

Assembly Bill No. 1766

CHAPTER 109

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.

[Approved by Governor July 3, 1998. Filed with
Secretary of State July 6, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1766, 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 would authorize the retirement board to retain a certified public accountant to perform 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.

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

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



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

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 Section 31522 of the Government Code is repealed.

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

31522. The official duties of elected board members who are employees of the county or a district shall be included as part of their county or district employment and their board duties shall normally take precedence over any other duties. The elected board members who are county or district employees shall not receive any additional compensation by virtue of their election to the board.

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

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

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

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

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

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

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

(d) The funding of the retirement benefits for the employees of a withdrawing agency is solely the responsibility of the withdrawing agency or the board of supervisors. Notwithstanding any other



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

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

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

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

31593. The retirement board shall conduct an audit of the retirement system at least once every 12 months and report upon its financial condition. The retirement board may retain the services of a certified public accountant to perform the annual audit. That audit shall be performed in accordance with generally accepted auditing standards. The cost of the audit shall be considered a cost of the administration of the retirement system. The audit report shall address the financial condition of the retirement system, internal accounting controls, and compliance with applicable laws and regulations. A copy of the audit report shall be filed with the board of supervisors.

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

At the request of the county board of supervisors, the county auditor may audit the accounts of the retirement system. The expense of that audit shall not be a cost chargeable by the county to the retirement system.

