

FCERA Budget Proposal Fiscal Year 2006-07

Executive Summary

June 7, 2006

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 2006-07

- **Completion of final compensation project**
- **Decrease current backlog of prior public service and prior county service purchase requests**
- **Continually improve member services**
- **Retain and develop talent through career tracks and merit recognition**
- **Keep up with new challenges created by dynamic retirement environment**

Presented Methodology to Budget Committee

(1)

(2)

$$\begin{array}{r} \text{Projected 05-06} \\ \hline \text{Budget 05-06} \end{array} \times \begin{array}{r} \text{Budget 06-07} \\ \hline \text{Projected 05-06} \end{array} = \boxed{\begin{array}{r} \text{Budget 06-07} \\ \hline \text{Budget 05-06} \end{array}}$$

Accounting for the Difference

Proposed Budget 2006-07 to Projected Budget 2005-06

<u>Category</u>	<u>Difference</u>	
FY 2006-07 Budget		\$3,431,329
<i>Salaries & Employee Benefits</i>		
Regular Wages	(148,940)	
Benefits	(121,761)	
Extra Help Wages	(52,757)	
Overtime Wages	14,045	
Total Salaries & Employee Benefits	(309,413)	
<i>Services & Supplies</i>		
Professional & Special Services	(157,947)	
Office Expense (includes Postage)	(59,895)	
PENSIONS System	(28,760)	
Liability Insurance	(16,168)	
ITSD Charges	(11,945)	
Fixed Assets	(11,718)	
Travel and Education (Board & Staff)	(8,639)	
Utilities	(2,374)	
Maintenance	373	
Other (Phones, Memberships, Board Stipend)	(360)	
Total Services & Supplies	(297,433)	
Total Difference		(606,846)
FY 2005-06 Projected		\$2,824,483

Salaries & Benefits

Projected 2005-06 to Budget 2006-07

	Projected FY 2005-06	Budget FY 2006-07	Difference
Regular Wages	804,582	953,522	(148,940)
Benefits	375,077	496,838	(121,761)
Extra Help	253,669	306,426	(52,757)
Overtime	54,045	40,000	14,045
Total	1,487,373	1,796,786	(309,413)

Regular Wages

Projected 2005-06	Budget 2006-07	Difference
804,582	953,522	(148,940)

New Positions	(54,912)
Step Increases, Promotions, Cost of Living Adjustments, and Bilingual Pay	(45,461)
Reclassification of Positions	(26,161)
Delay in Filling Positions	(22,406)
	<u>(148,940)</u>

Benefits

Projected 2005-06	Budget 2006-04	Difference
375,077	496,838	(121,761)

Changes in Workers' Compensation and Management Life Insurance	(577)
Increase in Employee Mileage	2,209
Increase in FICA and Unemployment Resulting From Increase in Extra Help	(23,499)
Increase in Group Health Insurance Rates	(29,999)
Retirement contribution increase due to reclassification of positions and repayment of Pension Obligation Bond	(69,895)
	<u>(121,761)</u>

Extra-Help Wages

Projected 2005-06	Budget 2006-07	Difference
253,669	306,426	(52,757)

Final Compensation Project	(71,588)
Backlog of Buybacks	17,566
Accounting Backlog	1,265
	(52,757)

Overtime Wages

Projected 2005-06	Budget 2006-07	Difference
54,045	40,000	14,045

- **Final Compensation Project**
- **Reclassification of Retirement Supervisor to Exempt Position**

Services and Supplies

Projected 2005-06 to Budget 2006-07

	Projected FY 2005-06	Budget FY 2006-07	Difference
Professional & Special Services	647,496	805,443	(157,947)
Office Expense (includes Postage)	60,135	120,030	(59,895)
PENSIONS System	201,967	230,727	(28,760)
Liability Insurance	161,674	177,842	(16,168)
ITSD Charges	151,682	163,627	(11,945)
Fixed Assets	1,402	13,120	(11,718)
Travel and Education (Board & Staff)	33,861	42,500	(8,639)
Utilities	23,736	26,110	(2,374)
Maintenance	30,038	29,665	373
Other (Phones, Memberships, Board Stipend)	25,119	25,479	(360)
Total	1,337,110	1,634,543	(297,433)

Professional Services

Projected FY 2005-06	Proposed FY 2006-07	Difference
647,496	805,443	(157,947)

Actuarial Services	77,029
Board Governance (Policy)	(70,000)
Actuarial Audit	60,000
Other (Contingency, etc)	(50,000)
Financial Audit	(41,147)
Steefel, Levitt & Weiss - Final Comp Litigation	(35,501)
Audit of Pension System - General	(30,000)
Quarterly New sletter	(30,000)
Steefel, Levitt & Weiss - Other Legal Matters	22,300
County Counsel	(13,806)
Board Member Elections	(13,000)
Disability Application Processing	(10,287)
Hanson Bridgett - Tax and Other Issues	(10,263)
Pension Disbursing Fees	(10,002)
Disability Hearings	(3,270)
	(157,947)

Professional Services

Description	Cost	Justification
Disability retirement applicant expense	113,153	Projected expense based on previous experience
Pension disbursing fees	110,017	To pay for the issuance of retiree benefits and Form 1099s as required by Government Code 31580.2
Steeffel, Levitt & Weiss - Administrative Legal Matters	100,000	To seek professional advice on miscellaneous fiduciary and staffing initiative
County Counsel	79,000	To seek professional advice on miscellaneous fiduciary and administrative issues
Board Governance	70,000	To provide training to the Board and develop a policy manual
Financial Audit	59,300	Cost of financial audit required by Government Code 31593
Steeffel, Levitt & Weiss - Final Comp Litigation	50,000	To seek professional advice on litigating the Final Comp issue
Actuarial Services	50,000	To seek professional advice on benefit-related items
Contingency	50,000	
Disability Retirement Hearings	35,973	Cost of hearing officer, transcriptionist, and legal representation
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
Hanson Bridgett - Tax Related Legal Services	15,000	To seek professional advice on tax related issues for FCERA
Board Member Elections	13,000	
Total	805,443	

Office Expense (Including Postage)

Projected FY 2005-06	Proposed FY 2006-07	Difference
60,135	120,030	(59,895)

Miscellaneous Bulk Mail Projects	(26,508)
Office Supplies (postage, printing, paper, ink cartridges)	(23,979)
Printing and Postage - Final Compensation	(9,270)
Janitorial Supplies	(196)
Overnight Mail Delivery	58
	<u>(59,895)</u>

PENSIONS System

Projected FY 2005-06	Proposed FY 2006-07	Difference
201,967	230,727	(28,760)

Annual Maintenance	(24,152)
Contingency, Other (Unanticipated Changes)	(9,000)
Scheduled Changes to System	4,392
	<u>(28,760)</u>

Liability Insurance

Projected FY 2005-06	Proposed FY 2006-07	Difference
161,674	177,842	(16,168)

Fiduciary Insurance	(15,282)
Liability Insurance	(660)
Property Insurance	(226)
	<u>(16,168)</u>

ITSD

Projected FY 2005-06	Proposed FY 2006-07	Difference
151,682	163,627	(11,945)

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

Fixed Assets

Projected FY 2005-06	Proposed FY 2006-07	Difference
1,402	13,120	(11,718)

Computers & Software	(6,718)
Furnishings	(5,000)
	<u>(11,718)</u>

Travel (Board & Staff)

Projected FY 2005-06	Proposed FY 2006-07	Difference
33,861	42,500	(8,639)

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

Board	(6,221)
Staff	(2,418)
	(8,639)

Utilities

Projected FY 2005-06	Proposed FY 2006-07	Difference
23,736	26,110	(2,374)

PG&E	(2,066)
Water, Garbage	(308)
	<u>(2,374)</u>

Maintenance, Buildings & Grounds

Projected FY 2005-06	Proposed FY 2006-07	Difference
30,038	29,665	373

Other (Install Bulletin Board, White Boards, Repair Fire Sprinkler, Plumbing, Air Conditioning Filter Replacement)	3,457
Janitorial	(1,603)
Security	(1,461)
Pest Control	(20)
	373

Other

Projected FY 2005-06	Proposed FY 2006-07	Difference
21,449	21,794	(345)

Telephones	(345)
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Fresno County Employees' Retirement Association

Calculation of Estimated Maximum Administrative Budget

For Budget Year 2006-07

	<u>Total Plan Assets</u>	<u>Net Plan Assets</u>
Assets per Audited Financial Statements for Fiscal Year Ended 6/30/05	\$ 2,898,822,177	\$ 2,337,770,624
Basis Points	0.0018	0.0023
Maximum Administrative Budget Amount Allowed	\$ 5,217,880	\$ 5,376,872
Proposed Salaries and Benefits	\$ 1,796,786	\$ 1,796,786
Proposed Services and Supplies	1,634,543	1,634,543
Total Proposed Budget	\$ 3,431,329	\$ 3,431,329
Amount Proposed Budget Blow Allowable Limit	\$ 1,786,551	\$ 1,945,543
Basis Points	0.001184	0.001468