



FCERA Budget Proposal Fiscal Year 2011-12

Executive Summary

June 1, 2011



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 2011-12

- **Continue implementation of business projects that resulted from Strategic Planning with an emphasis on Information Technology 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 10-11~~

Adopted 10-11

X

(2)

Proposed 11-12

~~Projected 10-11~~

=

Proposed 11-12

Adopted 10-11

Accounting for the Difference

Projected Budget 2010-11 to Proposed Budget 2011-12

| <u>Category</u> | <u>Difference</u> | | |
|--|-------------------|------------------|--------------------|
| FY 2010-11 Projected Budget | | | \$3,795,820 |
| <i>Salaries & Employee Benefits</i> | | | |
| Benefits | (71,380) | | |
| Regular Wages | 57,896 | | |
| Extra Help Wages | (10,314) | | |
| Overtime Wages | (10,307) | | |
| Total Salaries & Employee Benefits | | (34,105) | |
| <i>Services & Supplies</i> | | | |
| Fixed Assets | (809,535) | | |
| Professional & Special Services | (66,321) | | |
| ITSD Charges | (35,795) | | |
| Other (Phones, Memberships, Board Stipend) | (5,700) | | |
| Liability Insurance | (5,489) | | |
| Training and Travel (Board & Staff) | (4,013) | | |
| General Operating Expense (includes Postage) | 2,978 | | |
| Utilities | (2,457) | | |
| Maintenance (Building & Grounds) | 1,764 | | |
| PENSIONS System Maintenance | - | | |
| Total Services & Supplies | | (924,568) | |
| Total Difference | | | (958,673) |
| FY 2011-12 Proposed Budget | | | \$4,754,493 |

Salaries & Benefits

Projected vs. Proposed

| | Projected Budget FY 2010-11 | Proposed Budget FY 2011-12 | \$ Difference | % Change |
|--------------------------|--|---|--------------------------|---------------------|
| Benefits | 809,465 | 880,845 | (71,380) | -8.82% |
| Regular Wages | 1,278,853 | 1,220,957 | 57,896 | 4.53% |
| Extra Help | 55,402 | 65,716 | (10,314) | -18.62% |
| Overtime | 50,789 | 61,096 | (10,307) | -20.29% |
| Total | 2,194,509 | 2,228,614 | (34,105) | -1.55% |

Benefits

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|-----------------------------|----------------------------|-------------------|
| 809,465 | 880,845 | (71,380) |

| | |
|--|-----------------|
| Retirement Contribution increase | (78,437) |
| FICA decrease resulting from salary reduction | 9,587 |
| Group Health Insurance increase | (5,588) |
| Workers Comp and Unemployment decrease | 3,058 |
| | (71,380) |
| | |
| | |

Regular Wages

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|-----------------------------|----------------------------|-------------------|
| 1,278,853 | 1,220,957 | 57,896 |

| | |
|---|-----------------|
| Salary Reduction projected by County | 105,980 |
| Furlough | (31,005) |
| Step Increases and Promotions | (12,725) |
| Accrual | (4,354) |
| | 57,896 |
| | |
| | |

Extra-Help Wages

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|-----------------------------|----------------------------|-------------------|
| 55,402 | 65,716 | (10,314) |

Overtime Wages

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|-----------------------------|----------------------------|-------------------|
| 50,789 | 61,096 | (10,307) |

Salaries & Benefits Adopted vs. Proposed

| | Adopted Budget FY 2010-11 | Proposed Budget FY 2011-12 | \$ Difference | % Change |
|--------------------------|--|---|--------------------------|---------------------|
| Regular Wages | 1,284,856 | 1,220,957 | 63,899 | 4.97% |
| Benefits | 824,022 | 880,845 | (56,823) | -6.90% |
| Overtime | 32,526 | 61,096 | (28,570) | -87.84% |
| Extra Help | 56,623 | 65,716 | (9,093) | -16.06% |
| Total | 2,198,027 | 2,228,614 | (30,587) | -1.39% |

Methodology

$$\begin{array}{r} \text{(1)} \\ \text{\$ 2,194,509} \\ \hline \text{\$ 2,198,027} \end{array} \times \begin{array}{r} \text{(2)} \\ \text{\$ 2,228,614} \\ \hline \text{\$ 2,194,509} \end{array} = \begin{array}{r} \text{\$2,228,614} \\ \hline \text{\$ 2,198,027} \end{array}$$

A 1.39% increase from Prior Year Budget

Services & Supplies

Projected vs. Proposed

| | Projected Budget FY 2010-11 | Proposed Budget FY 2011-12 | \$ Difference | % Difference |
|------------------------------------|-----------------------------------|----------------------------------|------------------|-----------------|
| Fixed Assets | 15,465 | 825,000 | (809,535) | -5234.63% |
| Professional & Special Services | 1,133,829 | 1,200,150 | (66,321) | -5.85% |
| ITSD Charges | 101,748 | 137,543 | (35,795) | -35.18% |
| Other (Memberships, Board Stipend) | 18,315 | 24,015 | (5,700) | -31.12% |
| Liability Insurance | 109,897 | 115,386 | (5,489) | -4.99% |
| Training and Travel (Board & Staff | 51,047 | 55,060 | (4,013) | -7.86% |
| General Operating Expense | 85,735 | 82,757 | 2,978 | 3.47% |
| Utilities | 27,954 | 30,411 | (2,457) | -8.79% |
| Maintenance (Building & Grounds) | 39,321 | 37,557 | 1,764 | 4.49% |
| Pensions System | 18,000 | 18,000 | - | 0.00% |
| Total | 1,601,311 | 2,525,879 | (924,568) | -57.74% |

Fixed Assets

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 15,465 | 825,000 | (809,535) |

| | |
|------------------------------------|------------------|
| Replacement PAS and New EDMS | (796,000) |
| IPADS for the Board Meetings | (10,000) |
| Furnishings | (3,000) |
| Replacement Computers and Software | (535) |
| | <u>(809,535)</u> |

Professional Services

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 1,133,829 | 1,200,150 | 66,321 |

| | |
|--|-----------|
| New Pensions Administration System - Consulting Services | (211,000) |
| Actuarial Services | 57,751 |
| Reed Smith - Legal Matters | 31,723 |
| IRS Determination Letter | 23,008 |
| Disability Application Processing | 15,992 |
| Board Member Elections | 12,719 |
| County Counsel | 12,336 |
| IT Conversion Project (film to digital) | 10,000 |
| Review of Disability Process | (10,000) |
| Disability Hearings | (6,542) |
| Personnel Services | (3,957) |
| Pension Disbursing Fees | 1,854 |
| SCS General Ledger Licensing Agreement | (205) |
| | (66,321) |

Professional Services – Proposed Detail

| Description | Cost | Justification |
|---|------------------|--|
| New Pension Administration | 534,000 | To pay for professional advice on the development of the Request for Proposal and implementation of the new system |
| Reed Smith - Legal Matters | 150,000 | To seek professional advice on miscellaneous fiduciary and staffing initiative |
| Pension disbursing fees | 130,000 | 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 |
| Disability retirement applicant expense | 75,000 | Projected expense based on previous experience |
| Actuarial Services | 60,000 | To seek professional advice on benefit-related items |
| Financial Audit | 55,000 | Cost of financial audit required by Government Code 31593 |
| Disability Retirement Hearings | 25,000 | Cost of hearing officer, transcriptionist, and legal representation |
| IRS Tax Determination Letter | 20,000 | Legal Costs to obtain a tax determination letter |
| Board Member Elections | 13,000 | |
| Review of Disability Process | 10,000 | To identify process improvements |
| Personnel Services | 5,000 | Assistance with hiring and setting salaries |
| Licensing of General Ledger | 2,220 | To pay for consulting support of the general ledger system |
| Death Audit Services | 930 | Identify deceased members in a timely fashion |
| Total | 1,200,150 | |

ITSD

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 101,748 | 137,543 | (35,795) |

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

Other

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|-----------------------------|----------------------------|-------------------|
| 18,315 | 24,015 | (5,700) |
| Board Stipend | | (5,700) |

Liability Insurance

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 109,897 | 115,386 | (5,489) |

| | |
|---------------------|----------------|
| Fiduciary Insurance | (4,927) |
| Liability Insurance | (414) |
| Property Insurance | (148) |
| | <u>(5,489)</u> |

Training & Travel (Board & Staff)

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 51,047 | 55,060 | (4,013) |

| | |
|-------|---------|
| Staff | (3,192) |
| Board | (821) |
| | (4,013) |
| | |

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

General Operating Expense

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 85,735 | 82,757 | 2,978 |

| | |
|--|--------------|
| Copies, Subscriptions, Miscellaneous Items | 8,703 |
| Miscellaneous and Bulk Mail Projects | (6,100) |
| Mailing Election Notices | 1,691 |
| Office Supplies (postage, printing, paper, ink cartridges) | (1,002) |
| County Messenger Service | (247) |
| Overnight Mail Delivery | (67) |
| | <u>2,978</u> |

Utilities

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 27,954 | 30,411 | (2,457) |

| | |
|----------------|---------|
| PG&E | (2,110) |
| Water, Garbage | (364) |
| Phones | 17 |
| | (2,457) |
| | |

Maintenance, Buildings & Grounds

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 39,321 | 37,557 | 1,764 |

| | |
|--------------|---------|
| Other | 8,319 |
| Security | (6,142) |
| Yard Service | (355) |
| Pest Control | (58) |
| | 1,764 |
| | |

PENSIONS System Maintenance

| Projected FY 2010-11 | Proposed FY 2011-12 | Difference |
|----------------------|---------------------|------------|
| 18,000 | 18,000 | - |

Services & Supplies

Adopted vs. Proposed

| | Adopted Budget FY 2010-11 | Proposed Budget FY 2011-12 | \$ Difference | % Difference |
|-------------------------------------|---------------------------------|----------------------------------|------------------|----------------|
| Fixed Assets | 18,800 | 825,000 | (806,200) | -4288.30% |
| Liability Insurance | 222,809 | 115,386 | 107,423 | 48.21% |
| Professional & Special Services | 1,171,889 | 1,200,150 | (28,261) | -2.41% |
| ITSD Charges | 122,947 | 137,543 | (14,596) | -11.87% |
| Training and Travel (Board & Staff) | 49,760 | 55,060 | (5,300) | -10.65% |
| Utilities | 28,335 | 30,411 | (2,076) | -7.33% |
| Maintenance (Building & Grounds) | 37,133 | 37,557 | (424) | -1.14% |
| General Operating Expense | 82,604 | 82,757 | (153) | -0.19% |
| Other (Memberships, Board Stipend) | 24,015 | 24,015 | - | 0.00% |
| Pension System Maintenance | 18,000 | 18,000 | - | 0.00% |
| Total | 1,776,292 | 2,525,879 | (749,587) | -42.20% |

Methodology

$$\begin{array}{r} \text{(1)} \\ \$ 1,601,311 \\ \hline \\ \$ 1,776,292 \end{array} \times \begin{array}{r} \text{(2)} \\ \$ 2,525,879 \\ \hline \\ \$ 1,776,292 \end{array} = \begin{array}{r} \$2,525,879 \\ \hline \\ \$ 1,776,292 \end{array}$$

A 42.20% increase from Prior Year Budget

Total Budget

Adopted vs. Proposed

| | Adopted FY 2010-11 | Proposed FY 2011-12 | \$ Difference | % Difference |
|-------------------------------------|-----------------------|------------------------|---------------------|-----------------|
| Benefits | 824,022 | 880,845 | (56,823) | -6.90% |
| Regular Wages | 1,284,856 | 1,220,957 | 63,899 | 4.97% |
| Extra Help | \$ 56,623 | \$ 65,716 | (9,093) | -16.06% |
| Overtime | 32,526 | 61,096 | (28,570) | -87.84% |
| Total Salaries and Benefits | 2,198,027 | 2,228,614 | (30,587) | -1.39% |
| Fixed Assets | 18,800 | 825,000 | (806,200) | -4288.30% |
| Professional & Special Services | 1,171,889 | 1,200,150 | (28,261) | -2.41% |
| PENSIONS System Maintenance | 18,000 | 18,000 | - | 0.00% |
| ITSD Charges | 122,947 | 137,543 | (14,596) | -11.87% |
| Liability Insurance | 222,809 | 115,386 | 107,423 | 48.21% |
| General Operating Expense | 82,604 | 82,757 | (153) | -0.19% |
| Training and Travel (Board & Staff) | 49,760 | 55,060 | (5,300) | -10.65% |
| Maintenance (Building & Grounds) | 37,133 | 37,557 | (424) | -1.14% |
| Utilities | 28,335 | 30,411 | (2,076) | -7.33% |
| Other (Memberships, Board Stipend) | 24,015 | 24,015 | - | 0.00% |
| Total Services and Supplies | 1,776,292 | 2,525,879 | (749,587) | -42.20% |
| Total Budget | \$ 3,974,319 | \$ 4,754,493 | \$ (780,174) | -19.63% |

Fresno County Employees' Retirement Association Alternative Calculation of Estimated Maximum Administrative Budget for Budget Year 2011-12

| | 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 12/31/10 | \$ 3,413,509,456 | | \$ 3,413,509,456 | | \$ 3,413,509,456 |
| 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 | \$ 6,144,317 | | \$ 7,851,072 | | \$ 7,144,317 |
| Proposed Salaries and Benefits | \$ 2,228,614 | | \$ 2,228,614 | | \$ 2,228,614 |
| Proposed Services and Supplies | 2,525,879 | | 2,525,879 | | 2,525,879 |
| Total Proposed Budget | \$ 4,754,493 | | \$ 4,754,493 | | \$ 4,754,493 |
| Amount Proposed Budget Blow Allowable Limit | \$ 1,389,824 | | \$ 3,096,579 | | \$ 2,389,824 |
| Basis Points | 0.001393 | | 0.001393 | | 0.001393 |