



Title: Calculation of Lapse of State Appropriation

General:

Lapse, as described in Alaska Statute 37.25.010, is the unexpended balance of a one-year appropriation. The lapse of state appropriation is calculated on unrestricted current funds based upon the allocations established by the State Legislature. All current unrestricted funds are subject to lapsing with the exception of the auxiliary components. Each major administrative unit (MAU) should be aware of the distinct allocations in existence for that MAU. Unrestricted cost-reimbursable contracts, if properly accounted for, are not affected by the lapse calculation since revenue is equal to expenditure.

Lapse is calculated utilizing the balances reflected in the Total Reportable column in the "S" series of Banner reports (i.e., FBR2SB4) and the following rules. Any exception to the rules creates a potential lapse.

1. For the revenue relating to an allocation:
 - A. Actual revenue by individual revenue source may not exceed budgeted revenue.
 - B. Total reportable expenditures must exceed actual state general fund revenue.
 - C. Revenue sources include:
 - General fund (GF)
 - GF Match
 - GF Mental Health
 - Federal receipts
 - Intra-agency receipts
 - Interest income
 - Auxiliary receipts
 - Science & Technology funds
 - Tuition and fees
 - Indirect cost recovery
 - University receipts
 - CIP receipts
2. For expenditures relating to an allocation:
 - A. Current year authorization
 1. Total budgeted expenditures must equal total budgeted revenues.
 2. Total actual expenditures plus reportable commitments may not exceed total actual revenue.
 3. Total personal service expenditures may not exceed total budgeted personal services.



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- B. Prior year authorization (encumbrance carryforward):
1. Budget minus expenditures and reportable encumbrances should result in a zero available balance.
 2. Any orders cancelled after the fiscal year end or finalized at amounts less than the prior year encumbrance balance are automatically moved to a lapse account via an automated process.

CAUTION: It is important that budget revisions are submitted timely so that excess revenues can be authorized to be expended if necessary. No standing authorization exists to automatically expend excess revenue.