



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members  
Keith Brady, Municipal Administrator

**From:** Jay Sweeney, Chief Finance and Administrative Officer

**Date:** January 15, 2019

**Subject:** FY2019 Supplemental Budget Ordinance For PERS On-Behalf Payments

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### Summary

The accompanying ordinance makes supplemental appropriations in FY2019 for payments made into the State of Alaska Professional Employee Retirement System (PERS) by the State of Alaska on behalf of the City and Borough of Sitka.

### Background and Discussion

The State of Alaska Legislature appropriated funds in the FY2019 State budget for payments made into PERS by the State of Alaska on behalf of various participating political subdivisions, including Sitka.

On-behalf payments are made directly into the PERS system by the State of Alaska. Physical funds are neither received nor disbursed by the Municipality. Government accounting principles, however, require that such on-behalf payments be recorded as revenues and expenditures of the local government. As expenditures recorded in accordance with government accounting principles are reported against appropriations within the annual Comprehensive Annual Financial Report (CAFR), appropriations may be exceeded by on-behalf payments, even though no direct expenditures are made.

The amount and consistency of on-behalf payments is not known at the start of a fiscal year. A pattern and history of payments is needed before the extent of on-behalf payments can be estimated in order to prepare a supplemental budget adjustment. In prior fiscal years, supplemental appropriations have been made retroactively once the full amount of on-behalf payments have been made for a year. Staff feels that it is more appropriate to make supplemental appropriations mid-year, once the amount of support can be reasonably estimated, then adjust the appropriations at the end of the fiscal year, if necessary.

A recent PERS on-behalf statement is attached.

**Fiscal Note:**

The effect of passing this ordinance will be to increase operating appropriations in FY19 by the following amounts in the following funds:

General Fund – operating budget - \$356,000  
Justice Assistance Grant Fund - \$6,000  
Electric Fund - \$150,000  
Water Fund - \$14,000  
Wastewater Fund – \$37,000  
Solid Waste Fund - \$6,000  
Harbor Fund - \$27,000  
MIS Fund - \$16,000  
Central Garage Fund - \$8,000  
Building Maintenance Fund - \$12,000

Forecasted revenues in each fund will also be increased in amounts matching the appropriations. As a result, this ordinance will have no effect on fund balances.

If passed, these new supplemental operating appropriations will lapse June 30, 2019.