



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 16

MEETING DATE: April 17, 2024

SUBJECT: Annual Budget for Fiscal Year 2024-25

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

RECOMMENDATION

Approve an annual budget of approximately \$21.5 million and 76 positions for fiscal year 2024-25.

PURPOSE

This item supports the Strategic Management Plan goals necessary to fulfill SCERS' mission and objectives.

DISCUSSION

The proposed 2024-25 budget reflects a decrease of \$16.2 million or 43.0% from the prior year's operating budget. However, the total budget for 2023-24 included a one-time, full amortization on the capitalized Pension Administration System (PAS) project for expenses incurred in prior years.

The proposed year-over-year increase in new spending, excluding the Pension Administration System (PAS) project, is \$1.1 million or 5.5% increase from the prior year's operating budget.

Staffing

SCERS maintains the same positions in 2024-25 as 2023-24. The staffing increase in personnel costs (\$0.3 million or 2.7%) is generally due to vacancies being filled and known salary increases.

Recent hiring efforts have been successful. SCERS has reduced its vacancy rate, inclusive of the 2023-24 staffing increase, by almost half (from a high of 32% in February 2022 to 19.5% as of March 2024) with active recruitment and interviewing underway.

Services and Supplies

- Decrease in Information Technology Services of \$964,000 or 98% as the Linea contract ended;
- Decrease in Temporary Staffing of \$260,000 or 56% due to decrease in transition projects;
- Increase in Department of Technology (DTech) Labor of \$216,000 or 161% due to IT initiatives and associated DTech costs;
- Increase in Medical Services of \$230,000 or 115% due to increase of processing disability cases;
- Includes funding for Strategic Planning, Internal Compliance Risk Assessment

Other charges

- Decrease in Discharging on Intangible Assets of \$17,115,000 or 95.4% due to previously capitalized assets.

Capitalized Costs

- Increase in software purchases of \$753,000 or 75% for Digital Transformation Initiative; and,
- Increase in equipment purchases of 43,000 or 84.3% for laptops and docking stations and audio-visual upgrades.

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. Expenditures for computer software, computer hardware, and computer technology consulting services in support of these computer products are included in these exceptions.

The administrative expense budget for 2024-25 totals \$14,348,000, which represents an increase of \$1,551,000 compared to the 2023-24 administrative expense budget of \$12,797,000. This is due to overall increase in budget in 2024-25 compared to 2023-24. As a percentage of SCERS' actuarial accrued liabilities, the administrative expenses represent 0.10% in 2024-25, which is 0.01% greater than 2023-24.

ATTACHMENTS

- Board Order
- Budget Presentation
- Annual Budget Fiscal Year 2024-25

Prepared by:

/s/

Margo Allen
Chief Operations Officer

Reviewed by:

/s/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
April 17, 2024

AGENDA ITEM:

Annual Budget for Fiscal Year 2024-25

THE BOARD OF RETIREMENT hereby accepts Staff's recommendation to approve an annual budget of approximately \$21.5 million and 76 positions for fiscal year 2024-25.

I HEREBY CERTIFY that the above order was passed and adopted on April 17, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Annual Budget 2024-25

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

Budget Authority

Gov Code § 31580.2

(a) In counties in which the board of retirement, or the board of retirement and the board of investment, have appointed personnel pursuant to Section 31522.1, 31522.5, 31522.7, 31522.9, 31522.10, or 31522.11, **the respective board or boards shall annually adopt a budget covering the entire expense of administration of the retirement system, which expense shall be charged against the earnings of the retirement fund. ...**

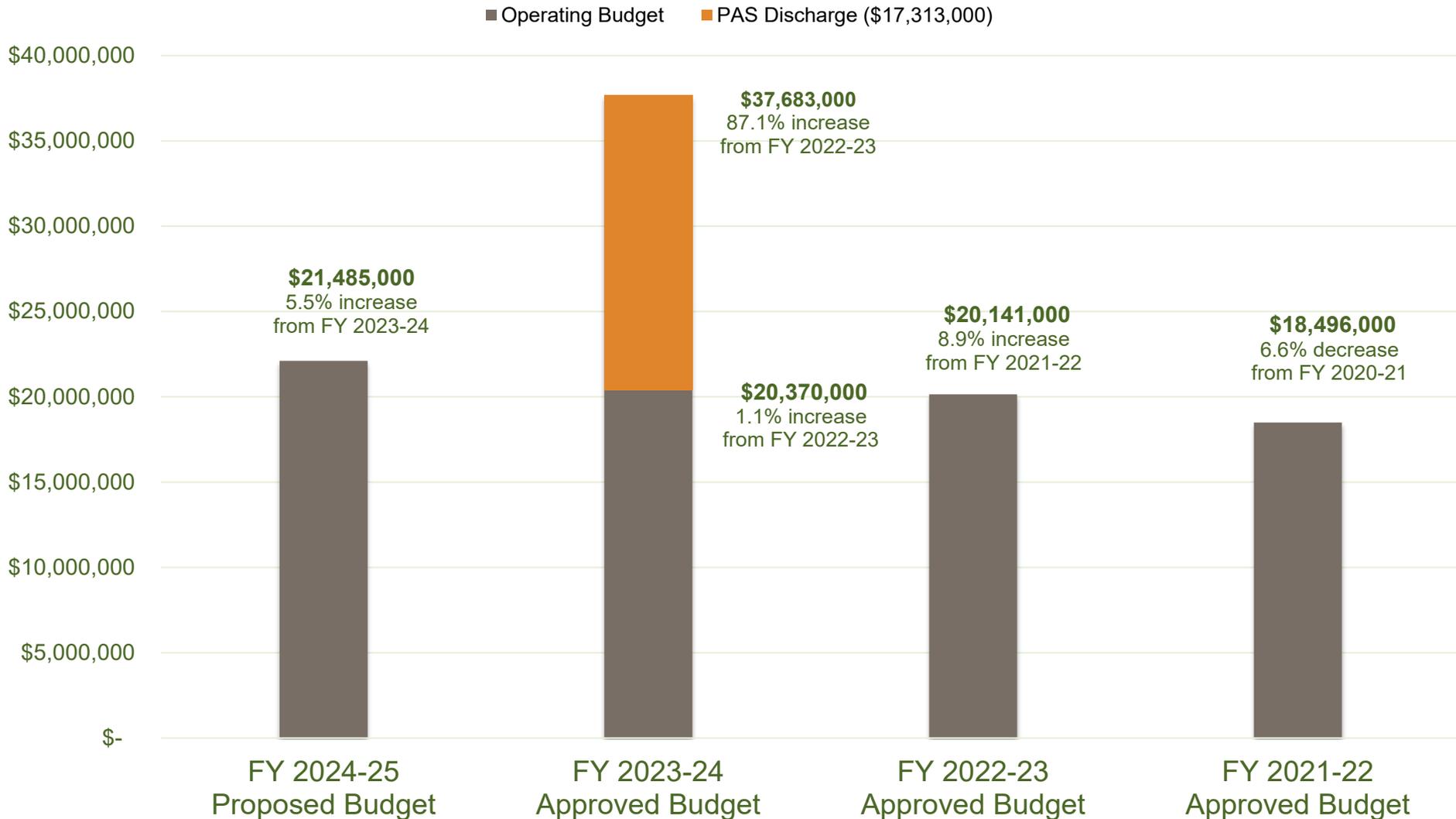
Changes to March Budget Preview

- Total budget decrease of \$625,000 or 2.8% compared to the March Budget Preview
 - Decrease of \$484,000 or 4.2% in Salaries and Benefits due to timing of when vacancies may be expected to be filled
 - Decrease of \$75,000 or 1.0% in Services and Supplies due to reduction in legal costs
 - Decrease of \$6,000 or 3.0% in Contingencies due to impact from decrease within salaries and benefits, and services and supplies
 - Decrease of \$60,000 or 3.2% in Capitalized Costs due to reduction of software system development

Operating Expense Budget 2024-25

- The 2024-25 total budget of \$21.5 million reflects a year-over-year decrease of \$16.2 million or 43.0% from 2023-24.
 - Excluding the PAS amortized expense, the year-over-year increase in new spending is \$1.1 million or 5.5%.
 - Excluding capitalized costs and the PAS amortized expense, the year-over-year increase is \$0.3 million or 1.7%.
 - Excluding capitalized costs, the year-over-year decrease is \$17.0 million or 88.0%.
- The decrease is attributable to the amortization of the Pension Administration System project, programmatic growth, and cost escalation across major expense item categories.

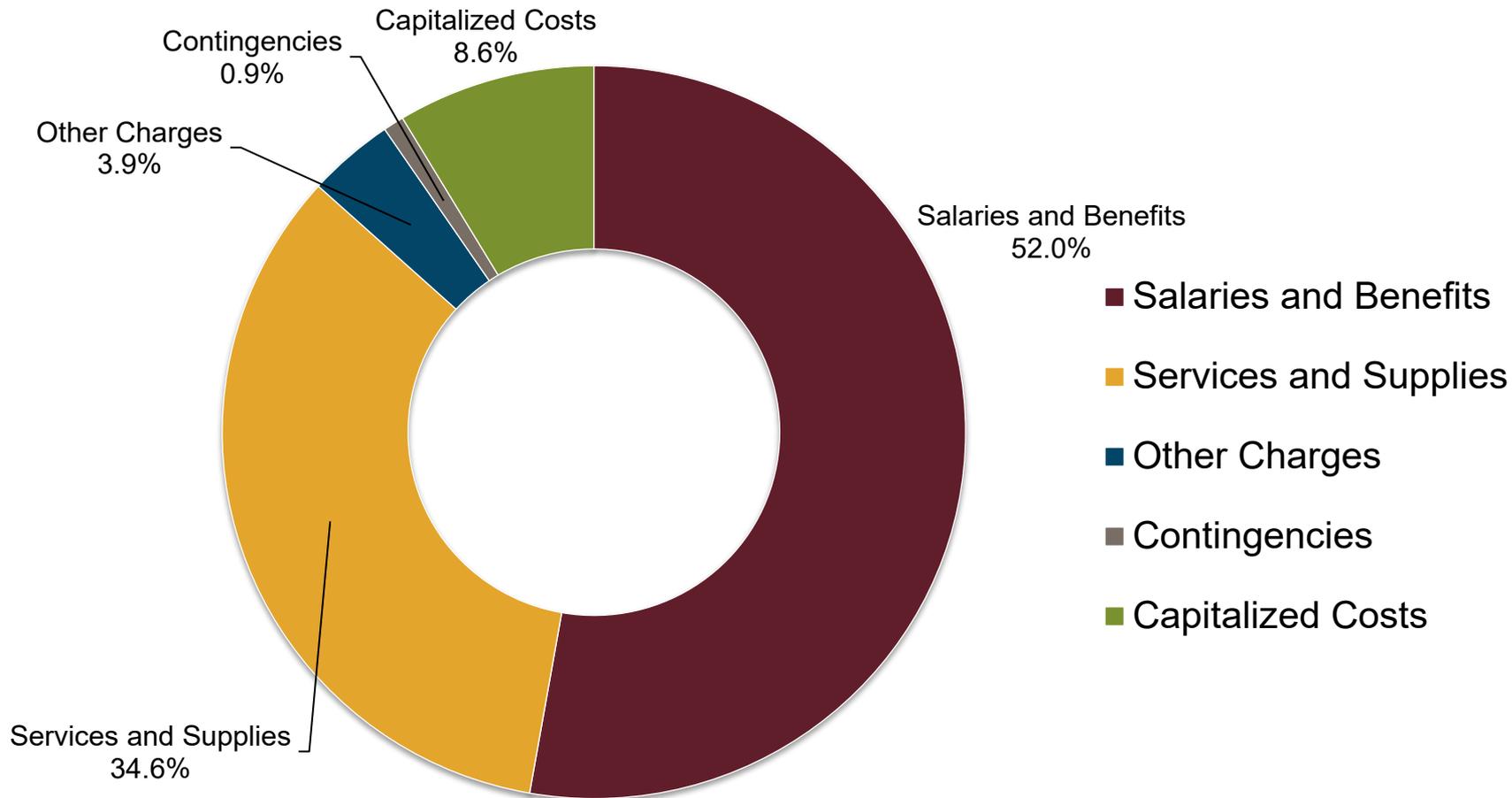
Operating Expense Budget 4-Year Comparison



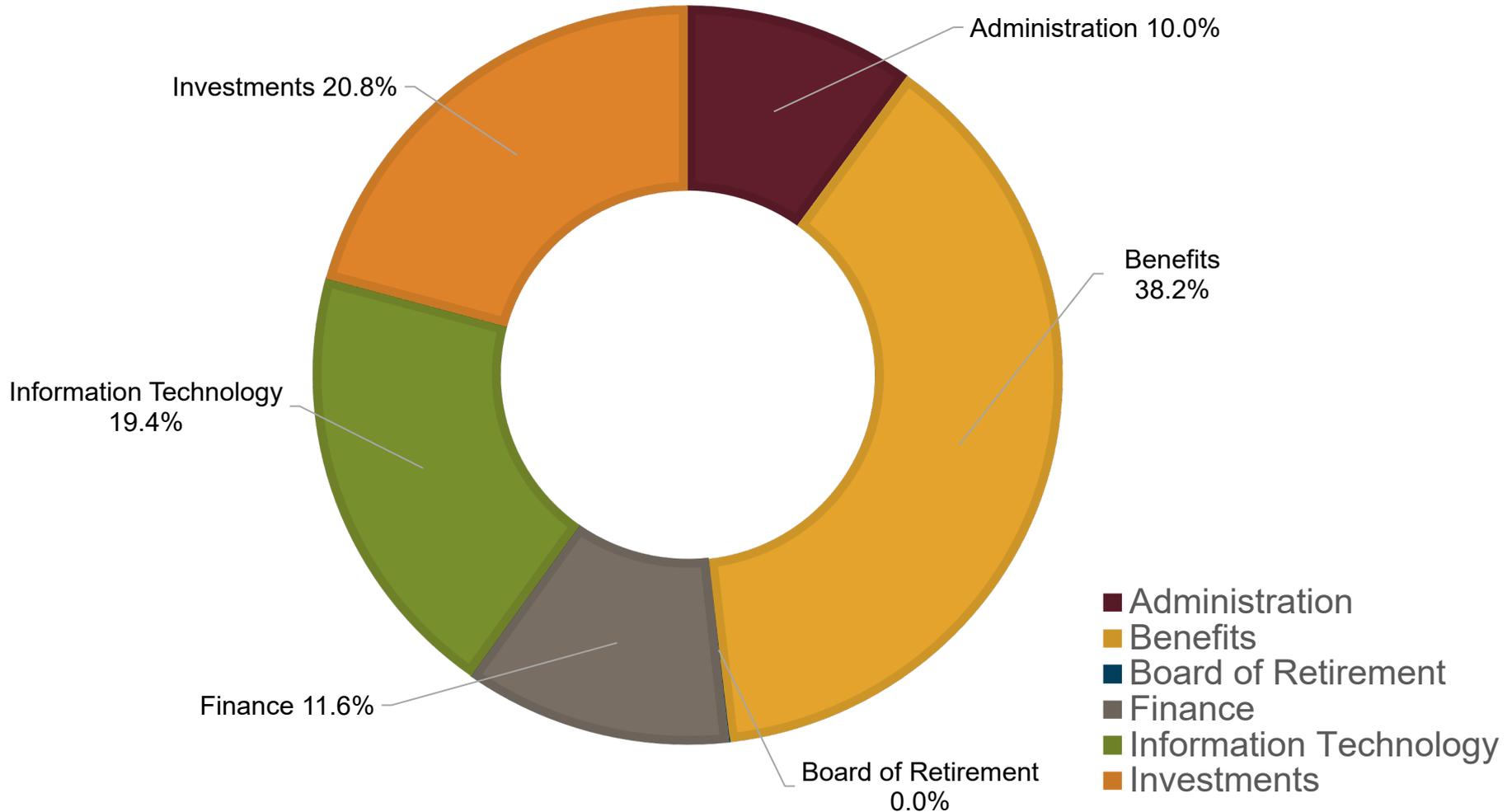
2024-25 Proposed and 2023-24 Approved Budget Summary



2024-25 Proposed Budget by Expense Type



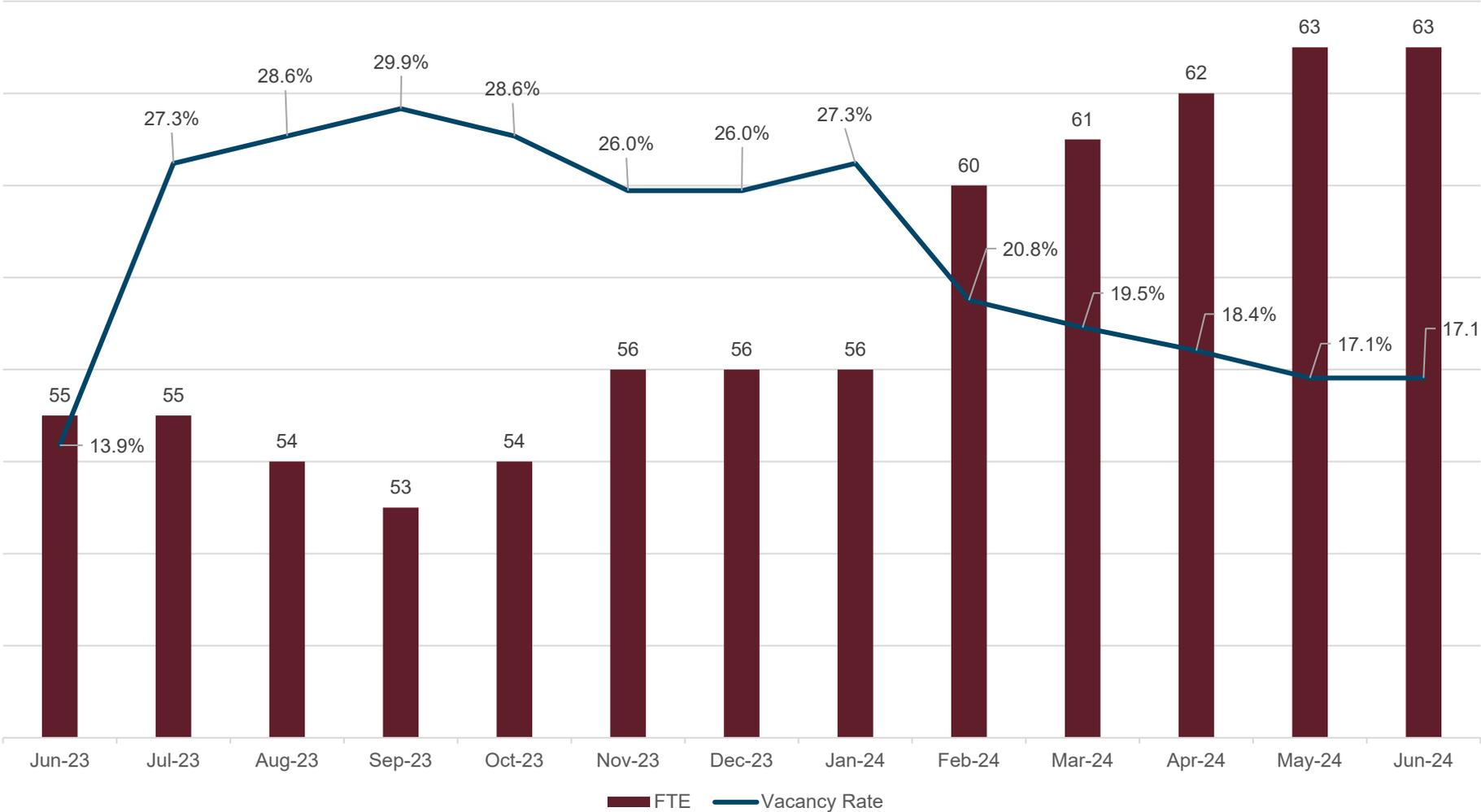
2024-25 Proposed Budget by Function



Salaries and Benefits

- Represents 52.1% of budget
- Budget methodology: County personnel cost schedule
- 2024-25: \$11,183,000
- 2023-24: \$10,894,000
- Increase of \$289,000 or 2.7%
- Significant changes:
 - No position growth
 - More positions filled
 - Known salary increases

Positions Filled and Vacancy Percentage



Service and Supplies

- Represents 34.6% of budget
- Includes office lease, professional services
- Budget methodology: Analysis of prior-year actual spending and known growth
- 2024-25: \$7,430,000
- 2023-24: \$7,597,000
- Decrease of \$167,000 or -2.2%
- Reflects adjustment of spending priorities and one-time cost decreases

Service and Supplies

- Significant changes:
 - Decrease in Information Technology Services of \$964,000 or 98% as the Linea contract ended December 2023
 - Decrease in Temporary Staffing of \$260,000 or 56% due to decrease in transition projects
 - Increase in DTech Labor of \$216,000 or 161% due to IT initiatives and associated costs by Dtech
 - Increase in Medical Services of \$230,000 or 115% due to increase of processing disability cases
 - Includes funding for Strategic Planning, Internal Compliance Risk Assessment

Other Charges

- Represents 3.9% of budget
- Budget methodology: County-wide allocated and depreciation expenses
- 2024-25: \$834,000
- 2023-24: \$17,949,000 (PAS discharge)
- Decrease of \$17,115,000 or 95.4%
- Significant changes:
 - Decrease in Discharging on Intangible Assets due to previously capitalized assets

Contingency Fund

- Represents 1% of budget.
- Budget methodology: 1% of total budget excluding capitalized costs
- 2024-25: \$194,000
- 2023-24: \$192,000
 - Not utilized
- Increase of \$2,000 or 1.0%

Capitalized Costs

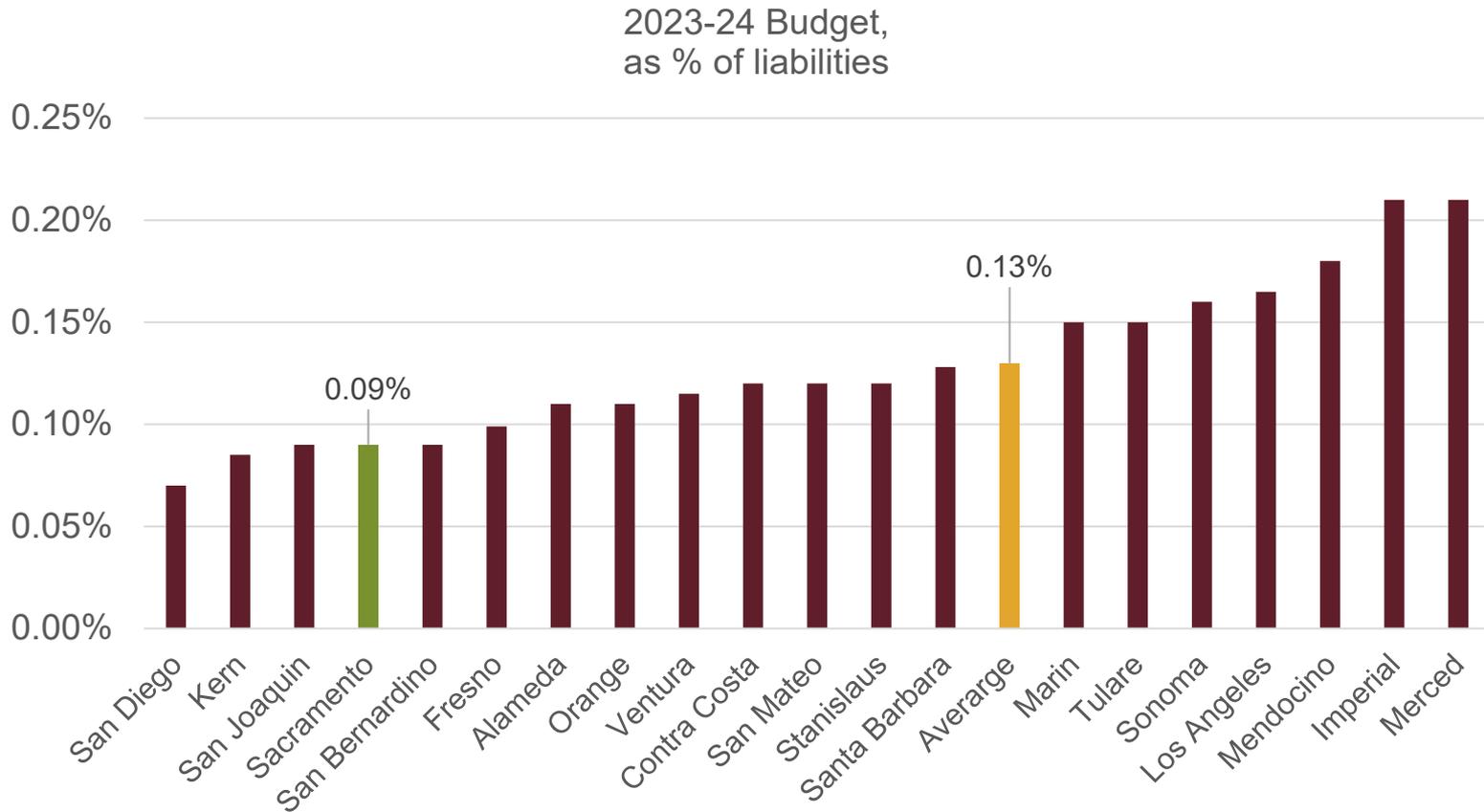
- Represents 8.6% of budget
- Budget methodology: Actual and projected capitalized costs
- 2024-25: \$1,844,000
- 2023-24: \$1,051,000
- Increase of \$793,000 or 75.5%
- Significant changes:
 - Software purchases reflect net increase of \$750,000 or 75% for Digital Transformation Initiative
 - Equipment purchases reflect net increase of \$43,000 or 84.3% for laptops, docking stations, and audio-visual upgrades

Administrative Expense Budget Limit

- ❖ Budget Limit for Administrative Expenses
 - ❑ The statutory limit is 0.21% of the total Actuarial Accrued Liability (AAL).
 - ❑ 2024-25 Administrative Expenses total 0.10% of AAL.
 - ❑ Slight increase from 2023-24 (0.09%)

- ❖ 2024-25 administrative expense budget totals \$14.3 million which excludes:
 - ❑ Computer software, computer hardware, and IT expenses
 - ❑ Actuarial expenses
 - ❑ Investment-related expenses, including legal expenses

Administrative Expense Comparison



2024-2025



ANNUAL BUDGET

For the Fiscal Year 2024-25

Sacramento County Employees' Retirement System
Sacramento, California

2024-2025



ANNUAL BUDGET

For the Fiscal Year 2024-25

Issued By:

ERIC STERN
Chief Executive Officer

MARGO ALLEN
Chief Operations Officer

JOSÉ MARTÍNEZ
Senior Accounting Manager

Sacramento County
Employees' Retirement System

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[SCERS.gov](https://www.scers.gov)

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Budget Methodology

The Sacramento County Employee Retirement System (SCERS) Fiscal Year 2024-2025 Annual Budget of \$21,485,000 represents the financial resource needs to achieve SCERS strategic priorities and initiatives. The following budget methods are utilized in the SCERS 2024-2025 annual operating budget:

Salaries and Benefits:

- Salaries and benefits are projected using 26 pay period payroll costs ending in December 2023, plus adjustments for new positions.
- Salary savings are calculated based on the anticipated hire dates of vacant positions.
- Retirement Debt Service, Workers Compensation Insurance, and Unemployment Insurance are derived from the County Allocated Cost Package (ACP).
- Terminal pay and overtime are estimated based on the prior year's actual expenses and adjusted accordingly for current needs.

Services and Supplies:

- Service and supplies are based on charges derived from Allocated Cost Package, County Department of Technology, and SCERS' prior year actual expenses adjusted accordingly for current needs. Certain line items are based on contract amounts and anticipated cost changes.

Other Charges:

- Depreciation expense includes depreciation for Leased Assets and IT Equipment purchased in prior and current fiscal years.
- The Countywide Cost Plan Allocation are costs allocated to SCERS for central government support.
- The Amortization of Intangible Assets is amortized on software projects implemented in prior and current fiscal years.

Contingencies:

- Contingencies are calculated using 1% of the total budgeted amounts for Salaries and Benefits, Service and Supplies, and Other Charges.

Capitalized Costs:

- Capitalized costs are composed of capital improvement projects, new workflow software system, and IT equipment purchases. The budgeted amount is based on contract amounts and anticipated spending.

Budget Changes

Significant changes to the Fiscal Year 2024-2025 Budget are outlined below.

Salaries and Benefits:

- Increase of 2.7% to reflect salaries, COLA, and steps adjustments. No new positions are requested.

Services and Supplies:

- Increase in Software of \$286,000 or 100.0% is due to reclassification of charges from Information Technology Services to Software.
- Increase in Medical Services of \$230,000 or 115.0% is due to the anticipated increase of the disability cases being processed.
- Increase in Department of Technology Labor (DTech) of \$216,000 or 161.2% is due to the anticipated increase of projects and associated DTech costs.
- Increase in Business/Conference Expense of \$41,000 or 29.7% due to anticipated increase of staff attending trainings and conferences.
- Increase in Election Services of \$35,000 or 100.0% is due to Board elections anticipated in FY 24-25.
- Decrease in Information Technology Services of \$964,000 or 97.9% is mainly due to a project oversight contract ending December 2023 and other line items reclassified to Software.
- Decrease in Temporary Staffing of \$260,000 or 56.5% is due to the decrease in costs to accommodate short-term staffing needs for transition projects.
- Decrease in Education & Training Services of \$123,000 or 87.9% is due to training contract ending December 31, 2024 and Linea contract ending December 2023.
- Decrease of Other Professional Services of \$17,000 or 5.4% is due to contracts expiring. Other Professional Services include \$125,000 for Strategic Planning and \$60,000 for Compliance Audit consultants.

Budget Changes (Continued)

Other Charges:

- Decrease in Amortization on Intangible Assets of \$17,193,000 or 99.3% is due to amortizing previously capitalized assets, as well as amortization of new software solutions, which are expected to be ready for their intended use in FY 24-25.

Capitalized Costs:

- Increase on IT Equipment of \$43,000 or 84.3% is due to anticipated purchase of new equipment.
- Increase in Software System Development of \$750,000 or 75.0% is due to anticipated implementation of new software.

Category Changes of Isolated Expenses:

FY 2024-25 Budget re-categorized specific expenses within a prior year category for a more accurate description. See below for affected categories.

FY 2024-25	Included in FY 2023-24
Business/Conference Expense	Business Conferences and Travel
Software	Information Technology Services
Software	Data Processing
Information Technology Services	Other Professional Services
Education & Training	Other Professional Services
Other Professional Services	Periodicals & Subscriptions

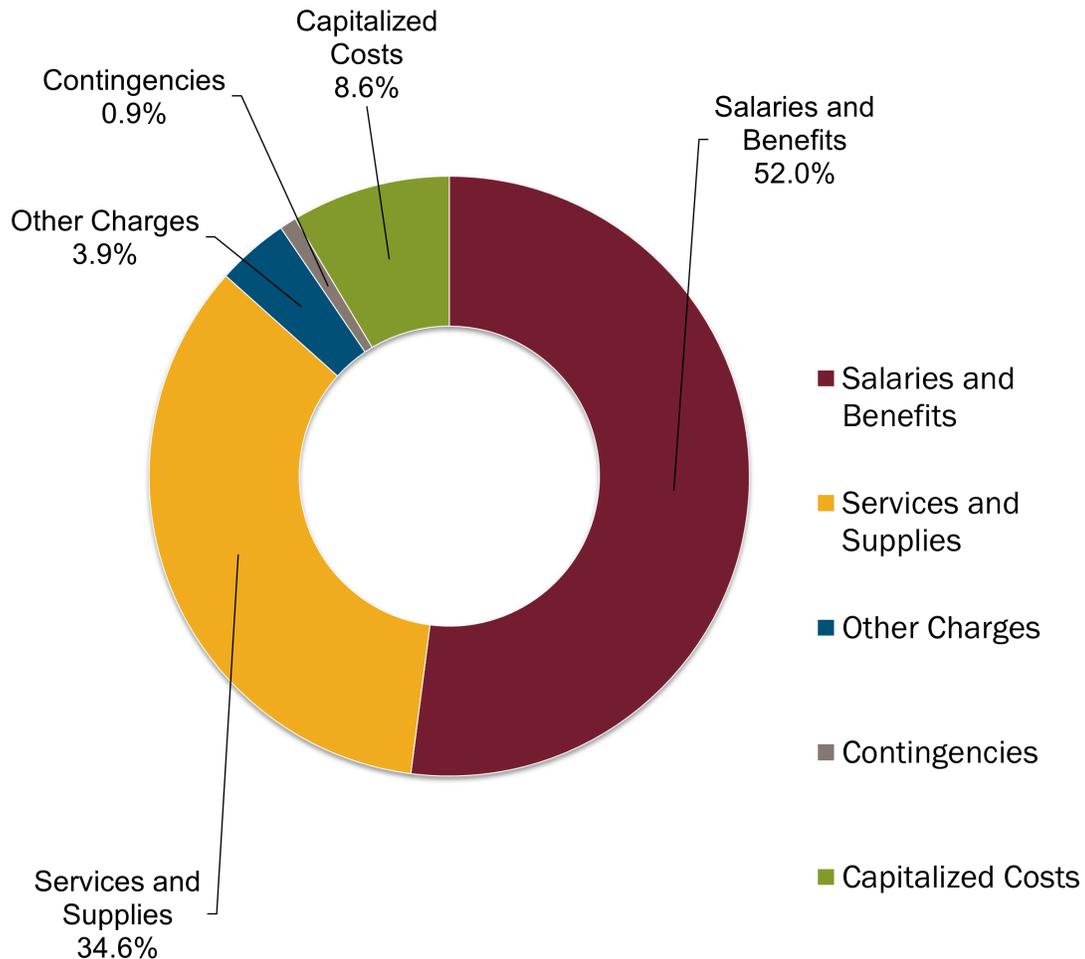
Budget Summary

BUDGET SUMMARY BY EXPENSE TYPE

(Dollar Amounts Rounded to the Nearest Thousand)

Expense Type	FY 2024-25 Proposed Budget	FY 2023-24 to FY 2024-25 Change (%)	FY 2023-24 Approved Budget	FY 2022-23 Amended Budget
Salaries and Benefits	\$ 11,183,000	2.7%	\$ 10,894,000	\$ 8,856,000
Services and Supplies	7,430,000	-2.2%	7,597,000	7,649,000
Other Charges	834,000	-95.4%	17,949,000	691,000
Contingencies	194,000	1.0%	192,000	172,000
Total	19,641,000	-46.4%	36,632,000	17,368,000
Capitalized Costs	1,844,000	75.5%	1,051,000	2,773,000
Grand Total	\$ 21,485,000	-43.0%	\$ 37,683,000	\$ 20,141,000

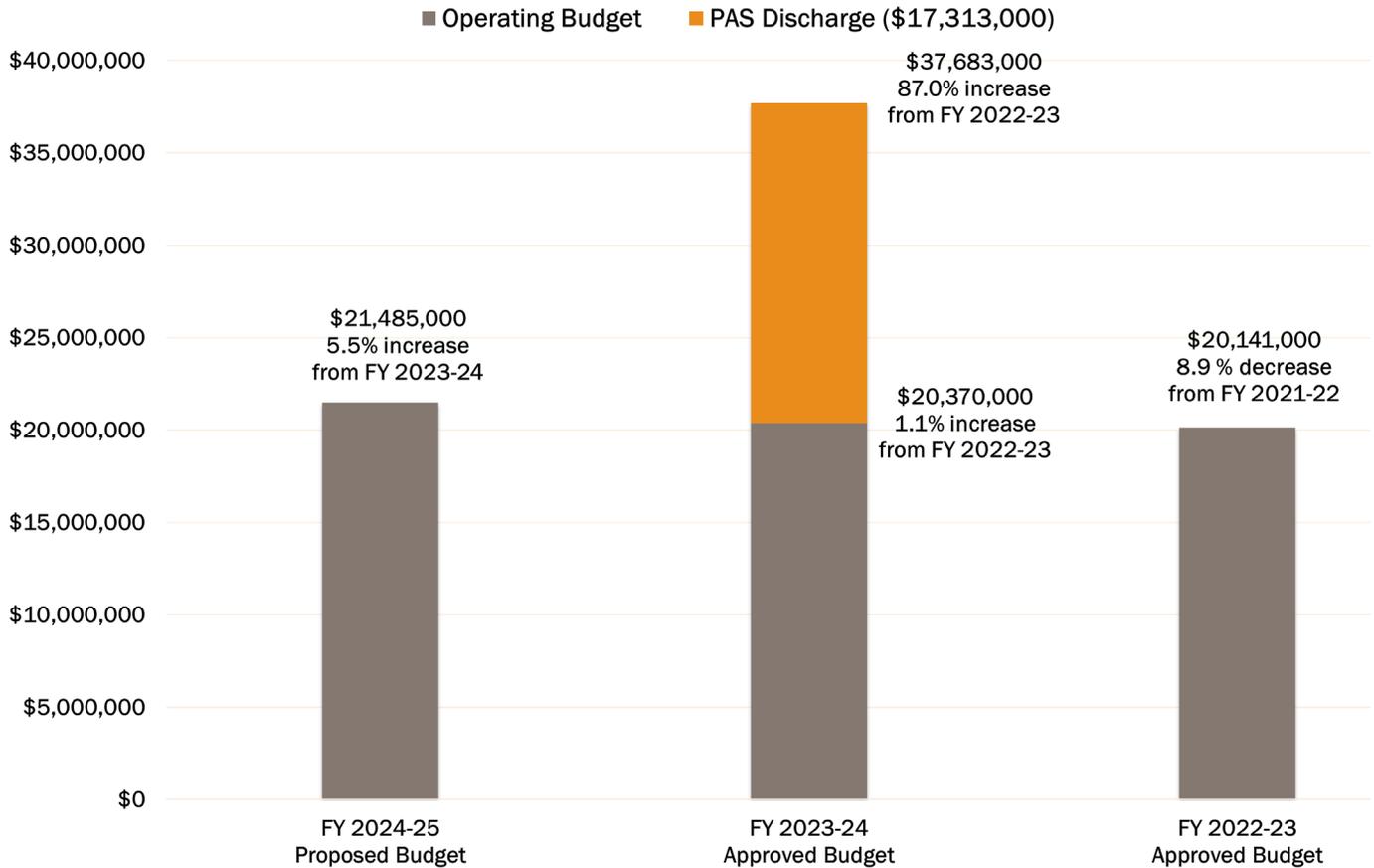
FISCAL YEAR 2024-25 PROPOSED BUDGET BY EXPENSE TYPE



Budget Summary (Continued)

THREE-YEAR BUDGET COMPARISON

(Dollar Amounts Rounded to the Nearest Thousand)



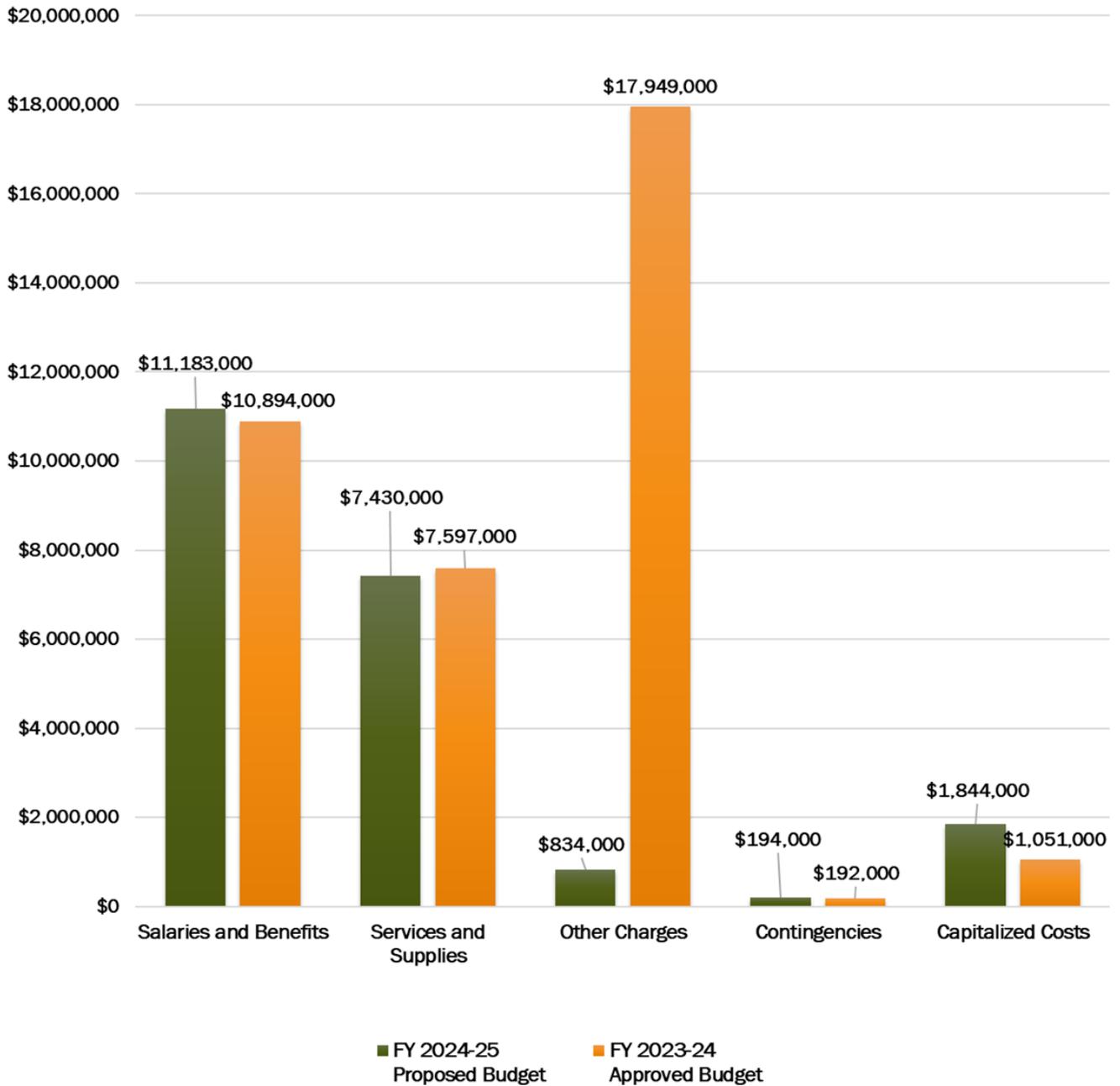
For FY2023-24, the 87% increase is inclusive of the one-time, full amortization of the capitalized Pension Administration System (PAS) project incurred in prior years.

For FY 2024-25 the 5.5% proposed increase reflects new spending compared to FY 2023-24 Approved budget, excluding FY 2023-24 Pension Administration System (PAS) project.

Budget Summary (Continued)

FISCAL YEAR 2024-25 PROPOSED BUDGET AND FISCAL YEAR 2023-24 APPROVED BUDGET

(Dollar Amounts Rounded to the Nearest Thousand)



Functional Area Allocation Approach

Functions:

- **Administration Team** administers office and facility management, human resources, and agency administration duties.
- **Benefits Team** oversees the administration of benefits and related member services.
- **Board of Retirement Members** attend business conferences and Board meetings to oversee the SCERS Agency.
- **Finance Team** manages financial processes, including budgeting, accounting, cash management, financial planning and analysis, and financial reporting.
- **Information Technology Team** supports functionality of information technology software, maintenance and equipment, and the IT modernization program.
- **Investment Team** monitors the oversight and implementation of the investment program.

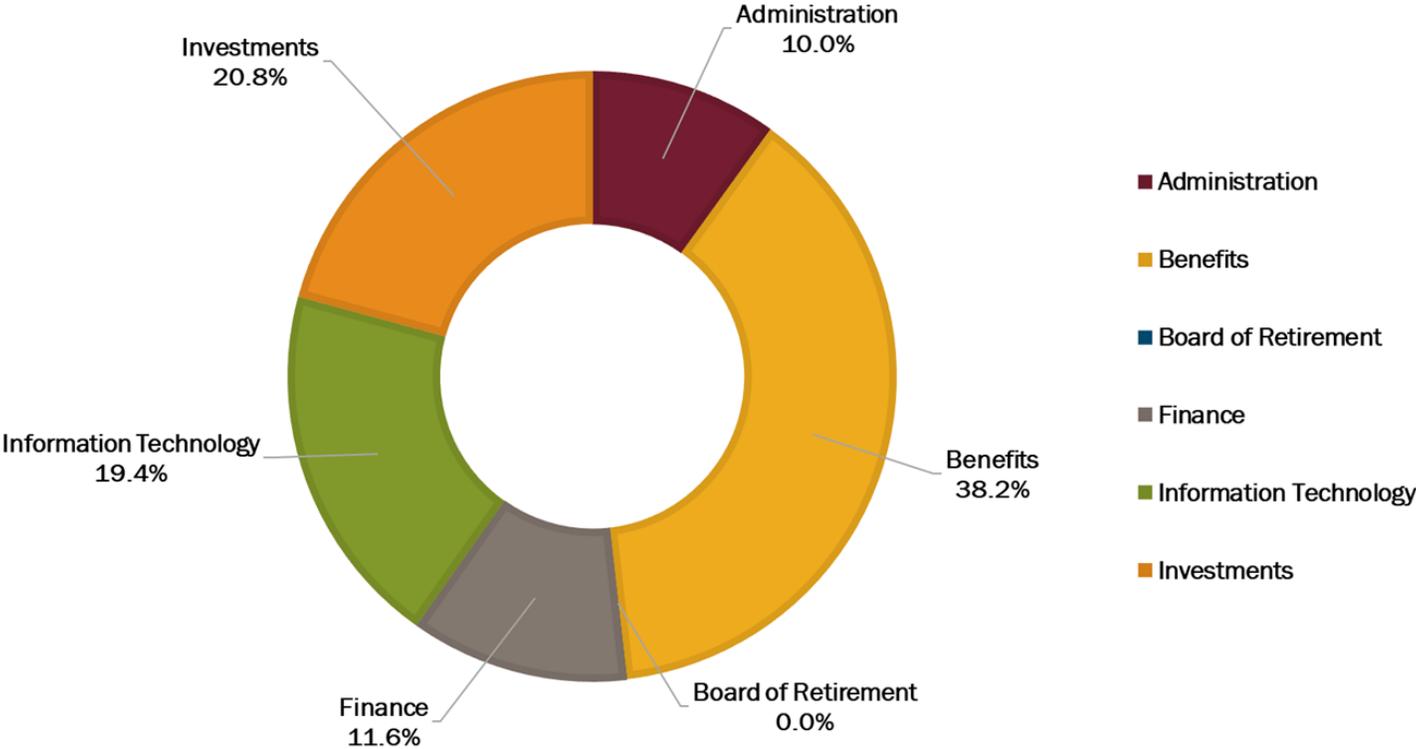
Methodology:

The following summarizes the methodologies used to allocate direct and indirect expenses:

- **Salary and Benefit** costs are allocated to each function. A salary and benefit percent-to-total is calculated for each respective function and utilized to allocate expenses. The Board of Retirement function is comprised of stipends for non-County employed Board members 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, and rents are allocated based on the Full-Time Equivalent (FTE) functional percent-to-total. Indirect expenses are not charged to the Board of Retirement function.
 - **Direct expenses** such as actuarial, information technology expenses, investment-related expenses and legal expenses are charged directly to the respective functions incurring the costs.
- **Other Charges** are comprised of depreciation expenses, Countywide cost allocation, and amortization of intangible assets. Other charges are allocated to all functions except Board of Retirement based on the Full-Time Equivalent (FTE) functional percent-to-total.
- **Contingencies** are allocated to all functions except Board of Retirement based on the Full-Time Equivalent (FTE) functional percent-to-total.
- **Capitalized Costs** are comprised of new developments of software systems and IT equipment. Capitalized costs are allocated to the Information Technology function.

Proposed Budget by Function

FISCAL YEAR 2024-25 FUNCTIONAL BUDGET



Proposed Budget by Function (Continued)

FISCAL YEAR 2024-25 FUNCTIONAL BUDGET SUMMARY

Expense Type	Administration		Benefits		Board of Retirement	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Salaries and Benefits	\$ 1,667,009	14.9%	\$ 4,963,272	44.4%	\$ 8,000	0.1%
Services and Supplies	359,834	4.8%	2,646,382	35.6%		0.0%
Other Charges	91,411	11.0%	493,816	59.2%		0.0%
Total	2,118,254	10.9%	8,103,470	41.7%	8,000	0.0%
Contingencies	21,263	11.0%	114,869	59.2%	-	0.0%
Capitalized Costs	-	0.0%	-	0.0%	-	0.0%
Total	21,263	1.0%	114,869	5.6%	-	0.0%
GRAND TOTAL	\$ 2,139,517	10.0%	\$ 8,218,339	38.2%	\$ 8,000	0.0%

Expense Type	Finance		Information Technology		Investments	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Salaries and Benefits	\$ 1,845,573	16.5%	\$ 1,134,361	10.1%	\$ 1,564,785	14.0%
Services and Supplies	489,858	6.6%	1,103,439	14.9%	2,830,487	38.1%
Other Charges	124,442	14.9%	69,463	8.3%	54,868	6.6%
Total	2,459,873	12.6%	2,307,263	11.9%	4,450,140	22.9%
Contingencies	28,947	14.9%	16,158	8.3%	12,763	6.6%
Capitalized Costs		0.0%	1,844,000	100.0%		0.0%
Total	28,947	1.4%	1,860,158	91.3%	12,763	0.6%
GRAND TOTAL	\$ 2,488,820	11.6%	\$ 4,167,421	19.4%	\$ 4,462,903	20.8%

Expense Type	Amount
Salaries and Benefits	\$ 11,183,000
Services and Supplies	7,430,000
Other Charges	834,000
Total	19,447,000
Contingencies	194,000
Capitalized Costs	1,844,000
Total	2,038,000
GRAND TOTAL	\$ 21,485,000

Budget Detail

(Dollar Amounts Rounded to the Nearest Thousand)

ACCOUNT TITLE	FY 2024-25			FY 2023-24		FY 2023-24	FY 2023-24
	Proposed Budget	Increase/ Decrease	Percentage %	Approved Budget	\$ Expended As of 12/31/2023	Percentage Expended as 12/31/2023	Anticipated Percentage Expended at 6/30/2024
Salaries and Benefits							
Salaries & Wages-Regular Employees	\$ 7,612,000	\$ 169,000	2.3%	\$ 7,443,000	\$ 2,710,478	36%	73%
Salaries & Wages-Committee Members	8,000	-	0.0%	8,000	4,240	53%	106%
Salaries & Wages-Time & One Half O/T	10,000	-	0.0%	10,000	3,240	32%	65%
Salaries & Wages-Straight Time O/T	2,000	(2,000)	-50.0%	4,000	423	11%	21%
Salaries & Wages-Premium Pay	107,000	2,000	1.9%	105,000	47,876	46%	91%
Extra Help	-	(52,000)	-100.0%	52,000	225	0%	1%
Allowances	6,000	-	0.0%	6,000	3,025	50%	101%
Terminal Pay	44,000	(31,000)	-41.3%	75,000	24,684	33%	66%
Employee Assistance Program (EAP)	2,000	(2,000)	-50.0%	4,000	887	22%	44%
County Employee Plan Select	4,000	(2,000)	-33.3%	6,000	1,650	28%	55%
Group Insurance	1,020,000	58,000	6.0%	962,000	276,099	29%	57%
Dental Plan	97,000	(38,000)	-28.1%	135,000	48,407	36%	72%
Health Savings	49,000	-	0.0%	49,000	16,350	33%	67%
Life Insurance	1,000	-	0.0%	1,000	363	36%	73%
OASDI	540,000	45,000	9.1%	495,000	176,024	36%	71%
401A Plan	100,000	2,000	2.0%	98,000	40,477	41%	83%
Retirement-1995/2003 POB Debt Service	-	(329,000)	-100.0%	329,000	164,639	50%	100%
Retirement-2004 POB Debt Service	675,000	506,000	299.4%	169,000	80,089	47%	95%
Retirement-Normal & UAAL	1,559,000	(80,000)	-4.9%	1,639,000	562,682	34%	69%
Unemployment Insurance	-	(7,000)	-100.0%	7,000	-	0%	0%
Workers Compensation Insurance	18,000	1,000	5.9%	17,000	8,409	49%	99%
Salary Savings Factor	(671,000)	49,000	-6.8%	(720,000)	-	0%	0%
Salaries and Benefits Total	\$ 11,183,000	\$ 289,000	2.7%	\$ 10,894,000	\$ 4,170,267	38%	77%

Budget Detail (Continued)

(Dollar Amounts Rounded to the Nearest Thousand)

ACCOUNT TITLE	FY 2024-25			FY 2023-24 Approved Budget	FY 2023-24 \$ Expended As of 12/31/2023	FY 2023-24 Percentage Expended as 12/31/2023	FY 2023-24 Anticipated Percentage Expended at 6/30/2024
	Proposed Budget	Increase/ Decrease	Percentage %				
Services and Supplies							
401A Administrative Services- ACP	\$ 1,000	\$ -	0.0%	\$ 1,000	\$ 312	31%	62%
Accounting Services	79,000	4,000	5.3%	75,000	66,618	89%	89%
Actuarial Services	155,000	5,000	3.3%	150,000	109,304	73%	100%
Advertising/Legal Notices	4,000	-	0.0%	4,000	1,937	48%	97%
Alarm Services	2,000	-	0.0%	2,000	1,069	53%	107%
Assessment Collection	7,000	7,000	100.0%	-	9,712	100%	100%
Benefit Administration Services- ACP	14,000	3,000	27.3%	11,000	5,292	48%	96%
Board Meetings	6,000	-	0.0%	6,000	2,402	40%	80%
Building Maintenance Services	70,000	-	0.0%	70,000	1,727	2%	7%
Business Conference and Travel	-	(138,000)	-100.0%	138,000	58,313	42%	85%
Business/Conference Expense	179,000	179,000	100.0%	-	-	100%	0%
County Facility Use Charges	4,000	-	0.0%	4,000	1,875	47%	94%
Countywide IT Services - ACP	67,000	10,000	17.5%	57,000	28,642	50%	100%
Data Processing Supplies	30,000	9,000	42.9%	21,000	12,243	58%	117%
Department of Finance Services	325,000	1,000	0.3%	324,000	138,363	43%	85%
Department of Technology Fee- ACP	64,000	17,000	36.2%	47,000	30,525	65%	130%
Department of Technology Labor	350,000	216,000	161.2%	134,000	92,364	69%	138%
Department of Technology Labor- ACP	12,000	-	0.0%	12,000	6,326	53%	105%
Department Services Transportation- ACP	70,000	(43,000)	-38.1%	113,000	56,468	50%	100%
DPS Department Services Team	176,000	2,000	1.1%	174,000	87,000	50%	100%
Education & Training Services	17,000	(123,000)	-87.9%	140,000	625	0%	1%
Election Services	35,000	35,000	100.0%			100%	0%
Employee Recognition	25,000	(5,000)	-16.7%	30,000	4,734	16%	32%
Employee Tuition Reimbursement	11,000	(3,000)	-21.4%	14,000	1,500	11%	21%
Employee Services- ACP	53,000	17,000	47.2%	36,000	18,107	50%	100%
Finance Internal Audits- ACP	3,000	1,000	50.0%	2,000	1,206	60%	121%
Finance Payment Services- ACP	45,000	29,000	181.3%	16,000	8,199	51%	102%
Finance Payroll Services- ACP	4,000	1,000	33.3%	3,000	1,715	57%	114%
Finance System Control & Recon- ACP	20,000	5,000	33.3%	15,000	7,580	51%	101%
GS-Mail/Postage Charges	170,000	30,000	21.4%	140,000	74,094	53%	106%
GS-Messenger Services	6,000	1,000	20.0%	5,000	2,662	53%	106%
GS-Parking Charges	87,000	(43,000)	-33.1%	130,000	33,180	26%	33%
GS-Printing Services	50,000	25,000	100.0%	25,000	19,102	76%	153%
GS-Purchasing Services	4,000	2,000	100.0%	2,000	10,315	516%	1032%
GS-Surplus Property Management	4,000	1,000	33.3%	3,000	24,223	807%	1615%
GS-Warehousing Charges	1,000	-	0.0%	1,000	90	9%	18%
Information Technology Services	21,000	(964,000)	-97.9%	985,000	218,713	22%	30%
Insurance-Premium	203,000	-	0.0%	203,000	173,538	85%	85%
Interest Expense-Lease (ROU)	228,000	(25,000)	-9.9%	253,000	128,682	51%	102%
Investment Services/Consultants and Other	1,937,000	181,000	10.3%	1,756,000	1,407,738	80%	125%
Labor Relations Services- ACP	11,000	2,000	22.2%	9,000	4,501	50%	100%
Land Line Charges- ACP	-	-	0.0%	-	9,660	0%	0%
Legal Services	1,225,000	125,000	11.4%	1,100,000	244,033	22%	44%
Liability Insurance- ACP	67,000	19,000	39.6%	48,000		0%	0%

Budget Detail (Continued)

(Dollar Amounts Rounded to the Nearest Thousand)

ACCOUNT TITLE	FY 2024-25			FY 2023-24			FY 2023-24
	Proposed Budget	Increase/Decrease	Percentage %	Approved Budget	FY 2023-24 \$ Expended As of 12/31/2023	Percentage Expended as of 12/31/2023	Anticipated Percentage Expended at 6/30/2024
Medical Services	430,000	230,000	115.0%	200,000	179,397	90%	179%
Memberships	35,000	5,000	16.7%	30,000	15,888	53%	106%
Office Equipment Maintenance	2,000	2,000	100.0%	-	-	100%	100%
Office Equipment Modular Furniture	26,000	1,000	4.0%	25,000	660	3%	5%
Office Supplies	15,000	(8,000)	-34.8%	23,000	2,356	10%	20%
Other Professional Services	297,000	(17,000)	-5.4%	314,000	81,131	26%	52%
Periodicals & Subscriptions	5,000	-	0.0%	5,000	39,857	797%	900%
Postage Services	25,000	5,000	25.0%	20,000	3,641	18%	36%
Printing Services	23,000	9,000	64.3%	14,000	11,429	82%	163%
Rents/Leases- Equipment	12,000	-	0.0%	12,000	7,295	61%	122%
Rents/Leases/RL Property	48,000	-	0.0%	48,000	21,131	44%	88%
Reporting Services	30,000	(20,000)	-40.0%	50,000	1,531	3%	6%
Safety Program- ACP	1,000	-	0.0%	1,000	540	54%	108%
Security Services	1,000	-	0.0%	1,000	-	0%	0%
Software	286,000	286,000	100.0%	-	10,670	100%	100%
Telecommunication	19,000	1,000	5.6%	18,000	1,558	9%	0%
Telecommunication- ACP	9,000	(3,000)	-25.0%	12,000	3,246	27%	54%
Temporary Staffing Services	200,000	(260,000)	-56.5%	460,000	105,393	23%	46%
Training Services- ACP	13,000	3,000	30.0%	10,000	4,757	48%	95%
Transcribing Services	1,000	(9,000)	-90.0%	10,000	-	0%	0%
Wide Area Network	110,000	25,000	29.4%	85,000	42,267	50%	99%
Services and Supplies Total	\$ 7,430,000	\$ (167,000)	-2.2%	\$ 7,597,000	\$ 3,637,436	48%	80%

ACCOUNT TITLE	FY 2024-25			FY 2023-24			FY 2023-24
	Proposed Budget	Increase/Decrease	Percentage %	Approved Budget	FY 2023-24 \$ Expended As of 12/31/2023	Percentage Expended as of 12/31/2023	Anticipated Percentage Expended at 6/30/2024
Other Charges							
Amortization on Intangible Assets	\$ 120,000	\$ (17,193,000)	-99.3%	\$ 17,313,000	\$ 17,313,000	100%	100%
Countywide Cost Allocation- ACP	68,000	68,000	100.0%	-	-	100%	100%
Depreciation Expense	646,000	10,000	1.6%	636,000	317,938	50%	100%
Other Charges Total	\$ 834,000	\$ (17,115,000)	-95.4%	\$ 17,949,000	\$ 17,630,938	98%	100%
Contingencies							
Appropriation For Contingencies	\$ 194,000	\$ 2,000	1.0%	\$ 192,000	\$ -	0%	100%
Contingencies Total	\$ 194,000	\$ 2,000	1.0%	\$ 192,000	\$ -	0%	-100%
TOTAL	\$ 19,641,000	\$ (16,991,000)	-46.4%	\$ 36,632,000	\$ 25,438,641	69%	89%
Capitalized Costs							
IT Equipment	\$ 94,000	\$ 43,000	84.3%	\$ 51,000	\$ 17,822	35%	187%
Software System Development	1,750,000	750,000	75.0%	1,000,000	417,659	42%	84%
Capitalized Costs Total	\$ 1,844,000	\$ 793,000	75.5%	\$ 1,051,000	\$ 435,481	41%	89%
GRAND TOTAL	\$ 21,485,000	\$ (16,198,000)	-43.0%	\$ 37,683,000	\$ 25,874,122	69%	92%

Summary of Positions

Position Title	FY 2024-25 Change Request	Requested FY 2024-25	Approved FY 2023-24	Filled FY 2023-24 (*)
Accountant	0	2	2	2
Accounting Manager	0	2	2	2
Accounting Technician	0	3	3	3
Admin Svcs Officer 1	0	1	1	1
Admin Svcs Officer 2	0	1	1	1
Asst Retirement Admin-Benefits Rng B	0	1	1	1
Asst. Retirement Administrator-Enterprise Rng B	0	1	1	1
Asst Retirement Admin-Investment Rng B	0	1	1	1
Asst Retirement Admin-Operations Rng B	0	1	1	1
Chief Investment Officer Retirement Rng B	0	1	1	1
Executive Secretary	0	1	1	1
Info Tech Applications Analyst Lv 2	0	1	1	1
Info Tech Systems Supp Spec Lv 2	0	1	1	1
Office Specialist Lv 1	0	4	4	4
Office Specialist Lv 2	0	6	6	3
Paralegal	0	2	2	1
Retirement Administrator	0	1	1	1
Retirement Benefits Specialist Lv 1	0	6	6	3
Retirement Benefits Specialist Lv 2	0	12	12	12
Retirement General Counsel Rng B	0	1	1	1
Retirement Investment Analyst Lv 2	0	1	1	1
Retirement Services Analyst	0	3	3	1
Retirement Services Manager	0	2	2	2
Retirement Services Supervisor	0	4	4	2
Sr Accountant	0	3	3	3
Sr Accounting Manager	0	1	1	1
Sr Public Information Officer	0	1	1	1
Sr Retirement Benefits Specialist	0	7	7	5
Sr Retirement Investment Officer	0	2	2	2
Supv Information Technology Analyst	0	1	1	1
Info Tech Business Systems Analyst 3	0	1	1	1
Information Technology Technician Lv 2	0	1	1	1
Grand Total	0	76	76	63

Note: SCERS' proposed budget headcount for fiscal year 2024-25 is 76, which does not include the Senior Personnel Analyst (SPA). The SPA position is contracted through the County Department of Personnel Services.

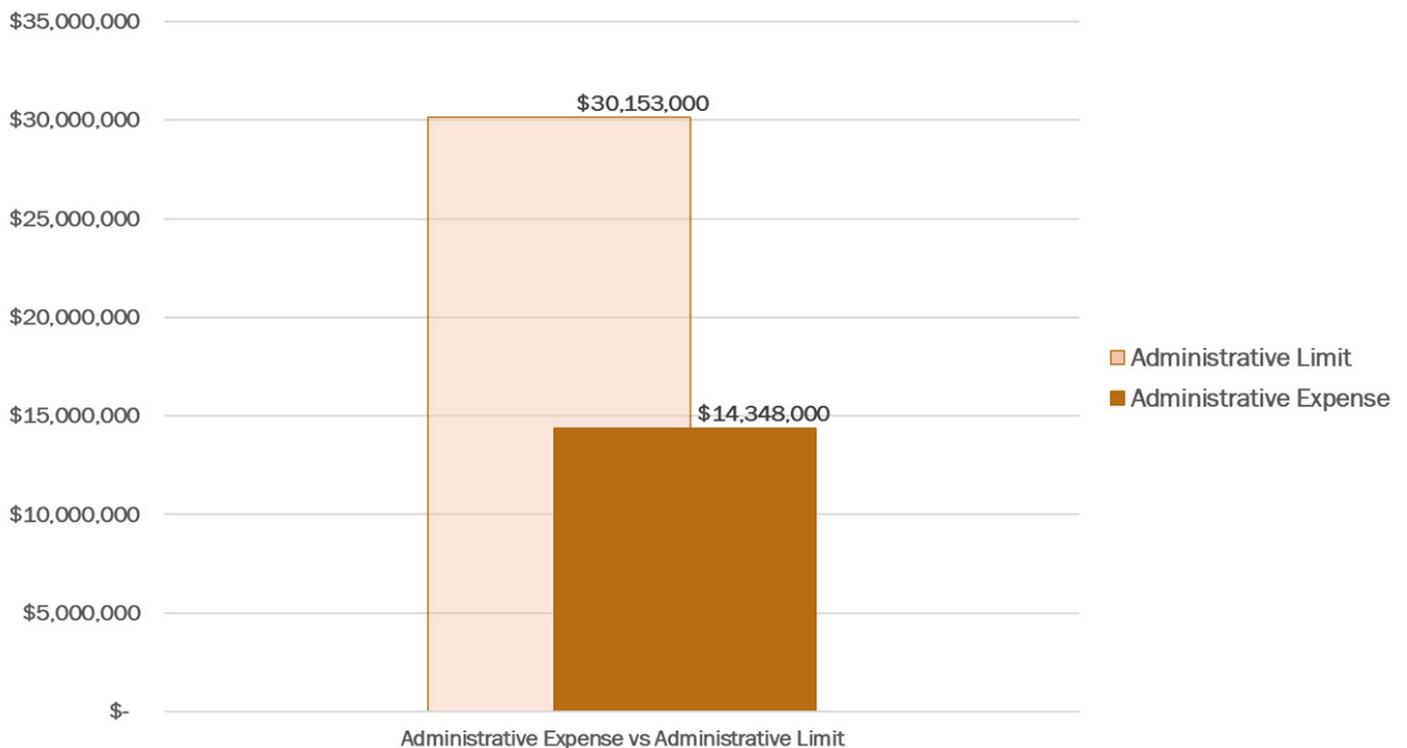
(*) Fiscal year 2023-24 filled positions are presented as of March 1, 2024.

Administrative Expense Annual Budget Limit

(PURSUANT TO GOVERNMENT CODE SECTIONS 31580.2 AND 31596.1)

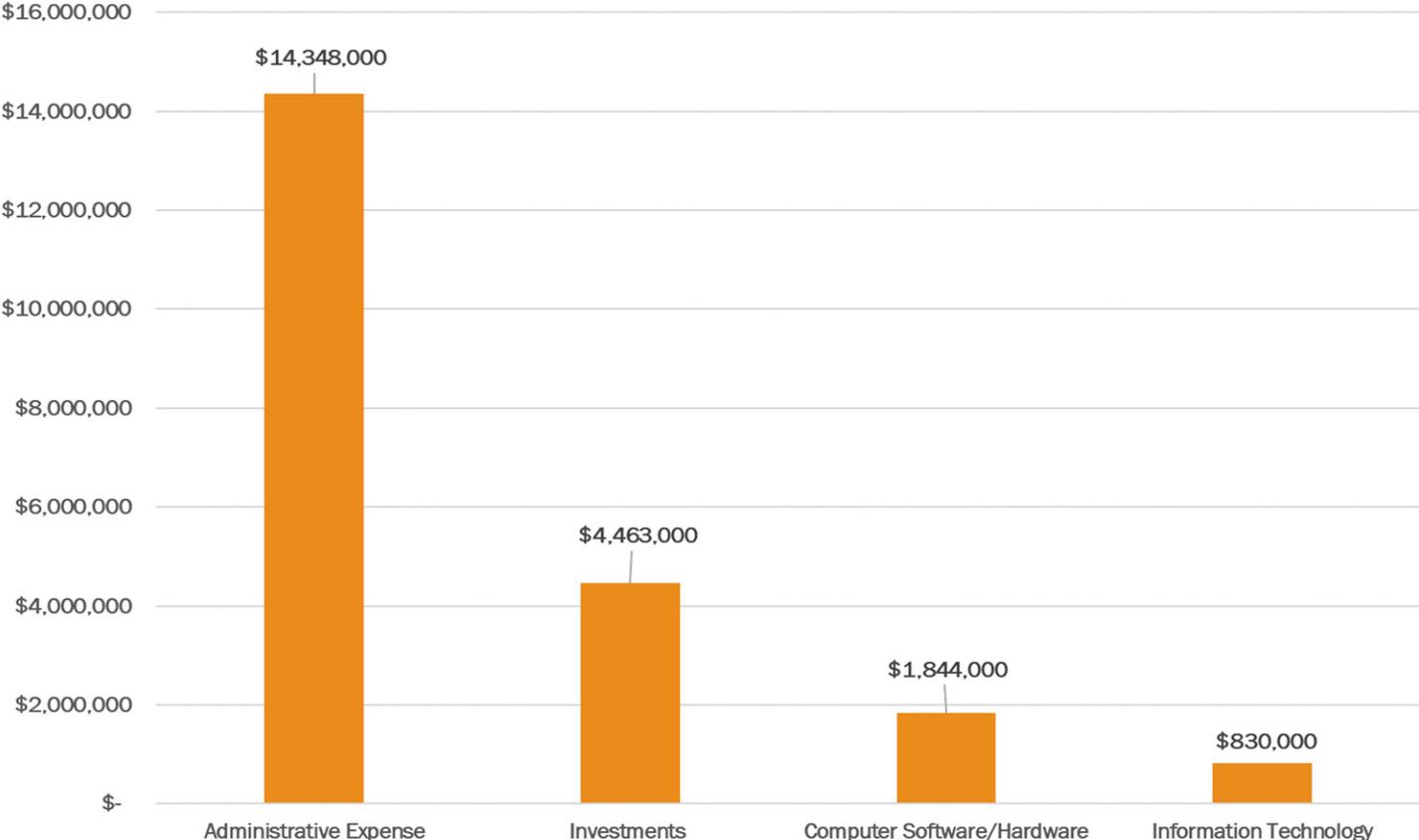
	%	FY 2024-25	%	FY 2023-24	Increase/ (Decrease) From PY Budget
Total Budget		\$ 21,485,000		\$ 37,683,000	(16,198,000)
Investments Related Costs		(4,463,000)		(5,400,000)	937,000
Computer Software/Hardware & Computer		(1,844,000)		(18,364,000)	16,520,000
Technology Consulting services Costs		(830,000)		(1,122,000)	292,000
Administrative Expenses Budget		\$ 14,348,000		\$ 12,797,000	\$ 1,551,000
Total Actuarial Accrued Liability as of					
June 30, 2023 and June 30, 2022, respectively		\$14,358,854,000		\$13,578,984,000	\$779,870,000
Administrative Expenses Budget Limit at					
Twenty-one Hundredths of One Percent	0.21%	\$30,153,000	0.21%	\$28,515,000	\$1,638,000
Administrative Expenses Budget	0.10%	14,348,000	0.09%	12,797,000	0.01%
Budget Limit in Excess of Administrative Expenses	0.11%	\$15,805,000	0.12%	\$15,718,000	-0.01%

FISCAL YEAR 2024-25 BUDGET LIMIT SUMMARY



Administrative Expense Annual Budget Limit (Continued)

FISCAL YEAR 2024-25 BUDGET LIMIT SUMMARY



Glossary

Account Title and Description

401A Administrative Services - ACP

Expenses attributed to the administration of the 401A.

401A Plan

Employer's 3% match of management employee's salary, including premium pay and auto allowance, for the IRC 401(a) Retirement Savings Deferred Compensation Plan.

Accounting Services

Expenses related to annual external audit.

Actuarial Services

Expenses attributed to actuarial services.

Advertising/Legal Notices

Expenses comprised of publicizing public hearings, legal notices, employment announcements, and solicitations for professional consultants and service providers.

Alarm Services

Expenses related to alarm services allocated from the County Department of General Services.

Allowances

This line item is comprised of car allowance provided to the Chief Executive Officer.

Amortization of Intangible Assets

This is amortization expense of intangible assets, including the Pension Administration System (PAS).

Appropriation for Contingencies

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

Glossary (Continued)

Account Title and Description

Assessment Collection

This line item is County Revenue Recovery fees for the collection of outstanding accounts receivables.

Benefit Administration Services - ACP

Expenses related to the administration of employee benefits. The costs are allocated based on the number of permanent authorized positions.

Board Meetings

Retirement Board expenses, including refreshments and meals.

Building Maintenance Services

Expenses related to building maintenance, including lighting installments, electrical system maintenance, and other utility services.

Business Conferences and Travel

In Fiscal Year 2024-2025, this account title is renamed to "Business/Conference Expense."

Business/Conference Expense

Expenses comprised of educational seminars, conferences, and meetings attended by Board members and SCERS staff, including registration, hotel, transportation, meals, tolls, parking and other travel costs. This account title was previously known as "Business Conference and Travel".

County Employee Plan Select

Expenses related to the cost of employee plan selection and changes.

County Facility Use Charges

This is a County allocated cost for the County's shared meeting room based on 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 allocated based on the number of permanent authorized positions.

Glossary (Continued)

Account Title and Description

Countywide Cost Allocation - ACP

This is a County allocated cost indirect overhead and support service costs. Additional services are provided separately which are distributed through billing or cost transfer mechanisms such as Employee Fringe Benefits, County Executive Office, Labor Relations, Data Processing- Shared Systems, Civil Service Commission, Personnel Services, Finance, County Counsel, Regional Parks, General Services, Liability, Worker's Compensation, Regional Radio Communications System, Department of Technology, and other cost allocations.

Countywide IT Services - ACP

This is a County allocated cost for services provided by the Department of Technology which include County data centers, Countywide service desk, Countywide security, 3-1-1 contact center/Countywide communications center, and policy and planning initiatives. The charges are prepared based on historical usage data and input from County Departments.

Data Processing Supplies

Expenses for purchases of non-capitalized equipment, software, and supplies, including computers, monitors, laptop computers, and printers.

Dental Plan

Expenses related to the cost of the employee dental plan.

Department of Finance Services

Expenses related to pension payroll services performed by the County Department of Finance. Charges are based on the cost per warrant and the total number of warrants processed.

Department of Technology Fee - ACP

Expenses related to services provided by County of Sacramento Department of Technology for Power Business Intelligence, data storage, and virtual servers.

Department of Technology Labor

Expenses related to services provided by County of Sacramento Department of Technology for special projects and internal orders.

Glossary (Continued)

Account Title and Description

Department of Technology Labor - ACP

Expenses related to services provided by County of Sacramento Department of Technology for desktop support, server support, and data migration.

Department Services Transportation - ACP

Expenses related to transportation services offered by the County Department of General Services for facilitation of transportation.

Depreciation Expense

Depreciation expense for capital assets such as building improvements, furniture, computer hardware, information system, office equipment, and leased buildings (GASB 87).

DPS Department Services Teams

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.

Education & Training Services

Expenses pertaining to training and education, including annual membership of online learning programs.

Election Services

Expenses related to SCERS Board member elections.

Employee Assistance Program (EAP)

Expenses pertaining to employee assistance programs.

Employee Recognition

Expenses comprised of water and coffee supplies for staff, refreshments for staff meetings, and other employee recognition items.

Glossary (Continued)

Account Title and Description

Employee Tuition Reimbursement

Employee tuition reimbursement payments that range from \$1,200 to \$1,500 per employee, based on the employee's bargaining unit and labor agreement.

Employment Services - ACP

Expenses related to employment services support, such as hiring and termination.

Extra Help

This line item is comprised of temporary employees. Retired temporary employees are limited to 960 hours per year.

Finance Internal Audits - ACP

Expenses related to internal audit services provided by County of Sacramento Department of Finance.

Finance Payment Services - ACP

Expenses related to payment services provided by County of Sacramento Department of Finance.

Finance Payroll Services - ACP

Expense related to payroll services provided by County of Sacramento Department of Finance.

Finance System Control & Recon - ACP

This is the County allocated cost for maintaining overall function of the County's financial system - COMPASS, by performing system testing, upgrading, responding to service desk tickets, and maintaining user security. The costs of the System Control & Reconciliation unit are allocated to County departments and offices based on transaction counts for all document types, except payment issuance and payment clearing transactions.

Glossary (Continued)

Account Title and Description

Group Insurance

Employer's contributions of health and dental insurance premiums. This is provided in the County's Personnel Cost Forecasting Report which calculates prior calendar year actual premium payments through December pay period 26 and adjusted to incorporate anticipated staffing changes in the budgeted fiscal year.

GS-Mail/Postage Charges

Expenses related to U.S. postage and handling fees for sorted and unsorted first class mailings and certified mailings provided by County Department of General Services, 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 line-item Postage Services for mailing services provided by external vendor.

GS-Messenger Services

This is a County allocated cost from County Department of General Services for delivery of County inter-departmental mail. Annual cost is based on each daily mail/messenger pick-up or delivery stop.

GS-Parking Charges

Expense for parking space provided to employees.

GS-Printing Services

Expenses for quantity printing service provided by County Department of General Services, including forms, letters, and other materials. The annual printing cost depends upon the size and complexity of printing services requested. See account line-item Printing Services for printing services provided by external vendors.

GS-Purchasing Services

This is a County allocated cost from County Department of General Services, Contract and Purchasing Services Division, for a centralized purchasing process and for monitoring contracted vendor performance and resolving 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.

Glossary (Continued)

Account Title and Description

GS-Surplus Property Management

This is a County allocated cost from County Department of General Services 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.

GS-Warehousing Charges

Expenses related to central warehouse and records management service provided by County Department of General Services, 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.

Health Savings

This line item includes the Retirement Health Savings Plan (RHSP) costs for each eligible employee at \$25 per pay period.

Information Technology Services

Expenses related to SCERS' public website hosting, intranet hosting, and maintenance and application support for the Pension Administration System.

Insurance - Premium

This represents the annual fiduciary insurance policy cost.

Interest Expense-Lease (ROU)

Interest expense portion of SCERS office lease payments. Governmental Accounting Standard Board Statement No. 87 requires lessee (SCERS) to reduce the lease liability as payments are made and recognize an outflow of resources for interest on the liability.

Investment Services/Consultants and Other

Investment-related expenses for consulting services and third-party vendor services, including the accounting and reporting of private market investments. This line item excludes investment manager fees, which are paid directly from investment and are not included in the budget.

Glossary (Continued)

Account Title and Description

IT Equipment

This line item is to record any large purchases of Information Technology (IT) equipment that is to be capitalized, including portable computers (PCs), laptops, and tablets.

Labor Relations Services - ACP

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.

Land Line Charges - ACP

This is the County allocated cost for administration of phone lines.

Legal Services

Expenses related to legal services, such as legal consultation and representation.

Liability Insurance - ACP

Expenses related to allocation of liability insurance from County of Sacramento.

Life Insurance

Expenses related to cost of employee life insurance.

Medical Services

Expenses pertaining to disability retirement applications processing, including independent medical examinations, laboratory work, and specialized copying services.

Memberships

Annual membership dues for professional associations.

OASDI

Employer's mandated Social Security and Medicare Tax payments.

Glossary (Continued)

Account Title and Description

Office Equipment Maintenance

Expenses comprised of maintenance of office equipment, such as desks, chairs, tables, filing cabinets, and other office furniture.

Office Equipment Modular Furniture

Expenses comprised of purchases of desks, chairs, tables, filing cabinets, and other office furniture.

Office Supplies

Expenses comprised of consumable supplies and miscellaneous office items.

Other Professional Services

Expenses attributed to professional services, such as graphic design, communication consulting, customer experience management, strategic planning, video production, photography, financial statements formatting, process improvement, and disaster recovery plan services.

Periodicals and Subscriptions

Expenses related to subscriptions, such as international business newspapers, daily financial newspapers, and other news and article subscriptions.

Postage Services

Expenses comprised of mail preparation services performed by contract vendors for presorting, stuffing and sealing envelopes, U.S. Postal Services for direct mailings, Federal Express charges, BRM Permit charges, and other express mailing services.

Printing Services

Expenses 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.

Rents/Leases-Equipment

Lease expenses for printers and photocopiers, including maintenance and repair service.

Glossary (Continued)

Account Title and Description

Rents/Leases/RL Property

Expenses related to lease operating expenses and storage fees.

Reporting Services

Expenses for contract services provided by the Office of Administrative Hearings related to disability retirement cases as required by the Retirement Board.

Retirement - 1995/2003 POB Debt Service

This is a County allocated cost pertaining to the principal and interest payments of the 1995/2003 Pension Obligation Bond (POB). Costs are allocated based on SCERS' total salaries.

Retirement - 2004 POB Debt Service

This is a County allocated cost pertaining to the principal and interest payments of the 2004 POB. Costs are allocated based on SCERS' total salaries.

Retirement - Normal & UAAL

This represents the employer's share of pension cost, which includes normal cost and Unfunded Actuarial Accrued Liability (UAAL) contributions.

Safety Program - ACP

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).

Salaries & Wages - Committee Members

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

Glossary (Continued)

Account Title and Description

Salaries & Wages - Premium Pay

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

Salaries & Wages - Regular Employees

This line item is comprised of regular salaries and wages for Sacramento County Employee Retirement System (SCERS) personnel. SCERS uses the fiscal year 2023-24 Personnel Cost Forecasting (PCF) Report provided by County of Sacramento (County) as the basis, and updates anticipated staffing changes for fiscal year 2024-25. The PCF is based on data extracted from the human resources module of the Sacramento County Comprehensive Online Management Personnel and Accounting System (COMPASS) for pay period 26 ending December 2023, which includes a 4% cost-of-living adjustment (COLA) based on the current Consumer Price Index estimates.

The budget reflects step increases based on the anniversary of an employee's start date. Exempt positions are budgeted based on anticipated step increases. Vacant positions are budgeted at the lowest step.

Salaries & Wages - Straight Time O/T

Straight overtime costs for operational needs, including leaves of absence and vacancies. Certain job classifications are paid straight overtime as prescribed by the labor agreements. Employees have the option to select monetary compensation or receive compensatory time off.

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

Salaries and wages time and one-half for operational needs, including leaves of absence and vacancies. Certain job classifications are paid regular time and one-half as prescribed by the labor agreements. Employees have the option to select monetary compensation or receive compensatory time off.

Salary Savings Factor

Salaries and benefits savings for vacant positions not anticipated to be filled during budgeted fiscal year periods.

Glossary (Continued)

Account Title and Description

Security Services

Expenses related to fingerprinting services provided by the State of California.

Software

Expenses related to software subscriptions.

Software System Development

This line item is comprised of capitalized costs related to SCERS' implementation of a workflow solution software, including the software and hardware costs (if any). Costs for the software related to activities in the application development stage will be capitalized and amortized over the estimated useful life of the software. Amortization of the capitalized costs will begin once the software is ready for its intended use.

Telecommunication

Expenses related to telecommunication outside of the County services, such as cell phones and television services.

Telecommunication - ACP

This is a County allocated cost from Department of Technology for telecommunication and cellular services, including in-house planning, installation and maintenance of telephone systems and ongoing support and security compliance of cellular telephone service and equipment, along with external vendor cellular telephone charges. The charges are prepared based on input from County departments and historical usage data, and represent estimated Department of Technology costs for the fiscal year.

Temporary Staffing Services

Temporary services to cover operational needs, temporary vacancies, leaves of absences, and special projects as needed.

Terminal Pay

This line item represents anticipated payments for accrued leave balances and for one-half of sick leave balances upon retirement for management employees.

Account Title and Description

Training Services - ACP

Expenses related to training support received by County of Sacramento.

Transcribing Services

Expenses related to qualified legal reporters to record disability retirement hearings, prepare transcripts as necessary, and copy medical reports.

Unemployment Insurance

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.

Wide Area Network

This is a County allocated cost from Department of Technology for Wide Area Network (WAN), which includes infrastructure design, implementation, support, and maintenance services for the County's WAN. The charges are prepared based on historical usage data and County Departments' input regarding estimated Department of Technology costs for the fiscal year.

Workers Compensation Insurance-Employer Cost

Employer's cost for Workers' Compensation Insurance claims payments and administration. The costs are allocated to County departments based on 70 percent of a five-year claims history and 30 percent estimated risk calculated by weighted payroll. The County purchases excess Workers' Compensation insurance to cover claims above a self-insured retention of \$3.0 million.



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