



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 6

MEETING DATE: August 16, 2017

SUBJECT: Semi-Annual Administrative Expense Report for the Six Months Ended June 30, 2017

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

Staff recommends that the Board receive and file the attached Semi-Annual Administrative Expense Report for the Six Months Ended June 30, 2017.

PURPOSE

In accordance with established Board policy, the Proposed Administrative Budget is to be adopted for the immediate succeeding fiscal year by June 30, and the final budget is to be adopted by August 31. The purpose of the Semi-Annual Administrative Expense Report is to provide the Board an update on administrative expenses for the six-month period and to show a comparison between the expenses and the adopted budget. Administrative expenses, including information technology (IT) costs, are reported annually on SCERS' Statement of Changes in Fiduciary Net Position.

DISCUSSION

Administrative expenses for the second half of the 2016-2017 fiscal year were \$3,622,000, compared with the first six months of the fiscal year of \$3,283,000, a net increase of \$339,000. SCERS operated well below the statutory administrative expense limit.

The administrative expense limit is calculated based on the actuarial accrued liability (AAL) of the retirement system, and this amount is then compared with total administrative expenses less information technology (IT) costs. Based on SCERS' total AAL of \$9,436,090,000 as of June 30, 2016, the calculated administrative expense limit of twenty-one hundredths of one percent (0.21%) of AAL was \$19,816,000 for the 2016-2017 fiscal year. Actual administrative expenses for the year were \$6,905,000, less IT costs of \$954,000 for a net \$5,951,000, which is only six hundredths of one percent (0.06%) of AAL. Total administrative expenses of \$6,905,000 compared favorably with the total annual administrative budget of \$9,140,798. SCERS continues to manage administrative expenses in a consistent and prudent manner.

**SACRAMENTO COUNTY EMPLOYEES'
RETIREMENT SYSTEM**
Semi-Annual Summary of Administrative Expenses (Including IT)
January 1, 2017 - June 30, 2017
(Dollar Amounts Rounded to the Nearest Thousand)

BUDGET OBJECT	Administrative Expenses January 1 - June 30, 2017	Administrative Expenses July 1 - Dec. 31, 2016	Increase/ (Decrease) Compared to Prior Six Months	Percentage Change Compared to Prior Six Months	Total Administrative Expenses FY 2016-2017	Administrative Budget FY 2016-2017	Percentage of Administrative Budget Expended
Budget Categories							
10 - Salaries & Benefits	\$2,100,000	\$1,884,000	\$216,000	11.5%	\$3,984,000	\$5,094,000	78.2%
20 - Services & Supplies	1,350,000	1,226,000	124,000	10.1%	2,576,000	3,567,000	72.2%
30 - Other Charges	172,000	173,000	(1,000)	-0.6%	345,000	355,000	97.2%
Subtotal	3,622,000	3,283,000	339,000	10.3%	6,905,000	9,016,000	76.6%
70 - Appropriation for Contingencies	-	-	-	0.0%	-	125,000	0.0%
Total Expenses	\$3,622,000	\$3,283,000	\$339,000	10.3%	\$6,905,000	\$9,141,000	75.5%
Total Administrative Expenses FY 2016-2017							\$6,905,000
Total Computer Software and Hardware and Computer Technology Consulting Services Cost (IT Costs)							954,000
Administrative Expenses Excluding IT Costs							\$5,951,000
Total Actuarial Accrued Liability of the Retirement System as of June 30, 2016							\$9,436,090,000
Budget Limit for Administrative Expenses is Twenty-one Hundredths of One Percent						0.21%	\$19,816,000
Less: Administrative Expenses Excluding IT Costs						0.06%	5,951,000
Budget Limit in Excess of Administrative Expenses Excluding IT Costs						0.15%	\$13,865,000

SACRAMENTO COUNTY EMPLOYEES'
RETIREMENT SYSTEM
Semi-Annual Report of Administrative Expenses (Including IT)
January 1 - June 30, 2017
(Dollar Amounts Rounded to the Nearest Thousand)

SUB-OBJECT	ACCOUNT TITLE	Administrative Expenses January 1 - June 30, 2017	Administrative Expenses July 1 - December 31, 2016	Total Administrative Expenses FY 2016-2017	Adopted Administrative Funding FY 2016-2017
OBJECT 10 - SALARIES & BENEFITS					
10111000	SALARIES & WAGES-REGULAR EMPLOYEES	\$1,255,000	\$1,208,000	\$2,463,000	\$3,236,000
10112400	SALARIES & WAGES-COMMITTEE MEMBERS	3,000	1,000	4,000	5,000
10113100	SALARIES & WAGES-STRAIGHT TIME O/T	7,000	6,000	13,000	8,000
10113200	SALARIES & WAGES-TIME & ONE HALF O/T	54,000	29,000	83,000	57,000
10114100	SALARIES & WAGES-PREMIUM PAY	16,000	12,000	28,000	28,000
10114300	ALLOWANCES	2,000	1,000	3,000	3,000
10115200	TERMINAL PAY	97,000	2,000	99,000	61,000
10121000	RETIREMENT-NORMAL & UAAL	193,000	194,000	387,000	515,000
10121100	RETIREMENT-1995/2003 POB DEBT SERVICE	99,000	100,000	199,000	200,000
10121200	RETIREMENT-2004 POB DEBT SERVICE	48,000	49,000	97,000	98,000
10121300	HEALTH SAVINGS-EMPLOYER COST	11,000	11,000	22,000	29,000
10121400	401A PLAN-EMPLOYER COST	4,000	3,000	7,000	8,000
10122000	OASDI-EMPLOYER COST	103,000	89,000	192,000	250,000
10123000	GROUP INSURANCE-EMPLOYER COST	202,000	172,000	374,000	583,000
10124000	WORKERS COMPENSATION INS-EMPLR COST	5,000	7,000	12,000	12,000
10125000	UNEMPLOYMENT INS-EMPLOYER COST	1,000	0	1,000	1,000
	OBJECT TOTAL	2,100,000	1,884,000	3,984,000	5,094,000
OBJECT 20 - SERVICES & SUPPLIES					
20200500	ADVERTISING/LEGAL NOTICES	-	-	-	3,000
20202200	BOOKS/PERIODICALS SUPPLY	-	-	-	3,000
20202400	PERIODICALS & SUBSCRIPTIONS	2,000	2,000	4,000	4,000
20202900	BUSINESS CONFERENCES	19,000	6,000	25,000	37,000
20203100	BUSINESS TRAVEL	-	-	-	2,000
20203500	EDUCATION & TRAINING SERVICES	9,000	1,000	10,000	8,000
20203700	EMPLOYEE TUITION REIMBURSEMENT	-	-	-	8,000
20203800	EMPLOYEE RECOGNITION	7,000	5,000	12,000	11,000
20203900	EMPLOYEE TRANSPORTATION	-	-	-	1,000
20205100	INSURANCE-LIABILITY	10,000	10,000	20,000	19,000
20205200	INSURANCE-FIDUCIARY LIABILITY	44,000	45,000	89,000	89,000
20206100	MEMBERSHIPS	3,000	3,000	6,000	10,000
20207600	OFFICE SUPPLIES	5,000	7,000	12,000	31,000
20208100	POSTAGE SERVICES	3,000	2,000	5,000	10,000
20208500	PRINTING SERVICES	18,000	1,000	19,000	30,000
20226100	OFFICE EQUIPMENT MAINTENANCE SERVICES	-	-	-	5,000
20226200	OFFICE EQUIPMENT MAINTENANCE SUPPLIES	-	-	-	2,000
20226400	OFFICE EQUIPMENT MODULAR FURNITURE	-	-	-	12,000
20227500	RENTS/LEASES-EQUIPMENT	7,000	7,000	14,000	25,000
20244300	MEDICAL SERVICES	180,000	235,000	415,000	500,000
20250200	ACTUARIAL SERVICES	38,000	47,000	85,000	99,000
20252100	TEMPORARY CLERICAL SERVICES	10,000	-	10,000	40,000
20253100	LEGAL SERVICES	-	-	-	-
20254100	PERSONNEL SERVICES	16,000	17,000	33,000	34,000
20254110	LABOR RELATIONS SERVICES	3,000	3,000	6,000	6,000
20254400	SAFETY PROGRAM SERVICES	1,000	-	1,000	1,000
20256100	REPORTING SERVICES	61,000	73,000	134,000	200,000
20256200	TRANSCRIBING SERVICES	5,000	11,000	16,000	30,000
20259100	OTHER PROFESSIONAL SERVICES	199,000	143,000	342,000	200,000
20259101	INFORMATION TECHNOLOGY CONSULTANTS	81,000	76,000	157,000	827,000

SUB-OBJECT	ACCOUNT TITLE	Administrative Expenses January 1 - June 30, 2017	Administrative Expenses July 1 - December 31, 2016	Total Administrative Expenses FY 2016-2017	Adopted Administrative Funding FY 2016-2017
20281200	DATA PROCESSING SUPPLIES	43,000	6,000	49,000	45,000
20281700	ELECTION SERVICES	29,000	-	29,000	60,000
20283200	INTERPRETER SERVICES	-	2,000	2,000	1,000
20291000	COUNTYWIDE IT SERVICES	15,000	21,000	36,000	35,000
20291100	SYSTEMS DEVELOPMENT SERVICES	81,000	62,000	143,000	159,000
20291200	SYSTEMS DEVELOPMENT SUPPLIES	10,000	11,000	21,000	21,000
20291300	DEPARTMENT OF FINANCE SERVICES	98,000	96,000	194,000	250,000
20291600	WIDE AREA NETWORK	16,000	15,000	31,000	31,000
20291700	ALARM SERVICES	1,000	-	1,000	1,000
20292100	GS-PRINTING SERVICES	15,000	7,000	22,000	20,000
20292200	GS-MAIL/POSTAGE CHARGES	78,000	43,000	121,000	140,000
20292300	GS-MESSENGER SERVICES	2,000	2,000	4,000	4,000
20292500	GS-PURCHASING SERVICES	1,000	-	1,000	1,000
20292700	GS-WAREHOUSING CHARGES	1,000	-	1,000	1,000
20292800	GS-CO EQUIP. RENTAL-LIGHT VEHICLES	-	-	-	3,000
20294200	COUNTY FACILITY USE CHARGES	1,000	1,000	2,000	2,000
20294300	LEASED PROPERTY USE CHARGES	221,000	253,000	474,000	521,000
20296200	PARKING	7,000	4,000	11,000	8,000
20298300	GS-SURPLUS PROPERTY MGT	1,000	1,000	2,000	2,000
20298700	GS-TELEPHONE USAGE	7,000	8,000	15,000	14,000
20298900	GS-TELEPHONE INSTALLATION	2,000	-	2,000	1,000
		1,350,000	1,226,000	2,576,000	3,567,000
OBJECT 30 - OTHER CHARGES					
30332000	DEPRECIATION EXPENSE	13,000	14,000	27,000	37,000
30348000	COUNTYWIDE COST ALLOCATION	159,000	159,000	318,000	318,000
	OBJECT TOTAL	172,000	173,000	345,000	355,000
OBJECT 70 - CONTINGENCIES					
70790100	APPROPRIATION FOR CONTINGENCIES	-	-	-	125,000
	OBJECT TOTAL	-	-	-	125,000
	TOTAL EXPENSES	\$3,622,000	\$3,283,000	\$6,905,000	\$9,141,000