



ITEM 7

Executive Staff
Richard Stensrud
Chief Executive Officer
Steve Davis
Chief Investment Officer
Robert L. Gaumer
General Counsel
Kathryn T. Regalia
Chief Operations Officer
John W. Gobel, Sr.
Chief Benefits Officer

For Agenda of:
February 15, 2017

February 8, 2017

TO: President and Members
Board of Retirement

FROM: Kathryn T. Regalia
Chief Operations Officer

SUBJECT: Semi-Annual Administrative Expense Report for the
Six Months Ended December 31, 2016

Attached is the Semi-Annual Administrative Expense Report for the six months ended December 31, 2016. Overall, administrative expenses were at \$3,283,459 or 35.9% of the administrative budget total of \$9,140,798 for the year. 'Salaries & Benefits' was \$1,884,340 (37.0% of budget), 'Services & Supplies' was \$1,226,527 (34.4% of budget), and 'Other Charges' was \$172,592 (48.6% of budget). Administrative expenses for the first half of the year were \$3,283,459, compared with the last half of the prior year of \$3,281,577, a net increase of \$1,882 or 0.1%.

SCERS continues to operate well below the administrative expense limit. Pursuant to Government Code 31580.2, the administrative expense limit is calculated based on twenty-one hundredths of one percent (0.21%) of actuarial accrued liability (AAL). The total limit is then compared with total administrative expenses less information technology (IT) costs (computer software and hardware and computer technology consulting services). Based on SCERS' total AAL of \$9,436,090,000 as of June 30, 2016, the budget limit for fiscal year 2016-2017 is \$19,815,789, and half of this amount is \$9,907,895. SCERS' mid-year administrative expenses of \$3,283,459 were well below half of the administrative expense limit. Administrative expenses at midyear, less IT costs of \$476,610 were

Semi-Annual Administrative Expense Report for the
Six Months Ended December 31, 2016
February 8, 2017
Page 2 of 2

\$2,806,849. IT costs are excluded for purposes of calculating the administrative expense limit. Administrative costs were approximately 0.06% of total actuarial accrued liability when annualized. SCERS continues to manage administrative expenses in a consistent and prudent manner.

Please let me know if I can answer any questions.

Respectfully submitted,

Concur:

Kathryn T. Regalia
Chief Operations Officer

Richard Stensrud
Chief Executive Officer

Attachments

**SACRAMENTO COUNTY EMPLOYEES'
RETIREMENT SYSTEM**
Semi-Annual Summary of Administrative Expenses
July 1, 2016 to December 31, 2016

BUDGET OBJECT	Administrative Expenses July 1 - Dec. 31, 2016	Administrative Expenses January 1 - June 30, 2016	Increase/ (Decrease) Compared to Prior Six Months	Percentage Change Compared to Prior Six Months	Administrative Budget FY 2016-2017	Percentage of Administrative Budget Expended
10 - Salaries & Benefits	\$1,884,340	\$1,820,485	\$63,855	3.5%	\$5,094,142	37.0%
20 - Services & Supplies	1,226,527	1,290,374	(63,847)	-5.0%	3,566,643	34.4%
30 - Other Charges	172,592	170,718	1,874	1.1%	355,013	48.6%
Subtotal	3,283,459	3,281,577	1,882	0.1%	9,015,798	36.4%
70 - Appropriation for Contingencies	-	-	-	-	125,000	-
Total Expenses	\$3,283,459	\$3,281,577	\$1,882	0.1%	\$9,140,798	35.9%

Total Administrative Expenses from July 1, 2016 - December 31, 2016	\$3,283,459
Total Computer Software and Hardware and Computer Technology Consulting Services Cost (IT Costs) ¹	476,610
Administrative Expenses Excluding IT Costs	\$2,806,849

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%	\$19,815,789
Less: Administrative Expenses Excluding IT Costs	0.03%	2,806,849
Budget Limit in Excess of Administrative Expenses Excluding IT Costs	0.18%	\$17,008,940

¹ IT Costs are comprised of accounts 20281200 Data Processing Supplies, 20291100 Systems Development Services, 20291200 Systems Development Supplies, 20291600 Wide Area Network, 20291700 Alarm Services, 30348000 Countywide Cost Allocation, and an allocated portion of personnel and operating costs for employees that perform IT functions.

SACRAMENTO COUNTY EMPLOYEES'
RETIREMENT SYSTEM
Semi-Annual Report of Administrative Expenses
July 1, 2016 - December 31, 2016

SUB-OBJECT	ACCOUNT TITLE	Administrative Expenses July 1 - December 31, 2016	Final Administrative Funding Request FY 2016-2017	Percentage Expended
OBJECT 10 - SALARIES & BENEFITS				
10111000	SALARIES & WAGES-REGULAR EMPLOYEES	1,207,799	3,236,283	37.3%
10112400	SALARIES & WAGES-COMMITTEE MEMBERS	1,400	4,800	29.2%
10113100	SALARIES & WAGES-STRAIGHT TIME O/T	5,744	7,600	75.6%
10113200	SALARIES & WAGES-TIME & ONE HALF O/T	29,147	57,000	51.1%
10114100	SALARIES & WAGES-PREMIUM PAY	12,057	27,889	43.2%
10114300	ALLOWANCES	1,498	3,240	46.2%
10115200	TERMINAL PAY	1,727	61,641	2.8%
10121000	RETIREMENT-NORMAL & UAAL	194,198	514,863	37.7%
10121100	RETIREMENT-1995/2003 POB DEBT SERVICE	99,853	199,706	50.0%
10121200	RETIREMENT-2004 POB DEBT SERVICE	48,966	97,928	50.0%
10121300	HEALTH SAVINGS-EMPLOYER COST	10,829	29,573	36.6%
10121400	401A PLAN-EMPLOYER COST	2,896	8,015	36.1%
10122000	OASDI-EMPLOYER COST	88,932	249,851	35.6%
10123000	GROUP INSURANCE-EMPLOYER COST	172,211	583,091	29.5%
10124000	WORKERS COMPENSATION INS-EMPLR COST	6,696	11,966	56.0%
10125000	UNEMPLOYMENT INS-EMPLOYER COST	387	696	55.6%
	OBJECT TOTAL	1,884,340	5,094,142	37.0%
OBJECT 20 - SERVICES & SUPPLIES				
20200500	ADVERTISING/LEGAL NOTICES	-	2,500	0.0%
20202200	BOOKS/PERIODICALS SUPPLY	32	3,000	1.1%
20202400	PERIODICALS & SUBSCRIPTIONS	1,651	3,606	45.8%
20202900	BUSINESS CONFERENCES	6,324	37,253	17.0%
20203100	BUSINESS TRAVEL	117	2,000	5.9%
20203500	EDUCATION & TRAINING SERVICES	1,155	8,000	14.4%
20203600	EDUCATION & TRAINING SUPPLIES	-	-	0.0%
20203700	EMPLOYEE TUITION REIMBURSEMENT	-	8,400	0.0%
20203800	EMPLOYEE RECOGNITION	5,273	10,755	49.0%
20203900	EMPLOYEE TRANSPORTATION	153	1,000	15.3%
20205100	INSURANCE-LIABILITY	9,802	19,601	50.0%
20205200	INSURANCE-FIDUCIARY LIABILITY	44,716	89,433	50.0%
20206100	MEMBERSHIPS	2,689	9,797	27.4%
20207600	OFFICE SUPPLIES	7,086	31,105	22.8%
20208100	POSTAGE SERVICES	1,733	10,000	17.3%
20208500	PRINTING SERVICES	929	30,609	3.0%
20226100	OFFICE EQUIPMENT MAINTENANCE SERVICES	-	4,964	0.0%
20226200	OFFICE EQUIPMENT MAINTENANCE SUPPLIES	-	1,655	0.0%
20226400	OFFICE EQUIPMENT MODULAR FURNITURE	-	12,409	0.0%
20227500	RENTS/LEASES-EQUIPMENT	7,175	24,818	28.9%
20244300	MEDICAL SERVICES	234,810	500,000	47.0%
20250200	ACTUARIAL SERVICES	46,536	99,000	47.0%
20252100	TEMPORARY CLERICAL SERVICES	-	40,000	0.0%
20253100	LEGAL SERVICES	-	-	0.0%
20254100	PERSONNEL SERVICES	20,019	40,047	50.0%
20254400	SAFETY PROGRAM SERVICE	412	824	50.0%
20256100	REPORTING SERVICES	73,074	200,000	36.5%
20256200	TRANSCRIBING SERVICES	10,802	30,000	36.0%
20259100	OTHER PROFESSIONAL SERVICES	142,984	200,000	71.5%
20259101	COMPUTER CONS	75,900	827,273	9.2%

SUB-OBJECT	ACCOUNT TITLE	Administrative	Final Administrative	Percentage
		Expenses	Funding Request	Expended
		July 1 - December 31, 2016	FY 2016-2017	
20281200	DATA PROCESSING SUPPLIES	5,760	45,583	12.6%
20281700	ELECTION SERVICES	-	60,000	0.0%
20283200	INTERPRETER SERVICES	1,920	500	384.0%
20289900	OTHER OPERATING EXPENSES - SERVICES	-	-	0.0%
20291100	SYSTEMS DEVELOPMENT SERVICES	82,671	193,845	42.6%
20291200	SYSTEMS DEVELOPMENT SUPPLIES	10,677	20,846	51.2%
20291300	DEPARTMENT OF FINANCE SERVICES	96,210	250,000	38.5%
20291600	WIDE AREA NETWORK	15,323	30,650	50.0%
20291700	ALARM SERVICES	412	825	49.9%
20292100	GS-PRINTING SERVICES	6,512	20,000	32.6%
20292200	GS-MAIL/POSTAGE CHARGES	43,309	140,000	30.9%
20292300	GS-MESSENGER SERVICES	1,819	3,609	50.4%
20292500	GS-PURCHASING SERVICES	404	807	50.1%
20292600	GS-STORES CHARGES (CENTRAL)	-	-	0.0%
20292700	GS-WAREHOUSING CHARGES	580	1,276	45.5%
20292800	GS-CO EQUIP. RENTAL-LIGHT	-	2,500	0.0%
20294200	COUNTY FACILITY USE CHARGES	1,025	2,050	50.0%
20294300	LEASED PROPERTY USE CHARGES	253,476	521,182	48.6%
20296200	PARKING	4,174	7,875	53.0%
20298300	GS-SURPLUS PROPERTY MGT	743	1,486	50.0%
20298700	GS-TELEPHONE USAGE	8,140	14,560	55.9%
20298900	GS-TELEPHONE INSTALLATION	-	1,000	0.0%
	OBJECT TOTAL	1,226,527	3,566,643	34.4%
OBJECT 30 - OTHER CHARGES				
30332000	DEPRECIATION EXPENSE	13,616	37,066	36.7%
30348000	COUNTYWIDE COST ALLOCATION	158,976	317,947	50.0%
	OBJECT TOTAL	172,592	355,013	48.6%
OBJECT 70 - CONTINGENCIES				
70790100	APPROPRIATION FOR CONTINGENCIES	-	125,000	0.0%
	OBJECT TOTAL	-	125,000	0.0%
	TOTAL EXPENSES	3,283,459	9,140,798	35.9%