How to Record the Late Payment of Contributions
To the
Public Employees’ Retirement Association (PERA)

Step 1. Record the liability in SHARE and (if applicable) your agency’s books.

If your agency has failed to make the required contributions to PERA for an employee, you should notify
PERA. PERA will calculate the amount owed and provide your agency with a worksheet showing the amount
due from your agency (for both the employer and employee share of the contributions plus interest). Using a
journal entry, your agency should record in SHARE the liability due to PERA as follows:

<table>
<thead>
<tr>
<th>Account</th>
<th>Dr.</th>
<th>Cr.</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>139900</td>
<td>X</td>
<td></td>
<td>Other Receivables (amount due from the employee)</td>
</tr>
<tr>
<td>521200</td>
<td></td>
<td>X</td>
<td>Employer's Share of Retirement Contribution –</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(current fiscal year amount)</td>
</tr>
<tr>
<td>547999</td>
<td>X</td>
<td></td>
<td>Employer's Share of Retirement Contribution –</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(prior fiscal year amount and/or interest – if applicable)</td>
</tr>
<tr>
<td>547900</td>
<td></td>
<td></td>
<td>Interest – Current Year only</td>
</tr>
<tr>
<td>292900</td>
<td></td>
<td>X</td>
<td>Other Liabilities (total amount due PERA)</td>
</tr>
</tbody>
</table>

Please note that the entire amount of interest expense is your agency’s responsibility. None of it should be
charged to the employee. The entire amount of contributions, (employer and employee share) are also the
liability of your agency.

If the employee is a current employee of your agency, you should enter into a salary reduction agreement
whereby the employee voluntarily agrees to a reduction in salary over a period, not to exceed twelve months,
unless written permission for a longer period is obtained from the Director of the Financial Control Division, to
payback the amount of contributions the employee owes.

If the employee is no longer employed by the State or is retired from the State, your agency must enter into a
written agreement to pay back the amount of contributions the employees owes, the term of the agreement shall
not exceed twelve months, unless written permission for a longer period is obtained from the Director of the
Financial Control Division.

Your agency must collect from the employee the employee’s share of contributions. Therefore, if the non-
current employee does not voluntarily agree in writing to pay his or her share of the contributions, or the current
employee does not agree to a voluntary salary reduction, your agency is required to seek a declaratory judgment
that such amounts are owed by the employee and to use the garnishment process to enforce the judgment.

Step 2. Prepare the payment voucher or operating transfer in SHARE.

Prepare a payment voucher or operating transfer to the order of PERA. The amount should equal the amount of
Other Liabilities (see Step 1) and should be coded to account 292900.

   Step 2A. If any contributions should have been made in a prior fiscal year, prepare a request to pay
   prior year bills for the amount of the employer’s share and interest (related to prior years) and then
   obtain Financial Control Division’s approval.

Step 3. Submit the payment voucher or operating transfer along with an approved copy of the journal entry to
the Financial Control Division for processing.

Step 4. As they are received, deposit payments received from the employee and record the payments in SHARE
crediting account code 139900 (Other Receivables).