



**FCERA Budget
Proposal
Fiscal Year 2010-11**

Executive Summary

June 16, 2010



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 2010-11

- **Continue implementation of business projects that resulted from Strategic Planning initiative**
- **Retain and develop talent through career tracks and merit recognition**
- **Implement operational efficiencies on retirement processes to better serve our membership**
- **Keep up with new challenges created by a dynamic retirement environment and the current economic and financial environment**

Presentation Methodology

(1)

~~Projected 09-10~~

Adopted 09-10

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(2)

Proposed 10-11

~~Projected 09-10~~

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Proposed 10-11

Adopted 09-10

Accounting for the Difference

Projected Budget 2009-10 to Proposed Budget 2010-11

<u>Category</u>			<u>Difference</u>
FY 2009-10 Projected Budget			\$3,518,803
<i>Salaries & Employee Benefits</i>			
Benefits	122,681		
Regular Wages	66,495		
Overtime Wages	(17,409)		
Extra Help Wages	6,494		
Total Salaries & Employee Benefits			178,261
<i>Services & Supplies</i>			
Professional & Special Services	230,745		
Fixed Assets	(127,770)		
ITSD Charges	(18,413)		
Training and Travel (Board & Staff)	13,038		
Liability Insurance	10,607		
PENSIONS System	9,000		
Other (Phones, Memberships, Board Stipend)	4,200		
Utilities	2,577		
General Operating Expense (includes Postage)	1,779		
Maintenance	1,492		
Total Services & Supplies			127,255
Total Difference			305,516
FY 2010-11 Proposed Budget			\$3,824,319

Salaries & Benefits

Projected vs. Proposed

	Projected Budget FY 2009-10	Proposed Budget FY 2010-11	\$ Difference	% Change
Benefits	701,341	824,022	122,681	17.49%
Regular Wages	1,218,361	1,284,856	66,495	5.46%
Overtime	49,935	32,526	(17,409)	-34.86%
Extra Help	50,129	56,623	6,494	12.95%
Total	2,019,766	2,198,027	178,261	8.83%

Benefits

Projected FY 2009-10	Proposed FY 2010-11	Difference
701,341	824,022	122,681

Retirement Contribution increase due to full staffing	90,261
Group Health Insurance increase due to full staffing	16,799
Workers Comp and Unemployment increase resulting from full staffing	10,843
FICA increase resulting from full staffing	4,778
	122,681

Regular Wages

Projected FY 2009-10	Proposed FY 2010-11	Difference
1,218,361	1,284,856	66,495

Full staffing anticipated for year	84,139
Vacation Payout in accordance with County Salary Resolution	(34,348)
Step Increases, Promotions, and Cost of Living Adjustments (MOU terms)	18,125
Bilingual pay	(674)
Mandatory Furlough	(747)
	66,495

Overtime Wages

Projected FY 2009-10	Proposed FY 2010-11	Difference
49,935	32,526	(17,409)

Extra-Help Wages

Projected FY 2009-10	Proposed FY 2010-11	Difference
50,129	56,623	6,494

Salaries & Benefits Adopted vs. Proposed

	Adopted Budget FY 2009-10	Proposed Budget FY 2010-11	\$ Difference	% Change
Benefits	731,455	824,022	92,567	12.66%
Regular Wages	1,225,984	1,284,856	58,872	4.80%
Extra Help	54,196	56,623	2,427	4.48%
Overtime	30,259	32,526	2,267	7.49%
Total	2,041,894	2,198,027	156,133	7.65%

Methodology

$$\begin{array}{r} \text{(1)} \\ \hline \$ 2,019,766 \\ \hline \\ \hline \$ 2,041,894 \end{array} \times \begin{array}{r} \text{(2)} \\ \hline \$ 2,198,027 \\ \hline \\ \hline \$ 2,019,766 \end{array} = \boxed{\begin{array}{r} \$2,198,027 \\ \hline \\ \$ 2,041,894 \end{array}}$$

A 7.65% increase from Prior Year Budget

Change YTY = {
37.71% *Regular Wages*
59.29% *Benefits*
3.00% *Overtime/Extra Help Wages*

Services & Supplies

Projected vs. Proposed

	Projected Budget FY 2009-10	Proposed Budget FY 2010-11	\$ Difference	% Difference
Professional & Special Services	791,144	1,021,889	230,745	29.17%
Fixed Assets	146,570	18,800	(127,770)	-87.17%
ITSD Charges	141,360	122,947	(18,413)	-13.03%
Training and Travel (Board & Staff)	36,722	49,760	13,038	35.50%
Liability Insurance	212,202	222,809	10,607	5.00%
PENSIONS System	9,000	18,000	9,000	100.00%
Other (Memberships, Board Stipend)	19,815	24,015	4,200	21.20%
Utilities	25,758	28,335	2,577	10.00%
General Operating Expense	80,825	82,604	1,779	2.20%
Maintenance	35,641	37,133	1,492	4.19%
Total	1,499,037	1,626,292	127,255	8.49%

Professional Services

Projected FY 2009-10	Proposed FY 2010-11	Difference
791,144	1,021,889	230,745

New Pensions Administration System - Consulting Services	300,000
Litigation Counsel - FCERA vs. Public Pension Professionals	(70,440)
New Accounting system - Consulting Services	(56,831)
IT Conversion Project (film to digital)	37,000
Reed Smith - Other Legal Matters	34,409
Lot Split	(20,558)
Financial Audit	(16,753)
Pension Disbursing Fees	13,185
Actuarial Services	10,929
Personnel Services	(10,149)
Disability Hearings	7,956
Disability Application Processing	7,258
SACRS/SIRS Study	(6,000)
County Counsel	(5,217)
Board Member Elections	4,106
SCS General Ledger Licensing Agreement	1,850
	230,745

Professional Services – Proposed Detail

Description	Cost	Justification
New Pensions Administration System - Consulting Services	300,000	To pay for professional advice on the development of the Request for Proposal and implementation of the new system
Reed Smith - Other Legal Matters	150,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
Pension disbursing fees	145,039	To pay for the issuance of retiree benefits and Form 1099s as required by Government Code 31580.2
County Counsel	120,000	To seek professional advice on miscellaneous fiduciary and administrative issues
Actuarial Services	75,000	To seek professional advice on benefit-related items
Disability retirement applicant expense	60,000	Projected expense based on previous experience
Financial Audit	55,000	Cost of financial audit required by Government Code 31593
Disability Retirement Hearings	50,000	Cost of hearing officer, transcriptionist, and legal representation
IT Conversion Project (film to	37,000	To pay the cost to convert and index critical film and fiche into digital format
Board Member Elections	19,000	
Personnel Services	5,000	Assistance with hiring and setting salaries
SACRS/SIRS Study	4,000	
Licensing of General Ledger	1,850	To pay for consulting support of the general ledger system
Total	1,021,889	

Fixed Assets

Projected FY 2009-10	Proposed FY 2010-11	Difference
146,570	18,800	(127,770)

New Accounting System and Associated Hardware	(111,500)
Replacement Color and Black & White Photocopiers	(16,325)
Furnishings	5,182
Large Volume Networked Printer	(2,600)
Replacement Computers and Software (5)	(1,200)
Portable Overhead Projector and Screen	(1,000)
Replacement Facsimile	(327)
	<u>(127,770)</u>

ITSD

Projected FY 2009-10	Proposed FY 2010-11	Difference
141,360	122,947	(18,413)

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

Training & Travel (Board & Staff)

Projected FY 2009-10	Proposed FY 2010-11	Difference
36,722	49,760	13,038

Staff	7,600
Board	5,438
	13,038

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

Liability Insurance

Projected FY 2009-10	Proposed FY 2010-11	Difference
212,202	222,809	10,607

Fiduciary Insurance	10,140
Liability Insurance	323
Property Insurance	141
Errors & Omissions	3
	10,607

PENSIONS System

Projected FY 2009-10	Proposed FY 2010-11	Difference
9,000	18,000	9,000

Maintenance Fee	9,000
	9,000

Other

Projected FY 2009-10	Proposed FY 2010-11	Difference
19,815	24,015	4,200

Board Stipend	4,200
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Utilities

Projected FY 2009-10	Proposed FY 2010-11	Difference
25,758	28,335	2,577

PG&E	1,909
Phones	334
Water, Garbage	334
	2,577

General Operating Expense

Projected FY 2009-10	Proposed FY 2010-11	Difference
80,825	84,104	3,279

Copies, Subscriptions, Miscellaneous Items	(7,018)
Miscellaneous and Bulk Mail Projects	5,056
Mailing Election Notices	3,205
Office Supplies (postage, printing, paper, ink cartridges)	1,946
Overnight Mail Delivery	90
	<u>3,279</u>

Maintenance, Buildings & Grounds

Projected FY 2009-10	Proposed FY 2010-11	Difference
35,641	37,133	1,492

Security	8,925
Other	(7,888)
Yard Service	374
Pest Control	81
	1,492

Services & Supplies

Adopted vs. Proposed

	Adopted Budget FY 2009-10	Proposed Budget FY 2010-11	\$ Difference	% Difference
Fixed Assets	279,900	18,800	(261,100)	-93.2800%
Professional & Special Services	1,161,797	1,021,889	(139,908)	-12.0400%
PENSIONS System	91,500	18,000	(73,500)	-80.3300%
ITSD Charges	141,360	122,947	(18,413)	-13.0300%
Liability Insurance	212,610	222,809	10,199	4.8000%
General Operating Expense	78,898	82,604	3,706	4.7000%
Training and Travel (Board & Staff)	53,160	49,760	(3,400)	-6.4000%
Maintenance	37,937	37,133	(804)	-2.1200%
Utilities	28,597	28,335	(262)	-0.9200%
Other (Memberships, Board Stipend)	24,015	24,015	-	0.0000%
Total	2,109,774	1,626,292	(483,482)	-22.9200%

Methodology

$$\begin{array}{r} \text{(1)} \\ \$ 1,499,037 \\ \hline \$ 2,109,774 \end{array} \times \begin{array}{r} \text{(2)} \\ \$ 1,626,292 \\ \hline \$ 1,499,037 \end{array} = \begin{array}{r} \$ 1,626,292 \\ \hline \$ 2,109,774 \end{array}$$

A 22.92% decrease from Prior Year Budget

Change YTY = {
-54.00% Fixed Assets
-28.94% Professional & Specialized
-17.06% Other Services & Supplies

Total Budget

Adopted vs. Proposed

	Adopted FY 2009-10	Proposed FY 2010-11	\$ Difference	% Difference
Benefits	731,455	824,022	92,567	12.66%
Regular Wages	1,225,984	1,284,856	58,872	4.80%
Extra Help	\$ 54,196	\$ 56,623	2,427	4.48%
Overtime	30,259	32,526	2,267	7.49%
Total Salaries and Benefits	2,041,894	2,198,027	156,133	7.65%
Fixed Assets	279,900	18,800	(261,100)	-93.28%
Professional & Special Services	1,161,797	1,021,889	(139,908)	-12.04%
PENSIONS System	91,500	18,000	(73,500)	-80.33%
ITSD Charges	141,360	122,947	(18,413)	-13.03%
Liability Insurance	212,610	222,809	10,199	4.80%
General Operating Expense	78,898	82,604	3,706	4.70%
Training and Travel (Board & Staff)	53,160	49,760	(3,400)	-6.40%
Maintenance	37,937	37,133	(804)	-2.12%
Utilities	28,597	28,335	(262)	-0.92%
Other (Memberships, Board Stipend)	24,015	24,015	-	0.00%
Total Services and Supplies	2,109,774	1,626,292	(483,482)	-22.92%
Total Budget	\$ 4,151,668	\$ 3,824,319	\$ (327,349)	-7.88%

Fresno County Employees' Retirement Association Calculation of Estimated Maximum Administrative Budget For Budget Year 2010-11

	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 6/30/09	\$ 2,697,156,000	\$ 2,697,156,000	\$ 2,697,156,000
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	\$ 4,854,881	\$ 6,203,459	\$ 5,854,881
Proposed Salaries and Benefits	\$ 2,198,027	\$ 2,198,027	\$ 2,198,027
Proposed Services and Supplies	1,626,292	1,626,292	1,626,292
Total Proposed Budget	<u>\$ 3,824,319</u>	<u>\$ 3,824,319</u>	<u>\$ 3,824,319</u>
Amount Proposed Budget Blow Allowable Limit	<u>\$ 1,030,562</u>	<u>\$ 2,379,140</u>	<u>\$ 2,030,562</u>
Basis Points	<u>0.001418</u>	<u>0.001418</u>	<u>0.001418</u>

Fresno County Employees' Retirement Association Alternative Calculation of Estimated Maximum Administrative Budget for Budget Year 2010-11

	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 12/31/09	\$ 2,910,952,758	\$ 2,910,952,758	\$ 2,910,952,758
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	\$ 5,239,715	\$ 6,695,191	\$ 6,239,715
Proposed Salaries and Benefits	\$ 2,198,027	\$ 2,198,027	\$ 2,198,027
Proposed Services and Supplies	1,626,292	1,626,292	1,626,292
Total Proposed Budget	<u>\$ 3,824,319</u>	<u>\$ 3,824,319</u>	<u>\$ 3,824,319</u>
Amount Proposed Budget Blow Allowable Limit	<u>\$ 1,415,396</u>	<u>\$ 2,870,872</u>	<u>\$ 2,415,396</u>
Basis Points	<u>0.001314</u>	<u>0.001314</u>	<u>0.001314</u>