



**FCERA Budget
Proposal
Fiscal Year 2009-10**

Executive Summary

June 17, 2009



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 2009-10

- **Start implementation of business projects that resulted from Strategic Planning initiative**
- **Retain and develop talent through career tracks and merit recognition**
- **Continue to decrease current backlog of prior public service and prior county service purchase requests**
- **Keep up with new challenges created by a dynamic retirement environment and the current economic and financial environment**

Presentation Methodology

(1)

~~Projected 08-09~~

Budget 08-09

(2)

Budget 09-10

~~Projected 08-09~~

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Budget 09-10

Budget 08-09

Accounting for the Difference

Projected Budget 2008-09 to Proposed Budget 2009-10

<u>Category</u>	<u>Difference</u>	
FY 2008-09 Projected Budget		\$3,507,120
<i>Salaries & Employee Benefits</i>		
Regular Wages	132,197	
Benefits	116,633	
Extra Help Wages	(8,238)	
Overtime Wages	(12,709)	
Total Salaries & Employee Benefits	227,883	
<i>Services & Supplies</i>		
Fixed Assets	240,675	
Professional & Special Services	199,166	
PENSIONS System	(42,200)	
Liability Insurance	18,875	
Training and Travel (Board & Staff)	3,974	
General Operating Expense (includes Postage)	(28,339)	
Utilities	2,600	
Other (Phones, Memberships, Board Stipend)	3,500	
ITSD Charges	10,596	
Maintenance	7,818	
Total Services & Supplies	416,665	
Total Difference		644,548
FY 2009-10 Proposed Budget		\$4,151,668

Salaries & Benefits

	Projected FY 2008-09	Proposed Budget FY 2009-10	Difference	% Change
Regular Wages	1,093,787	1,225,984	(132,197)	-12.09%
Benefits	614,822	731,455	(116,633)	-18.97%
Extra Help	62,434	54,196	8,238	13.19%
Overtime	42,968	30,259	12,709	29.58%
Total	1,814,011	2,041,894	(227,883)	-12.56%

Regular Wages

Projected FY 2008-09	Proposed FY 2009-10	Difference
1,093,787	1,225,984	(132,197)

Step Increases, Promotions, Cost of Living Adjustments, and Bilingual Pay	(21,403)
Mandatory Furlough	21,527
Delay in filling Positions (Supervising Account Clerk, Retirement Coordinator Supervisor, Account Clerk)	(132,321)
	(132,197)

Benefits

Projected FY 2008-09	Proposed FY 2009-10	Difference
614,822	731,455	(116,633)

Retirement Contribution increase due to full staffing	(62,422)
Group Health Insurance increase due to full staffing	(41,479)
FICA increase resulting from full staffing	(10,897)
Workers Comp and Unemployment increase resulting from full staffing	(1,835)
	(116,633)

Extra-Help Wages

Projected FY 2008-09	Proposed FY 2009-10	Difference
62,434	54,196	8,238

Completion of Final Compensation and Unfunded Actuarial Accrued Liability Projects	8,238
	8,238

Overtime Wages

Projected FY 2008-09	Proposed FY 2009-10	Difference
42,968	30,259	12,709

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

Methodology

$$\begin{array}{r}
 \text{(1)} \\
 \text{\$ 1,814,011} \\
 \hline
 \text{\$ 2,149,223}
 \end{array}
 \times
 \begin{array}{r}
 \text{(2)} \\
 \text{\$ 2,041,894} \\
 \hline
 \text{\$ 1,814,011}
 \end{array}
 =
 \begin{array}{r}
 \text{\$2,041,894} \\
 \hline
 \text{\$ 2,149,223}
 \end{array}$$

A 5.00% decrease from Prior Year Budget

Change YTY = {

- 34.74% *Regular Wages*
- 20.34% *Benefits*
- 85.60% *Overtime/Extra Help Wages*

Salaries & Benefits

	Budget FY 2008-09	Proposed FY 2009-10	Difference	% Change
Regular Wages	1,263,269	1,225,984	(37,285)	-2.95%
Benefits	709,640	731,455	21,815	3.07%
Extra Help	136,334	54,196	(82,138)	-60.25%
Overtime	40,000	30,259	(9,741)	-24.35%
Total	2,149,243	2,041,894	(107,349)	-4.99%

Services & Supplies

Projected vs. Proposed

	Projected FY 2008-09	Proposed FY 2009-10	Difference	Percentage Difference
Fixed Assets	\$39,225	\$279,900	\$240,675	613.58%
Professional & Special Services	962,631	1,161,797	199,166	20.69%
PENSIONS System	133,700	91,500	(42,200)	-31.56%
General Operating Expense	107,237	78,898	(28,339)	-26.43%
Liability Insurance	193,735	212,610	18,875	9.74%
ITSD Charges	130,764	141,360	10,596	8.10%
Maintenance	30,119	37,937	7,818	25.96%
Training and Travel (Board & Staff)	49,186	53,160	3,974	8.08%
Other (Memberships, Board Stipend)	20,515	24,015	3,500	17.06%
Utilities	25,997	28,597	2,600	10.00%
Total	\$1,693,109	\$2,109,774	\$416,665	24.61%

Fixed Assets

Projected FY 2008-09	Proposed FY 2009-10	Difference
39,225	279,900	240,675
New Accounting System and Associated Hardware - Business Initiative		245,000
Replacement Color and Black & White Photocopiers		15,100
Furnishings - remodel conference room		(14,482)
Microfiche Reader/Printer		(5,600)
New Computers and Software (4)		(5,550)
Large Volume Networked Printer		2,600
Replacement Computers and Software (5)		2,207
Portable Overhead Projector and Screen		1,000
Replacement Facsimile		400
		240,675

FCERA • IT Road Map

11. APPENDIX B

FY 2009-2010

(Amounts in thousands of dollars)

	Jul - Sep 2009	Oct - Dec 2009	Jan - Mar 2010	Apr - Jun 2010
PRIMARY INITIATIVES				
General Ledger	\$0	\$0	\$150	\$100
Pension Administration System		\$60	\$60	\$60
Electronic Document Management System				\$0
Disaster Recovery / Business Continuity Plan			\$30	\$30
IT Staff Hiring				\$0
SECONDARY INITIATIVES				
Reporting System / Reporting Tools				\$0
Case Management / Workflow Automation				\$0
Web Self-Service / Member Portal				\$0
	\$0	\$60	\$240	\$190
				\$490

FY 2010-2011

(Amounts in thousands of dollars)

	Jul - Sep 2010	Oct - Dec 2010	Jan - Mar 2011	Apr - Jun 2011
PRIMARY INITIATIVES				
General Ledger				\$0
Pension Administration System	\$120	\$300	\$200	\$400
Electronic Document Management System		\$30	\$60	\$200
Disaster Recovery / Business Continuity Plan				\$0
IT Staff Hiring	\$0	\$0	\$0	\$0
SECONDARY INITIATIVES				
Reporting System / Reporting Tools				\$0
Case Management / Workflow Automation				\$0
Web Self-Service / Member Portal				\$0
	\$120	\$330	\$280	\$600
				\$1,330

FCERA • IT Road Map

during User Acceptance Testing and Parallel Testing. And finally, there is typically some kind of project holdback that is reserved for the conclusion of the project. How that manifests itself in this grid is that many projects start out with larger payments, and finish with large milestone payments, with more consistent, lower amounts in the middle.

Some additional assumptions made in these tables is that consultant resources are utilized where most appropriate, and budgetary limits as defined by statute are not accounted for in these schedules other than a recognition that each fiscal year ends on 6/30 of each year. **Note that these budget estimates include the cost of hiring outside consultants and resources, and also include the cost estimates associated with necessary hardware.**

FY 2010-2015

(Amounts in thousands of dollars)	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	EST TOTALS
PRIMARY INITIATIVES							
General Ledger	\$250	\$0	\$0	\$0	\$0	\$0	\$250
Pension Administration System	\$180	\$1020	\$1000	\$1250	\$400	\$0	\$3850
Electronic Document Management System	\$0	\$310	\$800	\$0	\$0	\$0	\$1110
Disaster Recovery / Business Continuity Plan	\$80	\$0	\$0	\$0	\$0	\$120	\$180
IT Staff Hiring (Cost of setting up position)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL, PRIMARY INITIATIVES	\$490	\$1330	\$1800	\$1250	\$400	\$120	\$5390
SECONDARY INITIATIVES							
Reporting System / Reporting Tools	\$0	\$0	\$32	\$15	\$60	\$0	\$107
Case Management / Workflow Automation	\$0	\$0	\$100	\$0	\$60	\$60	\$220
Web Self-Service / Member Portal	\$0	\$0	\$0	\$0	\$300	\$0	\$300
SUBTOTAL, SECONDARY INITIATIVES	\$0	\$0	\$132	\$15	\$420	\$60	\$627
TOTALS	\$490	\$1330	\$1932	\$1265	\$820	\$180	\$6017

Appendix B, page 25 at the end of this document depicts details of each of these fiscal years by quarter.

Professional Services

Projected FY 2008-09	Proposed FY 2009-10	Difference
962,631	1,161,797	199,166
New Pensions Administration System - Consulting Services		180,000
Disaster Recovery/Business Continuity Plan - Consulting Services		60,000
Process Documentation Project		50,000
Actuarial Services		(45,608)
Litigation Counsel - FCERA vs. Public Pension Professionals		(38,888)
IT Conversion Project (film and paper to digital)		37,000
Reed Smith - Other Legal Matters		(30,863)
IT Roadmap and Assessment Project		(20,000)
County Counsel		(16,969)
Personnel Services		(16,859)
Board Member Elections		12,000
Disability Hearings		11,841
Member Service Quality Measurement Project		10,000
Financial Audit		6,523
Lot Split		(6,229)
New Accounting system - Consulting Services		5,000
Disability Application Processing		4,831
Pension Disbursing Fees		(2,613)
		199,166

Professional Services – Proposed Detail

Description	Cost	Justification
Reed Smith - Other Legal Matters	250,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
New Pensions Administration System - Consulting Services	180,000	To pay for professional advice on the development of the Request for Proposal and implementation of the new system
Pension disbursing fees	120,000	To pay for the issuance of retiree benefits and Form 1099s as required by Government
Actuarial Services	100,000	To seek professional advice on benefit-related items
County Counsel	80,000	To seek professional advice on miscellaneous fiduciary and administrative issues
Financial Audit	71,753	Cost of financial audit required by Government Code 31593
Disability Retirement Hearings	71,044	Cost of hearing officer, transcriptionist, and legal representation
Disaster Recovery/Business Continuity Plan - Consulting	60,000	To pay for professional advice on the development of the Request for Proposal and implementation of a disaster recovery plan
Disability retirement applicant expense	60,000	Projected expense based on previous experience
Litigation Counsel - FCERA vs. Public Pension Professionals	50,000	To pay the costs of litigating FCERA's claim against the prior actuary on the UAAL issue
Process Documentation Process	50,000	Document high risk processes to improve efficiency and decrease errors
IT Conversion Project (film and paper to digital)	37,000	To pay the cost to convert and index critical film and fiche into digital format
Board Member Elections	12,000	
Member Service Quality Measurement Project	10,000	To seek professional advice on the development of objective and actionable benchmarking information for pension plans
New Accounting system - Consulting Services	5,000	To pay for professional advice on the development of the Request for Proposal for the new system
Personnel Services	5,000	Assistance with hiring and setting salaries
Total	1,161,797	

PENSIONS System

Projected FY 2008-09	Proposed FY 2009-10	Difference
133,700	91,500	(42,200)

Unanticipated changes to the software	(53,700)
Maintenance Fee	11,500
	(42,200)

General Operating Expense

Projected FY 2008-09	Proposed FY 2009-10	Difference
107,237	78,898	(28,339)
Miscellaneous and Bulk Mail Projects		(33,673)
Copies, Subscriptions, Miscellaneous Items		2,357
Office Supplies (postage, printing, paper, ink cartridges)		1,758
Mailing Election Notices		1,500
Final Comp Letters		(383)
Overnight Mail Delivery		102
		<u>(28,339)</u>

Liability Insurance

Projected FY 2008-09	Proposed FY 2009-10	Difference
193,735	212,610	18,875

Fiduciary Insurance	18,438
Liability Insurance	331
Property Insurance	132
Errors & Omissions	(26)
	<u>18,875</u>

ITSD

Projected FY 2008-09	Proposed FY 2009-10	Difference
130,764	141,360	10,596

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

Maintenance, Buildings & Grounds

Projected FY 2008-09	Proposed FY 2009-10	Difference
30,119	37,937	7,818

Security	6,065
Janitorial	1,439
Yard Service	190
Other	67
Pest Control	57
	7,818

Training & Travel (Board & Staff)

Projected FY 2008-09	Proposed FY 2009-10	Difference
49,186	53,160	3,974

Board	3,081
Staff	893
	<u>3,974</u>

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

Other

Projected FY 2008-09	Proposed FY 2009-10	Difference
20,515	24,015	3,500

Board Stipend	3,500
	3,500

Utilities

Projected FY 2008-09	Proposed FY 2009-10	Difference
25,997	28,597	2,600

PG&E	1,898
Phones	393
Water, Garbage	309
	2,600

Methodology

$$\begin{array}{r} \text{(1)} \\ \$ 1,693,109 \\ \hline \\ \$ 2,050,110 \end{array} \times \begin{array}{r} \text{(2)} \\ \$ 2,109,774 \\ \hline \\ \$ 1,693,109 \end{array} = \boxed{\begin{array}{r} \$2,109,774 \\ \hline \\ \$ 2,050,110 \end{array}}$$

A 2.91% increase from Prior Year Budget

Change YTY = {

- 57.76% Fixed Assets
- 47.80% Professional & Specialized
- 5.56% Other Services & Supplies

Services & Supplies

Budgeted vs. Proposed

	Budgeted FY 2008-09	Proposed FY 2009-10	Difference	Percentage Difference
Fixed Assets	\$125,600	\$279,900	\$154,300	122.8500%
PENSIONS System	152,748	91,500	(61,248)	-40.1000%
General Operating Expense	121,795	78,898	(42,897)	-35.2200%
Liability Insurance	191,841	212,610	20,769	10.8300%
Professional & Special Services	1,176,931	1,161,797	(15,134)	-1.2900%
Utilities	26,171	28,597	2,426	9.2700%
Maintenance	36,369	37,937	1,568	4.3100%
ITSD Charges	141,485	141,360	(125)	-0.0900%
Other (Memberships, Board Stipend)	24,010	24,015	5	0.0200%
Training and Travel (Board & Staff)	53,160	53,160	-	0.0000%
Total	\$2,050,110	\$2,109,774	\$59,664	2.9100%

Total Budget

Budgeted vs. Proposed

	Budgeted FY 2008-09	Proposed FY 2009-10	Difference	Percentage Difference
Regular Wages	\$ 1,263,269	\$ 1,225,984	\$ (37,285)	-2.95%
Benefits	709,620	731,455	21,815	3.07%
Extra Help	136,334	54,196	(82,138)	-60.25%
Overtime	40,000	30,259	(9,741)	-24.35%
Total Salaries and Benefits	2,149,223	2,041,894	(107,349)	-4.99%
Fixed Assets	125,600	279,900	154,300	122.85%
PENSIONS System	152,748	91,500	(61,248)	-40.10%
General Operating Expense	121,795	78,898	(42,897)	-35.22%
Liability Insurance	191,841	212,610	20,769	10.83%
Professional & Special Services	1,176,931	1,161,797	(15,134)	-1.29%
Utilities	26,171	28,597	2,426	9.27%
Maintenance	36,369	37,937	1,568	4.31%
ITSD Charges	141,485	141,360	(125)	-0.09%
Other (Memberships, Board Stipend)	24,010	24,015	5	0.02%
Training and Travel (Board & Staff)	53,160	53,160	-	0.00%
Total Services and Supplies	2,050,110	2,109,774	59,664	2.91%
Total Budget	\$ 4,199,333	\$ 4,151,668	\$ (47,685)	-1.14%

Fresno County Employees' Retirement Association Calculation of Estimated Maximum Administrative Budget For Budget Year 2009-10

	Total Plan Assets	Total Plan Assets	Total Plan Assets
	18 basis point	23 basis points	18 basis points + \$1 million
Assets per Audited Financial Statements for Fiscal Year Ended 6/30/08	\$ 3,286,406,000	\$ 3,286,406,000	\$ 3,286,406,000
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	\$ 5,915,531	\$ 7,558,734	\$ 6,915,531
Proposed Salaries and Benefits	\$ 2,041,894	\$ 2,041,894	\$ 2,041,894
Proposed Services and Supplies	2,109,774	2,109,774	2,109,774
Total Proposed Budget	<u>\$ 4,151,668</u>	<u>\$ 4,151,668</u>	<u>\$ 4,151,668</u>
Amount Proposed Budget Blow Allowable Limit	<u>\$ 1,763,863</u>	<u>\$ 3,407,066</u>	<u>\$ 2,763,863</u>
Basis Points	<u>0.001263</u>	<u>0.001263</u>	<u>0.001263</u>

Fresno County Employees' Retirement Association Alternative Calculation of Estimated Maximum Administrative Budget for Budget Year 2009-10

	Total Plan Assets	Total Plan Assets	Total Plan Assets
	18 basis point	23 basis points	18 basis points + \$1 million
Assets per Audited Financial Statements for Fiscal Year Ended 12/31/08	\$ 2,629,555,000	\$ 2,629,555,000	\$ 2,629,555,000
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	\$ 4,733,199	\$ 6,047,977	\$ 5,733,199
Proposed Salaries and Benefits	\$ 2,041,894	\$ 2,041,894	\$ 2,041,894
Proposed Services and Supplies	2,109,774	2,109,774	2,109,774
Total Proposed Budget	<u>\$ 4,151,668</u>	<u>\$ 4,151,668</u>	<u>\$ 4,151,668</u>
Amount Proposed Budget Blow Allowable Limit	<u>\$ 581,531</u>	<u>\$ 1,896,309</u>	<u>\$ 1,581,531</u>
Basis Points	<u>0.001579</u>	<u>0.001579</u>	<u>0.001579</u>