

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, 2021

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 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, 2021, 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, 2021, 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 17, 2022

ALASKA STATE LEGISLATURE
(A Department within the State of Alaska General Fund)
Schedule of Appropriations, Expenditures and Encumbrances
Year Ended June 30, 2021

	<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	\$ 5,240,419	\$ 4,990,419	\$ -	\$ -	\$ 250,000
Travel	16,673	16,673	-	-	-
Services	509,373	507,373	-	-	2,000
Commodities	84,531	56,761	27,769	-	1
Capital Outlay	50,688	50,688	-	-	-
Fiscal Year Adjustments	-	1,888	(2,155)	-	-
Total Legislative Audit	<u>5,901,684</u>	<u>5,623,802</u>	<u>25,614</u>	<u>-</u>	<u>252,001</u>
Legislative Finance:					
Personal Services	5,932,106	5,932,106	-	-	-
Travel	46,165	46,165	-	-	-
Services	87,484	86,984	-	-	500
Commodities	43,548	43,548	-	-	-
Fiscal Year Adjustments	-	(136)	(941)	-	-
Total Legislative Finance	<u>6,109,303</u>	<u>6,108,667</u>	<u>(941)</u>	<u>-</u>	<u>500</u>
Committee Expenses:					
Personal Services	442,670	442,670	-	-	-
Travel	9,444	9,444	-	-	-
Services	98,495	97,495	-	-	1,000
Commodities	900	900	-	-	-
Total Committee Expenses	<u>551,509</u>	<u>550,509</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total Legislative Budget and Audit Committee	<u>12,562,496</u>	<u>12,282,978</u>	<u>24,673</u>	<u>-</u>	<u>253,501</u>
Legislative Council:					
Administrative Services:					
Personal Services	9,789,676	9,789,676	-	-	-
Travel	23,007	23,007	-	-	-
Services	2,109,426	2,104,138	5,265	-	23
Commodities	658,926	627,801	4,290	-	26,835
Capital Outlay	31,911	31,911	-	-	-
Fiscal Year Adjustments	-	42,411	(23,700)	-	-
Total Administrative Services	<u>12,612,946</u>	<u>12,618,944</u>	<u>(14,145)</u>	<u>-</u>	<u>26,858</u>
Council and Subcommittees:					
Personal Services	226,325	226,325	-	-	-
Services	36,535	36,235	-	-	300
Commodities	2,491	2,491	-	-	-
Fiscal Year Adjustments	-	101,520	(101,520)	-	-
Total Council and Subcommittees	<u>265,351</u>	<u>366,571</u>	<u>(101,520)</u>	<u>-</u>	<u>300</u>

(continued)

See accompanying notes to schedules.

ALASKA STATE LEGISLATURE
(A Department within the State of Alaska General Fund)
Schedule of Appropriations, Expenditures and Encumbrances (continued)
Year Ended June 30, 2021

	Appropriations	Expenditures	Encumbrances	Unencumbered Balance	
				Continuing	Lapsed
Legal and Research Services:					
Personal Services	4,122,332	4,122,332	-	-	-
Services	15,130	14,980	-	-	150
Commodities	86,614	86,614	-	-	-
Fiscal Year Adjustments	-	32,176	(32,206)	-	-
Total Legal and Research Services	4,224,076	4,256,102	(32,206)	-	150
Select Committee on Legislative Ethics:					
Personal Services	202,400	202,400	-	-	-
Services	1,226	1,076	-	-	150
Commodities	139	139	-	-	-
Total Select Committee on Legislative Ethics	203,765	203,615	-	-	150
Office of Victims' Rights:					
Personal Services	956,476	956,476	-	-	-
Services	40,387	40,237	-	-	150
Commodities	883	883	-	-	-
Fiscal Year Adjustments	-	(3,703)	-	-	-
Total Office of Victims' Rights	997,746	993,893	-	-	150
Office of the Ombudsman:					
Personal Services	1,231,557	1,231,557	-	-	-
Travel	9,137	9,137	-	-	-
Services	59,326	59,176	-	-	150
Commodities	4,672	4,672	-	-	-
Fiscal Year Adjustments	-	(549)	620	-	-
Total Office of the Ombudsman	1,304,692	1,303,993	620	-	150
Legislative State Facilities Rent:					
Services	1,487,490	1,487,340	-	-	150
Commodities	3,992	3,992	-	-	-
Fiscal Year Adjustments	-	(215)	215	-	-
Total Legislative State Facilities Rent	1,491,482	1,491,117	215	-	150
Redistricting Board:					
Personal Services	500,000	202,188	-	297,812	-
Travel	9,675	9,675	-	-	-
Services	1,982,337	132,413	32,640	1,817,284	-
Commodities	7,988	7,988	-	-	-
Total Redistricting Board	2,500,000	352,264	32,640	2,115,096	-
Total Legislative Council	23,600,058	21,586,499	(114,396)	2,115,096	27,908

(continued)

See accompanying notes to schedules.

ALASKA STATE LEGISLATURE
(A Department within the State of Alaska General Fund)
Schedule of Appropriations, Expenditures and Encumbrances (continued)
Year Ended June 30, 2021

	Appropriations	Expenditures	Encumbrances	Unencumbered Balance	
				Continuing	Lapsed
Legislative Operating Budget:					
Legislators' Salaries and Allowances:					
Personal Services	4,994,594	4,994,594	-	-	-
Travel	2,513,232	2,513,232	-	-	-
Services	379,913	379,663	-	-	250
Commodities	141,309	141,309	-	-	-
Fiscal Year Adjustments	-	(1,240)	1,240	-	-
Total Legislators' Salaries and Allowances	8,029,048	8,027,558	1,240	-	250
Legislative Operating Budget:					
Personal Services	8,183,453	8,183,453	-	-	-
Travel	16,666	16,666	-	-	-
Services	365,477	364,978	-	-	499
Commodities	33,271	33,271	-	-	-
Fiscal Year Adjustments	-	(671)	603	-	-
Total Legislative Operating Budget	8,598,867	8,597,697	603	-	499
Session Expenses:					
Personal Services	9,251,170	9,251,170	-	-	-
Travel	948,306	948,306	-	-	-
Services	542,691	532,540	-	-	10,151
Commodities	284,985	282,824	1,995	-	166
Fiscal Year Adjustments	-	(3,258)	3,222	-	-
Total Session Expenses	11,027,152	11,011,582	5,217	-	10,317
Total Legislative Operating Budget	27,655,067	27,636,837	7,060	-	11,066
Total Operating	63,817,621	61,506,314	(82,663)	2,115,096	292,475
Total Fiscal Year Adjustments	-	168,223	(154,622)	-	-
Capital Improvements	17,867,425	2,054,130	1,407,853	14,405,442	-
Total Less Fiscal Year Adjustments	<u>\$ 81,685,046</u>	<u>63,392,221</u>	<u>\$ 1,479,812</u>	<u>\$ 16,520,538</u>	<u>\$ 292,475</u>
Current Year Expenditures Against Prior Year Encumbrances		156,312			
Total		<u>\$ 63,548,533</u>			

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, 2021

	Appropriated Revenues	Actual Revenues
Unrestricted Revenues:		
Prior Year Recovery	\$ -	\$ 8,131
Miscellaneous	-	20,712
Total Unrestricted Revenues	-	28,843
Restricted Revenues:		
Federal Compliance Audit	1,000,000	750,000
West Benson Building Rent	251,300	258,108
Lounge	70,000	120,690
Print Shop	45,000	19,503
Teleconferences	10,000	8,788
Statute Handling Charges	32,600	22,449
Subscriptions	4,000	1,630
Press Message Center	2,400	1,925
Total Restricted Revenues	1,415,300	1,183,093
Total Revenues	\$ 1,415,300	\$ 1,211,936

See accompanying notes to schedules.

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

Notes to the Schedules

Year Ended June 30, 2021

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.

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 2021 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.

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,

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

Notes to the Schedules

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. Fiscal year adjustments, as presented in the Schedule of Appropriations, Expenditures and Encumbrances, represent current fiscal year expenditures based on when the liability was incurred, but pertain to either prior year or subsequent year appropriations.

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.

This space is intentionally left blank.

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

Notes to the Schedules

NOTE 2 – LEASES

The Legislature leases certain office space under various lease agreements. These leases expire in various years through 2025. 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, 2021:

	Office
2022	\$ 1,474,926
2023	955,897
2024	787,551
2025	685,750
2026	634,759
Total minimum lease	<u>\$ 4,538,883</u>

Rental expenditures related to all leases for office space totaled \$1,507,563 in 2021.

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.

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

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% (4.47% for pension and 2.28% for healthcare) of their annual covered salary.

AS 39.35.255 established a statutory employer contribution rate of 22%. Out of the 22%, 14.57% funded pension benefits and 7.43% 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 2021 contribution rate of 30.85%. The Legislature is legally responsible only for the payments of up to 22% of covered payroll. Total contributions for pensions and OPEB were \$1,817,374 and \$926,773 in 2021, 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 2021.

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, 2021, were 22% of annual covered payroll. This rate consisted of 5% pension, 0.31% occupational death and disability, 1.27% retiree medical, and 6.58% 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 \$844,700, \$813,620, and \$2,059,294, respectively, for the year ended June 30, 2021. The Legislative PERS Tier IV employees made pension contributions of \$1,675,928 during fiscal year 2021.

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
(A Department within the State of Alaska General Fund)

Notes to 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.