



2023-24

ANNUAL BUDGET

For the Fiscal Year 2023-24

Sacramento, California

Sacramento County Employees' Retirement System





ANNUAL BUDGET

For the Fiscal Year 2023-24

PRESENTED BY:

ERIC STERN
Chief Executive Officer

MARGO ALLEN
Chief Operations Officer

JOSÉ MARTÍNEZ
Senior Accounting Manager

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

980 9th Street, Suite 1900
Sacramento, CA 95814

WWW.SCERS.ORG

This page intentionally left blank

TABLE OF CONTENTS

Budget Methodology.....	4
Budget Changes	5
Budget Summary	8
Functional Area Allocation Approach	11
Proposed Budget by Function	12
Budget Detail.....	14
Summary of Positions.....	17
Administrative Expense Annual Budget Limit	18
Glossary.....	20

BUDGET METHODOLOGY

The Sacramento County Employee Retirement System (SCERS) Fiscal Year 2023-24 Annual Budget of \$37,683,000 represents the financial resource needs to achieve SCERS' strategic priorities and initiatives. The following methods are utilized in the SCERS 2023-24 annual operating budget:

Salaries and Benefits:

- Salaries and Benefits are projected using provided County Office of Budget and Debt Management data for SCERS' actual 26 pay period payroll costs ending in December 2022, plus adjustments for new positions.
- Salary savings is 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.
- Terminal pay and overtime are estimated based on prior year 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 costs changes.

Other Charges: Depreciation expense includes depreciation for Leased Assets and IT Equipment purchased in prior and current fiscal years. The County-wide 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 (less the one-time amortization of intangible assets).

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



BUDGET CHANGES

Significant changes to the Fiscal Year 2023-24 Budget are outlined below. Budget changes consider net-zero changes made in Fiscal Year 2022-23, shown on Page 7.

Salaries and Benefits:

- Net Increase in Salaries and Benefits of \$2,038,000 or 23% is due to position request increase of one (1) Accounting Technician, two (2) Office Specialists, one (1) Paralegal, three (3) Retirement Benefits Specialists, one (1) Retirement Services Supervisor, two (2) Senior Retirement Benefits Specialists, one (1) IT Business System Analyst, Level III, one (1) IT Technician II.

Services and Supplies:

- Decrease in Leased Property Use Charges of \$343,000 or 88% is due to Governmental Accounting Standard Board (GASB) 87, which records principal payments as a liability. Interest expense was also included in this category in prior years.
- Increase in Interest Expense-Lease of \$253,000 or 100% is due to the calculated interest expense on Lease implemented from Governmental Accounting Standard Board (GASB) 87. This was budgeted under Leased Property Use Charges in prior years.
- Decrease in Investment Services/Consultants and Other of \$689,000 or 28% is due to alignment of projected budget to historic expenditures.
- Increase in Temporary Staffing of \$360,000 or 360% is due to the increase in costs to accommodate short-term staffing needs for transition projects.
- Increase in Information Technology Services of \$335,000 or 52% is due to the anticipated ongoing costs for maintaining and supporting the new software solutions.
- Decrease in Data Processing Supplies of \$99,000 or 83% is due to decrease of anticipated purchases.
- Decrease in Election Services of \$32,000 or 100% is due to no Board elections anticipated in FY 2023-24.
- Decrease in Systems Development Services of \$67,000 or 31% is due to reduced consulting contracted hours with the Department of Technology.

BUDGET CHANGES (CONTINUED)

- Increase in Department of Finance Services of \$196,000 or 153% is due to the monthly cost of the Pension Payroll expense, not captured as a direct expense in the prior year budget.
- Increase in Parking of \$130,000 or 100% is due to the increase of parking costs as of January 1, 2023 and additional FTE positions within SCERS. This expense is isolated from the Leased Property Use charges (see table below).

Other Charges:

- Decrease in County-wide Cost Allocation of \$52,000 or 100% is due to decreases in the County Allocated Cost Package.
- Increase in Amortization on Intangible Assets of \$17,313,000 or 100% is due to amortizing previously capitalized assets, as well as amortization of new software solutions.

Capitalized Costs:

- Decrease in Pension Administration system of \$2,773,000 or 100% is due to reduction in project costs.
- Increase in Software System Development of \$1,000,000 or 100% is due to anticipated implementation of new software solutions.
- Increase on IT Equipment of \$51,000 or 100% is due anticipated purchase of new equipment.

Category Changes of Isolated Expenses:

FY 2023-24 Budget re-categorized specific expenses within a prior year category for a more accurate description. See below for affected categories.

FY 2023-24	Included in FY 2022-23
Accounting Services	Other Professional Services
Parking	Leased Property Use Charges
Telecommunication	Telephone Usage



BUDGET CHANGES (CONTINUED)

FY 2022-23 Budget Alignment:

FY 2023-24 Proposed Budget increase/decrease and percentage changes reflect the FY 2022-23 Amended Budget. FY 2022-23 Amended Budget includes the December 2022 budget transfer which contains a zero overall budget effect.

	FY 2022-23 Approved Budget	Adjustments	FY 2022-23 Amended Budget
Lease Property Use Charge	\$ 841,000.00	\$ (450,000.00)	\$ 391,000.00
Medical Services	250,000.00	(125,000.00)	125,000.00
Legal Services	1,195,000.00	(40,000.00)	1,155,000.00
Reporting Services	100,000.00	(50,000.00)	50,000.00
Depreciation Expense	-	639,000.00	639,000.00
Countywide Cost Allocation	26,000.00	26,000.00	52,000.00
Total	\$2,412,000.00	-	\$2,412,000.00

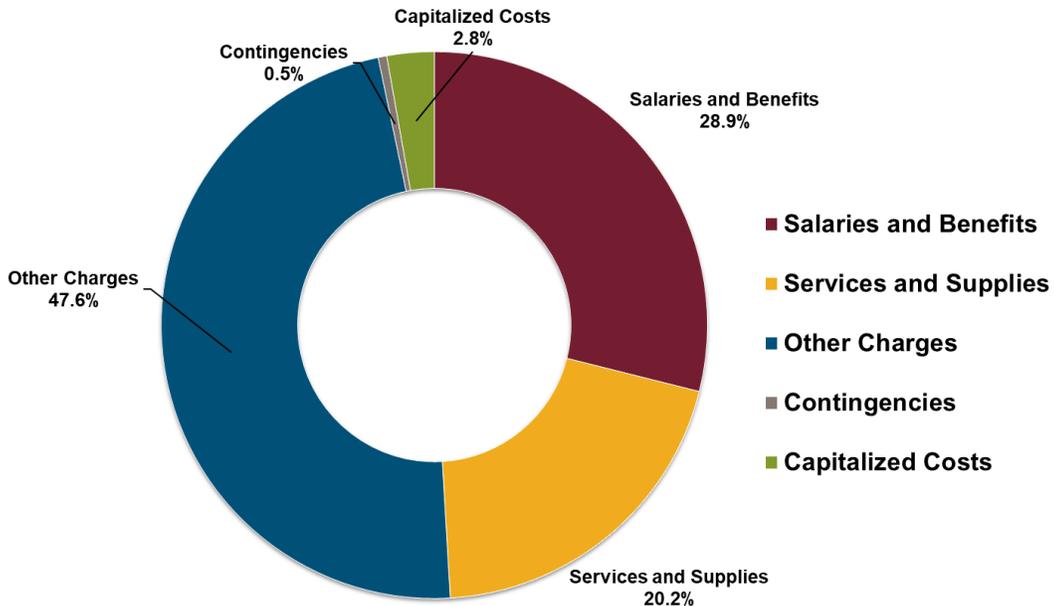
BUDGET SUMMARY

BUDGET SUMMARY BY EXPENSE TYPE

(Dollar Amounts Rounded to the Nearest Thousand)

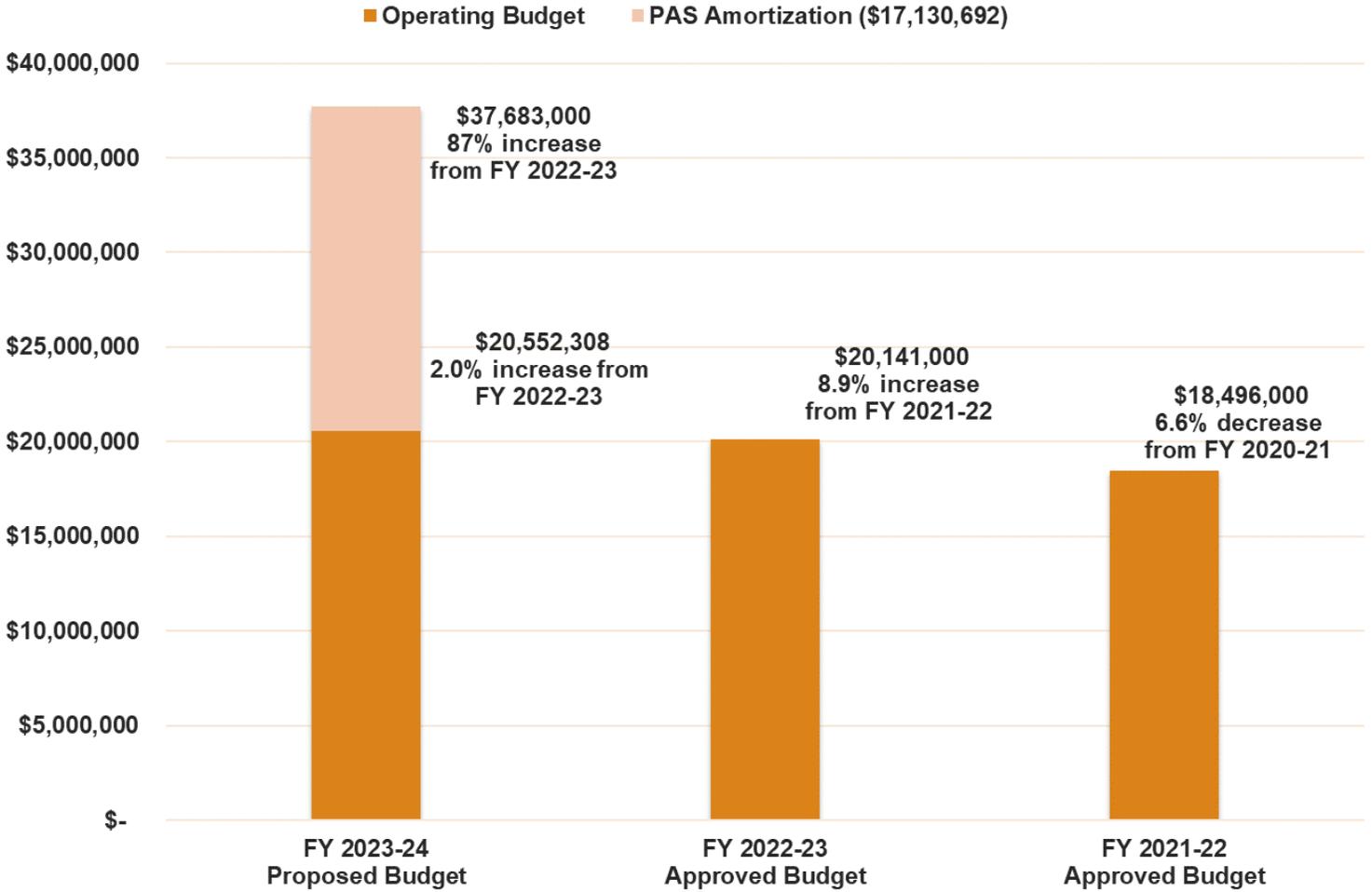
Expense Type	FY 2023-24 Proposed Budget	FY 2022-23 to FY 2023-24 Change (%)	FY 2022-23 Amended Budget	FY 2021-22 Approved Budget
Salaries and Benefits	\$ 10,894,000	23%	\$ 8,856,000	\$ 8,297,000
Services and Supplies	7,597,000	(1)	7,649,000	6,753,000
Other Charges	17,949,000	2,498	691,000	719,000
Contingencies	192,000	12	172,000	158,000
Total	36,632,000	111%	17,368,000	15,927,000
Capitalized Costs	1,051,000	(62)	2,773,000	2,569,000
Grand Total	\$ 37,683,000	87%	\$ 20,141,000	\$18,496,000

FISCAL YEAR 2023-24 PROPOSED BUDGET BY EXPENSE TYPE



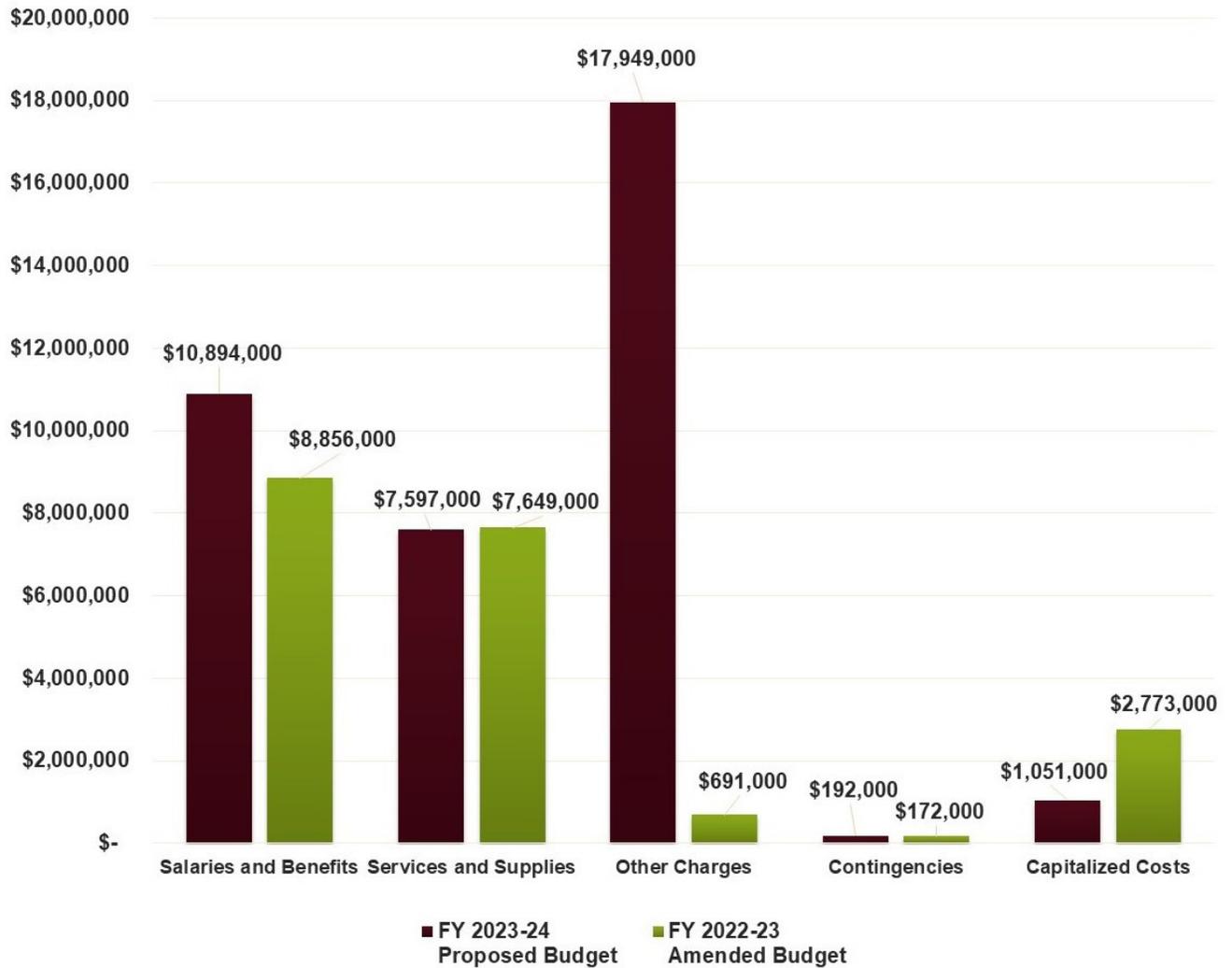
THREE-YEAR BUDGET COMPARISON

(Dollar Amounts Rounded to the Nearest Thousand)



- The 87% increase is inclusive of the one-time, full amortization of the capitalized Pension Administration System (PAS) project incurred in prior years.
- The 2.0% increase is reflective of new spending in the proposed 2023-24 budget.

FISCAL YEAR 2023-24 PROPOSED BUDGET
AND FISCAL YEAR 2022-23 AMENDED BUDGET



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 education conferences and Board meetings to oversee the 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.

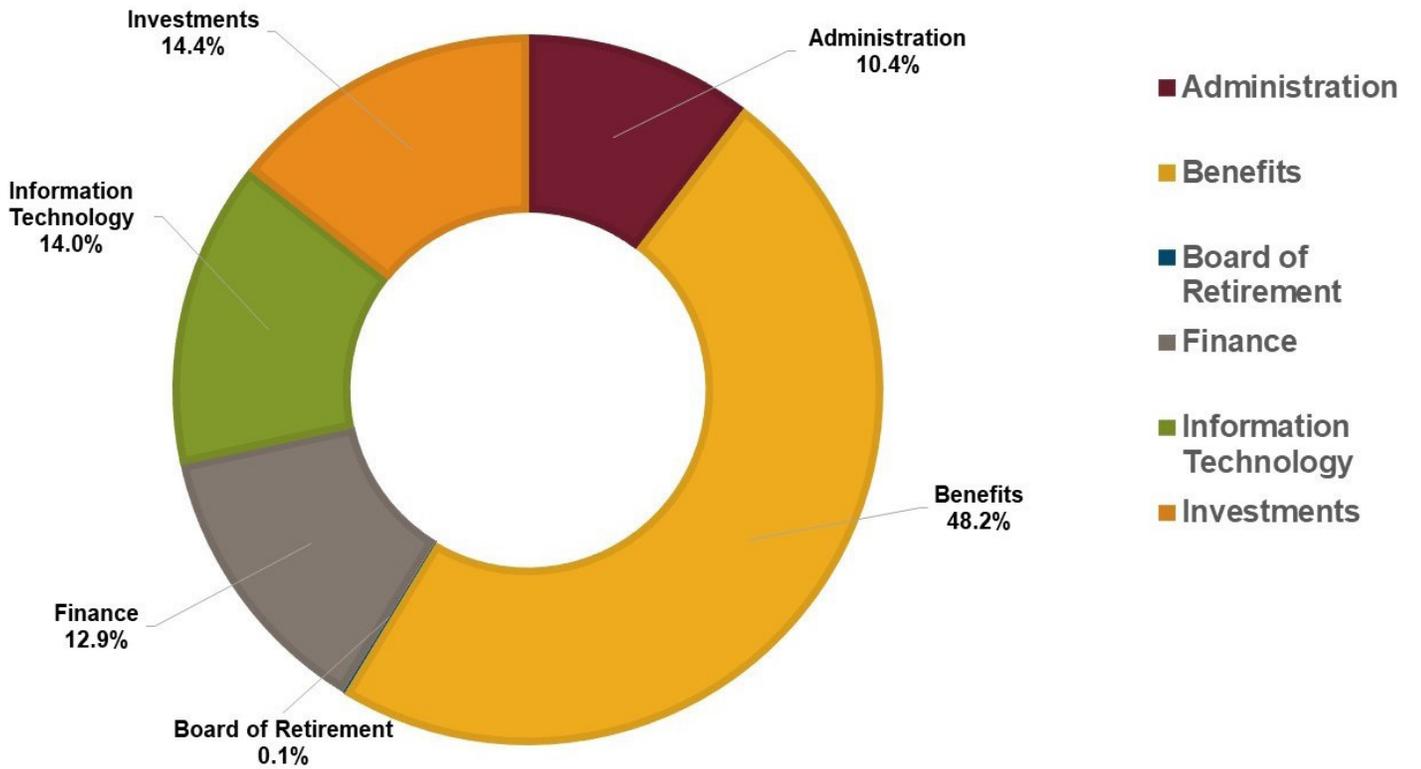
Methodology:

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, business conferences and travel, County-wide IT services, election services, direct information technology services, membership, medical, legal, reporting, and transcribing services are charged directly to the respective functions incurring the costs.
- **Other Charges** are comprised of depreciation expenses, County-wide cost allocation, and amortization of intangible assets. Depreciation expenses for IT equipment and leased assets are allocated to all functions using the FTE functional percent-to-total. County-wide cost allocation expense is allocated using the same methodology as depreciation expenses. Amortization of Intangible Assets is allocated to all functions using the FTE functional percent-to-total, similar to depreciation expenses.
- **Contingencies** are not allocated to any of the functions.
- **Capitalized Costs** are comprised of new software system developments and IT equipment. Capitalized costs are allocated to the Information Technology function.

PROPOSED BUDGET BY FUNCTION

FISCAL YEAR 2023-24 FUNCTIONAL BUDGET PERCENTAGE



PROPOSED BUDGET BY FUNCTION (CONTINUED)

FISCAL YEAR 2023-24 FUNCTIONAL BUDGET SUMMARY

Expense Type	Administration		Benefits		Board of Retirement	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Salaries and Benefits	\$ 1,712,383	16%	\$ 4,800,710	44%	\$ 8,000	0%
Services and Supplies	223,991	3	2,633,107	35	26,148	1
Other Charges	1,968,000	11	10,627,000	59	-	0
Total	3,904,375	10%	18,060,816	49%	34,148	1%
Contingencies	21,000	11	113,000	59	-	0
Capitalized Costs	-	0	-	0	-	0
Total	21,000	2%	113,000	9%	-	0%
GRAND TOTAL	\$ 3,925,375	10.4%	\$ 18,173,816	48.2%	\$ 34,148	0.1%

Expense Type	Finance		Information Technology		Investments	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Salaries and Benefits	\$ 1,739,778	16%	\$ 1,093,311	10%	\$ 1,539,818	14%
Services and Supplies	403,570	5	1,630,717	21	2,679,467	35
Other Charges	2,678,000	15	1,495,000	8	1,181,000	7
Total	4,821,348	13%	4,219,028	12%	5,400,285	15%
Contingencies	29,000	15	16,000	8	13,000	7
Capitalized Costs	-	0	1,051,000	100	-	0
Total	29,000	2%	1,067,000	86%	13,000	1%
GRAND TOTAL	\$ 4,850,348	12.9%	\$ 5,286,028	14.0%	\$ 5,413,285	14.4%

Expense Type	Total
Salaries and Benefits	\$ 10,894,000
Services and Supplies	7,597,000
Other Charges	17,949,000
Total	36,440,000
Contingencies	192,000
Capitalized Costs	1,051,000
Total	1,243,000
GRAND TOTAL	\$ 37,683,000

BUDGET DETAIL

(Dollar Amounts Rounded to the Nearest Thousand)

ACCOUNT TITLE	FY 2023-24			FY 2022-23		FY 2022-23	FY 2022-23
	Proposed Budget	Increase/Decrease	Percentage %	Amended Budget	\$ Expended As of 12/31/2022	Percentage Expended as of 12/31/2022	Anticipated Percentage Expended at 6/30/2023
Salaries and Benefits							
Salaries & Wages-Regular Employees	\$ 7,443,000	\$ 1,747,000	31%	\$ 5,696,000	\$ 2,056,719	36%	72%
Extra Help	52,000	2,000	4%	50,000.00	24,601	49%	98%
Salaries & Wages-Committee Members	8,000	-	0%	8,000	2,340	29%	59%
Salaries & Wages-Straight Time O/T	4,000	(15,000)	-79%	19,000	1,388	7%	15%
Salaries & Wages-Time & One Half O/T	10,000	(28,000)	-74%	38,000	8,845	23%	47%
Salaries & Wages-Premium Pay	105,000	15,000	17%	90,000	36,864	41%	82%
Allowances	6,000	1,000	20%	5,000	2,379	48%	95%
Terminal Pay	75,000	(5,000)	-6%	80,000	6,248	8%	16%
Retirement-Normal & UAAL	1,639,000	385,000	31%	1,254,000	425,852	34%	68%
Retirement-1995/2003 POB Debt Service	329,000	(11,000)	-3%	340,000	169,940	50%	100%
Retirement-2004 POB Debt Service	169,000	5,000	3%	164,000	81,779	50%	100%
Health Savings-Employer Cost	49,000	8,000	20%	41,000	13,467	33%	66%
401A Plan-Employer Cost	98,000	72,000	277%	26,000	31,832	122%	245%
OASDI-Employer Cost	495,000	89,000	22%	406,000	128,719	32%	63%
Group Insurance-Employer Cost	1,108,000	162,000	17%	946,000	268,334	28%	57%
Workers Compensation Insurance-Employer Cost	17,000	1,000	6%	16,000	7,964	50%	100%
Unemployment Insurance-Employer Cost	7,000	(4,000)	-36%	11,000	5,368	49%	98%
Salary Savings Factor	(720,000)	(386,000)	116%	(334,000)	-	0%	0%
Salaries and Benefits Total	10,894,000	2,038,000	23%	8,856,000	3,307,139	37%	75%



BUDGET DETAIL (CONTINUED)

ACCOUNT TITLE	FY 2023-24 Proposed Budget	Increase/ Decrease	Percentage %	FY 2022-23 Amended Budget	FY 2022-23 \$ Expended As of 12/31/2022	FY 2022-23 Percentage Expended as 12/31/2022	FY 2022-23 Anticipated Percentage Expended at 6/30/2023
Services and Supplies							
Advertising/Legal Notices	4,000	2,000	100%	2,000	1,170	59%	117%
Periodicals & Subscriptions	5,000	(1,000)	-17%	6,000	1,994	33%	66%
Business Conferences and Travel	138,000	-	0%	138,000	41,050	30%	59%
Education & Training Services	140,000	(216,000)	-61%	356,000	121,364	34%	68%
Employee Tuition Reimbursement	14,000	3,000	27%	11,000	1,500	14%	27%
Employee Recognition	30,000	15,000	100%	15,000	8,431	56%	112%
Insurance-Liability	48,000	4,000	9%	44,000.00	21,978	50%	100%
Insurance-Fiduciary Liability	203,000	57,000	39%	146,000	169,520	116%	116%
Memberships	30,000	5,000	20%	25,000	14,550	58%	116%
Office Supplies	23,000	10,000	77%	13,000	10,608	82%	163%
Postage Services	20,000	13,000	186%	7,000	7,523	107%	215%
Printing Services	14,000	-	0%	14,000	5,254	38%	75%
Office Equipment Modular Furniture	25,000	(5,000)	-17%	30,000	1,648	5%	11%
Rents/Leases-Equipment	12,000	(5,000)	-29%	17,000	6,923	41%	81%
Leased Property Use Charges	48,000	(343,000)	-88%	391,000	7,419	2%	4%
Interest Expense-Lease (ROU)	253,000	253,000	100%	-	-	0%	0%
Medical Services	200,000	75,000	60%	125,000	40,801	33%	65%
Actuarial Services	150,000	(150,000)	-50%	300,000	16,695	6%	11%
Board Meetings	6,000	5,000	500%	1,000	1,236	124%	247%
Investment Services/Consultants and Other	1,756,000	(689,000)	-28%	2,445,000	599,245	25%	49%
Temporary Staffing Services	460,000	360,000	360%	100,000	74,551	75%	149%
Legal Services	1,100,000	(55,000)	-5%	1,155,000	362,173	31%	63%
Personnel Services	345,000	8,000	2%	337,000	168,282	50%	100%
Labor Relations Services	9,000	1,000	13%	8,000	3,933	49%	98%
Safety Program Services	1,000	-	0%	1,000	534	53%	107%
Reporting Services	50,000	-	0%	50,000	-	0%	0%
Transcribing Services	10,000	(10,000)	-50%	20,000	-	0%	0%
Security Services	1,000	1,000	100%	-	448	0%	0%
Building Maintenance Services	70,000	70,000	100%	-	-	0%	0%
Accounting Services	75,000	75,000	100%	-	-	0%	0%
Other Professional Services	314,000	(32,000)	-9%	346,000	171,212	49%	99%
Information Technology Services	985,000	335,000	52%	650,000	341,373	53%	105%
Data Processing Supplies	21,000	(99,000)	-83%	120,000	136,540	114%	114%
County Payroll	3,000	-	0%	3,000	1,347	45%	90%
County Payment Services	16,000	2,000	14%	14,000.00	6,891	49%	98%
Audits	2,000	-	0%	2,000.00	1,087	54%	109%
Election Services	-	(32,000)	-100%	32,000	-	0%	0%
Telecommunication	12,000	12,000	100%	-	5,836	0%	0%
Countywide IT Services	57,000	9,000	19%	48,000	24,016	50%	100%
Systems Development Services	146,000	(67,000)	-31%	213,000	95,198	45%	89%
Systems Development Supplies	47,000	(2,000)	-4%	49,000	25,290	52%	103%
Department of Finance Services	324,000	196,000	153%	128,000	161,373	126%	252%
Finance System Control & Recon - ACP	15,000	15,000	100%	-	-	0%	0%
Wide Area Network	85,000	11,000	15%	74,000	37,200	50%	101%
Alarm Services	2,000	-	0%	2,000	873	44%	87%
GS-Printing Services	25,000	-	0%	25,000	6,956	28%	56%
GS-Mail/Postage Charges	140,000	2,000	1%	138,000	85,179	62%	123%
GS-Messenger Services	5,000	-	0%	5,000	2,223	44%	89%
GS-Purchasing Services	2,000	-	0%	2,000	1,073	54%	107%
GS-Warehousing Charges	1,000	-	0%	1,000	77	8%	15%
County Facility Use Charges	4,000	1,000	33%	3,000	1,550	52%	103%
Parking	130,000	130,000	100%	-	23,318	0%	0%
GS-Surplus Property Management	3,000	-	0%	3,000	1,233	41%	82%
Telephone Usage	18,000	(15,000)	-45%	33,000	-	0%	0%
Telephone Installation	-	(1,000)	-100%	1,000.00	-	0%	0%
Services and Supplies Total	7,597,000	(52,000)	-1%	7,649,000	2,818,673	37%	74%



BUDGET DETAIL (CONTINUED)

ACCOUNT TITLE	FY 2023-24 Proposed Budget	Increase/ Decrease	Percentage %	FY 2022-23 Amended Budget	FY 2022-23 \$ Expended As of 12/31/2022	FY 2022-23 Percentage Expended as 12/31/2022	FY 2022-23 Anticipated Percentage Expended at 6/30/2023
Other Charges				0			
Depreciation Expense	636,000	(3,000)	0%	639,000	304,323	48%	95%
Countywide Cost Allocation	-	(52,000)	-100%	52,000	11,118	21%	43%
Amortization on Intangible Assets	17,313,000	17,313,000	100%	-	-	0%	0%
Other Charges Total	17,949,000	17,258,000	2498%	691,000	315,441	46%	91%
Contingencies							
Appropriation For Contingencies	192,000	20,000	12%	172,000	-	0%	0%
Contingencies Total	192,000	20,000	12%	172,000	-	0%	0%
TOTAL	\$ 36,632,000	\$ 19,264,000	111%	\$ 17,368,000	\$ 6,781,831	39%	78%
Capitalized Costs							
Tenant Improvements Project	-	-	0%	-	-	0%	0%
Pension Administration System	-	(2,773,000)	-100%	2,773,000.00	-	0%	0%
Software System Development	1,000,000	1,000,000	100%	-	-	0%	0%
IT Equipment	51,000	51,000	100%	-	-	0%	0%
Capitalized Costs Total	1,051,000	(1,722,000)	-62%	2,773,000	-	0%	0%
GRAND TOTAL	\$ 37,683,000	\$ 17,542,000	87%	\$ 20,141,000	\$ 6,781,831	34%	67%



SUMMARY OF POSITIONS

Position Title	FY 2023-24 Change Request	Requested FY 2023-24 (*)	Approved FY 2022-23	Filled FY 2022-23
Accountant	0	2	2	2
Accounting Mgr	0	2	2	1
Accounting Technician	1	3	2	2
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	0
Asst Retirement Admin-Investment Rng B	0	1	1	1
Asst Retirement Admin-Operations Rng B	0	1	1	1
Chief Investment Officer Retirement RngB	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	3
Office Specialist Lv 2	2	6	4	4
Paralegal	1	2	1	1
Retirement Administrator	0	1	1	1
Retirement Benefits Specialist Lv 1	0	6	6	6
Retirement Benefits Specialist Lv 2	3	12	9	6
Retirement General Counsel Rng B	0	1	1	0
Retirement Investment Analyst Lv 2	0	1	1	1
Retirement Services Analyst	0	3	3	2
Retirement Services Manager	0	2	2	2
Retirement Services Supervisor	1	4	3	2
Sr Accountant	0	3	3	3
Sr Accounting Mgr	0	1	1	1
Sr Public Information Officer	0	1	1	1
Sr Retirement Benefits Specialist	2	7	5	4
Sr Retirement Investment Officer	0	2	2	2
Supv Information Technology Analyst	0	1	1	1
Asst. Retirement Administrator-Enterprise Rr	0	1	1	0
Info Tech Business Systems Analyst 3	1	1	0	0
Information Technology Technician Lv 2	1	1	0	0
Grand Total	12	76	64	53

Note: SCERS' proposed budget headcount for fiscal year 2023-24 is 76, which does not include the Senior Personnel Analyst (SPA). The SPA position is contracted through the County Department of Personnel Services.

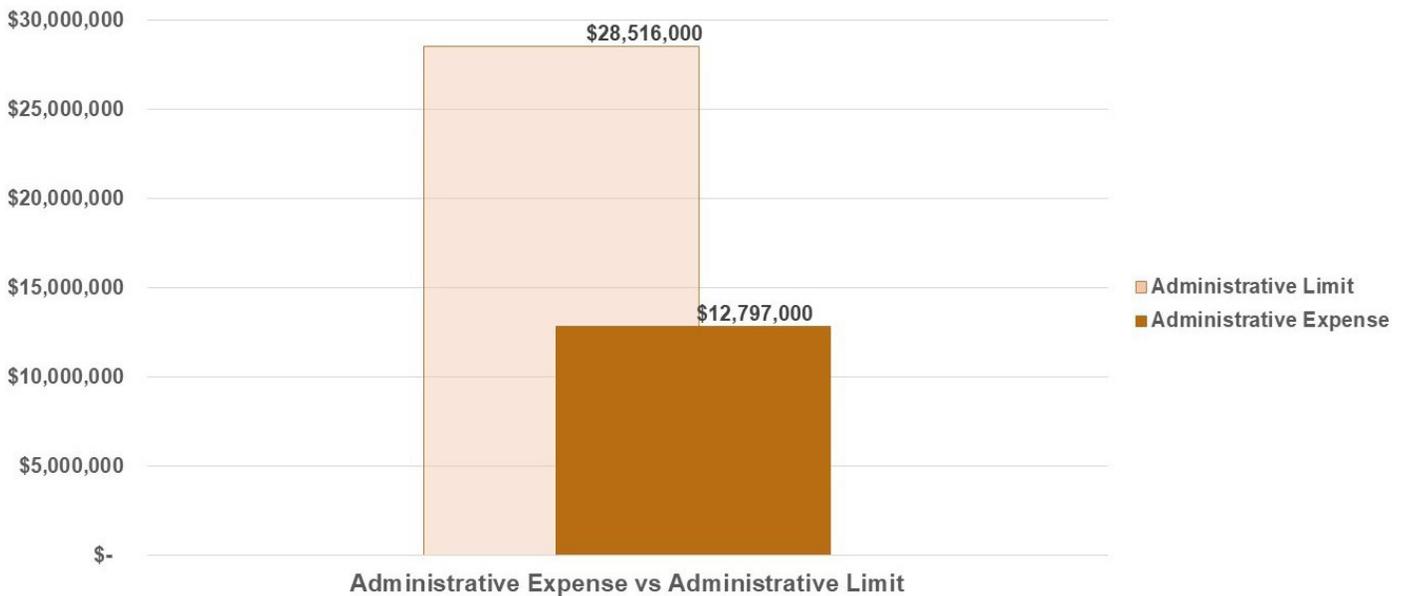
(*) Fiscal year 2023-24 filled positions are presented as of December 31, 2022.

ADMINISTRATIVE EXPENSE ANNUAL BUDGET LIMIT

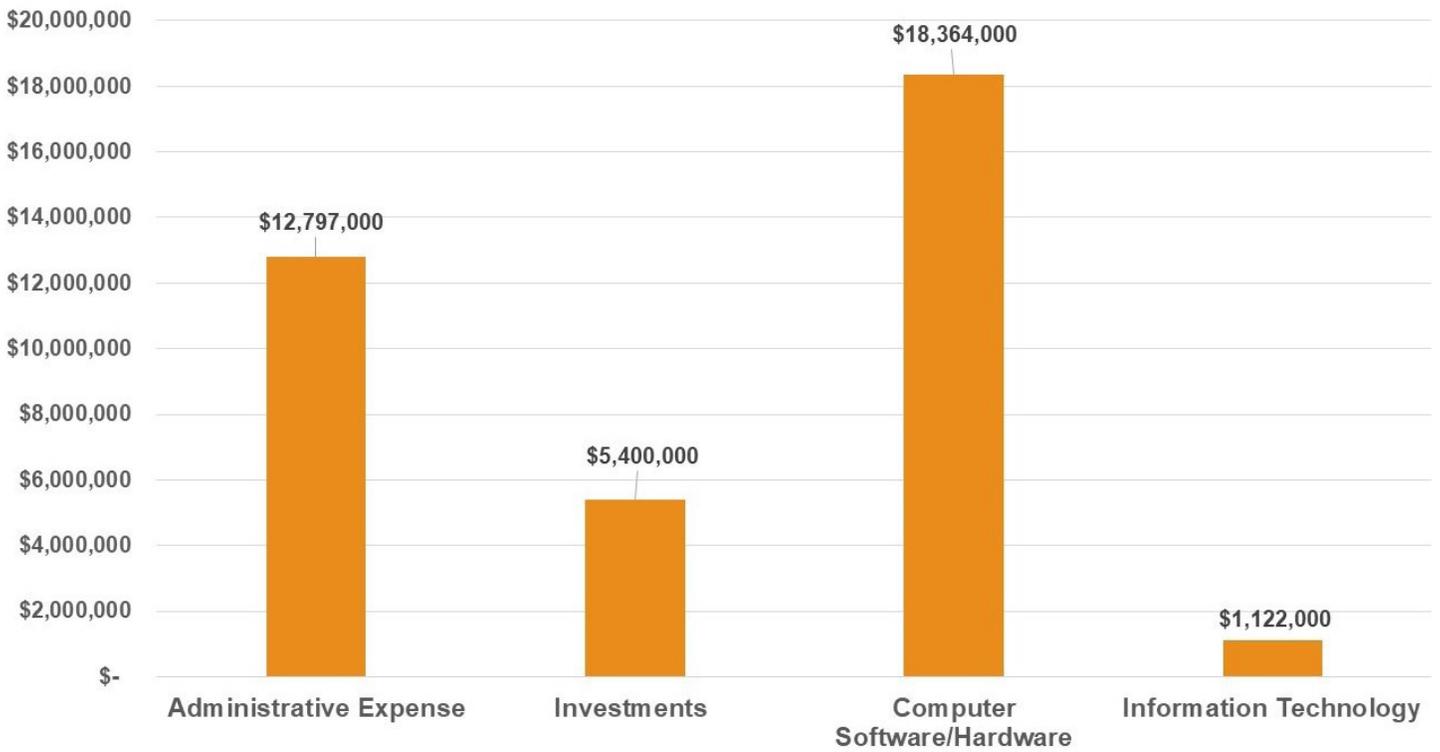
(PURSUANT TO GOVERNMENT CODE SECTIONS 31580.2 AND 31596.1)

	Fiscal Year 2023-24	Fiscal Year 2022-23	Increase/(Decrease) From PY
Total Budget	\$ 37,683,000	\$ 20,141,000	(17,542,000)
Less Investments Related Costs	(5,400,000)	(4,797,000)	603,285
Computer Software/Hardware and Computer	(18,364,000)		
Technology Consulting Services Costs	(1,122,000)	(3,853,000)	(2,731,000)
Administrative Expenses Budget	\$ 12,797,000	\$ 11,491,000	\$ 1,305,715

Total Actuarial Accrued Liability as of June 30, 2021 and June 30, 2022, respectively			
	\$13,578,984,000	\$12,985,529,000	593,455,000
Administrative Expenses Budget Limit at			
Twenty-one Hundredths of One Percent	0.21%	\$28,516,000	0.21%
Administrative Expenses Budget	0.09%	12,797,000	0.09%
Budget Limit in Excess of Administrative Expenses	0.12%	\$ 15,719,000	0.12%
	\$	\$ 15,779,000	0.00%



FISCAL YEAR 2023-24 BUDGET LIMIT SUMMARY



GLOSSARY

Account Title and Description

Salaries & Wages-Regular Employees

This line item is comprised of regular salaries and wages for Sacramento County Employee's Retirement System (SCERS) personnel. SCERS uses the fiscal year 2022-23 Personnel Cost Forecasting (PCF) Report provided by County of Sacramento (County) as the basis, and updates anticipated staffing changes for fiscal year 2023-24. 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 2022, 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.

Extra Help

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

Salaries & Wages-Committee Members

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

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.

Salaries & Wages-Premium Pay

Salaries and wages for pay differential based on a 3.35% management base pay, 5% pay



Account Title and Description

differential for out of class staff, and 2.5% to 5% educational incentive for qualified employees in specified positions.

Allowances

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

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.

Retirement-Normal & UAAL

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

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.

Health Savings-Employer Cost

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

401A Plan-Employer Cost

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

OASDI-Employer Cost

Employer's mandated Social Security and Medicare tax payments.

Account Title and Description

Group Insurance-Employer Cost

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.

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 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.

Unemployment Insurance-Employer Cost

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.

Salary Savings Factor

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

Advertising/Legal Notices

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

Periodicals and Subscriptions

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

Business Conferences and Travel

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.

Account Title and Description

Education & Training Services

Expenses pertaining to registration for education and training seminars, workshops, and other courses directly related to SCERS staff and their job duties.

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.

Employee Recognition

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

Insurance-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. This includes group insurance purchasing programs for coverage, such as property, boiler and machinery, aircraft, airport operations and pollution liability.

Insurance-Fiduciary Liability

This represents the annual fiduciary insurance policy cost.

Memberships

Annual membership dues for professional associations.

Office Supplies

Expenses comprised of consumable supplies and miscellaneous office items.

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.

Account Title and Description

Printing Services

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.

Office Equipment Modular Furniture

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

Rents/Leases-Equipment

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

Leased Property Use Charges

Rental expenses for SCERS' administrative office, after-hours utilities, miscellaneous building items, and service requests, including fire extinguishers, locks and keys, storage fees and other services.

Interest Expense-Lease (ROU)

Interest expense portion of Lease payments. This is impacted by new Governmental Accounting Standard Board 87 policy, which replaces the previous lease accounting methodology, and requires the amortization of the discount on the lease liability to be recorded as interest revenue.

Medical Services

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

Actuarial Services

Expenses attributed to Segal actuarial services.

Board Meetings

Retirement Board expenses, including refreshments and meals.

Account Title and Description

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.

Temporary Staffing Services

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

Legal Services

Legal services and vendors provided for legal consultation and representation.

Personnel Services

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.

Labor Relations Services

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.

Safety Program Services

This is a County allocated cost from the County Department of Personnel Services for managing the County-wide 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).

Account Title and Description

Reporting Services

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

Transcribing Services

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

Security Services

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

Building Maintenance Services

Expenses related to building maintenance, including lighting installments, electrical system maintenance, and other utility services. This was previously budgeted in the Other Professional Services category.

Accounting Services

Expenses related to accounting services, mostly pertaining to financial audits.

Other Professional Services

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

Information Technology Services

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

Data Processing Supplies

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

Account Title and Description

County Payroll

This is a County allocated cost for employee payroll services and associated reporting performed by the County Department of Finance. Costs are allocated based on SCERS' total FTE positions.

County Payment Services

This is a County allocated cost for paying invoices, such as contract, vendor, and other claim payments performed by the County Department of Finance. Costs are allocated based on SCERS' payment claim/ invoice expense transaction counts.

Audits

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.

Election Services

Expenses related to SCERS Board members elections.

Telecommunication

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

County-wide IT Services

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

Systems Development Services

Expenses related to Department of Technology labor charges for service requests in the areas of existing automated systems, application development, implementation support, database design, SAP ERP support, new features implementation, SharePoint, web services, desk support, and server support. Costs are based on Department of Technology's billing rates per type of service for the budgeted fiscal year.



Account Title and Description

Systems Development Supplies

This is a County allocated cost related to shared services provided by Department of Technology. The services include backup and recovery services, computer equipment maintenance, geographic information services, internet/intranet website, web application hosting, high speed enterprise printing, warrant printing, mainframe operations support, service desk support, storage hosting, virtual server hosting, shared SQL environment, shared Oracle environment, and system center services. The charges are prepared based on historical usage data and County Departments input regarding estimated Department of Technology costs for the fiscal year.

Department of Finance Services

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

Finance System Control & Recon - ACP

This is a 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.

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.

Alarm Services

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 on the number of services utilized within each facility and allocated to County Departments based upon the percentage of Facility Use Charges.

Account Title and Description

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-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-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 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.

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.

County Facility Use Charges (Shared Meeting Rooms)

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 then allocated based on the number of permanent authorized positions.

Account Title and Description

Parking

Expense for parking space provided to Full Time Employees.

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.

Telephone Usage/Telephone Installation

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 on-going 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 represents estimated Department of Technology costs for the fiscal year.

Depreciation Expense

Depreciation expense for capital assets such as building improvements, furniture, and office equipment.

County-wide 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.

Amortization of Intangible Assets

This is the 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, excluding the PAS Amortization Expense.

Account Title and Description

Tenant Improvement Project

This line item is comprised of improvement costs for 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, hardware costs, and software 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) are capitalized and amortized over the estimated useful life of PAS.

Software System Development

This line item is comprised of capitalized costs related to SCERS's 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.

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.



980 9th Street, Suite 1900
Sacramento, CA 95814

www.SCERS.org