

FCERA Budget Proposal Fiscal Year 2004-05

Executive Summary

June 16, 2004

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 2004-05

- **Improve member service**
- **Retain and develop talent through career tracks and merit recognition**
- **Implementation of the Board's decision on final compensation**
- **Keep up with new challenges created by dynamic retirement environment, except for unknown ramifications of the final compensation issue**

Significant Items

- **Final Compensation Litigation**
- **Substantial Increases in Retirement and Health Insurance Costs**
- **Multiple Updates to the Pensions System**

Presented Methodology to Budget Committee

(1)

(2)

$$\begin{array}{r} \text{Projected 03-04} \\ \hline \text{Budget 03-04} \end{array} \times \begin{array}{r} \text{Budget 04-05} \\ \hline \text{Projected 03-04} \end{array} = \boxed{\begin{array}{r} \text{Budget 04-05} \\ \hline \text{Budget 03-04} \end{array}}$$

Accounting for the Difference

Proposed Budget 2004-05 to Projected Budget 2003-04

<u>Category</u>		<u>Difference</u>	
FY 2004-05 Budget			\$2,706,564
<i>Salaries & Employee Benefits</i>			
Regular Wages	(112,536)		
Overtime Wages	23,950		
Extra Help Wages	(21,868)		
Benefits	(39,076)		
Total Salaries & Employee Benefits		(149,530)	
<i>Services & Supplies</i>			
Professional & Special Services	(265,734)		
Fixed Assets	135,298		
PENSIONS System	(90,348)		
Grounds Main. & Janitorial Services	(56,712)		
Liability Insurance	36,881		
Utilities	(11,850)		
Office Expense (includes Postage)	(9,130)		
Board Stipend	(9,000)		
Travel and Education (Board & Staff)	(6,103)		
Other	(6,059)		
ITSD Charges	(135)		
Total Services & Supplies		(282,892)	
Total Difference			(432,422)
FY 2003-04 Projected			\$2,274,142

Salaries & Benefits

Projected 2003-04 to Budget 2004-05

	Projected FY 2003-04	Budget FY 2004-05	Difference
Regular Wages	714,238	826,774	(112,536)
Overtime	83,950	60,000	23,950
Extra Help	47,247	69,115	(21,868)
Benefits	250,601	289,677	(39,076)
Total	1,096,036	1,245,566	(149,530)

Regular Wages

Projected 2003-04	Budget 2004-05	Difference
714,238	826,774	(112,536)

Vacant Positions (Office Assistant, Clerk)	(47,298)	Account
Step Increases, Promotions, and Bilingual Pay	(11,311)	
Positions Filled for Full Year		(53,927)

Overtime Wages

Projected 2003-04	Budget 2004-05	Difference
83,950	60,000	23,950

- **Filling positions will assist in meeting operational goals**
- **More experienced staff, especially as it relates to disbursement function with new bank**
- **Reduction in current operational backlogs (buybacks, payroll adjustments and financial information)**

Extra-Help Wages

Projected 2003-04	Budget 2004-05	Difference
47,247	69,115	(21,868)

- **Backlog of buybacks and payroll adjustments**
- **Final compensation issue**
- **Part-time administrative and agenda preparation clerical support**

Benefits

Projected 2003-04	Budget 2004-05	Difference
250,601	289,677	(39,076)

- **FICA, Retirement, Health Benefits, Workers Comp, Unemployment, etc.**

Services and Supplies

Projected 2003-04 to Budget 2004-05

	Projected FY 2003-04	Budget FY 2004-05	Difference
Professional & Special Services	522,463	788,197	(265,734)
Fixed Assets	197,398	64,100	133,298
PENSIONS System	83,264	173,612	(90,348)
Maintenance - Building and Grounds	1,632	58,344	(56,712)
Liability Insurance	200,535	163,654	36,881
Utilities	5,250	17,100	(11,850)
Office Expense (includes Postage)	52,938	62,068	(9,130)
Board Stipend	15,000	24,000	(9,000)
Travel and Education (Board & Staff)	43,897	50,000	(6,103)
Other	5,864	9,923	(4,059)
ITSD Charges	49,865	50,000	(135)
Total	1,178,106	1,460,998	(282,892)

Professional Services

Projected FY 2003-04	Proposed FY 2004-05	Difference
522,463	788,197	(265,734)
Board Governance (Policy)		(70,000)
Audit of Actuarial Valuation		(60,000)
Audit of Pensions System		(50,000)
Quarterly New sletter		(30,000)
Disability Application Processing		(24,613)
County Counsel		(19,520)
Hanson Bridgett - Miscellaneous Services		(7,632)
Board Member Elections		(4,128)
Communications Advantage		4,000
Actuarial Services		(3,500)
Steefel, Levitt & Weiss - Final Comp Litigation		(809)
Other (net)		468

Professional Services

Description	Cost	Justification
Steeffel, Levitt & Weiss - Final Comp Litigation	150,000	To seek professional advice on litigating the Final Comp issue
Disability retirement applicant expense	98,453	Projected expense based on previous experience
Actuarial Services	75,000	To seek professional advice on benefit-related items
Board Governance	70,000	To provide training to the Board and develop a policy manual
Pension disbursing fees	70,000	Required by Government Code 31580.2
Audit of Acturial Validation	60,000	
County Counsel	60,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
Hanson Bridgett - Miscellaneous Legal Services	50,000	To seek professional advice on tax related issues for FCERA
Audit of Pensions System	50,000	To provide assurance of the accuracy of calculations
Misc	40,000	Other than what is listed
Quarterly Newsletter	30,000	To seek professional advice on communication effectively with members
Audit of FY 2002-03 financial statements	20,000	Required by Government Code 31593
Board Member Elections	12,000	
Personnel Advertising Fees	1,500	
Shredding	144	
Government Finance Officers Association Application Fee	1,100	
Total	788,197	

Fixed Assets

Budget FY 2003-04	Proposed FY 2004-05	Difference
197,398	64,100	133,298

Furnishings	163,859
Computer & Software-New Staff	(30,689)
Photo Copier	(17,300)
Telephone System for New Building	10,547
Cabling for New Building	6,881

PENSIONS System

Projected FY 2003-04	Proposed FY 2004-05	Difference
83,264	173,612	(90,348)

Contingency, Other (Unanticipated Changes)	(49,904)
Scheduled Changes to System	(36,110)
Annual Maintenance	(4,334)

Maintenance, Buildings & Grounds

Projected FY 2003-04	Proposed FY 2004-05	Difference
1,632	58,344	(56,712)

Security (\$1,967 per month)	(23,008)
Parking Stripes and Signs	(20,000)
Yard Service (\$678 per month)	(7,458)
Janitorial (\$354 per month)	(5,646)
Pest Control (\$120 per month)	(600)

Liability Insurance

Projected FY 2003-04	Proposed FY 2004-05	Difference
200,535	163,654	36,881

Fiduciary Insurance	42,197
Liability Insurance	(4,672)
Property Insurance	(644)

Utilities

Projected FY 2003-04	Proposed FY 2004-05	Difference
5,250	17,100	(11,850)

PG&E (\$1,200 per month)	(9,600)
Water, Garbage (\$225 per month)	(2,250)

Office Expense (Including Postage)

Projected FY 2003-04	Proposed FY 2004-05	Difference
52,938	62,068	(9,130)

Board Stipend

Projected FY 2003-04	Proposed FY 2004-05	Difference
15,000	24,000	(9,000)

Travel and Education (Board & Staff)

Projected FY 2003-04	Proposed FY 2004-05	Difference
43,897	50,000	(6,103)

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

Staff	(3,190)
Board	(2,913)

Other

Projected FY 2003-04	Proposed FY 2004-05	Difference
5,864	9,923	(4,059)

Telephones	(4,181)
Misc	40
Subscriptions	82

ITSD

Projected FY 2003-04	Proposed FY 2004-05	Difference
49,865	50,000	(135)

Fresno County Employees' Retirement Association

Calculation of Estimated Maximum Administrative Budget

For Budget Year 2004-05

	Total Plan Assets (Audited) 06/30/03	Total Plan Assets (Interim) 12/31/03	Net Plan Assets (Interim) 12/31/03
Assets per Financial Statements	\$1,925,819,000	\$2,092,685,270	\$1,730,505,556
Basis Points	0.001800	0.001800	0.0023
Maximum Budget Allowable By Law	\$3,466,474	\$3,766,833	\$3,980,162
Proposed Salaries and Benefits	1,245,566	1,245,566	1,245,566
Proposed Services and Supplies	1,460,998	1,460,998	1,460,998
Total Proposed Budget	2,706,564	2,706,564	2,706,564
Amount Proposed Budget Below Allowable Limit	\$759,910	\$1,060,269	\$1,273,598
Proposed Budget Basis Points	0.001405	0.001293	0.001564