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COMMITTEE REPORT

HOUSE

(7)

FURTHER: FINANCE

1/9/84

Date: 1-27-84

Mr. Speaker:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had HB 467

"An Act making special appropriations to the University of Alaska working capital reserve fund and to the University of Alaska to pay obligations from past fiscal years; and providing for an effective date."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title
- and recommends \_\_\_\_\_  new title
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Max Tischer

Kirk Uehly

Terry Martin

Mike Davis

Steve E. Johnson

John Doe

Mike Hill

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Max Tischer  
CHAIRMAN

Alaska State Legislature

REPRESENTATIVE  
**TERRY MARTIN**  
DISTRICT 8  
CHAIRMAN—LABOR AND COMMERCE COMMITTEE  
PHONE 465-3873



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MEMORANDUM

To: House HESS Committee  
From: Representative Terry Martin *T.M.*  
Date: January 24, 1984  
Subject: HB 467

"An Act making special appropriations to the University of Alaska working capital reserve fund and to the University of Alaska to pay obligations from past fiscal years; and providing for an effective date."

This bill will clear up a discrepancy on the University's books resulting from under-appropriations to the working capital reserve fund in the fiscal years 1977 and 1979. I will quote from a letter I received from Dr. Sherman Carter dated October 26, 1983, which explains what the bill will accomplish:

Pent, Marwick, Mitchell & Co., the university's external auditors, have recommended that the university propose a bill designed to improve the university's financial position as reflected in its financial statements. The recommendation is being included in the auditor's annual management letter to the Board of Regents. (NOTE: Dr. Carter is expected to bring a copy of this letter with him to the HESS hearing.--T.M.) The management letter has not yet been formally issued, but the auditors have discussed the recommendation and shown me a draft of it....

In FY77 and again in FY79, the university incurred deficits. In all other years, the university has lapsed funds back to the state. The deficits in FY77 and FY79 resulted from the university then not being able to control its finances. Since that time, the university installed a new financial accounting system and did regain control of its finances.

The deficits incurred in the late '79s (\$3,767,040 for FY77 and \$32,714 for FY79) continue to be reflected as a negative fund balance in the university's audited financial statements. The notes to the financial statements also have a comment that the accumulated deficits are included in the

Alaska State Legislature  
House of Representatives



Official Business

Al Adams  
Chairman  
Committee on Finance

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MEMORANDUM

TO: Terry Martin  
Chairman  
University of Alaska Budget Subcommittee  
House Finance Committee

FROM: Elmer A. Lindstrom  
Professional Aide  
House Finance Committee

DATE: November 4, 1983

SUBJ: University of Alaska Bill drafts 13-1543 and 13-1587

Enclosed are the two bill drafts you requested. The following is a sectional analysis of each bill.

" An Act relating to appropriations to and fiscal procedures of the University of Alaska; and providing for an effective date."

Section 1. This section allows the University of Alaska to invest general funds and federal funds in addition to other funds.

Section 2. This section allows the University to place income derived from the investments allowed under AS 14.40.250 (see section 1 above) into the Working Capital Reserve Fund without an appropriation to the fund by the legislature. This conforms with the current practice of the University although in the opinion of legislative counsel it does raise the question of a dedicated fund (see attached memo from Keith Levy, Legislative Counsel).

Section 3. This section allows the University to make transfers between objects of expenditures, e.g., personal services, travel, etc., and transfers between allocations without the approval of the Office of Management & Budget. This is similar to the legislative intent contained in the FY 84 General Appropriations Act.

Section 4. This section allows the University to receive and expend additional federal or program receipts during the course of a fiscal year without the approval of the Office of Management & Budget and the Legislative Budget & Audit Committee. This is similar to the legislative intent contained in the FY 84 General Appropriations Act.

Section 5. This section allows the University to carry forward all non-general funds and those general funds designated by the legislature for "organized research" from one fiscal year to another.

"An Act making special appropriations to the University of Alaska working capital reserve fund and to the University of Alaska to pay obligations from past fiscal years; and providing for an effective date."

Section 1. At the present time AS 14.40.296 states that the Working Capital Reserve Fund consists of money appropriated by the legislature. To date the legislature has appropriated \$5,000,000 to the fund. The fund balance, however, is \$7,564,522. The difference consists of investment income deposited in the fund without a legislative appropriation. This section appropriates the interest income to the fund.

Section 2. This section appropriates \$3,799,754 from the Working Capital Reserve Fund to the University in order to remove from the University's books the liability that exists from over expenditures in FY 77 and FY 79.