



**FCERA Budget
Proposal
Fiscal Year 2008-09**

Executive Summary

June 4, 2008 (Revised)



FCERA Administrative Budget

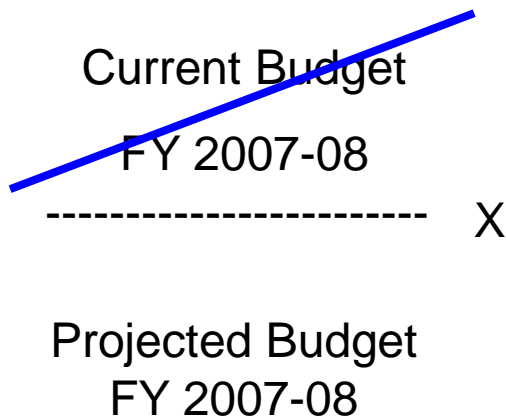
- **1937 Act defines Board obligations**
- **Board establishes FCERA goals and objectives to meet its obligations**
- **Staff estimates resources required to meet Board obligations**

Budget Goals for 2008-09

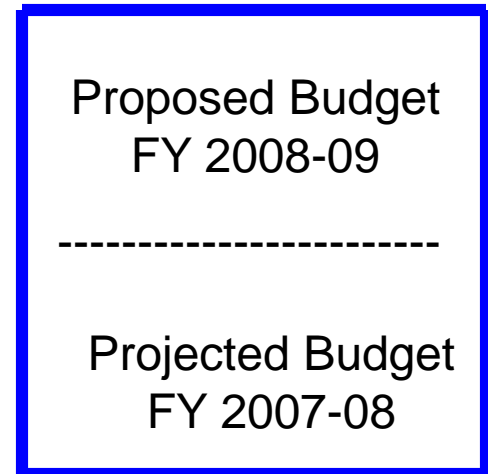
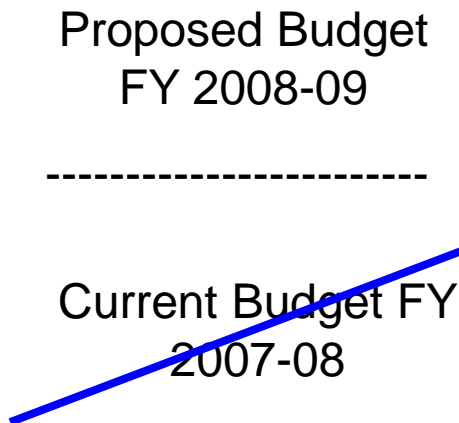
- **Establish framework for implementation of business projects that resulted from the Strategic Planning initiative**
- **Retain and develop talent through career tracks and merit recognition**
- **Decrease current backlog of prior public service and prior county service purchase requests**
- **Keep up with new challenges created by dynamic retirement environment**

Budget Presentation Methodology to the Board

(1)



(2)



Accounting for the Difference

Projected Budget 2007-08 to Proposed Budget 2008-09

<u>Category</u>			<u>Difference</u>
FY 2007-08 Projected Budget			\$3,518,867
<i>Salaries & Employee Benefits</i>			
Regular Wages	236,419		
Benefits	143,221		
Extra Help Wages	(28,331)		
Overtime Wages	(4,657)		
Total Salaries & Employee Benefits			346,652
<i>Services & Supplies</i>			
Fixed Assets	113,420		
Professional & Special Services	308,664		
PENSIONS System	(146,702)		
Liability Insurance	17,117		
Training and Travel (Board & Staff)	15,283		
General Operating Expense (includes Postage)	14,354		
Utilities	8,250		
Other (Phones, Memberships, Board Stipend)	6,359		
ITSD Charges	(5,311)		
Maintenance	2,380		
Total Services & Supplies			333,814
Total Difference			680,466
FY 2008-09 Proposed Budget			\$4,199,333

Salaries & Benefits

	Projected FY 2007-08	Proposed Budget FY 2008-09	Difference	% Change
Regular Wages	1,026,850	1,263,269	236,419	23.02%
Benefits	566,399	709,620	143,221	25.29%
Extra Help	164,665	136,334	(28,331)	-17.21%
Overtime	44,657	40,000	(4,657)	-10.43%
Total	1,802,571	2,149,223	346,652	19.23%

Regular Wages

Projected FY 2007-08	Proposed FY 2008-09	Difference
1,026,850	1,263,269	236,419

New Positions (Supervising Account Clerk, Retirement Coordinator Supervisor)	72,614
Step Increases, Promotions, Cost of Living Adjustments, and Bilingual Pay	67,052
Delay in Filling Positions (Account Clerks)	53,560
Wage adjustments - Retirement Coordinators	43,193
	236,419

Benefits

Projected FY 2007-08	Proposed FY 2008-09	Difference
566,399	709,620	143,221

Retirement Contribution increase due to increase in salaries and repayment of Pension Obligation Bond	76,386
Increase in Group Health Insurance Rates	59,856
Increase in FICA resulting from increase in salaries	19,986
Includes only current year charges for Workers' Compensation and Unemployment	(7,704)
Mileage reimbursement reclassified to services and supplies	(5,303)
	143,221

Extra-Help Wages

Projected FY 2007-08	Proposed FY 2008-09	Difference
164,665	136,334	(28,331)

Completion of Final Compensation and Unfunded Actuarial Accrued Liability Projects	(53,755)
Backlog of Service Credit Purchases	19,650
Wage Adjustment (Retirement Coordinators)	4,581
Cost of Living (MOU Clause)	1,193
	(28,331)

Overtime Wages

Projected FY 2007-08	Proposed FY 2008-09	Difference
44,657	40,000	(4,657)

- Completion of UAAL Project
- Timing on filling new and vacant positions

Methodology

<p>(1)</p> <p style="font-size: 1.5em;">\$ 1,925,982</p> <hr style="border-top: 1px dashed black;"/> <p style="font-size: 1.5em;">\$ 1,802,571</p>	<p>X</p>	<p>(2)</p> <p style="font-size: 1.5em;">\$ 2,149,223</p> <hr style="border-top: 1px dashed black;"/> <p style="font-size: 1.5em;">\$ 1,925,982</p>	<p>=</p>	<div style="border: 2px solid blue; padding: 10px;"> <p style="font-size: 1.5em;">\$ 2,149,223</p> <hr style="border-top: 1px dashed black;"/> <p style="font-size: 1.5em;">\$ 1,802,571</p> </div>
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A 19.2% increase from Prior Year
Projected Expenditures

Change YTY = {

- 68.2% Regular Wages Growth**
- 41.3% Benefits**
- 9.5% Overtime/Extra Help Wages**

Services & Supplies

Projected vs. Proposed

	Projected FY 2007-08	Proposed FY 2008-09	Difference	Percentage Change
Professional & Special Services	868,267	1,176,931	308,664	35.55%
PENSIONS System	299,450	152,748	(146,702)	-48.99%
Fixed Assets	12,180	125,600	113,420	931.20%
Liability Insurance	174,724	191,841	17,117	9.80%
Training and Travel (Board & Staff)	37,877	53,160	15,283	40.35%
Office Expense (includes Postage)	103,493	117,847	14,354	13.87%
Maintenance	28,119	36,369	8,250	29.34%
Other (Phones, Memberships, Board Stipend)	21,599	27,958	6,359	29.44%
ITSD Charges	146,796	141,485	(5,311)	-3.62%
Utilities	23,791	26,171	2,380	10.00%
Total	1,716,296	2,050,110	333,814	19.45%

Professional Services

Projected FY 2007-08	Proposed FY 2008-09	Difference
868,267	1,176,931	308,664

IT Roadmap and Assessment Project	200,000
Pension Disbursing Fees	(76,350)
Actuarial Services	(60,889)
Strategic Planning	(57,126)
Litigation Counsel - FCERA vs. Public Pension Professionals	55,000
Process Documentation Project	50,000
Disability Application Processing	48,270
Disability Hearings	38,849
Data Conversion Project (film and paper to digital)	37,000
Member Service Quality Measurement Project	25,000
Investment Professional Position Feasibility Project	25,000
County Counsel	20,412
Reed Smith - Other Legal Matters	9,545
Board Member Elections	(7,577)
Financial Audit	5,930
Reed Smith - Final Comp Litigation	(4,939)
Personnel Services	539
	308,664

Professional Services

Description	Cost	Justification
Reed Smith - Other Legal Matters	250,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
IT Roadmap and Assessment Project	200,000	To seek professional advice on the most efficient and effective IT infrastructure
Pension disbursing fees	120,000	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
Actuarial Services	90,000	To seek professional advice on benefit-related items
County Counsel	80,000	To seek professional advice on miscellaneous fiduciary and administrative issues
Litigation Counsel - FCERA vs. Public Pension Professionals	75,000	To pay the costs of litigating FCERA's claim against the prior actuary on the UAAL issue
Financial Audit	65,230	Cost of financial audit required by Government Code 31593
Process Documentation Process	50,000	Document high risk processes to improve efficiency and decrease errors
Disability Retirement Hearings	38,849	Cost of hearing officer, transcriptionist, and legal representation
Data Conversion Project (film and paper to digital)	37,000	To pay the cost to convert and index critical film and fiche into digital format
Member Service Quality Measurement Project	25,000	To seek professional advice on the development of objective and actionable benchmarking information for pension plans
Investment Professional Position Feasibility Project	25,000	To determine the feasibility of establishing an internal investment position to provide enhanced oversight of FCERA's investment function, consultant and managers
Personnel Services	5,927	Assistance with hiring and setting salaries
Board Member Elections	4,000	
Total	1,176,931	

PENSIONS System

Projected FY 2007-08	Proposed FY 2008-09	Difference
299,450	152,748	(146,702)

Scheduled Changes to System (Bank Conversion, New Retirement Tier)	(219,450)
Contingency, Other (Unanticipated Changes)	40,000
Annual Maintenance	32,748
	<u>(146,702)</u>

Fixed Assets

Projected FY 2007-08	Proposed FY 2008-09	Difference
12,180	125,600	113,420

New Accounting System and Associated Hardware		100,000
Furnishings		10,000
Microfiche Reader/Printer		(7,800)
New Computers and Software (4)		5,700
Image Capture System and Portable Overhead Projector		4,000
Replacement Computers and Software (4)		1,942
Microphones for Boardroom		(422)
		113,420

Liability Insurance

Projected FY 2007-08	Proposed FY 2008-09	Difference
174,724	191,841	17,117

Fiduciary Insurance	16,762
Liability Insurance	328
Property Insurance	27
	<u>17,117</u>

Training & Travel (Board & Staff)

Projected FY 2007-08	Proposed FY 2008-09	Difference
37,877	53,160	15,283

Board	11,990
Staff	3,293
	15,283

- **Trustee and staff education and travel**

General Operating Expense

Projected FY 2007-08	Proposed FY 2008-09	Difference
103,493	117,847	14,354

Miscellaneous Bulk Mail Projects	34,392
UAAL Notices	(17,797)
Final Comp Letters	(5,507)
Office Supplies (postage, printing, paper, ink cartridges)	2,783
Copies, Subscriptions, Miscellaneous Items	(1,577)
Board of Retirement Election Notices	1,500
Overnight Mail Delivery	402
Offsite Storage	158
	<u>14,354</u>

Maintenance, Buildings & Grounds

Projected FY 2007-08	Proposed FY 2008-09	Difference
28,119	36,369	8,250

Security	7,524
Other	637
Yard Service	340
Janitorial	(281)
Pest Control	30
	8,250

Other

Projected FY 2007-08	Proposed FY 2008-09	Difference
21,599	27,958	6,359

Board Stipend	6,000
Telephones	359
	<u>6,359</u>

ITSD

Projected FY 2007-08	Proposed FY 2008-09	Difference
146,796	141,485	(5,311)

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

Utilities

Projected FY 2007-08	Proposed FY 2008-09	Difference
23,791	26,171	2,380

Water, Garbage	1,825
PG&E	555
	<u>2,380</u>

Methodology

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A 19.5% increase from Prior Year
Projected Expenses

Change YTY = {

- 34.0% *Fixed Assets*
- 92.5% *Professional Expenses*
- 44.0% *Pensions (Watson Wyatt)*
- 17.5% *Other Expenses*

Fresno County Employees' Retirement Association

Calculation of Estimated Maximum Administrative Budget

For Budget Year 2008-09

	Total Plan Assets	Total Plan Assets	Total Plan Assets
	18 basis points	23 basis points	18 basis points + \$1 million
Assets per Audited Financial Statements for Fiscal Year Ended 6/30/07	\$ 3,581,046,000	\$ 3,581,046,000	\$ 3,581,046,000
Basis Points	G.C. §31580.2 0.0018	G.C. §31580.3 0.0023	G.C. §31580.3 0.0018 + \$1 mill
Maximum Administrative Budget Amount Allowed	\$ 6,445,883	\$ 8,236,406	\$ 7,445,883
Proposed Salaries and Benefits	\$ 2,149,223	\$ 2,149,223	\$ 2,149,223
Proposed Services and Supplies	2,050,110	2,050,110	2,050,110
Total Proposed Budget	\$ 4,199,333	\$ 4,199,333	\$ 4,199,333
Amount Proposed Budget Below Allowable Limit	\$ 2,246,550	\$ 4,037,073	\$ 3,246,550
Basis Points	0.001173	0.001173	0.001173