

AMENDED IN ASSEMBLY APRIL 27, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1766**

**Introduced by Assembly Member Takasugi**

February 5, 1998

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An act to amend Section 31521 of, to add Section 31564.2 to, and to repeal and add Sections 31522 and 31593 of, the Government Code, relating to county employee retirement systems.

LEGISLATIVE COUNSEL'S DIGEST

AB 1766, as amended, Takasugi. County employee retirement systems: administration.

(1) The County Employee Retirement Law of 1937 provides that the board of supervisors may provide that board of investment members receive compensation for not more than 3 meetings per month.

This bill would authorize the board of supervisors to increase that to 5 meetings per month.

(2) Existing law provides that the necessary work of administration by retirement board members is part of their official duties and shall be performed without additional compensation.

This bill instead would provide that elected board members who are county or district employees shall have their retirement board duties included as part of their county or district employment and that their board duties shall normally take precedence over any other duties.

(3) Existing law requires the county auditor to annually audit the retirement system accounts.

The bill ~~instead~~ would ~~require~~ *authorize* the retirement board to retain a certified public accountant to perform ~~an~~ *the* annual audit, authorize the board to select the county auditor to perform the annual audit, and authorize the county auditor to audit the retirement system at the request of the board of supervisors.

(4) Existing law authorizes district governing bodies to withdraw district employees from county retirement systems and prescribes the disposition of funds.

This bill would provide for the determination of district liabilities upon termination of participation.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 31521 of the Government Code  
2 is amended to read:

3 31521. The board of supervisors may provide that the  
4 fourth and fifth members, and in counties having a board  
5 consisting of nine members, the fourth, fifth, sixth, eighth,  
6 and ninth members, and in counties having a board of  
7 investments under Section 31520.2, the fifth, sixth,  
8 seventh, eighth, and ninth members of the board of  
9 investment, shall receive compensation at a rate of not  
10 more than one hundred dollars (\$100) a meeting or  
11 meeting of a committee authorized by the entire board,  
12 for not more than five meetings per month, together with  
13 actual and necessary expenses for all members of the  
14 board.

15 SEC. 2. Section 31522 of the Government Code is  
16 repealed.

17 SEC. 3. Section 31522 is added to the Government  
18 Code, to read:

19 31522. The official duties of elected board members  
20 who are employees of the county or a district shall be  
21 included as part of their county or district employment  
22 and their board duties shall normally take precedence



1 over any other duties. The elected board members who  
2 are county or district employees shall not receive any  
3 additional compensation by virtue of their election to the  
4 board.

5 SEC. 4. Section 31564.2 is added to the Government  
6 Code, to read:

7 31564.2. (a) If a district's participation in the  
8 retirement system is terminated pursuant to the  
9 provisions of Section 31564, the district shall remain liable  
10 to the retirement system for the district's share of any  
11 unfunded actuarial liability of the system which is  
12 attributable to the officers and employees of the district  
13 who either have retired or will retire under the  
14 retirement system.

15 (b) Unless otherwise developed by an actuarial source  
16 and approved by the board of retirement, the amount of  
17 the district's liability shall be the unfunded actuarial  
18 liability of the entire system, computed as described  
19 below, multiplied by a fraction:

20 (1) The numerator of which is the total amount  
21 required to be contributed to the plan by the  
22 withdrawing district for the last five years ending prior to  
23 the withdrawal date.

24 (2) The denominator of which is the total amount  
25 required to be contributed to the plan by all participating  
26 employers for the last five years.

27 The plan's total unfunded actuarial liability for this  
28 purpose shall be calculated *as on the basis* of the actuarial  
29 assumptions used in the plan's most recent actuarial  
30 valuation, except that all district members shall be  
31 assumed to terminate as of the date of withdrawal.

32 (c) The district's liability shall be paid in accordance  
33 with a schedule determined by the retirement board over  
34 a period no longer than the period over which the plan's  
35 remaining unfunded actuarial liability is being  
36 amortized.

37 (d) The funding of the retirement benefits for the  
38 employees of a withdrawing agency is solely the  
39 responsibility of the withdrawing agency or the board of  
40 supervisors. Notwithstanding any other provision of law,



1 no contracting agency shall fail or refuse to pay the  
2 employer's contribution required by this chapter or to  
3 pay the employer's contribution required by this chapter  
4 within the applicable time limitations. In dealing with a  
5 withdrawing district, the board of retirement shall take  
6 whatever action needed to ensure the actuarial  
7 soundness of the retirement system.

8 (e) The Legislature finds and declares that this section  
9 is declaratory of existing law, to the extent this section  
10 provides that upon withdrawal from the retirement  
11 system, a district shall remain liable for its share of the  
12 unfunded actuarial liability of the system. This section is  
13 intended to define the method of calculating the district's  
14 share of that unfunded actuarial liability.

15 SEC. 5. Section 31593 of the Government Code is  
16 repealed.

17 SEC. 6. Section 31593 is added to the Government  
18 Code, to read:

19 31593. The retirement board shall *conduct an audit of*  
20 *the retirement system at least once every 12 months and*  
21 *report upon its financial condition. The retirement board*  
22 *may retain the services of a certified public accountant to*  
23 ~~perform an audit of the retirement system on an annual~~  
24 ~~basis. That audit shall be the annual audit. That audit shall~~  
25 *be performed in accordance with generally accepted*  
26 *auditing standards. The cost of the audit shall be*  
27 *considered a cost of the administration of the retirement*  
28 *system. The audit report shall address the financial*  
29 *condition of the retirement system, internal accounting*  
30 *controls, and compliance with applicable laws and*  
31 *regulations. A copy of the audit report shall be filed with*  
32 *the board of supervisors.*

33 Nothing in this section shall preclude the retirement  
34 board from selecting the county auditor to perform the  
35 annual audit, and if so done, the cost of that audit shall be  
36 considered a cost of the administration of the retirement  
37 system.

38 At the request of the county board of supervisors, the  
39 county auditor may audit the accounts of the retirement



1 system. The expense of that audit shall not be a cost  
2 chargeable by the county to the retirement system.

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