

Kenai Peninsula Borough

Finance

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: June 27, 2024

SUBJECT: Ordinance 2023-19- 55 , Recording FY2024 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 2023 Alaska legislative session, the legislature passed, and the Governor signed, HB39 which appropriated funds to help defray the cost of increased employer contributions to the Public Employees' Retirement System (PERS) for fiscal year 2024. The purpose of this legislation was to contribute to the PERS system an amount estimated to be equal to the difference between municipalities' budgeted PERS rate of 22 percent and the actuarially determined rate of 25.10 percent. The amount contributed on the Borough's behalf for FY2024 is estimated to be \$690,000.00. However, the exact amount will not be known until notification is received in August.

Generally Accepted Accounting Principles ("GAAP") 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.

Upon receipt of an official notification of the amount(s) from the Division of Retirement & Benefits, an amendment memorandum will be provided to fill-in the amounts that are currently blank in the Ordinance.

Your consideration is appreciated.