

# Kenai Peninsula Borough

## Finance

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### MEMORANDUM

**TO:** Brent Hibbert, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Charlie Pierce, Mayor *CP*

**FROM:** Brandi Harbaugh, Finance Director *BH*

**DATE:** July 22, 2021

**SUBJECT:** Ordinance 2020-19-37, An Ordinance to Record FY2021 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)

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As part of the 2020 legislative session, the Alaska legislators passed HB205 which appropriated funds to help defray the cost of increased employer contributions to the Public Employees' Retirement System (PERS) for fiscal year 2021. 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 30.85 percent. Pursuant to the attached letter from the Division of Retirement and Benefits, the amount contributed on the borough's behalf for FY2021 will be provided in early-August 2021.

Generally, Accepted Accounting Principles require that the borough record expenditures paid on its 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.

In June 2021, we received notice that the Kenai Peninsula Borough will be receiving the FY2020 on-behalf PERS amount in early-August 2021. In order to expedite the appropriation process to complete the FY2021 year-end closing in a timely manner, the amounts have been left blank for introduction. We anticipate receiving the on-behalf amount by August 17, 2021.