



Consent

Agenda Item 5e

February 19, 2014

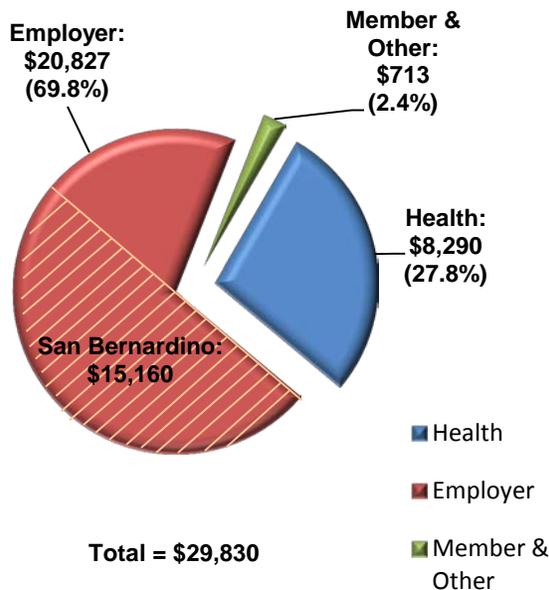
ITEM NAME: Semi-Annual Accounts Receivable Analysis Report

PROGRAM: Financial Office

ITEM TYPE: Consent Information

EXECUTIVE SUMMARY

FY 2013-14 Delinquencies by Category as of December 31, 2013 (in thousands)



Delinquent receivables are categorized into three main areas: Health, Employer, and Member & Other.

As of December 31, 2013, CalPERS delinquent receivables totaled \$29.8 million. This represents an increase of \$1.4 million (4.9%) from the total of \$28.4 million for the six months ending June 30, 2013¹. Approximately \$1.2 million of that increase relates to employer contributions.

CalPERS receives approximately \$868 million in payments monthly. The outstanding delinquencies for the second quarter of FY 2013-14 represent 3.4% of the monthly payments.

STRATEGIC PLAN

This agenda item supports Goal B of the 2012-2017 Strategic Plan, which is to cultivate a high-performing, risk-intelligent and innovative organization.

BACKGROUND

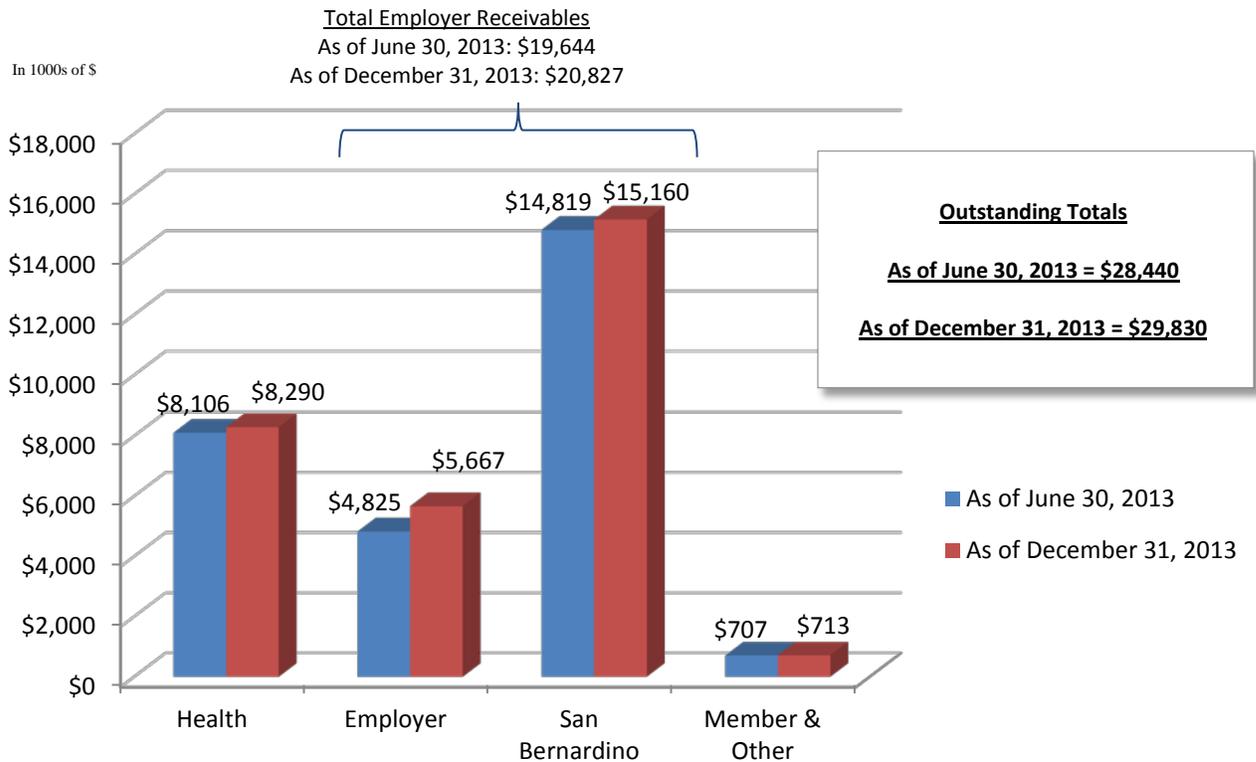
Receivables are considered to be delinquent when past due for 30 days from the end of the payroll period for the Health, Member, and Other category and 60 days for the Employer category. If a payment is late, the Financial Office initiates contact with the responsible party. If payment remains outstanding, delinquent notices are sent after 31, 61, and 91 days. If payment is delinquent more than 90 days, the account is transferred to the Legal Office to pursue all legal remedies.

¹ The reported balance for June 30, 2013, has been increased from \$25.5 million due to updated payroll information from San Bernardino.

Per the California Public Employees' Retirement Law, Section 565.2 (a), CalPERS may charge interest to employers if an employer fails to pay at least 90 percent of its contribution payments within 30 days of the due date. CalPERS implemented interest charges in this fiscal year and communicated this information to employers.

ANALYSIS

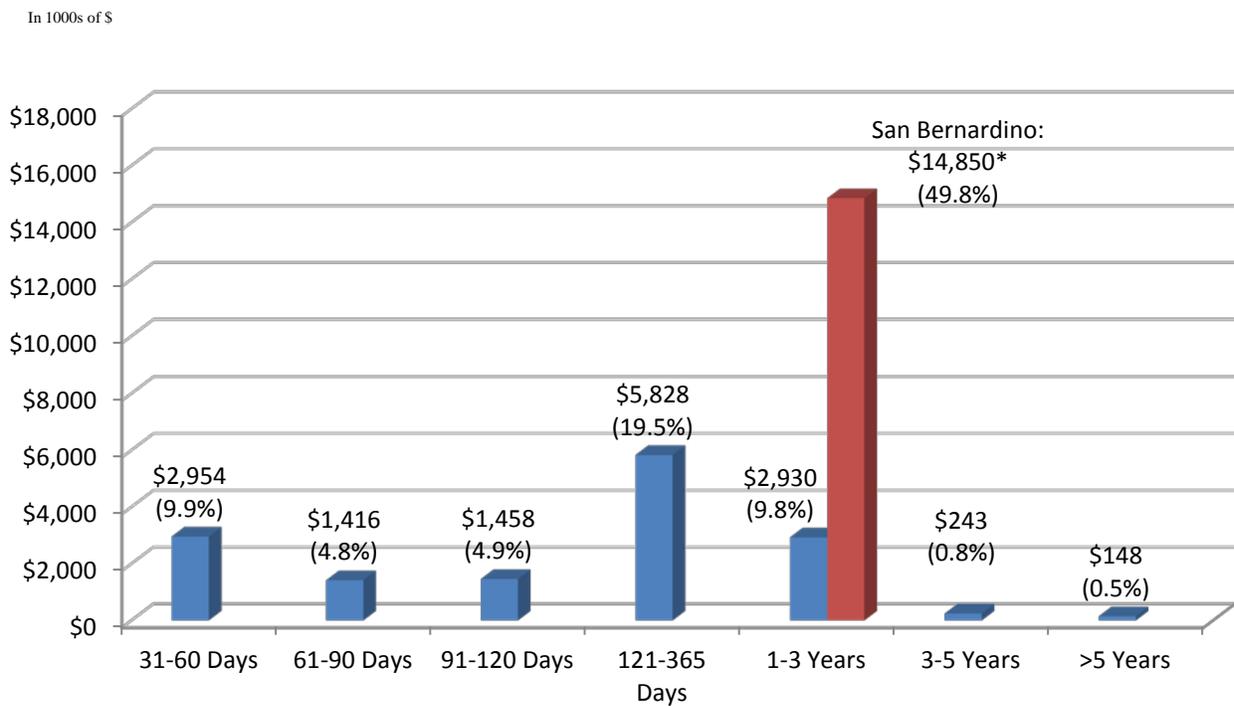
**Delinquency Values by Category: FY 2013-14
 (Percentage of Total)**



- Delinquent Health receivables total \$8.3 million, representing an increase of \$184,000 since June 30, 2013.
- Delinquent Employer receivables total \$20.8 million, representing an increase of \$1.2 million since June 30, 2013. While all other employer contribution receivables have decreased by \$911,000, the Public Agency Adjustment receivables, which result from late payroll reporting for new employees, have increased by \$1.8 million since the fourth quarter of FY 2012-2013. This increase in Public Agency Adjustment receivables was driven by the Public Agency audit findings and improved receivable data from my|CalPERS.

- The City of San Bernardino’s delinquency has continued to grow since the fourth quarter of FY 2012-2013, increasing approximately \$341,000. As of December 31, 2013, the total Employer delinquent receivables was \$20.8 million, of which the City of San Bernardino held \$15.1 million (72.6%).
- Delinquent Member and Other receivables total \$713,000, representing an increase of \$6,000 since June 30, 2013.

**FY 2013-14 Delinquencies by Age as at December 31, 2013
 (Percentage of Total)**



* San Bernardino currently holds \$14,850,000 of the \$17,780,000 (83.5%) in delinquencies for the 1 – 3 Years of age category. Their impact in other categories is minimal.

Approximately 39.1% of the delinquent receivables are between 31 days and one year past due, and approximately 59.6% are between one and three years past due. Receivables over three years of age constitute about 1.3% of the total receivable amount.

KRISTIN MONTGOMERY
 Controller

CHERYL EASON
 Chief Financial Officer