



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 12

MEETING DATE: June 17, 2020

SUBJECT: Sacramento County 2020-21 Contribution Prepayment

SUBMITTED FOR: ___ Consent X **Deliberation and Action** ___ **Receive and File**

RECOMMENDATION

Staff recommends the Board approve Sacramento County's intent to prepay the 2020-21 employer contribution. The total prepayment amount will be remitted by the County on July 24, 2020.

PURPOSE

This item supports the 2019-20 Strategic Management Plan by maintaining transparent communications to stakeholders and demonstrating fiscal responsibility and stewardship.

DISCUSSION

Government Code Section 31582 permits employers to prepay their contributions to SCERS in a lump sum. The County has elected to prepay its employer contributions for the past several years and the Board has approved of this election. The County intends to continue with the employer contribution prepayment for the 2020-21 fiscal year.

Historically, this agenda item has been included in the July Board meeting as a consent item, which included final reconciliation of the previous fiscal year prepayment amount. Given there will not be a July Board meeting this year, Staff elected to include this item in the June Board agenda.

The County employer contribution prepayment for 2020-21 will be determined by Segal based on the 2020-21 projected payroll to be provided by the County. As part of this process, Staff will also prepare a final reconciliation of the County employer contribution prepayment for 2019-20 based on actual payroll information and will true-up the required employer contribution for the fiscal year ending June 30, 2020. Consistent with the prior years, the final reconciliation will include an offset of replacement benefit plan payments made by the County in calendar year 2019. The replacement benefit plan was established by the County to pay benefits above the annual benefit payment limit set by the Internal Revenue Service.

ATTACHMENT

- Letter from Department of Finance dated June 5, 2020

Prepared by:

/S/

Debbie Chan
Senior Accounting Manager

Reviewed by:

/S/

Eric Stern
Chief Executive Officer

Department of Finance

Ben Lamera
Director



County of Sacramento

Divisions

Administration
Auditor-Controller
Consolidated Utilities Billing & Service
Investments
Tax Collection & Business Licensing
Treasury

June 5, 2020

Board of Retirement
Sacramento County Employees'
Retirement System
980 Ninth Street, 19th Floor
Sacramento, CA 95812

Dear Board Members:

The County of Sacramento (County) elects to prepay its employer contributions Normal and Unfunded Actuarial Accrued Liability contributions (UAAL) to the Sacramento County Employees' Retirement System (SCERS) for Fiscal Year 2020-21. The employer contribution prepayment for Fiscal Year 2020-21 will be based on the Fiscal Year 2020-21 projected payroll that the County will provide to your actuary, Segal Consulting.

To determine the total payment to be paid to SCERS on July 24, 2020, SCERS staff will prepare a final reconciliation of the County's employer contribution prepayment for Fiscal Year 2019-20 based on actual payroll information. In addition, the final reconciliation will include an offset of replacement benefit plan payments made by the County in calendar year 2019 pursuant to the Memorandum of Understanding approved by your Board with Resolution No. 2006-13.

We will provide the County Fiscal Year 2019-20 Final Contribution Prepayment reconciliation for the detailed calculation prior to the remittance on July 24, 2020.

If you have any further questions regarding the accounting for the estimated or required normal retirement contributions, please contact Ross McCarthy at (916) 874-6299.

Sincerely,

A handwritten signature in blue ink that reads "Ben Lamera".

Ben Lamera
Director of Finance

Attachments

cc: Eric Stern, Chief Executive Officer, SCERS
David Villanueva, Deputy County Executive, County of Sacramento
Britt Ferguson, Chief Fiscal Officer, County of Sacramento