

Kenai Peninsula Borough

Finance

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *CP*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: July 25, 2019

SUBJECT: Ordinance 2018-19-39, To Record FY2019 Expenditures of 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 2018 legislative session, the Alaska legislators passed HB286 which appropriated funds to help defray the cost of increased employer contributions to the Public Employees' Retirement System (PERS) for fiscal year 2019. 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 27.58 percent. Pursuant to the attached letter from the Division of Retirement and Benefits dated July 01, 2019, the amount contributed on the borough's behalf for FY2019 will be provided in early August 2019.

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 1, 2019, we received notice that the Kenai Peninsula Borough will be receiving the FY2019 on-behalf PERS amount in early August 2019. In order to expedite the appropriation process to complete the FY2019 year-end closing in a timely manner, the amounts have been left blank for introduction. We anticipate receiving the on-behalf amount by August 15, 2019.