



**FCERA Budget  
Proposal  
Fiscal Year 2012-13**

*Executive Summary*

*June 20, 2012*



# 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 2012-13

- **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 11-12~~  
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Adopted 11-12

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(2)

Proposed 12-13  
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~~Projected 11-12~~

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Proposed 12-13  
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Adopted 11-12

# Accounting for the Difference

## Projected Budget 2011-12 to Proposed Budget 2012-13

<b>FY 2011-12 Projected Budget</b>			<b>\$3,486,919</b>
<b>Salaries &amp; Employee Benefits</b>			
Benefits	85,917		
Regular Wages	67,398		
Extra Help Wages	58,969		
Overtime Wages	13,320		
<b>Total Salaries &amp; Employee Benefits</b>		<b>225,604</b>	
<b>Services &amp; Supplies</b>			
Professional & Special Services	53,957		
Training and Travel (Board & Staff)	12,913		
ITSD Charges	(12,185)		
Maintenance (Building & Grounds)	10,157		
Depreciation	(10,000)		
Utilities	7,198		
Other (Memberships, Board Stipend)	6,861		
Liability Insurance	6,720		
General Operating Expense (includes Postage)	5,970		
Fixed Assets	-		
<b>Total Services &amp; Supplies</b>		<b>81,591</b>	
<b>Total Difference</b>			<b>307,195</b>
<b>FY 2012-13 Proposed Budget</b>			<b>\$3,794,114</b>

# Salaries & Benefits

## Projected vs. Proposed

	<b>Projected Budget FY 2011-12</b>	<b>Proposed Budget FY 2012-13</b>	<b>\$ Difference</b>	<b>% Change</b>
<b>Benefits</b>	871,660	957,577	(85,917)	-9.86%
<b>Regular Wages</b>	1,198,385	1,265,783	(67,398)	-5.62%
<b>Extra Help</b>	61,905	120,874	(58,969)	-95.26%
<b>Overtime</b>	50,343	63,663	(13,320)	-26.46%
<b>Total</b>	<b>2,182,293</b>	<b>2,407,897</b>	<b>(225,604)</b>	<b>-10.34%</b>

# Benefits

<b>Projected FY 2011-12</b>	<b>Proposed FY 2012-13</b>	<b>Difference</b>
<b>871,660</b>	<b>957,577</b>	<b>(85,917)</b>

<b>Retirement Contribution Increase, Increased Rates, Vacant Positions Filled</b>	<b>(92,593)</b>
<b>Group Health Insurance Increase, Delay in Filling Positions</b>	<b>4,305</b>
<b>Workers Comp and Unemployment Decrease (County Determined)</b>	<b>4,239</b>
<b>FICA decrease resulting from salary reduction</b>	<b>(1,868)</b>
	<b>(85,917)</b>

# Regular Wages

<b>Projected FY 2011-12</b>	<b>Proposed FY 2012-13</b>	<b>Difference</b>
<b>1,198,385</b>	<b>1,265,783</b>	<b>(67,398)</b>

<b>Vacant Positions Filled, Full Year Salary</b>	<b>(64,656)</b>
<b>Step Increases and Promotions</b>	<b>(8,900)</b>
<b>Special Pays (CPA, Vacation Payoff, SSU)</b>	<b>6,158</b>
	<b>(67,398)</b>



# Extra-Help Wages

<b>Projected FY 2011-12</b>	<b>Proposed FY 2012-13</b>	<b>Difference</b>
<b>61,905</b>	<b>120,874</b>	<b>(58,969)</b>

<b>Health Benefit Calculation</b>	<b>(41,069)</b>
<b>Sup COLA Calculations</b>	<b>(12,022)</b>
<b>Quality Control, Review of Scanned Records</b>	<b>(5,878)</b>
	<b>(58,969)</b>
<b>Health Benefit Calculation is expected to be completed FY 12-13. Staff will either be let go or transitioned to other special projects associated with the new pension administration system.</b>	

# Overtime Wages

<b>Projected FY 2011-12</b>	<b>Proposed FY 2012-13</b>	<b>Difference</b>
<b>50,343</b>	<b>63,663</b>	<b>(13,320)</b>

- Testing modification to existing pension system to accommodate separation of Courts from County import file
- Testing new pension system modules
- Processing large number of retirees resulting from plan sponsors' budgetary decisions

# Services & Supplies

## Projected vs. Proposed

	Projected Budget FY 2011-12	Proposed Budget FY 2012-13	\$ Difference	% Difference
Professional & Special Services	648,946	702,903	(53,957)	-8.31%
Training and Travel (Board & Staff	56,187	69,100	(12,913)	-22.98%
ITSD Charges	122,076	109,891	12,185	9.98%
Maintenance (Building & Grounds)	42,579	52,736	(10,157)	-23.85%
Depreciation	168,928	158,928	10,000	5.92%
Utilities	32,891	40,089	(7,198)	-21.88%
Other (Memberships, Board Stipend)	20,698	27,559	(6,861)	-33.15%
Liability Insurance	117,558	124,278	(6,720)	-5.72%
General Operating Expense	84,963	90,933	(5,970)	-7.03%
Fixed Assets	10,000	10,000	0	0.00%
<b>Total</b>	<b>1,304,826</b>	<b>1,386,417</b>	<b>(81,591)</b>	<b>-6.25%</b>

# Professional Services

Projected FY 2011-12	Proposed FY 2012-13	Difference
648,946	702,903	(53,957)

Reed Smith - Legal Matters	(29,309)
Executive Recruitment	26,500
SCS General Ledger, OnBase & E-Copy	(20,166)
IRS Determination Letter	(20,000)
County Counsel	12,405
Litigation Legal Fee Settlement	12,131
Pension Disbursing Fees	(11,626)
Review of Disability Process	(8,992)
Board Member Elections	(5,773)
Disability Application Processing	(5,390)
Personnel Services	(4,328)
Actuarial Services	(2,730)
Other Hearings	2,612
Disability Hearings	812
Death Monitoring	(103)
	<b>(53,957)</b>

# Professional Services – Proposed Detail

Description	Cost	Justification
Reed Smith - Legal Matters	150,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
County Counsel	130,000	To seek professional advice on miscellaneous fiduciary and administrative issues
Pension disbursing fees	127,890	To pay for the issuance of retiree benefits and Form 1099s as required by Government Code 31580.2
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	25,000	Cost of hearing officer, transcriptionist, and legal representation
Software Licensing	23,880	To pay for consulting support of various auxiliary software programs
IRS Tax Determination Letter	20,000	Legal Costs to obtain a tax determination letter
Board Member Elections	20,000	
Review of Disability Process	10,000	To identify process improvements
Personnel Services	5,000	Assistance with hiring and setting salaries
Death Audit Services	1,133	Identify deceased members in a timely fashion
<b>Total</b>	<b>702,903</b>	

# Training & Travel (Board & Staff)

Projected FY 2011-12	Proposed FY 2012-13	Difference
56,187	69,100	(12,913)
Staff		(8,772)
Board		(4,141)
		<u>(12,913)</u>

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

# ITSD

Projected FY 2011-12	Proposed FY 2012-13	Difference
122,076	109,891	12,185

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

# Maintenance, Buildings & Grounds

Projected FY 2011-12	Proposed FY 2012-13	Difference
42,579	52,736	(10,157)

Security	(11,122)
Other	1,400
Yard Service	(355)
Pest Control	(80)
	(10,157)



# Depreciation

<b>Projected FY 2011-12</b>	<b>Proposed FY 2012-13</b>	<b>Difference</b>
168,928	158,928	10,000

# Utilities

Projected FY 2011-12	Proposed FY 2012-13	Difference
32,891	40,089	(7,198)

Wireless	(3,657)
PG&E	(2,260)
Phones	(542)
Water, Garbage	(739)
	<u>(7,198)</u>

# Other

<b>Projected FY 2011-12</b>	<b>Proposed FY 2012-13</b>	<b>Difference</b>
20,698	27,559	(6,861)
Board Stipend		(6,861)

# Liability Insurance

Projected FY 2011-12	Proposed FY 2012-13	Difference
117,558	124,278	(6,720)

Fiduciary Insurance	(5,316)
Liability Insurance	(826)
Property Insurance	(435)
Errors & Omissions Insurance	(143)
	<u>(6,720)</u>

# General Operating Expense

Projected FY 2011-12	Proposed FY 2012-13	Difference
82,300	88,270	(5,970)

Office Supplies (postage, printing, paper, ink cartridges)	(8,531)
Copies, Subscriptions, Miscellaneous Items	6,249
Miscellaneous and Bulk Mail Projects	(4,380)
Mailing Election Notices	719
Overnight Mail Delivery	(25)
County Messenger	(2)
	<u>(5,970)</u>

# Fixed Assets

Projected FY 2011-12	Proposed FY 2012-13	Difference
10,000	10,000	-

# Adjusted vs. Proposed

Benefits	880,845	957,577	(76,732)
Extra Help	65,716	120,874	(55,158)
Regular Wages	1,220,957	1,265,783	(44,826)
Overtime	61,096	63,663	(2,567)
<b>Total Salaries and Benefits</b>	<b>2,228,614</b>	<b>2,407,897</b>	<b>(179,283)</b>
Professional & Special Services	666,150	702,903	(36,753)
ITSD Charges	137,543	109,891	27,652
Maintenance (Building & Grounds)	37,557	52,736	(15,179)
Training and Travel (Board & Staff)	55,060	68,900	(13,840)
Depreciation	170,000	158,928	11,072
Fixed Assets	20,000	10,000	10,000
Utilities	30,411	40,089	(9,678)
Liability Insurance	115,386	124,278	(8,892)
General Operating Expense	82,757	90,933	(8,176)
Other (Memberships, Board Stipend)	24,015	27,559	(3,544)
<b>Total Professional and Specialized</b>	<b>1,338,879</b>	<b>1,386,217</b>	<b>(47,338)</b>
<b>Total Administrative Budget</b>	<b>3,567,493</b>	<b>3,794,114</b>	<b>(226,621)</b>

# Methodology

$$\begin{array}{r} \text{(1)} \\ \text{\$ 3,487,019} \\ \hline \text{\$ 3,567,493} \end{array} \times \begin{array}{r} \text{(2)} \\ \text{\$ 3,794,114} \\ \hline \text{\$ 3,487,019} \end{array} = \begin{array}{r} \text{\$3,794,114} \\ \hline \text{\$ 3,567,493} \end{array}$$

**A 6.4% increase from Prior Year Budget**



# Alternative Calculation of Estimated Maximum Administrative Budget for Budget Year 2012-13

	(1) Total Accrued Actuarial Liability at 6/30/11 (GC 31580.2(a)(1))	(2) \$2,000,000 + COLA (GC 31580.2(a)(2))	Costs excluded from Administrative Budget		base
	GC §31580.2	GC §31580.2	GC §31580.2		
	\$ 4,237,961,000	\$ 2,080,600			\$ 2,000,000
				COLA 2010	0.01
Basis points	<b>0.002100</b>			New Base 2011-12 budget	\$ 2,020,000
Additional Money				COLA 2011	0.03
				New Base 2012-13 budget	\$ 2,080,600
Maximum Administrative Budget	\$ 8,899,718	\$ 2,080,600			
Proposed Salaries and Benefits	\$ 2,407,897	\$ 2,407,897			
Proposed Services and Supplies	1,386,217	1,386,217			
Computer software, hardware, and computer technology computer services			2,032,839		
Total Proposed Budget	\$ 3,794,114	\$ 3,794,114	\$ 2,032,839		
Basis Points	0.000895	1.823567			
Total Amount Request is Under Maximum Allowable by Law	\$ 5,105,604		\$ 2,032,839		

# Total Budget

## Adjusted vs. Proposed

	Adjusted FY 2011-12	Proposed FY 2012-13	\$ Difference	% Difference
Benefits	\$ 880,845	\$ 957,577	(76,732)	-8.71%
Regular Wages	1,220,957	1,265,783	(44,826)	-3.67%
Extra Help	65,716	120,874	(55,158)	-83.93%
Overtime	61,096	63,663	(2,567)	-4.20%
<b>Total Salaries and Benefits</b>	<b>2,228,614</b>	<b>2,407,897</b>	<b>(179,283)</b>	<b>-8.04%</b>
Professional & Special Services	666,150	702,903	(36,753)	-5.52%
ITSD Charges	137,543	109,891	27,652	20.10%
Maintenance (Building & Grounds)	37,557	52,736	(15,179)	-40.42%
Training and Travel (Board & Staff)	55,060	68,900	(13,840)	-25.14%
Depreciation	170,000	158,928	11,072	6.51%
Fixed Assets	20,000	10,000	10,000	50.00%
Utilities	30,411	40,089	(9,678)	-31.82%
Liability Insurance	115,386	124,278	(8,892)	-7.71%
General Operating Expense	82,757	90,933	(8,176)	-9.88%
Other (Memberships, Board Stipend)	24,015	27,559	(3,544)	-14.76%
<b>Total Services and Supplies</b>	<b>1,338,879</b>	<b>1,386,217</b>	<b>(47,338)</b>	<b>-3.54%</b>
<b>Total Administrative Budget</b>	<b>\$ 3,567,493</b>	<b>\$ 3,794,114</b>	<b>\$ (226,621)</b>	<b>-6.35%</b>