



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 23

MEETING DATE: April 21, 2021

SUBJECT: Proposed SCERS Budget for Fiscal Year 2020-21

SUBMITTED FOR: ___ Consent X Deliberation and Action ___ Receive and File

RECOMMENDATION

Staff recommends the Board approve the 2021-22 budget of approximately \$18.5 million, to be paid out of the retirement trust fund, for personnel and operating costs of administering the System.

PURPOSE

This item supports the Strategic Management Plan goal to minimize administrative expenses and to demonstrate fiscal stewardship.

SUMMARY

The overall 2021-22 budget reflects a total decrease of \$1,317,000 or 7%, including capitalized costs (the Pension Administration System (PAS) and office improvements as part of the lease renewal). Capitalized costs are decreasing as expected next year, which was the main driver of the year-over-year budget decrease.

Excluding capital expenses, the budget increased by \$226,000 or 1%. The 1% increase meets the Board's strategic goal to keep operational spending at or below inflation. The 2020-21 budget also reflected flat operational spending from the prior year, indicating a stable spending plan over a 3-year period.

Significant Adjustments

The decrease in operating expenses is primarily attributable to lower projected costs in Medical Services, Legal Services, and the Countywide Cost Allocation, offset by increases in Investment Services/Consultants, Information Technology Services, and non-cash Depreciation expenses. The 2021-22 budget also includes the reallocation of 2.0 FTE positions and deletion of the Chief Strategy Officer position; year-over-year total salaries and benefits expenses remain flat with these changes.

Below is a summary of major adjustments from the 2020-21 budget:

- Decrease in Medical Services of \$107,000 or 37% is due to the decrease in disability-related activities as the budget amount is based on the three-year average of actual expenses.
- Increase in Actuarial Services of \$55,000 or 23% is mainly attributed to anticipated costs related to the actuarial audit to be conducted in Fall 2021.
- Increase in Investment Services/Consultants of \$304,000 or 16% is mainly due to the increase in anticipated costs related to third-party service provider for portfolio analytic services.
- Decrease in Legal Services of \$225,000 or 19% is attributable to the decrease in disability-related legal matter costs.
- Increase in Information Technology Services of \$265,000 or 69% is mainly due to the increase of monthly hosting and maintenance services for the Pension Administration System.
- Increase in Leased Property Use Charges of \$50,000 or 9% is mainly due to the increase of monthly office rent, offset by the three months free rent. As part of SCERS' building lease renewal, the lessor provided SCERS a total of five months free rent, two months will be recognized in 2020-21 and the remaining three months will be recognized in 2021-22.
- Increase in Depreciation Expense of \$525,000 or 1,591% is due to the anticipation that the PAS will be completed in early 2022 and depreciation will begin over an estimated 10-year useful life.
- Decrease in Countywide Cost Allocation of \$490,000 or 75% is primarily due to the true-up of the County General Fund actual expenses from the prior two years.
- Decrease in Building Improvements of \$200,000 or 50% is mainly due to the inclusion of the remaining tenant improvement costs to be incurred in 2021-22, which will be reimbursed by the lessor. As part of SCERS' building lease renewal, the lessor provided SCERS a total of \$600,000 allowance in tenant improvements, \$400,000 was budgeted in fiscal year 2020-21 and the remaining balance is included in the 2021-22 budget.
- Decrease in the PAS of \$1,343,000 or 36% is due to the decrease in costs as the project moves to the next phase of development and implementation. The budget for the PAS includes anticipated additional costs for the project consultant.

Programmatic Adjustments

The 2021-22 budget includes anticipated expenses for the following periodic activities that do not occur every year:

-
- Actuarial audit, last conducted in 2017.
 - Voter Registration and Elections costs to coordinate the SCERS Board election for three trustee seats.
 - Compensation study for executive management positions, last conducted in 2017.
 - Strategic planning consultant to facilitate discussion with Board on finalizing mission/vision statements and goals.
 - Legal expenses to review SCERS' alternative assets portfolio and confirm that SCERS' overall record with respect to duty of care negotiations meets or exceeds the industry norms and the prudent expert standard.

The budget also includes new, ongoing costs for third-party portfolio analytic services, as described in a separate agenda item, to provide investment staff with a detailed view of the entire portfolio to understand risk exposures and help better evaluate new investment opportunities in the context of the broader portfolio and the strategic asset allocation.

Overall Budget Approach

Staff employed the following approaches in developing the 2021-22 annual budget:

- Salaries and Benefits (\$8,297,000 or 44.9%) are projected using SCERS' actual payroll costs for the pay period 26 ended in December 2020 provided by the County Office of Budget and Debt Management. Certain line items are based on charges from the County's Allocated Cost Package. Overtime and Terminal Pay are based on SCERS' three-year average of actual expenses.
- Services and Supplies (\$6,753,000 or 36.4%) are based on charges from the County Allocated Cost Package, County Department of Technology Charges, and SCERS' three-year average of actual expenses. Certain line items are based on contract amounts and anticipated costs to be incurred.
- Other Charges (\$719,000 or 3.9%) include anticipated depreciation expense related to the Pension Administrative System (PAS), which is expected to be completed in early 2022, and costs allocated to SCERS from the Countywide Cost Plan Allocation.
- Contingencies (\$158,000) are determined based on 1% of total budget amount for Salaries and Benefits, Service and Supplies, and Other Charges.
- Capitalized Costs (\$2,569,000 or 13.9%) are comprised of building improvements and the PAS. The budget amount is based on anticipated spending and contract amounts.

Functional Budget

Expenses allocated to each function for direct and indirect costs pertain to the respective functional area:

- The Benefits function (33.1%) oversees the administration of benefits and related member services.
- The Investments function (23.8%) is responsible for the oversight and implementation of SCERS' investment program.

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- Information Technology (23.5%) has overall responsibility for functionality of SCERS information technology software, maintenance and equipment, and the IT modernization program.
 - The Finance function (10.4%) manages SCERS' financial processes, including budgeting, accounting, cash management, financial planning and analysis, and financial reporting.
 - SCERS Administration function (8.8%) is responsible for office and facility management, human resource, and overall administration of SCERS.
 - The Board of Retirement function (0.4%) includes costs for Board elections, education conferences for trustees, refreshments for Board meetings, and stipends paid to Board members.

Position Changes

SCERS currently operates with a budgeted staff of 59 positions. The proposed budget reduces the total number of staff to 58 and reallocates certain full-time equivalent (FTE) positions to meet SCERS' business needs. The following changes have received preliminary approval by the Department of Personnel Services for class appropriateness to be included in a "Salary Resolution Amendment" as part of the County's 2021-22 budget process:

- Reallocation 1.0 FTE Retirement Investment Officer to 1.0 FTE Senior Retirement Investment Officer.

SCERS continues to experience significant growth and change in terms of plan assets and the sophistication of its investment program. The Sr. Investment Officer is responsible for and works on more complex and specialized investment strategies that are necessary to maintain continuity and stability of the retirement fund. This position is responsible for leading specific sections of the SCERS' portfolio and is relied on to work independently with a thorough understanding of investment risk and return objectives. The addition of a lower-level Investment Analyst to the SCERS' investment staff this year creates the opportunity to elevate the second Investment Officer to a Senior level to concentrate on more complex and/or specialized investment strategies while continuing to build and develop relationships with external asset managers.

- Reallocation 1.0 FTE Retirement Services Analyst to 1.0 FTE Retirement Services Manager.

The addition of a second Retirement Services Manager is to address increasing business demands and management needs. Currently there is one Retirement Services Manager who oversees three retirement administration teams as well as project management and training for the PAS. Adding a second Retirement Services Manager position is not only essential for managing staff and workload, but is vital to the successful transition and change management from legacy systems and processing to the new PAS. With the new PAS, staff training and development, and process/procedure improvement development is needed and will continue to be needed for the successful implementation and deployment of the new PAS to stakeholders.

Additionally, the 2021-22 Budget includes the deletion of 1.0 FTE Chief Strategy Officer position.

The Chief Strategy Officer retired in January; the Board created the position in 2017 to provide full-time project management support for the PAS project and to advance other strategic initiatives. Additionally, the Chief Strategy Officer became the designated lead supervisor over the information technology and communications staff while the Chief Operations Officer remained vacant. As the PAS project nears completion, SCERS is utilizing Linea Solutions for project management services and the CEO is in the process of recruiting a Chief Operations Officer as part of the long-term executive management staffing structure.

Combined with other adjustments in salaries and benefits, these changes result in a \$1,000 increase in personnel costs.

Administrative Expense Budget Limit

Pursuant to Government Code Sections 31580.2 and 31596.1, the statutory limit for administrative expenses shall not exceed the greater of twenty-one hundredths of one percent (.21%) of the actuarial accrued liability of the retirement system or \$2,000,000 as adjusted annually by a specified annual cost-of-living adjustment. Government Code Sections 31580.2 and 31596.1 specify that certain investment, technology, and legal costs are not considered administrative expenses.

The administrative expense budget for 2021-22 totals \$10,903,000, which represents a decrease of \$250,000 compared to the 2020-21 administrative expense budget of \$11,153,000. As a percent of SCERS' actuarial accrued liabilities, the administrative expenses represent 0.09% in 2021-22, which is consistent with the percentage in 2020-21.

ATTACHMENTS

- Budget Presentation
- Annual Budget Fiscal Year 2021-22

/S/

Debbie Chan
Senior Accounting Manager

/S/

Eric Stern
Chief Executive Officer



SCERS
CELEBRATING **80** YEARS

2021-22 Annual Budget

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

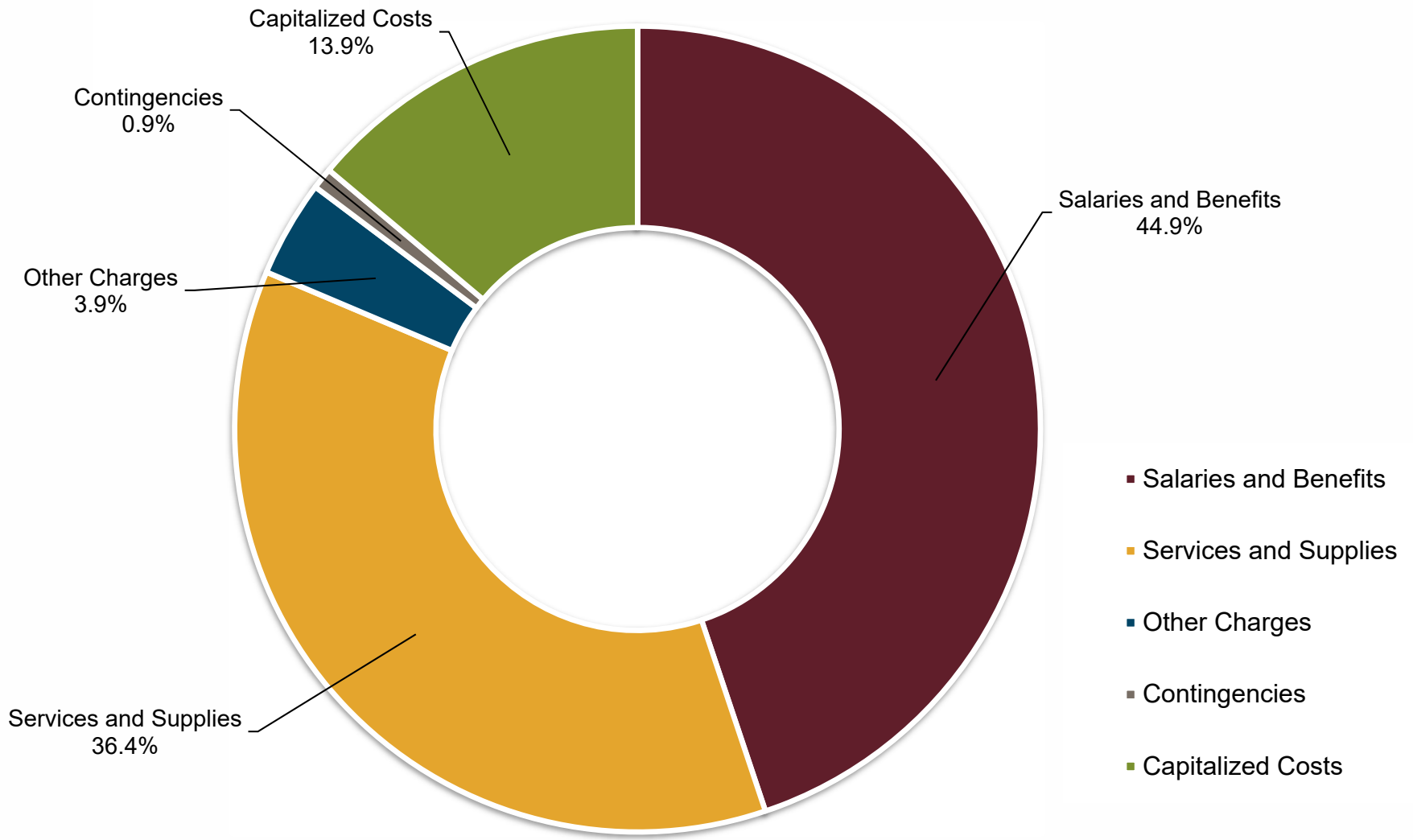
Overall Budgeting Process

- ❖ One-time Budget Approval

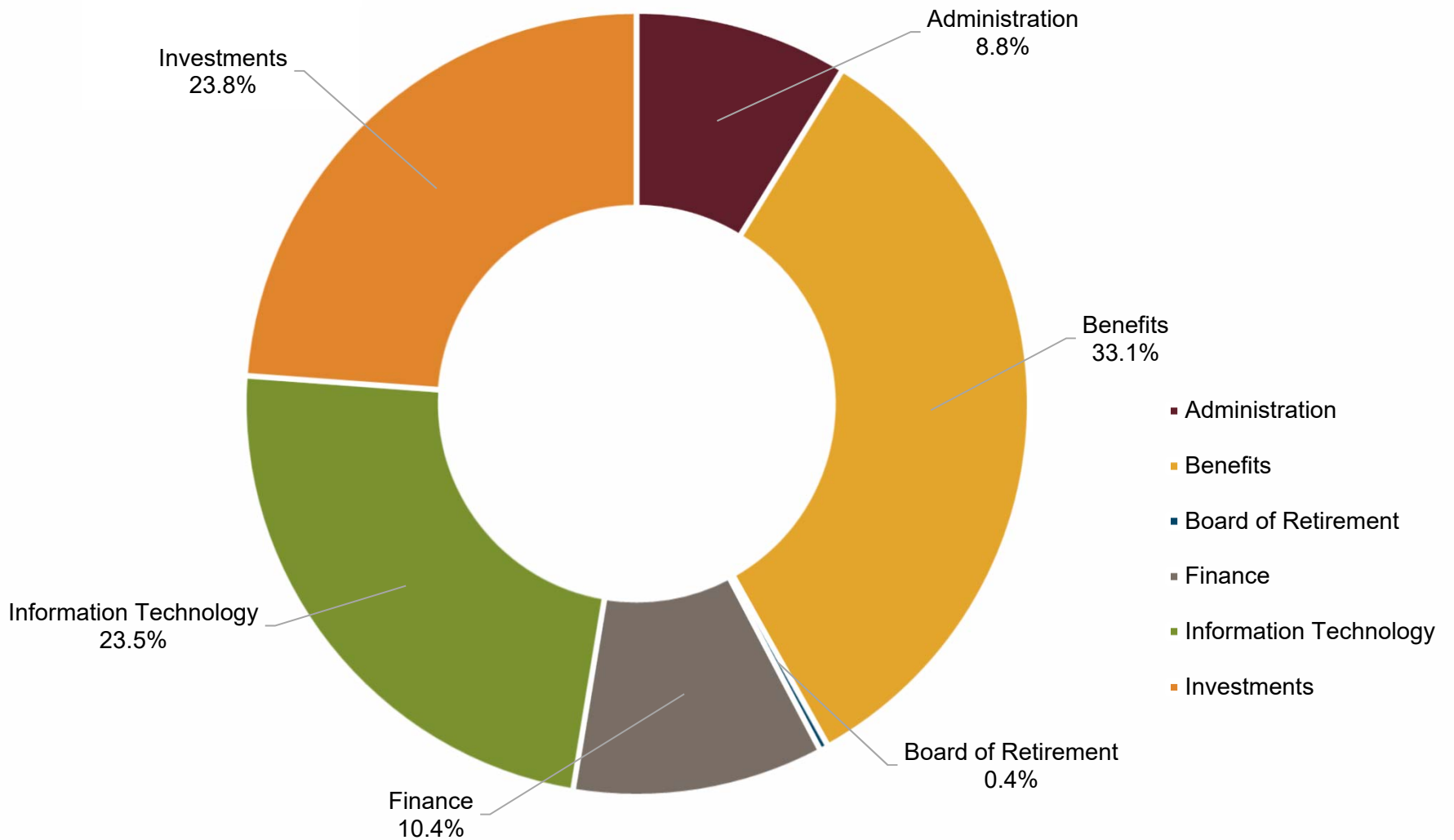
- ❖ Comprehensive spending plan
 - ❑ Overall budget decrease (7%) mainly due to decrease in capitalized costs for building improvements and the Pension Administration Project expenses
 - ❑ Non-capital expenses increased by 1%

- ❖ Slow growth
 - ❑ Align expenses to actual spending
 - ❑ Reallocate vacant positions instead of new FTEs
 - ❑ New initiatives absorbed from other savings

2021-22 Proposed Budget by Expense Type



2021-22 Proposed Budget by Function



Note: The budget amount of \$158,000 for Contingencies is not allocated to any function and is excluded from this chart.

Significant Budget Changes

- ❖ No major changes. Year-over-year spending (excluding capitalized costs) increased by \$226,000 or 1%.
- ❖ Salaries and Benefits remains flat
 - ❑ Reflects reallocations of two positions and deletion of 1 position.



Significant Budget Changes (Continued)

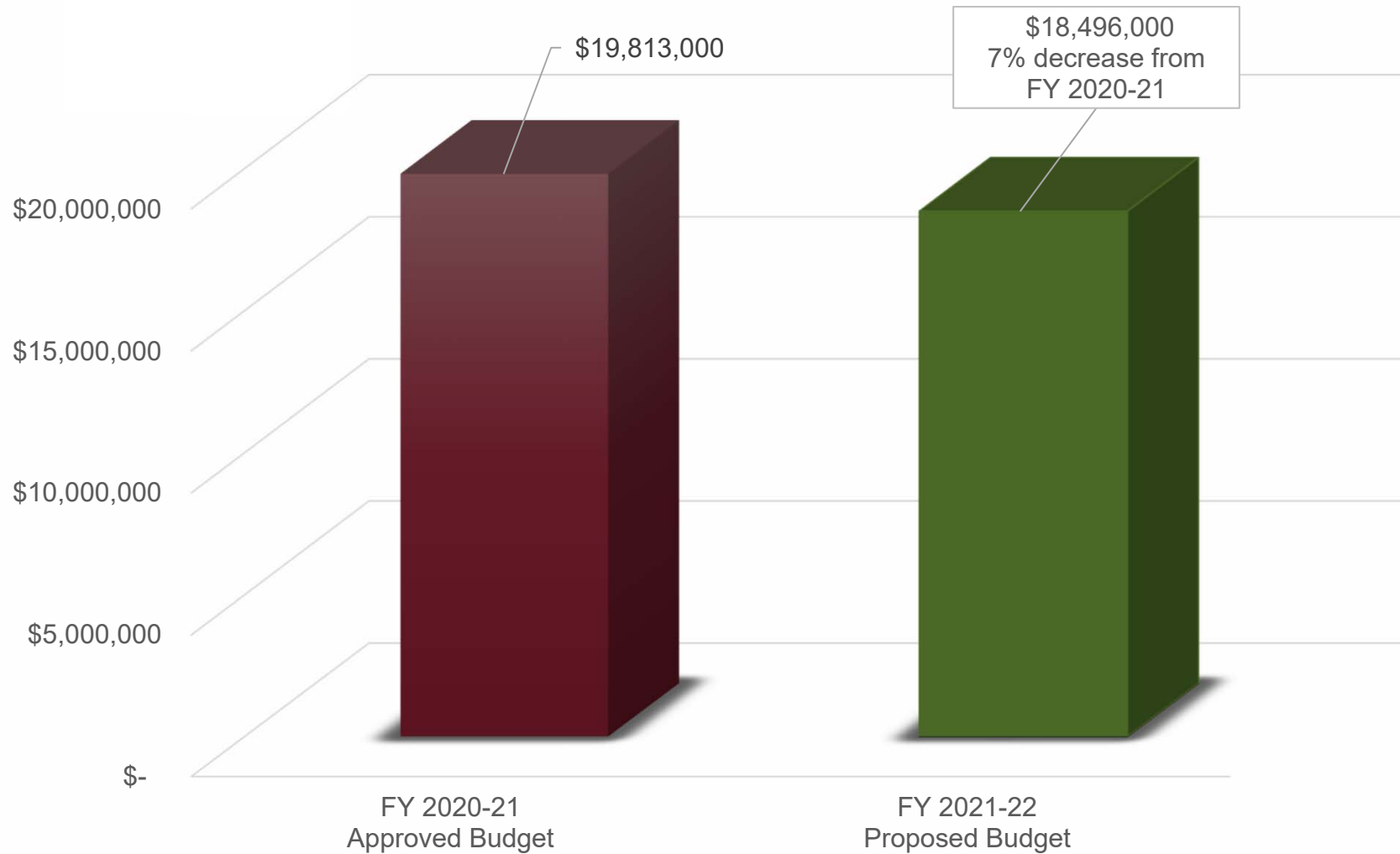
- ❖ Increase in Services and Supplies of \$187,000 or 3% mainly due to the increase in Investment Services/Consultants and Information Technology Services, offset by decrease in Medical Services and Legal expenses.
- ❖ Increase in Other Charges of \$35,000 or 5% resulting from the increase in anticipated Depreciation for the PAS project, offset by decrease in Countywide Cost Allocation.
- ❖ Decrease in Capitalized Costs of \$1,343,000 or 38%
 - ❑ Reflects decrease in Building Improvements for the remaining balance of tenant improvements, which will be reimbursed by SCERS' office building lessor.
 - ❑ Reflects decrease in PAS project costs as we move to the next phase of development and implementation.

Programmatic Adjustments

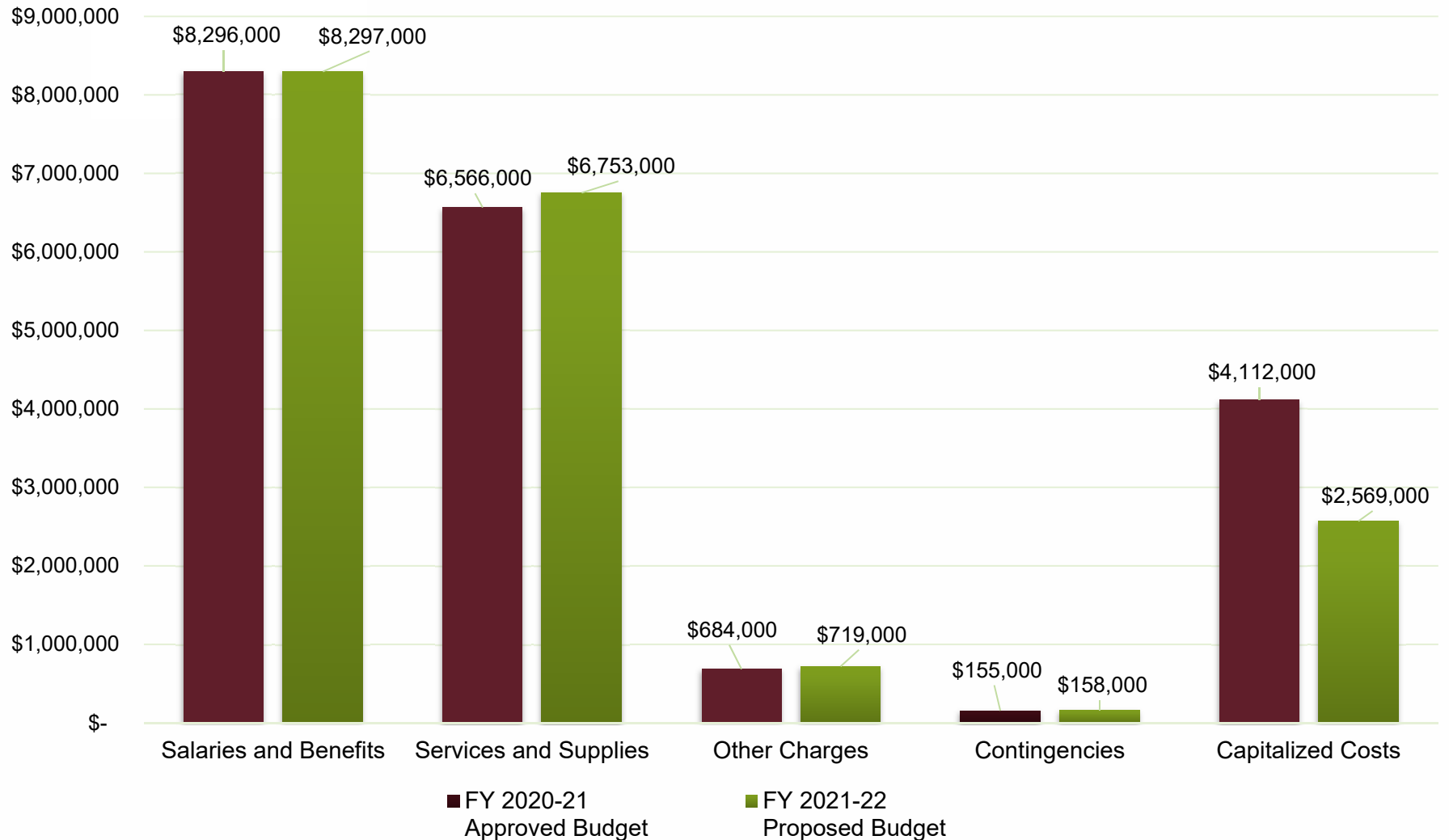
- ❖ The 2021-22 budget includes anticipated expenses for the following periodic activities that do not occur every year:
 - ❑ Actuarial audit, last conducted in 2017
 - ❑ Voter Registration and Elections costs to coordinate the SCERS Board election for three trustee seats
 - ❑ Compensation study for executive management positions, last conducted in 2017
 - ❑ Strategic planning consultant to facilitate discussion with Board on finalizing mission/vision statements and goals
 - ❑ Legal expenses to review SCERS' alternative assets portfolio

- ❖ The budget also includes new, ongoing costs for third-party portfolio analytic services

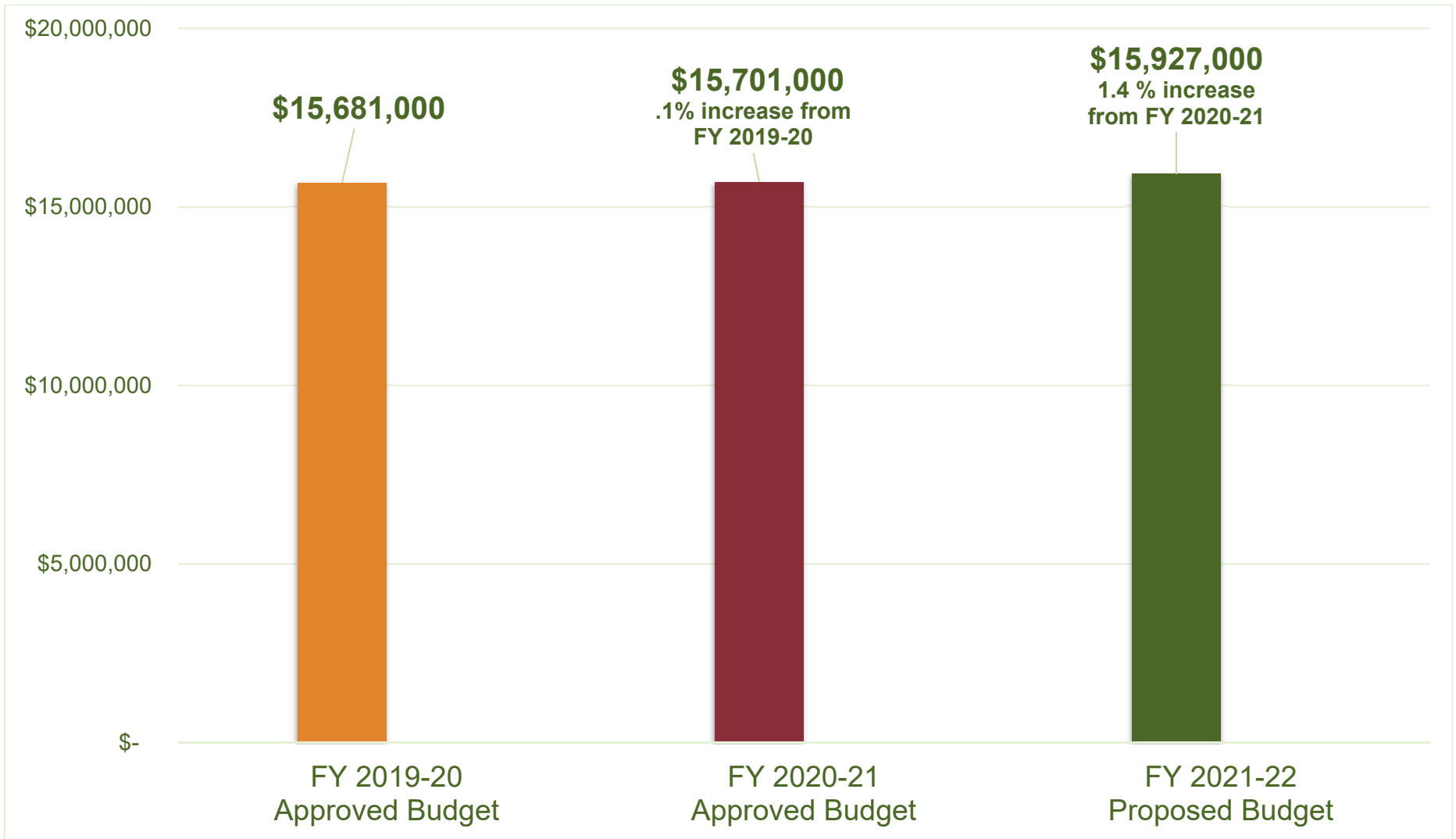
2021-22 Proposed Budget and 2020-21 Approved Budget - Total



2021-22 Proposed Budget and 2020-21 Approved Budget – Summary



Non-Capital Expense Budget – Three-Year Comparison

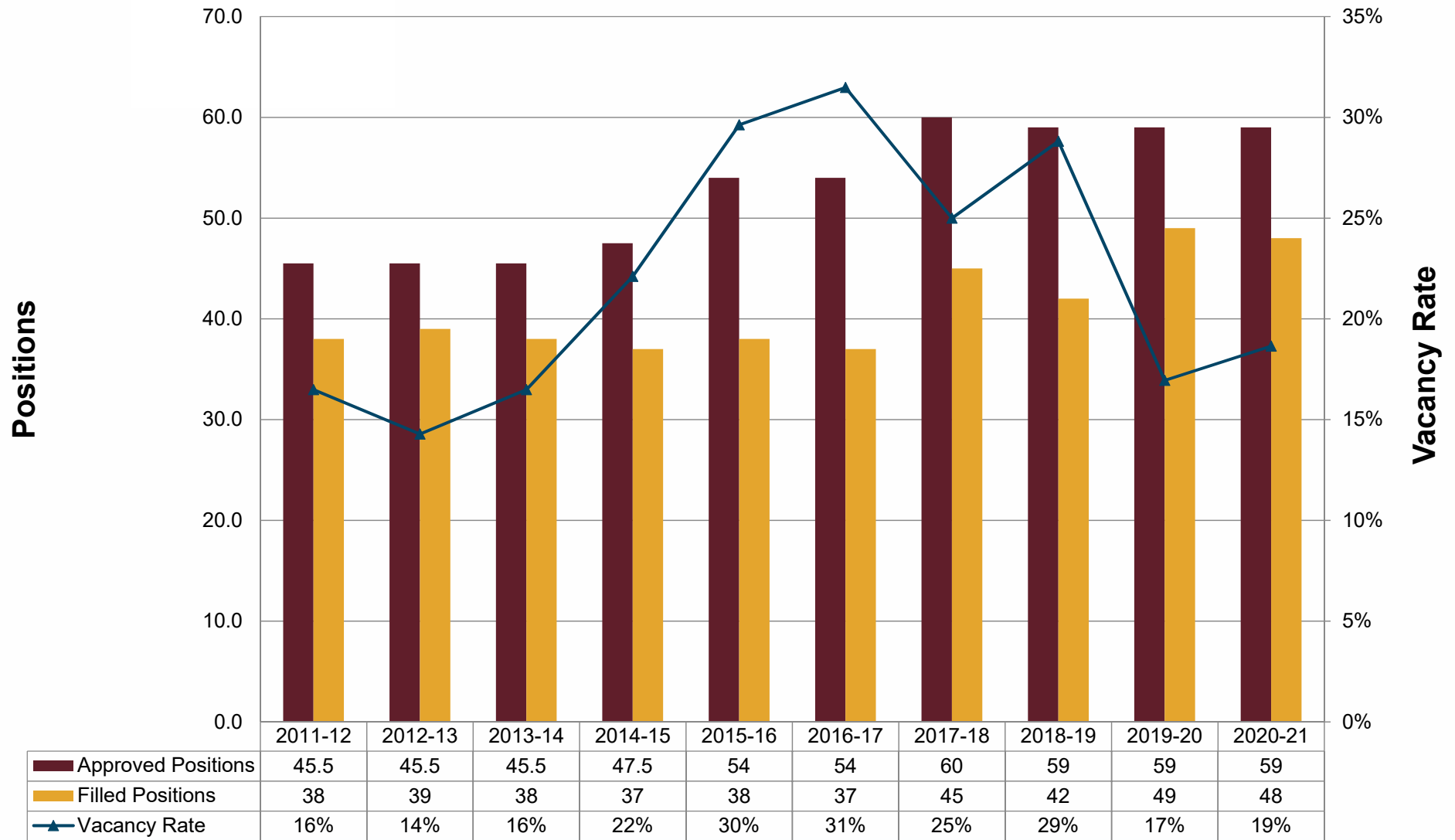


Position Changes

- ❖ Reevaluated SCERS' structure and proposed the reallocation of certain full-time equivalent (FTE) positions, which have been incorporated in the 2021-22 Annual Budget.
 - ❑ Reallocate 1.0 FTE Retirement Investment Officer to 1.0 FTE Senior Investment Officer
 - ❑ Reallocate 1.0 FTE Retirement Services Analyst to 1.0 FTE Retirement Services Manager

- ❖ Deletion of 1.0 FTE Chief Strategy Officer position

Vacant vs. Filled Positions



Administrative Expense Budget Limit

- ❖ Budget Limit for Administrative Expenses
 - ❑ The statutory limit is 0.21% of the total actuarial accrued liability (AAL).
 - ❑ 2021-22 Administrative Expenses total 0.09% of AAL (no changes from the prior year).

- ❖ 2021-22 administrative expense budget totals \$10,903,000, which excludes:
 - ❑ Expenses for computer software, computer hardware, and computer technology consulting services.
 - ❑ Actuarial expenses.
 - ❑ Investment-related expenses, including legal expenses.



2021-22

ANNUAL BUDGET

For the Fiscal Year 2021-22

Sacramento, California

Sacramento County Employees' Retirement System





ANNUAL BUDGET

For the Fiscal Year 2021-22

PREPARED BY:

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EMPLOYEES' RETIREMENT SYSTEM

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SUMMARY OF SIGNIFICANT BUDGET CHANGES

(Dollar Amounts Rounded to the Nearest Thousand)

The SCERS 2021-22 Annual Budget of \$18,496,000 represents the financial resources needed to help achieve strategic priorities and initiatives of the organization. Staff employed the following approaches in developing the 2021-22 annual budget:

- Salaries and Benefits are projected using SCERS' actual payroll costs for the pay period 26 ended in December 2020 provided by the County Office of Budget and Debt Management. Certain line items are based on charges from the County's Allocated Cost Package. Overtime and Terminal Pay are based on SCERS' three-year average of actual expenses.
- Services and Supplies are based on charges from the County Allocated Cost Package, County Department of Technology Charges, and SCERS' three-year average of actual expenses. Certain line items are based on contract amounts and anticipated costs to be incurred.
- Other Charges include anticipated depreciation expense related to the Pension Administrative System (PAS), which is expected to be completed in early 2022, and costs allocated to SCERS from the Countywide Cost Plan Allocation.
- Contingencies are determined based on 1% of total budget amount for Salaries and Benefits, Service and Supplies, and Other Charges.
- Capitalized Costs are comprised of building improvements and the PAS. The budget amount is based on anticipated spending and contract amounts.

Below is a summary of the main changes compared to prior year ended 2020-21:

- Decrease in Medical Services of \$107,000 or 37% is due to the decrease in disability-related activities as the budget amount is based on the three-year average of actual expenses.
- Increase in Actuarial Services of \$55,000 or 23% is mainly attributed to anticipated costs related to the actuarial audit to be conducted in Fall 2021.
- Increase in Investment Services/Consultants and Other of \$304,000 or 16% is mainly due to the increase in anticipated costs related to third-party service provider for portfolio analytic services.
- Decrease in Legal Services of \$225,000 or 19% is attributable to the decrease in disability-related legal matter costs.
- Increase in Information Technology Services of \$265,000 or 69% is mainly due to the inclusion of the hour bank fee for the PAS software vendor and with the increase of monthly hosting and maintenance services and disaster recovery fee.
- Increase in Leased Property Use Charges of \$50,000 or 9% is mainly due to the increase of monthly office rent, which is offset by the three months free rent.
- Increase in Depreciation Expense of \$525,000 or 1,591% is due to the anticipation that the PAS will be completed in early 2022 and depreciation will begin over an estimated 10-year useful life.



SUMMARY OF SIGNIFICANT BUDGET CHANGES (CONTINUED)

(Dollar Amounts Rounded to the Nearest Thousand)

- Decrease in Countywide Cost Allocation of \$490,000 or 75% is primarily due to the true-up of the County General Fund actual expenses from the prior two years.
- Decrease in Building Improvements of \$200,000 or 50% is mainly due to the inclusion of the remaining tenant improvement costs to be incurred in 2021-22, which will be reimbursed by the lessor. As part of SCERS' building lease renewal, the lessor provided SCERS a total of \$600,000 allowance in tenant improvements, \$400,000 was budgeted in fiscal year 2020-21 and the remaining balance is included in the 2021-22 budget.
- Decrease in the PAS of \$1,343,000 or 36% is due to the decrease in costs as the project moves to the next phase of development and implementation.

BUDGET SUMMARY

SUMMARY BY EXPENSE TYPE

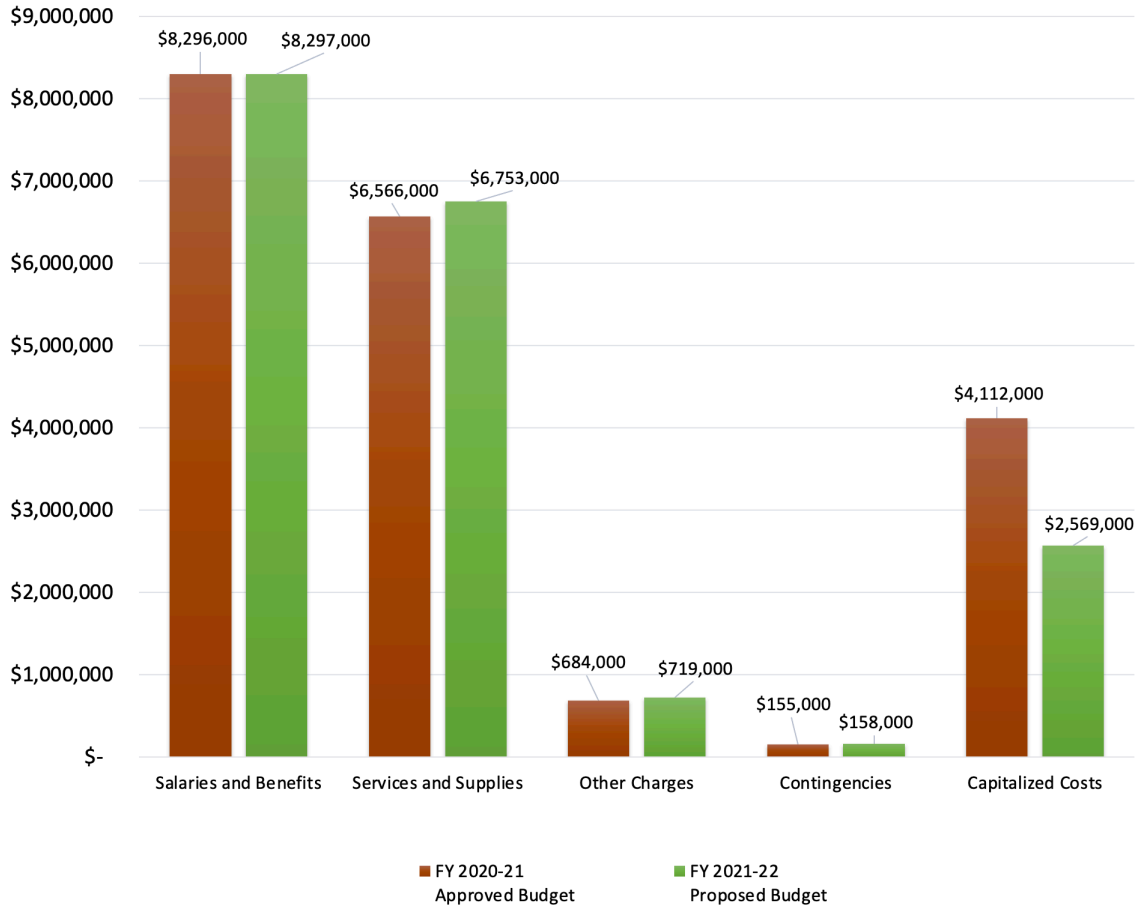
(Dollar Amounts Rounded to the Nearest Thousand)

<u>Expense Type</u>	<u>FY 2019-20 Actual Expense</u>	<u>FY 2020-21 Approved Budget</u>	<u>FY 2021-22 Proposed Budget</u>	<u>Year-Over-Year Percentage Change</u>
Salaries and Benefits	\$6,597,000	\$8,296,000	\$8,297,000	-%
Services and Supplies	5,647,000	6,566,000	6,753,000	3
Other Charges	413,000	684,000	719,000	5
Contingencies	-	155,000	158,000	2
Total	12,657,000	15,701,000	15,927,000	1
Capitalized Costs	3,646,000	4,112,000	2,569,000	(38)
Grand Total	\$16,303,000	\$19,813,000	\$18,496,000	(7)%



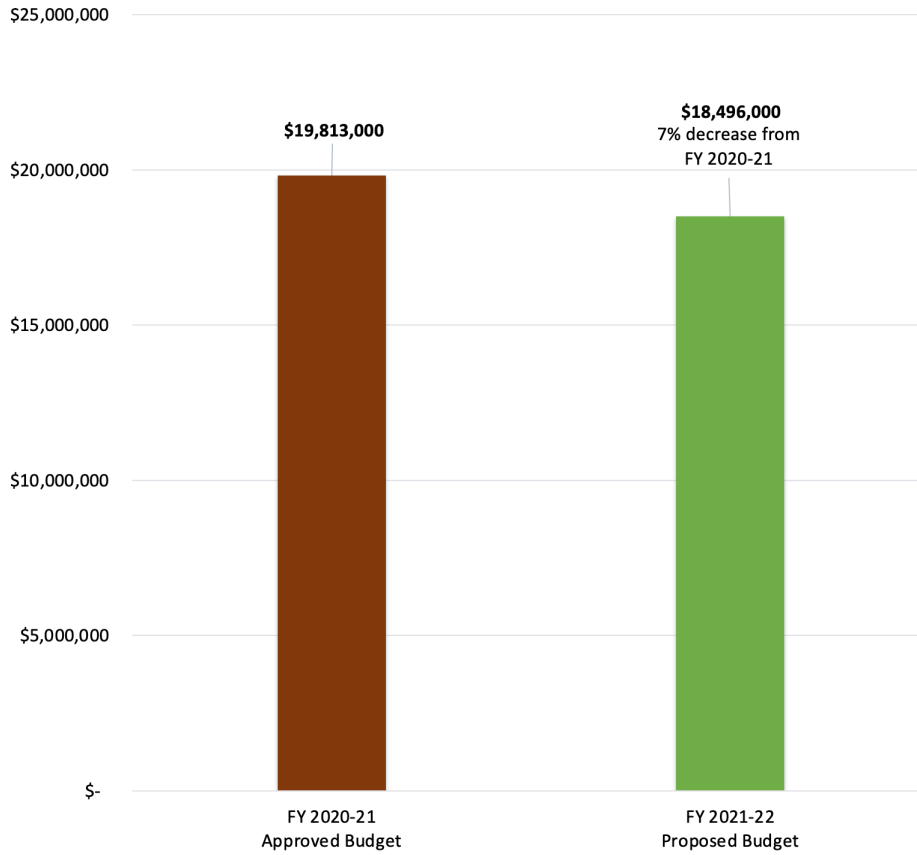
FISCAL YEAR 2021-22 PROPOSED BUDGET AND FISCAL YEAR 2020-21 APPROVED BUDGET

(Dollar Amounts Rounded to the Nearest Thousand)



FISCAL YEAR 2021-22 PROPOSED BUDGET AND FISCAL YEAR 2020-21 APPROVED BUDGET

(Dollar Amounts Rounded to the Nearest Thousand)



FUNCTIONAL AREA ALLOCATION APPROACH

Expenses allocated to each function for direct and indirect costs pertain to the respective functional area. SCERS Administration function is responsible for office and facility management, human resource, and overall administration of SCERS. The Benefits function oversees the administration of benefits and related member services. The Board of Retirement function includes costs for business conferences and travel, refreshments for board meetings, and stipends paid to Board members. The Finance function manages SCERS' financial processes, including budgeting, accounting, cash management, financial planning and analysis, and financial reporting. Information Technology has overall responsibility for functionality of SCERS information technology software, maintenance and equipment, and the IT modernization program. Investments is responsible for the oversight and implementation of SCERS' investment program. The following summarizes the methodologies used to allocate the different type of expenses to the respective functions:

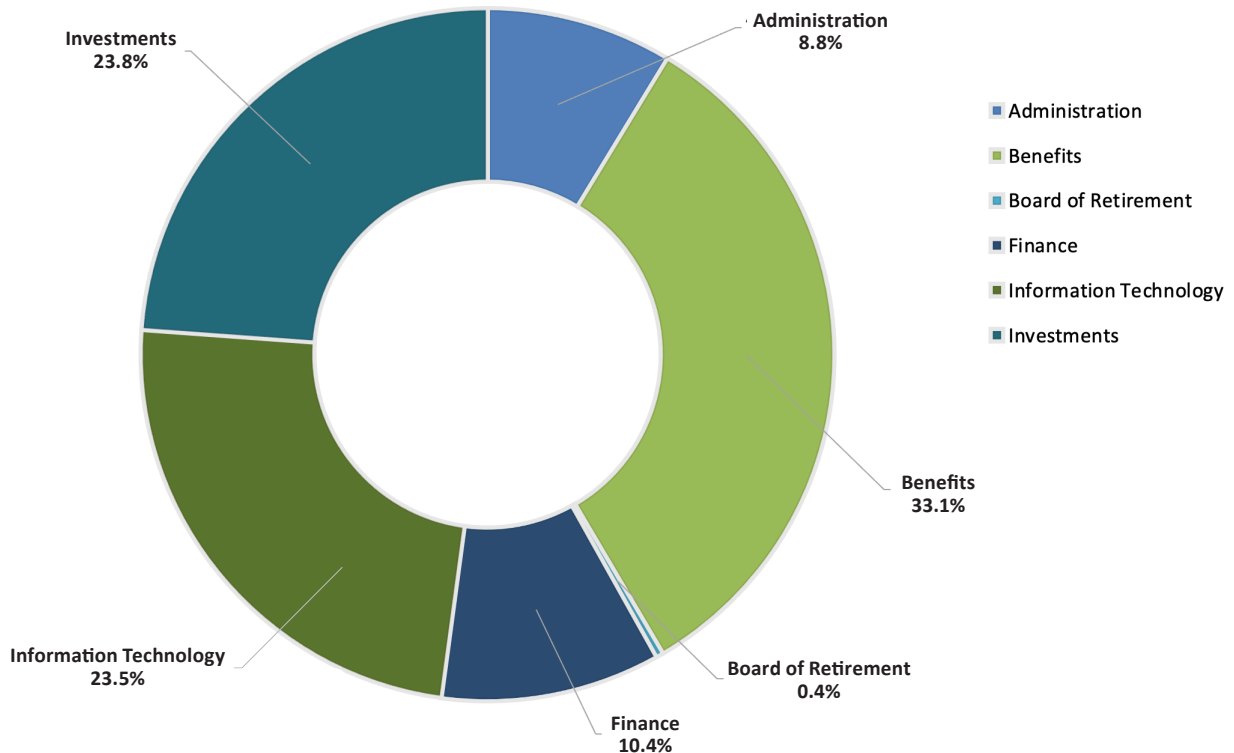
- **Salaries and Benefits** are allocated based on the total salaries and benefits costs specific to a function. A percentage is determined based on the respective function's costs divided by the total SCERS salaries and benefits amount. This percentage is used to calculate the salaries and benefits amounts to be allocated to each function on a monthly basis. Salaries and Benefits charged to the Board of Retirement function is comprised of stipends for Board members who are not County employees to attend regular and special Board and Committee meetings.
- **Services and Supplies**
 - **Indirect expenses** such as County allocated costs, fiduciary liability insurance, office supplies, postage and printing services, rents/leases, etc. are allocated based on the percentage of total full-time equivalent (FTE) positions assigned to the respective function. A percentage is calculated using the total FTE positions assigned to the specific function divided by the total FTE positions for SCERS. This percentage is used to calculate the indirect expense amounts for each of the function. Indirect expenses are not charged to the Board of Retirement function.
 - **Direct expenses** such as actuarial, business conferences and travel, Countywide IT services, election services, information technology services, membership, medical, legal, reporting, and transcribing services, etc. are charged directly to the respective functions incurring the costs.
- **Other Charges** are comprised of depreciation expenses and Countywide cost allocation. Depreciation expense is charged to the Information Technology function as it mainly comprised of the Pension Administration System. Countywide cost allocation expense is allocated using the same methodology as indirect expenses.
- **Contingencies** are not allocated to any of the functions.
- **Capitalized Costs** are comprised of building improvements and Pension Administration System (PAS) costs. Building improvements are allocated to the Administration function, and PAS costs are allocated to the Information Technology function.

FISCAL YEAR 2021-22 FUNCTIONAL BUDGET SUMMARY

(Dollar Amounts Rounded to the Nearest Thousand)

Expense Type	Administration		Benefits		Board of Retirement	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Salaries and Benefits	\$1,208,000	15%	\$3,769,000	45%	\$8,000	-%
Services and Supplies	188,000	3	2,206,000	33	57,000	1
Other Charges	17,000	2	94,000	13	-	-
Total	1,413,000	9	6,069,000	38	65,000	-
Contingencies	-	-	-	-	-	-
Capitalized Costs	200,000	8	-	-	-	-
Grand Total	\$1,613,000	9%	\$6,069,000	33%	\$65,000	-%

FISCAL YEAR 2021-22 FUNCTIONAL BUDGET PERCENTAGE



Note: The budget amount of \$158,000 for Contingencies is not allocated to any function and is excluded from this chart.



PROPOSED BUDGET BY FUNCTION (CONTINUED)

FISCAL YEAR 2021-22 FUNCTIONAL BUDGET SUMMARY (CONTINUED)

(Dollar Amounts Rounded to the Nearest Thousand)

Finance		Information Technology		Investments		Total
Amount	Percentage	Amount	Percentage	Amount	Percentage	
\$1,574,000	19%	\$451,000	5%	\$1,287,000	16%	\$8,297,000
297,000	4	933,000	14	3,072,000	45	6,753,000
29,000	4	565,000	79	14,000	2	719,000
1,900,000	12	1,949,000	12	4,373,000	28%	15,769,000
-	-	-	-	-	-	158,000
-	-	2,369,000	92	-	-	2,569,000
\$1,900,000	10%	\$4,318,000	24%	\$4,373,000	24%	\$18,496,000

BUDGET DETAIL

(Dollar Amounts Rounded to the Nearest Thousand)

Account Number	Account Title	FY 2019-20 Actual Expense	FY 2020-21 Approved Budget	FY 2020-21 Percentage Expended as of 12/31/2020	FY 2021-22 Proposed Budget	Increase / (Decrease) from FY 2020-21 Budget	
						Amount	Percentage
Salaries and Benefits							
10111000	Salaries & Wages-Regular Employees	\$4,171,000	\$5,328,000	40%	\$5,253,000	\$(75,000)	(1)%
10112400	Salaries & Wages-Committee Members	7,000	8,000	36	8,000	-	-
10113100	Salaries & Wages-Straight Time O/T	22,000	19,000	7	22,000	3,000	16
10113200	Salaries & Wages-Time & One Half O/T	10,000	72,000	8	47,000	(25,000)	(35)
10114100	Salaries & Wages-Premium Pay	58,000	73,000	35	80,000	7,000	10
10114300	Allowances	5,000	5,000	54	5,000	-	-
10115200	Terminal Pay	22,000	146,000	24	105,000	(41,000)	(28)
10121000	Retirement-Normal & UAAL	762,000	1,079,000	37	1,118,000	39,000	4
10121100	Retirement-1995/2003 POB Debt Service	322,000	323,000	50	335,000	12,000	4
10121200	Retirement-2004 POB Debt Service	160,000	157,000	50	165,000	8,000	5
10121300	Health Savings-Employer Cost	31,000	39,000	38	38,000	(1,000)	(3)
10121400	401A Plan-Employer Cost	17,000	23,000	32	25,000	2,000	9
10122000	OASDI-Employer Cost	300,000	384,000	35	379,000	(5,000)	(1)
10123000	Group Insurance-Employer Cost	693,000	917,000	37	905,000	(12,000)	(1)
10124000	Workers Compensation Insurance-Employer Cost	16,000	17,000	51	21,000	4,000	24
10125000	Unemployment Insurance-Employer Cost	1,000	2,000	49	12,000	10,000	500
10199900	Salary Savings Factor	-	(296,000)	N/A	(221,000)	(75,000)	(25)
	Salaries and Benefits	6,597,000	8,296,000	41%	8,297,000	1,000	- %
Services and Supplies							
20200500	Advertising/Legal Notices	-	2,000	27%	2,000	-	- %
20202200	Books/Periodicals Supply	-	-	-	-	-	-
20202400	Periodicals & Subscriptions	2,000	7,000	22	6,000	(1,000)	(14)
20203100	Business Conferences and Travel	37,000	146,000	3	118,000	(28,000)	(19)
20203500	Education & Training Services	8,000	7,000	-	5,000	(2,000)	(29)
20203700	Employee Tuition Reimbursement	-	-	-	-	-	-
20203800	Employee Recognition	8,000	16,000	3	13,000	(3,000)	(19)
20205100	Insurance-Liability	32,000	41,000	50	43,000	2,000	5
20205200	Insurance-Fiduciary Liability	102,000	108,000	99	106,000	(2,000)	(2)
20206100	Memberships	22,000	26,000	42	21,000	(5,000)	(19)
20207600	Office Supplies	12,000	15,000	19	14,000	(1,000)	(7)

BUDGET DETAIL (CONTINUED)

(Dollar Amounts Rounded to the Nearest Thousand)

Account Number	Account Title	FY 2019-20 Actual Expense	FY 2020-21 Approved Budget	FY 2020-21 Percentage Expended as of 12/31/2020	FY 2021-22 Proposed Budget	Increase / (Decrease) from FY 2020-21 Budget	
						Amount	Percentage
20208100	Postage Services	8,000	6,000	48	7,000	1,000	17
20208500	Printing Services	11,000	16,000	33	14,000	(2,000)	(13)
20226400	Office Equipment Modular Furniture	17,000	29,000	28	35,000	6,000	21
20227500	Rents/Leases-Equipment	16,000	18,000	19	17,000	(1,000)	(6)
20244300	Medical Services	93,000	291,000	22	184,000	(107,000)	(37)
20250200	Actuarial Services	293,000	241,000	58	296,000	55,000	23
20250595	Board Meetings	1,000	2,000	-	1,000	(1,000)	(50)
20250607	Investment Services/Consultants and Other	2,011,000	1,960,000	48	2,264,000	304,000	16
20252100	Temporary Staffing Services	-	31,000	-	27,000	(4,000)	(13)
20253100	Legal Services	818,000	1,200,000	39	975,000	(225,000)	(19)
20254100	Personnel Services	180,000	241,000	50	241,000	-	-
20254110	Labor Relations Services	4,000	8,000	49	8,000	-	-
20254400	Safety Program Services	1,000	1,000	55	1,000	-	-
20256100	Reporting Services	66,000	153,000	7	130,000	(23,000)	(15)
20256200	Transcribing Services	5,000	12,000	13	9,000	(3,000)	(25)
20259100	Other Professional Services	134,000	317,000	34	292,000	(25,000)	(8)
20259101	Information Technology Services	293,000	384,000	77	649,000	265,000	69
20281200	Data Processing Supplies	87,000	45,000	14	54,000	9,000	20
20281302	County Payroll	3,000	3,000	-	3,000	-	-
20281303	County Payment Services	4,000	5,000	-	12,000	7,000	140
20281305	Audits	2,000	2,000	-	2,000	-	-
20281700	Election Services	27,000	-	-	30,000	30,000	-
20283200	Interpreter Services	-	1,000	-	-	(1,000)	(100)
20291000	Countywide IT Services	43,000	43,000	51	44,000	1,000	2
20291100	Systems Development Services	200,000	117,000	41	55,000	(62,000)	(53)
20291200	Systems Development Supplies	55,000	60,000	43	49,000	(11,000)	(18)
20291300	Department of Finance Services	200,000	180,000	52	128,000	(52,000)	(29)
20291600	Wide Area Network	58,000	57,000	50	58,000	1,000	2
20291700	Alarm Services	2,000	2,000	46	2,000	-	-
20292100	GS-Printing Services	24,000	24,000	54	25,000	1,000	4
20292200	GS-Mail/Postage Charges	148,000	129,000	52	138,000	9,000	7
20292300	GS-Messenger Services	4,000	4,000	44	4,000	-	-

BUDGET DETAIL (CONTINUED)

(Dollar Amounts Rounded to the Nearest Thousand)

Account Number	Account Title	FY 2019-20 Actual Expense	FY 2020-21 Approved Budget	FY 2020-21 Percentage Expended as of 12/31/2020	FY 2021-22 Proposed Budget	Increase / (Decrease) from FY 2020-21 Budget	
						Amount	Percentage
20292500	GS-Purchasing Services	2,000	4,000	46	2,000	(2,000)	(50)
20292700	GS-Warehousing Charges	1,000	1,000	14	1,000	-	-
20294200	County Facility Use Charges	3,000	3,000	50	3,000	-	-
20294300	Leased Property Use Charges	573,000	570,000	60	620,000	50,000	9
20296200	Parking	9,000	17,000	25	13,000	(4,000)	(24)
20298300	GS-Surplus Property Management	2,000	2,000	47	2,000	-	-
20298700	Telephone Usage	26,000	17,000	85	29,000	12,000	71
20298900	Telephone Installation	-	2,000	-	1,000	(1,000)	(50)
	Services and Supplies	5,647,000	6,566,000	45%	6,753,000	187,000	3%
Other Charges							
30332000	Depreciation Expense	62,000	33,000	- %	558,000	525,000	1,591%
30348000	Countywide Cost Allocation	351,000	651,000	50	161,000	(490,000)	(75)
	Other Charges	413,000	684,000	48%	719,000	35,000	5%
Contingencies							
70790100	Appropriation For Contingencies	-	155,000	- %	158,000	3,000	2%
	Contingencies	-	155,000	-	158,000	3,000	2%
	Total Expense	12,657,000	15,701,000	43%	15,927,000	226,000	1%
Capitalized Costs							
	Building Improvements	-	400,000	-%	200,000	(200,000)	(50)%
	Pension Administration System	3,646,000	3,712,000	44	2,369,000	(1,343,000)	(36)
	Capitalized Costs	3,646,000	4,112,000	40%	2,569,000	(1,543,000)	(38)%
	Grand Total	\$16,303,000	\$19,813,000	42%	\$18,496,000	\$(1,317,000)	(7)%

NA - Not applicable.

SUMMARY OF POSITIONS

Position Title	Requested FY 2020-21	Approved FY 2020-21	Filled FY 2020-21 (*)	Requested FY 2021-22
Accountant	2	2	2	2
Accounting Manager	2	2	2	2
Accounting Technician	2	2	2	2
Administrative Services Officer II	1	1	1	1
Assistant Retirement Administrator - Chief Benefits Officer	1	1	1	1
Assistant Retirement Administrator - Chief Operations Officer	1	1	-	1
Assistant Retirement Administrator - Chief Strategy Officer	1	1	1	-
Assistant Retirement Administrator - Deputy Chief Investment Officer	1	1	1	1
Chief Investment Officer - Retirement	1	1	1	1
Executive Secretary	1	1	1	1
Information Technology Analyst I/II	1	1	1	1
Office Specialist I/II	7	7	5	7
Paralegal	1	1	1	1
Retirement Administrator - Chief Executive Officer	1	1	1	1
Retirement Benefits Specialist I/II	12	12	11	12
Retirement General Counsel	1	1	1	1
Retirement Investment Analyst II	1	1	1	1
Retirement Investment Officer	2	2	1	-
Retirement Services Analyst	4	4	3	3
Retirement Services Manager	1	1	1	2
Retirement Services Supervisor	3	3	1	3
Senior Accountant	3	3	1	3
Senior Accounting Manager	1	1	1	1
Senior Public Information Officer	1	1	1	1
Senior Retirement Benefits Specialist	6	6	4	6
Senior Retirement Investment Officer	1	-	1	2
Supervisor Information Technology Analyst	1	1	1	1
Total	60	59	48	58

Note: SCERS' proposed budget headcount for fiscal year 2021-22 is 58, which does not include the Senior Personnel Analyst (SPA). The SPA position is contracted through the County Department of Personnel Services.

(*) Fiscal year 2020-21 filled positions are presented as of December 31, 2020.

SUMMARY OF BUSINESS CONFERENCES AND TRAVEL

(Dollar Amounts Rounded to the Nearest Thousand)

Date	Conference	Attendee(s)	Total Budget Amount
July-2021	SACRS Public Pension Investment Management Program	Board Member or Management Staff	\$1,000
August-2021	CALAPRS Principles of Pension Governance for Trustees	Board Members (2)	1,000
September-2021	CALAPRS Accountants' Round Table	Management Staff and Staff Members (2)	1,000
September-2021	CALAPRS Benefits Round Table	Management Staff and Staff Member (2)	1,000
September-2021	CALAPRS Attorneys' Round Table	General Counsel	1,000
September-2021	CALAPRS Administrators' Institute	Chief Executive Officer	1,000
October-2021	Global ARC Conference	Chief Investment Officer	2,000
October-2021	Public Pension Financial Forum	Senior Accounting Manager	1,000
October-2021	CALAPRS Information Technology Round Table	Supervising Information Technology Analyst or Information Technology Analyst	1,000
October-2021	CALAPRS Trustees' Round Table	Board Members	1,000
October-2021	CALAPRS Administrative Assistant Round Table	Executive Secretary	1,000
November-2021	SACRS Fall Conference	Management Staff and Board Members (8)	12,000
November-2021	Intermediate Course in Retirement Plan Administration	SCERS Staff (2)	1,000
December-2021	Advanced Course in Retirement Plan Administration	SCERS Staff (2)	1,000
December-2021	Markets Group Conference	Investment Staff	1,000
January-2022	Institutional Investor: Risk and Liquidity Forum	Chief Investment Officer	1,000
January-2022	VIP Americas Real Estate	Investment Staff	1,000
January-2022	CALAPRS Administrators' Round Table	Chief Executive Officer	1,000
February-2022	Institutional Investor Real Assets Forum	Investment Staff	2,000
February-2022	CALAPRS Trustees' Round Table	Board Members	1,000
February-2022	CALAPRS Attorneys' Round Table	General Counsel	1,000
February-2022	CALAPRS Benefits Round Table	SCERS Staff (2)	1,000
February-2022	CSMFO Annual Conference	Senior Accounting Manager	2,000
February-2022	NAPPA Winter Seminar	General Counsel	2,000
March-2022	CALAPRS General Assembly	Management Staff and Board Members (3)	4,000
March-2022	CALAPRS Advanced Principles of Pension Management	Board Member	4,000
April-2022	CalGovHR	Senior Personnel Analyst	2,000
April-2022	The Pension Bridge Annual	Investment Staff	2,000
April-2022	Institutional Investor Public Funds Forum	Chief Investment Officer	1,000
April-2022	Institutional Investor Private Equity Conference	Investment Staff	1,000
April-2022	CGSA Annual Conference	SCERS Staff	2,000
April-2022	CALAPRS Accountants' Round Table	Management Staff and Staff Members (2)	2,000
April-2022	CALAPRS Information Technology Round Table	Supervising Information Technology Analyst or Information Technology Analyst	1,000
April-2022	CALAPRS Administrative Assistant Round Table	Executive Secretary	1,000
April-2022	Public Retirement Information Systems Management Conference	Chief Operations Officer, Supervising Information Technology Analyst or Information Technology Analyst (2)	4,000
May-2022	IPMA-HR	Senior Personnel Analyst	2,000
May-2022	CEM Conference	Chief Executive Officer and Management Staff (3)	6,000
May-2022	SACRS Spring Conference	Management Staff and Board Members (8)	11,000
May-2022	CALAPRS Staff Overview Training	SCERS Staff (4)	4,000
June-2022	GFOA Conference	Senior Accounting Manager and Accounting Managers (3)	6,000
June-2022	CALAPRS Communications Round Table	Public Information Officer	1,000
June-2022	Institutional Limited Partnership Association Conference	Investment Staff	3,000
June-2022	CALAPRS Benefits Round Table	Management Staff and Staff Member (2)	2,000
June-2022	CALAPRS Administrators' Round Table	Chief Executive Officer	1,000
June-2022	NAPPA Legal Education Conference	General Counsel	2,000
TBD	Silicon Valley/Bay Area Due Diligence	Investment Staff (2)	2,000
TBD	Los Angeles Due Diligence	Investment Staff	1,000
TBD	New York Due Diligence	Investment Staff (2)	7,000
TBD	Manager Annual Meeting (5)	Investment Staff	7,000
Total			\$118,000



ADMINISTRATIVE EXPENSE ANNUAL BUDGET LIMIT

(Dollar Amounts Rounded to the Nearest Thousand)

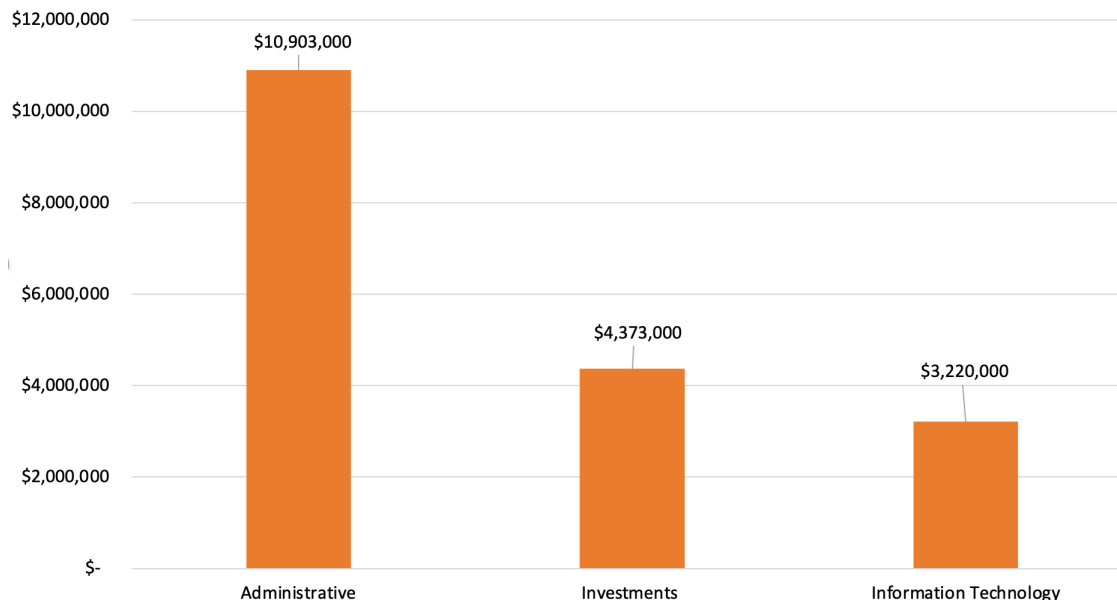
ANNUAL BUDGET LIMIT FOR ADMINISTRATIVE EXPENSES

(PURSUANT TO GOVERNMENT CODE SECTIONS 31580.2 AND 31596.1)

Below is the calculation of SCERS' annual administrative budget limit pursuant to Government Code Sections 31580.2 and 31596.1:

	Fiscal Year 2020-21		Fiscal Year 2021-22	
Total Budget		\$19,813,000		\$18,496,000
Less: Investments Related Costs		(4,299,000)		(4,373,000)
Computer Software/Hardware and Computer Technology Consulting Services Costs		(4,361,000)		(3,220,000)
Administrative Expenses Budget		\$11,153,000		\$10,903,000
Total Actuarial Accrued Liability as of June 30, 2019 and June 30, 2020, respectively		\$11,895,520,000		\$12,693,655,000
Administrative Expenses Budget Limit at Twenty-one Hundredths of One Percent	0.21%	\$24,981,000	0.21%	\$26,657,000
Administrative Expenses Budget	0.09%	11,153,000	0.09%	10,903,000
Budget Limit in Excess of Administrative Expenses	0.12%	\$13,828,000	0.12%	\$15,754,000

FISCAL YEAR 2021-22 BUDGET LIMIT SUMMARY



GLOSSARY

Account
Number

Account Title and Description

10111000 Salaries & Wages-Regular Employees

This line item is comprised of regular salaries and wages for SCERS personnel. SCERS uses the fiscal year 2020-21 Personnel Cost Forecasting (PCF) Report provided by County of Sacramento (County) as the basis, and updated to incorporate anticipated staffing changes in fiscal year 2021-22. The PCF is based on data extracted from the human resources module of Comprehensive Online Management Personnel and Accounting System for Sacramento County (COMPASS) for pay period 26 ended in December 2020, which includes a 1% cost-of-living adjustment (COLA) based on the current Consumer Price Index estimates. The PCF does not include any equity or salary adjustments since the current labor agreements will expire on June 30, 2021 and no agreements have been reached with any of the labor unions.

The budgeting for step increases for filled positions is based on the anniversary of an employee's start date in their current classification. Exempt positions are budgeted based on anticipated step increases. Vacant positions are budgeted at the lowest step.

10112400 Salaries & Wages-Committee Members

Salaries and wages for Board members who are not County employees to attend regular and special Board and Committee meetings.

10113100 Salaries & Wages-Straight Time O/T

Certain job classifications are paid straight time, and others job classification are paid time and one-half for overtime hours worked as prescribed by the labor agreements. Also as prescribed by the labor agreements, employees have the option to select monetary compensation or bank the overtime hours worked. This line item represents straight time payment for overtime hours worked in anticipation of operational needs, leaves of absence, and temporarily vacant positions.

10113200 Salaries & Wages-Time & One-Half O/T

This line item represents time and one-half payments for overtime hours worked in anticipation of operational needs, leaves of absence, and temporarily vacant positions. As prescribed by the labor agreements, employees have the option to select monetary compensation or bank the overtime hours worked.

10114100 Salaries & Wages-Premium Pay

Salaries and wages for pay differential based on a 3.35% of base pay for management positions, 5% pay differential for employees who perform out of class duties for vacant positions, and 2.5% to 5% educational incentive for qualified employees in specified positions.



Account Number	Account Title and Description
10114300	<p>Allowances</p> <p>This line item is comprised of car allowance provided to the Chief Executive Officer.</p>
10115200	<p>Terminal Pay</p> <p>This line item represents anticipated payments for accrued leave balances and for one-half of sick leave balances upon retirement for management employees.</p>
10121000	<p>Retirement-Normal & UAAL</p> <p>This represents the employer’s share of pension cost, which includes normal cost and unfunded actuarial accrued liability (UAAL) contributions for SCERS employees based on actuarially determined employer contribution rates.</p>
10121100	<p>Retirement-1995/2003 POB Debt Service</p> <p>This is a County allocated cost to SCERS, which pertains to the principal and interest payments of the 1995/2003 Pension Obligation Bond (POB). Costs are allocated based on SCERS’ total salaries.</p>
10121200	<p>Retirement-2004 POB Debt Service</p> <p>This is a County allocated cost to SCERS, which pertains to the principal and interest payments of the 2004 POB. Costs are allocated based on SCERS’ total salaries.</p>
10121300	<p>Health Savings-Employer Cost</p> <p>This account represents Retirement Health Savings Plan (RHSP) for eligible SCERS employees. The RHSP provides tax-free savings during employment for payment of premiums and other qualified post-employment medical expenses at retirement. SCERS contributes \$25 per pay period for each eligible employee.</p>
10121400	<p>401A Plan-Employer Cost</p> <p>This is the IRC 401(a) Retirement Savings Deferred Compensation Plan for management employees. When the employee participates in the County’s IRC 457(b) Deferred Compensation Plan, SCERS provides a match of up to 1% of the employee’s salary including premium pay and auto allowance.</p>
10122000	<p>OASDI-Employer Cost</p> <p>This represents the employer’s mandated Social Security and Medicare Tax payments.</p>

Account Number	Account Title and Description
10123000	<p>Group Insurance-Employer Cost</p> <p>This account represents the employees’ health and dental insurance premiums paid by SCERS, which was based on actual premium payments through pay period 26 ended December of the prior calendar year as presented in the County’s Personnel Cost Forecasting Report and updated to incorporate anticipated staffing changes in the upcoming fiscal year.</p>
10124000	<p>Workers Compensation Insurance-Employer Cost</p> <p>The County is self-insured for Workers’ Compensation Insurance claims. The County also purchases excess Workers’ Compensation Insurance to cover claims above a self-insured retention of \$3.0 million. This is a County allocated cost for Workers’ Compensation Insurance claims payments and administration. The costs are allocated to County departments based on 70 percent five-year claims history and 30 percent estimated risk calculated by weighted payroll.</p>
10125000	<p>Unemployment Insurance-Employer Cost</p> <p>The County is self-insured for all Unemployment Insurance claims. This line item is a County allocated cost for the administration of unemployment insurance claims. The costs are allocated to SCERS based on 90 percent five-year claims history and 10 percent total full-time equivalent (FTE) positions.</p>
10199900	<p>Salary Savings Factor</p> <p>This line item represents salaries and benefits for vacant positions that may not be filled for the entire upcoming fiscal year and is reflected as a reduction to salaries and benefits.</p>
20200500	<p>Advertising/Legal Notices</p> <p>Expenses comprised of publicizing public hearings, legal notices, employment announcements, and solicitations for professional consultants and service providers.</p>
20202200	<p>Books/Periodicals Supply</p> <p>Expenses comprised of publications for the Retirement Board and staff, including law books and updates affecting County Employees’ Retirement Law of 1937, booklets and pamphlets, accounting pronouncements, and other professional literature.</p>
20202400	<p>Periodicals & Subscriptions</p> <p>Expenses for subscriptions for SCERS staff directly related to their job duties.</p>

Account Number	Account Title and Description
20203100	<p>Business Conferences and Travel</p> <p>Expenses comprised of educational seminars, conferences, and meetings attended by Board members and SCERS staff, including hotel, transportation, meals, tolls, parking and other travel costs.</p>
20203500	<p>Education & Training Services</p> <p>This line item pertains to registration for education and training seminars, workshops, and other courses for SCERS staff directly related to their job duties.</p>
20203700	<p>Employee Tuition Reimbursement</p> <p>Employee tuition reimbursement, payment ranges from \$1,200 to \$1,500 per employee depending on the employee's bargaining unit and labor agreement.</p>
20203800	<p>Employee Recognition</p> <p>Expenses comprised of water and coffee supplies for staff, refreshments for staff meetings, and other employee recognition items.</p>
20205100	<p>Insurance-Liability</p> <p>The County is self-insured for liability insurance claims. The County also purchases excess liability insurance to cover claims above a self-insured retention of \$2.0 million. The County also utilizes pooled and group insurance purchasing programs for certain coverages including property, boiler and machinery, aircraft, airport operations and pollution liability. This line item is a County allocated cost for the liability insurance program. Costs are allocated to SCERS based on 70 percent seven-year claims history and 30 percent total FTE positions.</p>
20205200	<p>Insurance-Fiduciary Liability</p> <p>This represents SCERS' annual fiduciary insurance policy cost.</p>
20206100	<p>Memberships</p> <p>Annual membership dues for professional associations.</p>
20207600	<p>Office Supplies</p> <p>Expenses comprised of consumable supplies and miscellaneous office items.</p>

Account Number	Account Title and Description
20208100	<p>Postage Services</p> <p>Expenses comprised of mail preparation services performed by contract vendors for presorting, stuffing and sealing envelopes, United States Postal Services for direct mailings, Federal Express charges, and other express mailing services. Refer to account 20292200 for postage costs related to mailing payroll warrants, notices, annual statements, newsletters, and forms to SCERS members completed by the County Department of General Services (DGS).</p>
20208500	<p>Printing Services</p> <p>Expense related to specialty printing, rush orders, and quantity printing including member handbooks, member annual statements, newsletters to members, notices to members, envelopes, folders, portfolios, and stationery provided by contract vendors. Refer to account 20292100 for printing services provided by DGS.</p>
20226400	<p>Office Equipment Modular Furniture</p> <p>Expenses comprised of purchases of desks, chairs, tables, filing cabinets, and other office furniture.</p>
20227500	<p>Rents/Leases-Equipment</p> <p>Lease expenses for printers and photocopiers, including maintenance and repair service.</p>
20244300	<p>Medical Services</p> <p>Expenses pertain to processing of disability retirement applications, including independent medical examinations, laboratory work, and specialized copying services.</p>
20250200	<p>Actuarial Services</p> <p>Expenses attributed to routine actuarial services to be provided by Segal and any special projects requested by SCERS.</p>
20250595	<p>Board Meetings</p> <p>Expenses comprised of refreshments and meals for Retirement Board meetings.</p>
20250607	<p>Investment Services/Consultants and Other</p> <p>Investment-related expenses for consulting services and third-party vendor services for the accounting and reporting of private market investments. This line item excludes investment manager fees, which are paid directly from investment earnings and are not included in the budget.</p>

Account Number	Account Title and Description
20252100	<p>Temporary Staffing Services</p> <p>Temporary services to cover operational needs, temporary vacancies, leaves of absences, and special projects as needed.</p>
20253100	<p>Legal Services</p> <p>Legal services provided by external law firms for legal consultation and representation.</p>
20254100	<p>Personnel Services</p> <p>This is a County allocated cost for personnel services, including central human resources, employee benefits, and labor relations services provided by the Department of Personnel Services. Personnel services costs are allocated based on SCERS' total FTE positions. In addition, SCERS is charged directly for the Senior Personnel Analyst position assigned exclusively to SCERS.</p>
20254110	<p>Labor Relations Services</p> <p>This is a County allocated cost from the County Office of Labor Relations for administering the collective bargaining process between the County and its employee organizations. This includes contract negotiations, administration, training, and resolving disputes through mediation, arbitration, and administrative hearings. The costs are allocated based on SCERS' total FTE positions.</p>
20254400	<p>Safety Program Services</p> <p>This is a County allocated cost from the County Department of Personnel Services for managing the Countywide Safety/Accident Prevention and Industrial Hygiene programs. The costs of the Safety Program are allocated to SCERS based on the allocation methodology for the Workers' Compensation Insurance program (70 percent five-year claims history and 30 percent estimated risk calculated by weighted payroll).</p>
20256100	<p>Reporting Services</p> <p>Expenses for contract services provided by the Office of Administrative Hearings related to disability retirement cases as required by the Retirement Board.</p>
20256200	<p>Transcribing Services</p> <p>Expenses related to qualified legal reporters to record disability retirement hearings, prepare transcripts as necessary, and copy medical reports.</p>

Account Number	Account Title and Description
20259100	<p>Other Professional Services</p> <p>Expenses attributed to professional services, including financial audits, graphic design and communications, customer experience management, strategic planning, and disaster recovery plan services. It also includes costs relating to education and training for SCERS' employers, members, and stakeholders, and other professional services as needed.</p>
20259101	<p>Information Technology Services</p> <p>Expenses related to SCERS' public website hosting, intranet hosting, and maintenance and application support for the Pension Administration System.</p>
20281200	<p>Data Processing Supplies</p> <p>Expenses for purchases of computers, monitors, laptop computers, printers, including related equipment, software, and supplies.</p>
20281302	<p>County Payroll</p> <p>This is a County allocated cost for employee payroll services as well as all associated reporting performed by the County Department of Finance (DOF), costs are allocated based on SCERS' total FTE positions.</p>
20281303	<p>County Payment Services</p> <p>This is a County allocated cost for paying invoices, including contract, vendor, and other claim payments performed by the County DOF, costs are allocated based on SCERS' payment claim/ invoice expense transaction counts.</p>
20281305	<p>Audits</p> <p>This is a County allocated cost for audit services performed by the County Auditor-Controller's Office, costs are allocated based on SCERS' total FTE positions.</p>
20281700	<p>Election Services</p> <p>Expenses related to SCERS Board members elections.</p>
20283200	<p>Interpreter Services</p> <p>Expenses for foreign language interpreter services for members.</p>

Account Number	Account Title and Description
20291000	<p>Countywide IT Services</p> <p>This is a County allocated cost for services provided by the Department of Technology (DTech), which include County data centers, Countywide service desk, Countywide security, policy and planning initiatives and Office of CIO, 3-1-1 contact center/Countywide communications center. The charges were prepared based on input from County Departments and historical usage data and represents estimated DTech costs for the fiscal year.</p>
20291100	<p>Systems Development Services</p> <p>Expenses related to DTech labor charges for services requested by SCERS in the areas of revision and/or enhancement of existing automated systems, application development and implementation support, database design and support services, SAP ERP support and new features implementation, SharePoint and web services, Windows PC desktop support, and Windows server support. Costs are based on DTech's billing rates for the upcoming fiscal year, which vary by type of service.</p>
20291200	<p>Systems Development Supplies</p> <p>This is a County allocated cost related to shared services provided by DTech. The services include backup and recovery services, computer equipment maintenance, geographic information services, internet/intranet website and web application hosting, high speed enterprise printing and warrant printing, mainframe operations support, service desk allocation for department specific calls, storage hosting, virtual server hosting, shared SQL environment, shared Oracle environment, and system center services. The charges were prepared based on input from County Departments and historical usage data and represents estimated DTech costs for the fiscal year.</p>
20291300	<p>Department of Finance Services</p> <p>Expenses related to pension payroll services performed by the County DOF based on the cost per warrant and the total number of warrants processed.</p>
20291600	<p>Wide Area Network</p> <p>This is a County allocated cost from DTech for Wide Area Network (WAN), which includes infrastructure design, implementation, support, and maintenance services for the County's WAN. The charges were prepared based on input from County Departments and historical usage data and represents estimated DTech costs for the fiscal year.</p>

Account Number	Account Title and Description
20291700	<p>Alarm Services</p> <p>This is a County allocated cost for electronic fire and intrusion alarm services, closed circuit television and public announcement sound systems provided by County Department of General Services, costs are calculated based upon the number of services utilized within each facility and allocated to County Departments based upon the percentage of Facility Use Charges.</p>
20292100	<p>GS-Printing Services</p> <p>Expenses for quantity printing service provided by DGS, including forms, letters, and other materials. The annual printing cost depends upon the size and complexity of printing services requested. See account 20208500 for printing services provided by external vendors.</p>
20292200	<p>GS-Mail/Postage Charges</p> <p>Expenses related to U.S. postage and handling fees for sorted and unsorted first class mailings and certified mailings provided by DGS, including distribution of notices and forms to SCERS members, and postage costs for pension warrant and annual statements. The total annual cost for postage is determined by usage. Refer to account 20208100 for mailing services provided by external vendor.</p>
20292300	<p>GS-Messenger Services</p> <p>This is a County allocated cost from DGS for delivery of County inter-departmental mail; annual cost is based on one daily mail/messenger pick-up or delivery stop.</p>
20292500	<p>GS-Purchasing Services</p> <p>This is a County allocated cost from DGS, Contract and Purchasing Services Division, for a centralized purchasing process and for monitoring contracted vendor performance and resolves problems with vendors. Costs are based upon SCERS' pro-rata share of the combined purchase order dollar values by fund center. Data from COMPASS for the most recent full fiscal year is used as the basis for allocation.</p>
20292700	<p>GS-Warehousing Charges</p> <p>Expenses related to central warehouse and records management service provided by DGS, including the receipt, storage, retrieval, and destruction of semi-active and/or inactive records. Costs are based upon SCERS' space usage in square footage at a rate of \$0.73 per square foot.</p>

Account Number	Account Title and Description
20294200	<p>County Facility Use Charges (Shared Meeting Rooms)</p> <p>This is a County allocated cost for the County’s shared meeting room based upon the applicable facility’s per-square-foot costs as calculated by the Department of General Services, Department of Regional Parks, and Risk Management. The costs are then allocated based on the number of permanent authorized positions.</p>
20294300	<p>Leased Property Use Charges</p> <p>Rental expenses for SCERS’ administrative office, which include after-hours utilities and miscellaneous building items and service requests, such as fire extinguishers, locks and keys, storage fees and other services.</p>
20296200	<p>Parking</p> <p>Monthly parking for executive staff and parking validation coupons for the Board members to attend Board and Committee meetings and for other official business.</p>
20298300	<p>GS-Surplus Property Management</p> <p>This is a County allocated cost from DGS for services related to collection, classification, storage, and redistribution of surplus county-owned equipment, vehicles, and other personal property. The costs are allocated based on SCERS’ total FTE positions.</p>
20298700	<p>Telephone Usage</p> <p>This is a County allocated cost from DTech for telecommunication and cellular services, including in-house planning, installation, and maintenance of telephone systems, and on-going support and security compliance of cellular telephone service and equipment, along with external vendor cellular telephone charges. The charges were prepared based on input from County Departments and historical usage data and represents estimated DTech costs for the fiscal year.</p>
20298900	<p>Telephone Installation</p> <p>This line item pertains to connection to the County telephone system, telephone equipment installation, and modifications to service from DTech. Costs are based on DTech’s billing rates for the upcoming fiscal year, which vary by type of service.</p>
30332000	<p>Depreciation Expense</p> <p>Depreciation expense for capital assets such as building improvements, furniture and office equipment.</p>

Account Number	Account Title and Description
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30348000 Countywide Cost Allocation

This is a County allocated cost for SCERS’ portion of the County’s General Fund overhead expenses, including the use of COMPASS, costs are determined based on usage and SCERS’ total FTE positions. The allocated amount also includes true-up of prior two years of actual expenses.

70790100 Appropriation for Contingencies

This line item is comprised of 1% of the total Salaries and Benefits, total Services and Supplies, and total Other Charges expenses.

Building Improvements

This line item is comprised of improvement costs for SCERS’ administrative office space.

Pension Administration System

This line item is comprised of expenses related to SCERS’s Pension Administration System (PAS), including consulting services, project management, temporary staffing, data conversion, software and hardware costs. PAS is a multi-phase and multi-year project. Costs for PAS related to activities in the preliminary project stage are expensed as incurred, and costs related to activities in the application development stage (including data conversion, software configuration, software interfaces, coding, installation, hardware, and testing) will be capitalized and depreciated over the estimated useful life of PAS. Depreciation of the capitalized costs will begin once PAS is ready for its intended use, which is expected to be in fiscal year 2021-22.



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