

Kenai Peninsula Borough

Finance

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members of the Kenai Peninsula Assembly

THRU: Charlie Pierce, Mayor *chi*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: July 26, 2018

SUBJECT: Ordinance 2017-19-27 To Record FY2018 Expenditures Paid by the State of Alaska Department of Administration, Division of Retirement & Benefits on behalf of the Kenai Peninsula Borough toward the Borough's Unfunded PERS Liability (Mayor)

As part of the 2017 legislative session, the Alaska legislators passed HB57 which appropriated funds to help defray the cost of increased employer contributions to the Public Employees' Retirement System (PERS) for fiscal year 2018. The purpose of this legislation was to contribute to the PERS system an amount estimated to be equal to the difference between the borough's budgeted PERS rate of 22 percent and the actuarially determined rate of 25.01 percent. Pursuant to the attached letter from the Division of Retirement and Benefits dated July 02, 2018, the amount contributed on the borough's behalf for FY2018 will be provided in late August 2018.

Generally Accepted Accounting Principles require that the borough record expenditures paid on their behalf. This ordinance also amends the budget to reflect these expenditures; there will be no impact to fund balances of any fund as revenues equal to the expenditures will also be recorded.

On July 2, 2018, we received notice that the Kenai Peninsula Borough will be receiving the FY2018 on-behalf PERS amount in late August of 2018. In order to expedite the appropriation process to complete the FY2018 year-end closing in a timely manner, the amounts have been left blank for introduction. We anticipate receiving the on-behalf amounts by August 15, 2018 and providing them to the assembly before the September 4, 2018 hearing.