative State Facilities Rent -					
Services	1,566,638	1,566,138	-	-	500
Total Legislative State Facilities Rent	1,566,638	1,566,138	-	-	500
Total Legislative Council	24,209,317	24,187,642	-	-	21,675
Information & Teleconference -					
Information & Teleconference:					
Personal Services	2,793,208	2,793,208	-	-	-
Travel	7,404	7,404	-	-	-
Services	151,888	151,388	-	-	500
Commodities	97,611	85,420	12,191	-	-
Total Information & Teleconference	3,050,111	3,037,420	12,191	-	500
Legislative Operating Budget:					
Legislative Operating Budget:					
Personal Services	7,947,275	7,947,275	-	-	-
Travel	113,513	113,513	-	-	-
Services	119,739	119,239	-	-	500
Commodities	20,153	20,153	-	-	-
Total Legislative Operating Budget	8,200,680	8,200,180	-	-	500
Session Expenses:					
Personal Services	8,400,775	8,400,775	-	-	-
Travel	214,777	214,777	-	-	-
Services	565,256	552,419	-	-	12,837
Commodities	261,497	261,497	-	-	-
Capital Outlay	5,454	5,454	-	-	-
Total Session Expenses	9,447,759	9,434,922	-	-	12,837
Special Session Contingency:					
Personal Services	440,983	440,983	-	-	-
Travel	245,006	245,006	-	-	-
Services	758	508	-	-	250
Commodities	8,580	8,580	-	-	-
Total Special Session Contingency	695,327	695,077	-	-	250
Total Legislative Operating Budget	18,343,766	18,330,179	-	-	13,587
House 90 Day Session Per Diem -					
House 90 Day Session Per Diem:					
Personal Services	-	-	-	-	-
Travel	1,031,632	1,031,632	-	-	-
Services	-	-	-	-	-
Commodities	-	-	-	-	-
Total House 90 Day Session Per Diem	1,031,632	1,031,632	-	-	-
House 30 Day Extended Session Per Diem -					
House 30 Day Extended Session Per Diem:					
Personal Services	-	-	-	-	-
Travel	351,830	351,830	-	-	-
Services	-	-	-	-	-
Commodities	-	-	-	-	-
Total House 30 Day Extended Session Per Diem	351,830	351,830	-	-	-
Senate 90 Day Session Per Diem -					
Senate 90 Day Session Per Diem:					
Personal Services	-	-	-	-	-
Travel	514,910	514,910	-	-	-
Services	-	-	-	-	-
Commodities	-	-	-	-	-
Total Senate 90 Day Session Per Diem	514,910	514,910	-	-	-
Senate 30 Day Extended Session Per Diem -					
Senate 30 Day Extended Session Per Diem:					
Personal Services	-	-	-	-	-
Travel	175,160	175,160	-	-	-
Services	-	-	-	-	-
Commodities	-	-	-	-	-
Total Senate 30 Day Extended Session Per Diem	175,160	175,160	-	-	-
Total Operating	59,868,992	59,566,017	12,191	-	290,784
Capital Improvements	19,592,217	8,380,127	5,281,684	5,930,406	-
Total	\$ 79,461,209	67,946,144	\$ 5,293,875	\$ 5,930,406	\$ 290,784
Current year expenditures against prior year encumbrances		13,629			
Total		\$ 67,959,773			

See accompanying notes to schedules.



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

Schedule of Revenues

For the year ended June 30, 2019

	Appropriated Revenues	Actual Revenues
Unrestricted Revenues:		
Prior Year Recovery	\$ -	\$ 15,363
Miscellaneous	-	117,644
Total Unrestricted Revenues	-	133,007
Restricted Revenues:		
Federal Compliance Audit	1,000,000	750,000
West Benson Building Rent	244,700	244,651
Lounge	70,000	105,162
Print Shop	45,000	27,568
Teleconferences	5,000	5,552
Statute Handling Charges	32,600	26,572
Subscriptions	4,000	2,910
Press Message Center	2,400	3,025
Total Restricted Revenues	1,403,700	1,165,440
Total Revenues	\$ 1,403,700	\$ 1,298,447

See accompanying notes to schedules.

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

Notes to Schedules

For the Year Ended June 30, 2019

**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, and the Office of Victims' Rights.

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.

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 (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 at 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  
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Notes to Schedules

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.

**NOTE 2 – LEASES**

The Legislature leases certain office space under various lease agreements. These leases expire in various years through 2024. 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, 2019:

	Office
2020	\$ 1,361,762
2021	1,012,582
2022	747,325
2023	471,468
2024	369,403
Total minimum lease	<u>\$ 3,962,540</u>

Rental expenditures related to all leases for office space totaled \$1,550,168 in 2019.

**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.

ALASKA STATE LEGISLATURE  
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Notes to Schedules

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% (4.96% for pension and 1.79% for healthcare) of their annual covered salary.

AS 39.35.255 established a statutory employer contribution rate of 22%. Out of the 22%, 16.17% funded pension benefits and 5.83% funded 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 2019 contribution rate of 27.58%. The Legislature is legally responsible only for the payments of up to 22% of covered payroll. Total contributions for pensions and OPEB were \$2,141,977 and \$772,277 in 2019, respectively.

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 Comprehensive Annual Financial Report for Fiscal Year 2019.

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, 2019, were 22% of annual covered payroll. This rate consisted of 5% pension, 0.26% occupational death and disability, 0.94% retiree medical, and 6.20% Health Reimbursement Arrangement, with the rest of the rate funding PERS Tiers I-III defined benefit unfunded liability.

ALASKA STATE LEGISLATURE  
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Notes to Schedules

The Legislature made PERS Tier IV employer pension, other post-employment benefits and Tiers I-III defined benefit unfunded liability contributions of \$733,227, \$654,433, and \$1,839,712, respectively, for the year ended June 30, 2019. The Legislative PERS Tier IV employees made pension contributions of \$1,428,524 during fiscal year 2019.

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

The State of Alaska provided financial relief to entities participating in PERS by making direct contribution 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**

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.

**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.