



San Bernardino County

Legislation Text

File #: 2471, Agenda Item #: 26

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

June 23, 2020

FROM

ENSEN MASON, Auditor-Controller/Treasurer/Tax Collector

SUBJECT

Annual Employer Retirement Contribution Advance Payment

RECOMMENDATION(S)

Authorize the San Bernardino County Auditor-Controller/Treasurer/Tax Collector to make an advance payment of \$144,911,070 to the Board of Retirement within 30 days after the commencement of the fiscal year for half of the San Bernardino County's estimated annual retirement contribution for 2020-21.

(Presenter: Tori Roberts, Assistant Auditor-Controller/Treasurer/Tax Collector, 382-7005)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

The County is electing to make an advance payment of half of its estimated annual retirement contribution. Half of the estimated County General Fund retirement contribution for 2020-21 is \$149,693,300, discounted by \$4,782,230 (for a simple interest discount rate of 2.64%, after reduction for the foregone estimated treasury earning of \$827,682) for the prepayment amount of \$144,911,070.

BACKGROUND INFORMATION

Government Code Section 31582(b), allows the County of San Bernardino (County) to make an advance payment of all or part of the County's estimated annual retirement contribution, provided that the payment is paid within 30 days after the commencement of the County's fiscal year. The County has taken advantage of this advance payment option in the past, prepaying the General Fund contribution to the Board of Retirement (BOR) for the entire fiscal year. The prepaid amount is discounted by the BOR, resulting in savings to the General Fund.

The County has calculated a discount of \$4,782,230 to the General Fund for fiscal year 2020-21. The Auditor-Controller/Treasurer/Tax Collector and the County Administrative Office analyzed the financial impact of prepaying the retirement contribution, and have determined that the County will benefit from the transaction.

The estimated retirement contribution of \$149,693,300 and related discount amount of \$4,782,230 are estimates and may change. Any benefit or loss realized by the BOR as a result of the retirement advance

payment will be incorporated into San Bernardino County's employer's contribution rates, thus ultimately accruing to the County.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by San Bernardino County Employees' Retirement Association (Debby Cherney, Chief Executive Officer; Barbara Hannah, Chief Counsel; and Amy McInerney, Chief Financial Officer; 885-7980) on June 9, 2020; County Counsel (Robert F. Messinger, Principal Assistant County Counsel, 387-8979) on June 8, 2020; and County Finance and Administration (Amanda Trussell, Principal Administrative Analyst, 387-4773; and Matthew Erickson, County Chief Financial Officer, 387-5423) on June 10, 2020.