

FCERA Budget Proposal Fiscal Year 2005-06

Executive Summary

June 15, 2005

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 2005-06

- **Implementation of the Board's decision on final compensation**
- **Improve member service**
- **Retain and develop talent through career tracks and merit recognition**
- **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)

$$\frac{\text{Projected 04-05}}{\text{Budget 04-05}} \times \frac{\text{Budget 05-06}}{\text{Projected 04-05}} = \frac{\text{Budget 05-06}}{\text{Budget 04-05}}$$

Accounting for the Difference

Proposed Budget 2005-06 to Projected Budget 2004-05

FY 2005-06 Budget			\$3,224,211
<i>Salaries & Employee Benefits</i>			
Overtime Wages	15,250		
Regular Wages	(103,864)		
Benefits	(112,579)		
Extra Help Wages	(197,505)		
Total Salaries & Employee Benefits			(398,698)
<i>Services & Supplies</i>			
Fixed Assets	32,890		
Maintenance	24,966		
PENSIONS System	7,244		
Depreciation	-		
Utilities	(2,350)		
Other (Phones, Memberships, Board Stipend)	(3,358)		
Liability Insurance	(14,952)		
Office Expense (includes Postage)	(15,312)		
Travel and Education (Board & Staff)	(17,802)		
ITSD Charges	(58,163)		
Professional & Special Services	(295,456)		
Total Services & Supplies			(342,293)
Total Difference			(740,991)
FY 2004-05 Projected			\$2,483,220

Salaries & Benefits

Projected 2004-05 to Budget 2005-06

	Projected FY 2004-05	Budget FY 2005-06	Difference
Overtime	55,250	40,000	15,250
Regular Wages	788,137	892,001	(103,864)
Benefits	306,215	418,794	(112,579)
Extra Help	125,613	323,118	(197,505)
Total	1,275,215	1,673,913	(398,698)

Overtime Wages

Projected 2004-05	Budget 2005-06	Difference
55,250	40,000	15,250

- **Final Compensation Issue**
- **Possible conversion to new bank**
- **Reclassification of Retirement Supervisor to exempt position**

Regular Wages

Projected 2004-05	Budget 2005-06	Difference
788,137	892,001	(103,864)

Reclassification of Position	(47,325)
Delay in Filling Positions	(36,088)
Step Increases, Promotions, Cost of Living Adjustments, and Bilingual Pay	(20,451)

Benefits

Projected 2004-05	Budget 2005-06	Difference
306,215	418,794	(112,579)

Retirement contribution increase due to repayment of Pension Obligation Bond	(72,050)
Increase in FICA and Unemployment resulting from increase in Extra Help	(27,448)
Increase in Group Health Insurance Rates	(23,113)
Retirement contribution increase due to reclassification of positions	(10,219)
Changes in Workers' Compensation and Management Life Insurance	(187)

Extra-Help Wages

Projected 2004-05	Budget 2005-06	Difference
125,613	323,118	(197,505)

Final Compensation Recalculatlions	(181,850)
Backlog of Buybacks	(15,655)

Services and Supplies

Projected 2004-05 to Budget 2005-06

	Projected FY 2004-05	Budget FY 2005-06	Difference
Fixed Assets	39,890	7,000	32,890
Maintenance	49,850	24,884	24,966
PENSIONS System	191,295	184,051	7,244
Depreciation	70,097	70,097	-
Utilities	23,493	25,843	(2,350)
Other (Phones, Memberships, Board Stipend)	22,631	25,989	(3,358)
Liability Insurance	149,516	164,468	(14,952)
Office Expense (includes Postage)	80,756	96,068	(15,312)
Travel and Education (Board & Staff)	23,498	41,300	(17,802)
ITSD Charges	88,635	146,798	(58,163)
Professional & Special Services	468,344	763,800	(295,456)
Total	1,208,005	1,550,298	(342,293)

Fixed Assets

Budget FY 2004-05	Proposed FY 2005-06	Difference
39,890	7,000	32,890

Replacment Computers and Software (4)	11,000
Furnishings for New Facility	9,375
Photo Copier (2)	7,061
Printers: Laser (2), DeskJets (4)	5,454
Boardroom Door and Buzzer	2,000
Computer & Software for New Positions	(2,000)

Maintenance, Buildings & Grounds

Projected FY 2004-05	Proposed FY 2005-06	Difference
49,850	24,884	24,966

Other	17,418
Parking Stripes and Signs	10,305
Pest Control, Security, Yard Service, and Janitorial	(2,757)

PENSIONS System

Projected FY 2004-05	Proposed FY 2005-06	Difference
191,295	184,051	7,244

Contingency, Other (Unanticipated Changes)	35,000
Annual Maintenance	(6,573)
Scheduled Changes to System	(21,183)

Depreciation

Projected FY 2004-05	Proposed FY 2005-06	Difference
70,097	70,097	-

Utilities

Projected FY 2004-05	Proposed FY 2005-06	Difference
23,493	25,843	(2,350)

Water, Garbage	(343)
PG&E	(2,007)

Other

Projected FY 2004-05	Proposed FY 2005-06	Difference
22,631	25,989	(3,358)

Telephones	(358)
Board Stipend	(3,000)

Liability Insurance

Projected FY 2004-05	Proposed FY 2005-06	Difference
149,516	164,468	(14,952)

Property Insurance	(185)
Liability Insurance	(567)
Fiduciary Insurance	(14,200)

Office Expense (Including Postage)

Projected FY 2004-05	Proposed FY 2005-06	Difference
80,756	96,068	(15,312)

Travel and Education (Board & Staff)

Projected FY 2004-05	Proposed FY 2005-06	Difference
23,498	41,300	(17,802)

- Trustee and staff education-related travel

Staff	(5,553)
Board	(12,249)

ITSD

Projected FY 2004-05	Proposed FY 2005-06	Difference
88,635	146,798	(58,163)

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

Professional Services

Projected FY 2004-05	Proposed FY 2005-06	Difference
468,344	763,800	(295,456)

Audit of Pension System - Benefit Calculations	39,000
Steefel, Levitt & Weiss - Final Comp Litigation	23,135
Board Member Elections	14,000
Hanson Bridgett - Tax Issues	13,604
Actuarial Services	1,200
Financial Audit	(2,378)
Disability Application Processing	(4,749)
County Counsel	(10,856)
Steefel, Levitt & Weiss - Other Legal Matters	(21,086)
Disability Hearings	(21,267)
Quarterly New sletter	(30,000)
Audit of Pensions System	(30,000)
Other (Contingency, etc.)	(52,059)
Audit of Actuarial Valuation	(60,000)
Board Governance (Policy)	(70,000)
Pension Disbursing Fees	(84,000)

Professional Services

Description	Cost	Justification
Steeffel, Levitt & Weiss - Final Comp Litigation	100,000	To seek professional advice on litigating the Final Comp issue
Pension disbursing fees	100,000	Required by Government Code 31580.2
Steeffel, Levitt & Weiss - Administrative Legal Matters	75,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
Disability retirement applicant expense	75,000	Projected expense based on previous experience
Board Governance	70,000	To provide training to the Board and develop a policy manual
Audit of Acturial Validation	60,000	
Contingency (Claims for Damages)	50,000	
Actuarial Services	50,000	To seek professional advice on benefit-related items
County Counsel	40,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
Hanson Bridgett - Tax Issues	30,000	To seek professional advice on tax related issues for FCERA
Audit of Pensions System	30,000	To provide assurance of the accuracy of calculations
Quarterly Newsletter	30,000	To seek professional advice on communication effectively with members
Disability Retirement Hearings	23,000	Cost of hearing officer, transcriptionist, and legal representation
Audit of FY 2004-05 financial statements	20,000	Required by Government Code 31593
Board Member Elections	8,000	
Personnel Advertising Fees	1,500	
Miscellaneous	1,300	
Total	763,800	

Fresno County Employees' Retirement Association

Calculation of Estimated Maximum Administrative Budget

For Budget Year 2005-06

	Total Plan Assets (Audited) 06/30/04	Total Plan Assets (Interim) 12/31/04	Net Plan Assets (Interim) 12/31/04
Assets per Financial Statements	\$2,697,674,000	\$2,560,607,949	\$2,319,742,782
Basis Points	0.001800	0.001800	0.002300
Maximum Budget Allowable By Law	\$4,855,813	\$4,609,094	\$5,335,408
Proposed Salaries and Benefits	1,673,913	1,673,913	1,673,913
Proposed Services and Supplies	1,550,298	1,550,298	1,550,298
Total Proposed Budget	3,224,211	3,224,211	3,224,211
Amount Proposed Budget Below Allowable Limit	\$1,631,602	\$1,384,883	\$2,111,197
Proposed Budget Basis Points	0.001195	0.001259	0.001390