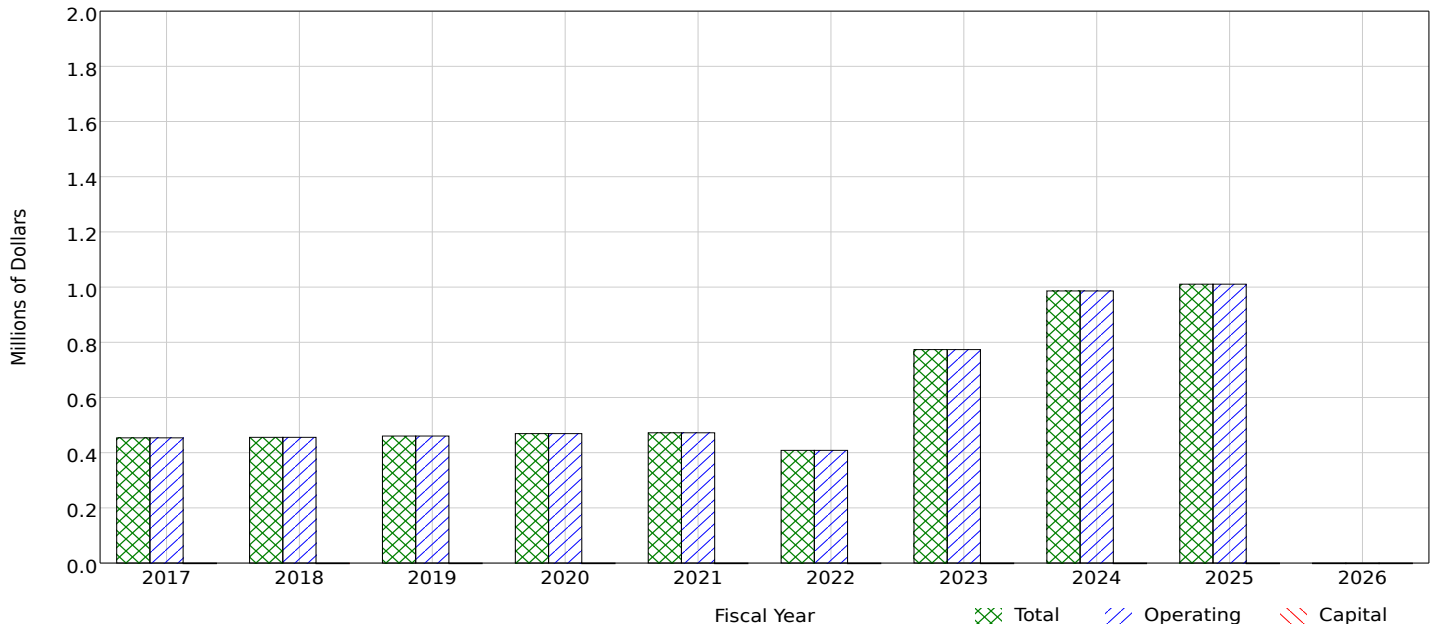


Fund Source Report

1231 DrinkAdmin Alaska Drinking Water Administrative Fund

Year Authorized 2015	Year Repealed	Active? Yes	Mental Health? No	Duplicated? No	Fund Group Other Designated
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Operating and Capital Appropriations



Legal Authority
AS 46.03.038

Source of Revenue

Fees paid by borrowers from the Drinking Water Fund plus interest on the balance of the income and operations accounts within the administrative fund.

Restrictions on Use

Money in the income account can be transferred (via appropriation) to the operating account. The operating account may be used by Department of Environmental Conservation for operational and administrative costs necessary to manage the Drinking Water Fund and the Drinking Water Administrative Fund and for other purposes permitted by federal law.

Description and History

December 2013

The drinking water administrative fund is composed of two accounts:

- 1) The income account consists of
 - fees paid by those who borrow from the Alaska drinking water fund (AS 46.03.038) and
 - earnings on the administrative fund. Money in the income account may be appropriated to the operating account.
- 2) The operating account may be used to pay for operational and administrative costs necessary to manage the drinking water fund and the drinking water administrative fund.

The Department of Environmental Conservation (DEC) has been collecting a 0.5% fee on all loans made from the drinking water fund since December 2000. These fees have not been appropriated to the drinking water administrative fund, and arguably do not need to be appropriated to the fund. An appropriation is required only to spend the fees collected (plus interest). The June 30, 2013 balance of the income account was \$3,584,831.

Beginning in FY15, the department will request an annual appropriation from the income account to the operating account, making money available to administer the drinking water program. Because these appropriations simply transfer money within the drinking water administrative fund, no transactions should be entered in the budget system.

Transactions appropriating money from the operating account to allocations in DEC should appear in section 1 of operating bills. By definition, any appropriation from the drinking water administrative fund comes from the operating account.

Fund Source Report

The administrative fund is separate from the drinking water fund, which requires no appropriation to make grants or loans from the fund. The drinking water administrative fund is classified as dedicated, on the grounds that federal law limits the use of money in the fund.