

FCERA Budget Proposal Fiscal Year 2007-08

Executive Summary

June 6, 2007

FCERA Administrative Budget

- **1937 Act defines Board obligations**
- **Board establishes FCERA goals and objectives to meet its obligations**
- **Staff estimates resources required to meet Board obligations**

Budget Goals for 2007-08

- **Complete final compensation project**
- **Continue member services improvements**
- **Decrease current backlog of prior public service and prior county service purchase requests**
- **Retain and develop talent through career tracks and merit recognition**
- **Initiate Strategic Planning Process for FCERA**
- **Keep up with new challenges created by dynamic retirement environment**

Presented Methodology to Budget Committee

(1)

(2)

$$\frac{\text{Projected 06-07}}{\text{Budget 06-07}} \times \frac{\text{Budget 07-08}}{\text{Projected 06-07}} = \frac{\text{Budget 07-08}}{\text{Budget 06-07}}$$

The diagram illustrates the methodology for calculating the Budget 07-08. It shows two fractions multiplied together. The first fraction is Projected 06-07 over Budget 06-07. The second fraction is Budget 07-08 over Projected 06-07. The Projected 06-07 terms cancel out, leaving Budget 07-08 over Budget 06-07. The final result is enclosed in a blue box.

Accounting for the Difference

Proposed Budget 2007-08 to Projected Budget 2006-07

<u>Category</u>	<u>Difference</u>		
FY 2007-08 Budget			\$3,834,954
<i>Salaries & Employee Benefits</i>			
Regular Wages	(174,665)		
Benefits	(142,642)		
Extra Help Wages	20,513		
Overtime Wages	10,243		
Total Salaries & Employee Benefits	(286,551)		
<i>Services & Supplies</i>			
Professional & Special Services	(3,875)		
Office Expense (includes Postage)	(42,603)		
PENSIONS System	(152,811)		
Liability Insurance	(16,153)		
ITSD Charges	(19,835)		
Fixed Assets	(8,241)		
Training and Travel (Board & Staff)	(27,356)		
Utilities	(2,363)		
Maintenance	(7,504)		
Other (Phones, Memberships, Board Stipend)	(2,994)		
Total Services & Supplies	(283,735)		
Total Difference			(570,286)
FY 2006-07 Projected			\$3,264,668

Salaries & Benefits

Projected 2006-07 to Budget 2007-08

	Projected FY 2006- 07	Budget FY 2007- 08	Difference	Percentage Change
Regular Wages	910,395	1,085,060	174,665	19.19%
Benefits	472,931	615,573	142,642	30.16%
Extra Help	205,862	185,349	(20,513)	-9.96%
Overtime	50,243	40,000	(10,243)	-20.39%
Total	1,639,431	1,925,982	286,551	17.48%

Regular Wages

Projected FY 2006-07	Proposed FY 2007-08	Difference
910,395	1,085,060	174,665

Delay in Filling Positions	73,563
Full year of Prior Wage Increases (reclassifications)	46,109
Step Increases, Promotions, Cost of Living Adjustments, and Bilingual Pay	31,596
Wage Adjustments - Retirement Coordinators	23,397
	<u>174,665</u>

Benefits

Projected 2006-07	Budget 2007-08	Difference
472,931	615,573	142,642

Retirement contribution increase due to reclassification of positions and repayment of Pension Obligation Bond	119,820
Increase in Group Health Insurance Rates	14,423
Increase in FICA and Unemployment Resulting From Increase in Extra Help	7,195
Changes in Workers' Compensation and Management Life Insurance	804
Increase in Employee Mileage	400
	<u>142,642</u>

Extra-Help Wages

Projected 2006-07	Budget 2007-08	Difference
205,862	185,349	(20,513)

Completion of Final Compensation Project	(27,548)
Salary Adjustment	5,259
Cost of Living (MOU Clause)	1,082
Backlog of Service Credit Purchases	694
	(20,513)

Overtime Wages

Projected 2006-07	Budget 2007-08	Difference
50,243	40,000	(10,243)

- **Completion of Final Compensation Project**
- **Reclassification of Retirement Supervisor to Exempt Position**
- **All positions filled with trained staff**

Services and Supplies

Projected 2006-07 to Budget 2007-08

	Projected FY 2006-07	Budget FY 2007-08	Difference	Percentage Change
PENSIONS System	206,225	359,036	152,811	74.10%
Office Expense (includes Postage)	54,094	96,697	42,603	78.76%
Training and Travel (Board & Staff)	25,904	53,260	27,356	105.61%
ITSD Charges	142,692	162,527	19,835	13.90%
Liability Insurance	161,529	177,682	16,153	10.00%
Fixed Assets	7,409	15,650	8,241	111.23%
Maintenance	27,132	34,636	7,504	27.66%
Professional & Special Services	951,268	955,143	3,875	0.41%
Other (Phones, Memberships, Board Stipend)	25,356	28,350	2,994	11.81%
Utilities	23,628	25,991	2,363	10.00%
Total	1,625,237	1,908,972	283,735	17.46%
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PENSIONS System

Projected FY 2006-07	Proposed FY 2007-08	Difference
206,225	359,036	152,811

Annual Maintenance	39,811
Contingency, Other (Unanticipated Changes)	18,000
Scheduled Changes to System (Bank Conversion, New Retirement Tier)	95,000
	<u>152,811</u>

Office Expense (Including Postage)

Projected FY 2006-07	7-086-07	Difference
54,094	96,697	42,603

Miscellaneous Bulk Mail Projects	29,090
Office Supplies (postage, printing, paper, ink cartridges)	10,704
Offsite Storage	1,188
Printing and Postage - Final Compensation	953
Overnight Mail Delivery	456
Elections	212
	42,603

Training and Travel (Board & Staff)

Projected FY 2006-07	Proposed FY 2007-08	Difference
25,904	53,260	27,356

- **Trustee and staff education-related travel**

Board	15,243
Staff	12,113
	27,356

ITSD

Projected FY 2006-07	Proposed FY 2007-08	Difference
142,692	162,527	19,835

- **Proposed costs are established by the County of Fresno Information Technology Services Department (ITSD)**

Liability Insurance

Projected FY 2006-07	Proposed FY 2007-08	Difference
161,529	177,682	16,153

Fiduciary Insurance	15,267
Liability Insurance	660
Property Insurance	226
	<u>16,153</u>

Fixed Assets

Projected FY 2006-07	Proposed FY 2007-08	Difference
7,409	15,650	8,241

Microfiche Reader/Printer	9,000
Microphones for Boardroom	(1,161)
Furnishings	527
Replacement Computers & Software	(125)
	<u>8,241</u>

Maintenance, Buildings & Grounds

Projected FY 2006-07	Proposed FY 2007-08	Difference
27,132	34,636	7,504

Security	6,497
Janitorial	366
Yard Service	340
Other	300
Pest Control	1
	7,504

Professional Services

Projected FY 2006-07	Proposed FY 2007-08	Difference
951,268	955,143	3,875

Board Governance (Policy)	(70,000)
Reed Smith - Administrative Legal Matters	(60,859)
Strategic Planning	50,000
Other (Contingency, etc)	50,000
Steeffel, Levitt & Weiss - Other Legal Matters	(40,782)
Reed Smith - Final Comp Litigation	(33,129)
Real Estate Professional	24,480
Quarterly Newsletter	22,500
County Counsel	21,931
Actuarial Services	14,000
Pension Disbursing Fees	10,574
Disability Application Processing	10,084
Board Member Elections	5,650
Steeffel, Levitt & Weiss - Final Comp Litigation	(4,176)
Disability Hearings	3,532
Personnel Services	432
Hanson Bridgett - Tax Issues	(362)

Professional Services

Description	Cost	Justification
Reed Smith - Administrative Legal Matters	250,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
Pension disbursing fees	116,316	To pay for the issuance of retiree benefits and Form 1099s as required by Government Code 31580.2
Disability retirement applicant expense	110,925	Projected expense based on previous experience
County Counsel	79,000	To seek professional advice on miscellaneous fiduciary and administrative issues
Actuarial Services	75,000	To seek professional advice on benefit-related items
Financial Audit	59,300	Cost of financial audit required by Government Code 31593
Strategic Planning	50,000	To provide trainign to the Board and develop a strategic plan
Reed Smith - Final Comp Litigation	50,000	To seek professional advice on litigating the Final Comp issue
Contingency	50,000	
Disability Retirement Hearings	38,849	Cost of hearing officer, transcriptionist, and legal representation
Quarterly Newsletter	30,000	To seek professional advice on communication effectively with members
Real Property Professional	25,000	To seek professional advice on the real estate holdings of
Board Member Elections	16,000	
Personnel Services	4,753	Assistance with hiring and setting salaries
Total	955,143	

Other

Projected FY 2006-07	Proposed FY 2007-08	Difference
25,356	28,350	2,994

Telephones	369
Board Stipend	2,500
Memberships	125
	2,994

Utilities

Projected FY 2006-07	Proposed FY 2007-08	Difference
23,628	25,991	2,363

PG&E	1,856
Water, Garbage	507
	<u>2,363</u>

Fresno County Employees' Retirement Association

Calculation of Estimated Maximum Administrative Budget

For Budget Year 2007-08

	Total Plan Assets
Assets per Audited Financial Statements for Fiscal Year Ended 6/30/06	\$ 3,003,158,000
Basis Points	G.C. \$31580.2 0.0018
Maximum Administrative Budget Amount Allowed	\$ 5,405,684
Proposed Salaries and Benefits	\$ 1,925,982
Proposed Services and Supplies	1,908,972
Total Proposed Budget	\$ 3,834,954
Amount Proposed Budget Blow Allowable Limit	\$ 1,570,730
Basis Points	0.001277