

NOTICE OF MEETING AND AGENDA
SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT AND
BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CA
WEDNESDAY, MAY 9, 2018 – 9:00 A.M.*

- I. BUDGET HEARING
 - A. Discussion of 2018-2019 Administrative and Retiree Healthcare Benefits Budgets

- II. PUBLIC COMMENT

- III. GOOD OF THE ORDER
(For information purposes only)

- IV. ADJOURNMENT

***Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Investments meeting. Please be on call.**

Any documents subject to public disclosure that relate to an agenda item for an open session of the Board, that are distributed to members of the Board less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Board, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626)-564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.



April 26, 2018

TO: Each Member
Board of Retirement
Board of Investments

FROM: Robert R. Hill 
Interim Chief Executive Officer

SUBJECT: **2018-2019 ADMINISTRATIVE, RETIREE HEALTHCARE
BENEFITS, AND OTHER POST-EMPLOYMENT BENEFIT
TRUST BUDGETS**

Budget hearings have been scheduled to discuss the proposed FY 2018-2019 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefit Trust Budgets. The hearing dates are as follows:

- **Wednesday, May 9th following the Board of Investments meetings**
- **Thursday, May 10th following the Board of Retirement & Committee meetings**

Budget hearings will be open to the public (agendas will be posted). The hearings will provide a forum for discussion of LACERA's priorities, future program plans, and will provide you an opportunity to ask questions or seek clarification on any specific budget item(s).

Once hearings are concluded, a set of minutes will be prepared and distributed to all Board members and management staff. The budget will be submitted for approval at the Board of Retirement Administrative meeting on June 14, 2018, and the Board of Investments meeting on June 13, 2018.

We hope you will be able to attend one of the scheduled hearings. If you are unable to attend, please contact Robert Morgan at 626-564-6000, extension 4422 or Holly Henderson at 626-564-6000, extension 3571 concerning any questions you may have regarding the proposed budgets.

We look forward to meeting with you to discuss another exciting and challenging year for LACERA. Thank you in advance for your continued support.

RH:jp

Attachment

FISCAL YEAR 2018-2019

Administrative and Retiree Healthcare Benefits Budgets

LACERA

FISCAL YEAR 2018-2019

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MISSION STATEMENT

We Produce, Protect, and Provide the Promised Benefits



LACERA exists to:

- **Produce** the highest quality of service for our members and sponsors;
- **Protect** the promised benefits through prudent investment and conservation of plan assets;
- **Provide** the promised benefits.

What is the purpose of a corporate Mission Statement?

It explains why we are in business; it's the corporate mandate - in as few words as possible. The Mission Statement should be brief so every employee can remember it. New LACERA employees will receive the Mission Statement and immediately understand why we exist.

How does the Mission Statement differ from our corporate objectives?

Our objectives state how we will achieve our Mission. Our Objectives list our priorities - some are long-term and some short-term. Each Objective is well defined and includes the steps (goals) we must take to accomplish it. Our Objectives define how we conduct our business.

Our Vision and Values Statements Are Our Guiding Principles.

Our Vision is our pledge to be the premier retirement association through Excellence in retirement law; Commitment to teamwork; Trust to safeguard assets; and Service to members that is courteous, professional, and 100 percent accurate.

Our Values guide our personal behaviors - Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork. We will reach our Vision through our shared Values.



LACERA VISION

Excellence—Our members deserve the best.

Therefore, we choose to be the best. We choose excellence through innovation. We choose to become unparalleled experts in retirement law, pension administration, and benefit solutions. We choose to be preeminent masters of portfolio management.

Commitment—We are the best.

We will work together to provide the best service. We will continually strengthen our commitment to effective teamwork by contributing our individual strengths, learning new methods and skills, and anticipating the demands of the future.

Trust—Our members place trust in LACERA.

Everyday, we will earn this trust by placing their interest first, by giving them easy-to-understand answers, by solving their problems quickly, and by safeguarding and maximizing their investment assets.

Service—Our members deserve the best.

We pledge to improve our member service until 100 percent of our members making inquiries receive courteous, professional, accurate answers with just one call. We have the ability to achieve this if each one of us reaches deep into our strengths and lends a hand. Our strengths are individual; collectively they are unstoppable.



Because members deserve the best,
LACERA will be the best.

LACERA VALUES

Professionalism

We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

Respect

Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

Open Communications

Our frank and straightforward expression of ideas fosters a common understanding of purpose — quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

Fairness

Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

Integrity

We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

Teamwork

We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

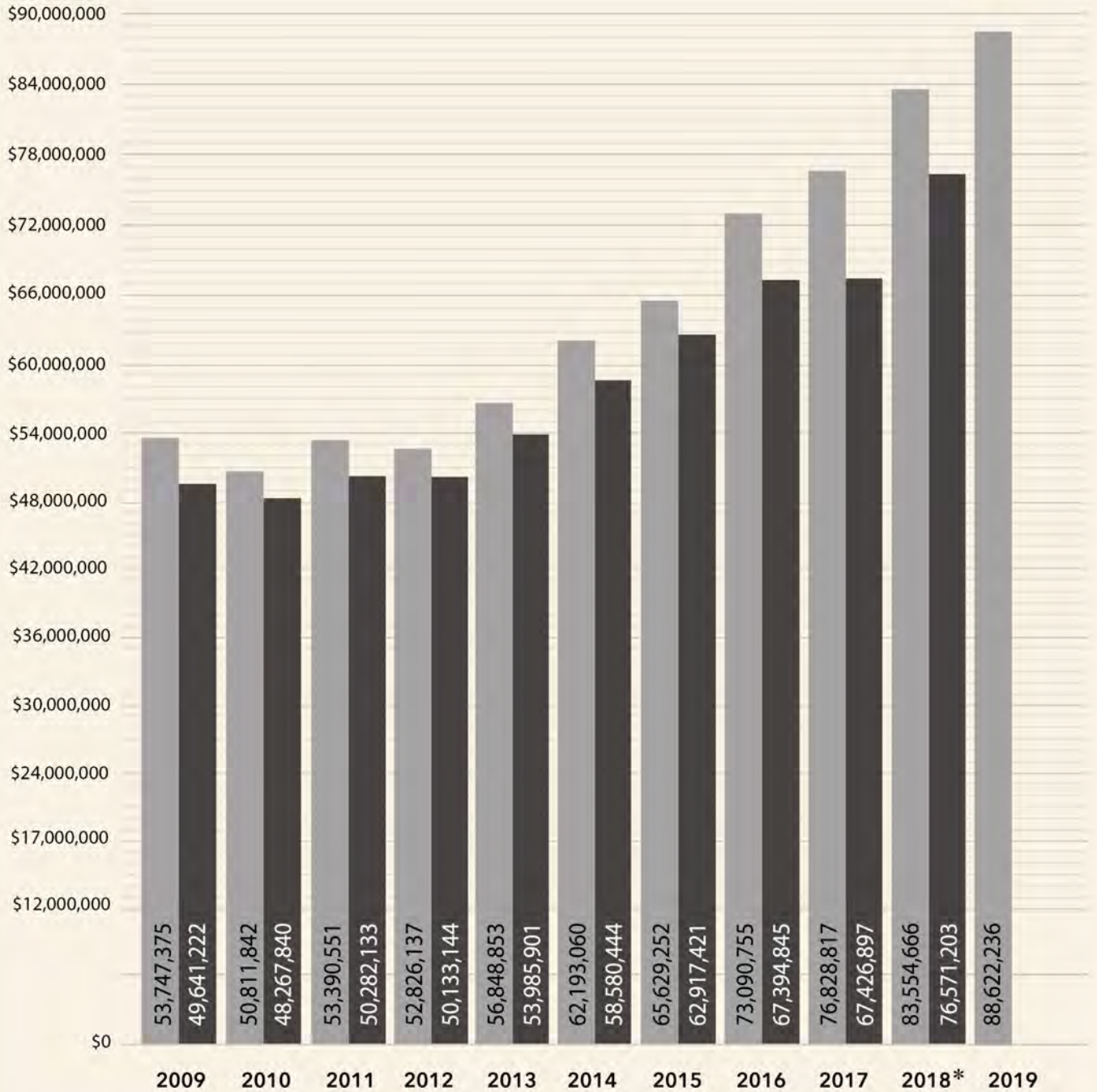


Achieving our MISSION through
shared VALUES and a collective VISION.

HISTORY: BUDGET EXPENDITURES

Approved Budgets Compared to Actual Expenditures

2009-2019



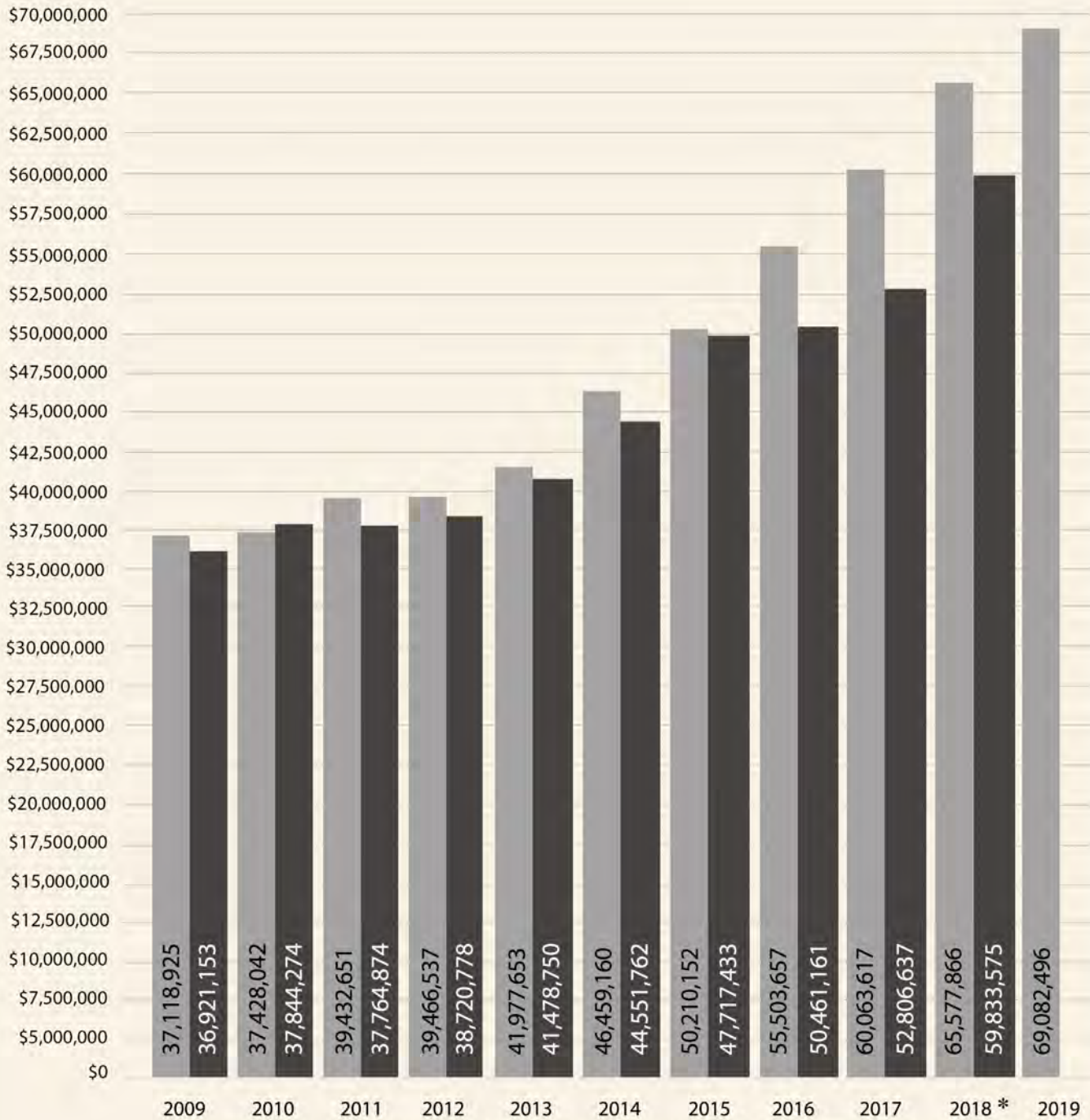
*The totals for the budget year ending 2018 are projected expenditures based on YTD figures through 2-28-18.

- Approved Budget
- Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Salaries and Employee Benefits

2009-2019



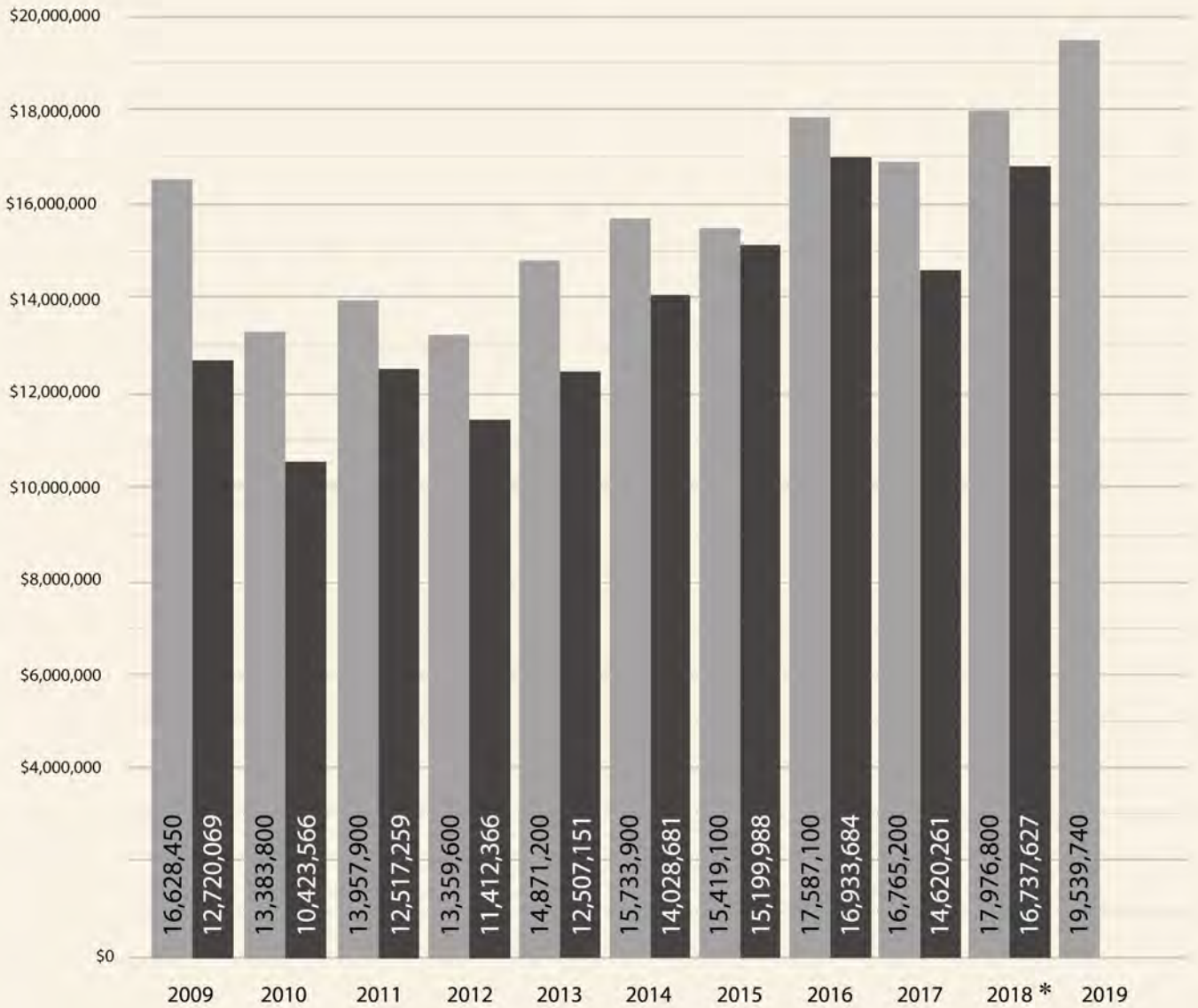
*The totals for the budget year ending 2018 are projected expenditures based on YTD figures through 2-28-18.

- Approved Budget
- Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Services and Supplies

2009-2019

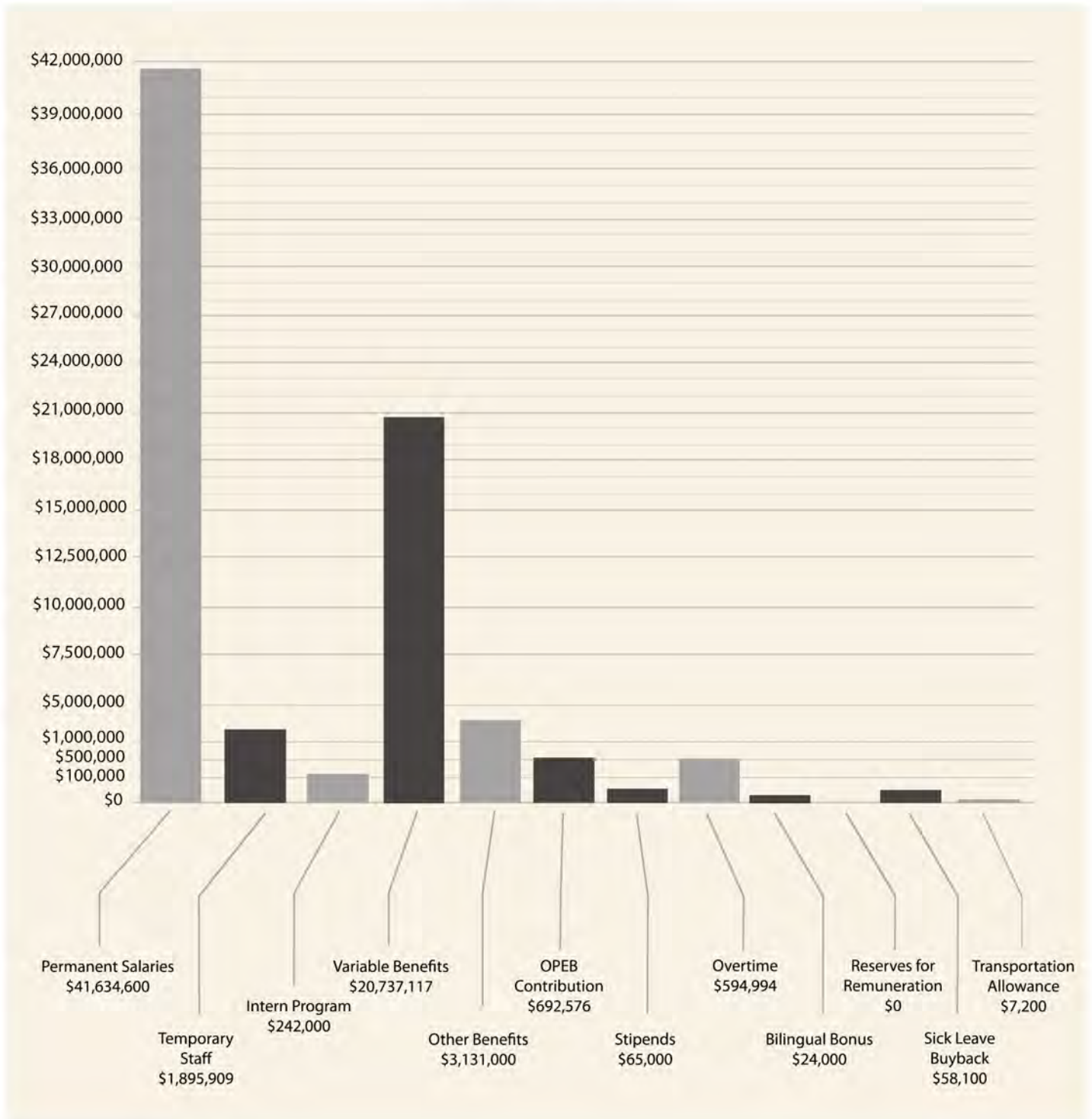


*The totals for the budget year ending 2018 are projected expenditures based on YTD figures through 2-28-18.

- Approved Budget
- Actual Expenditures

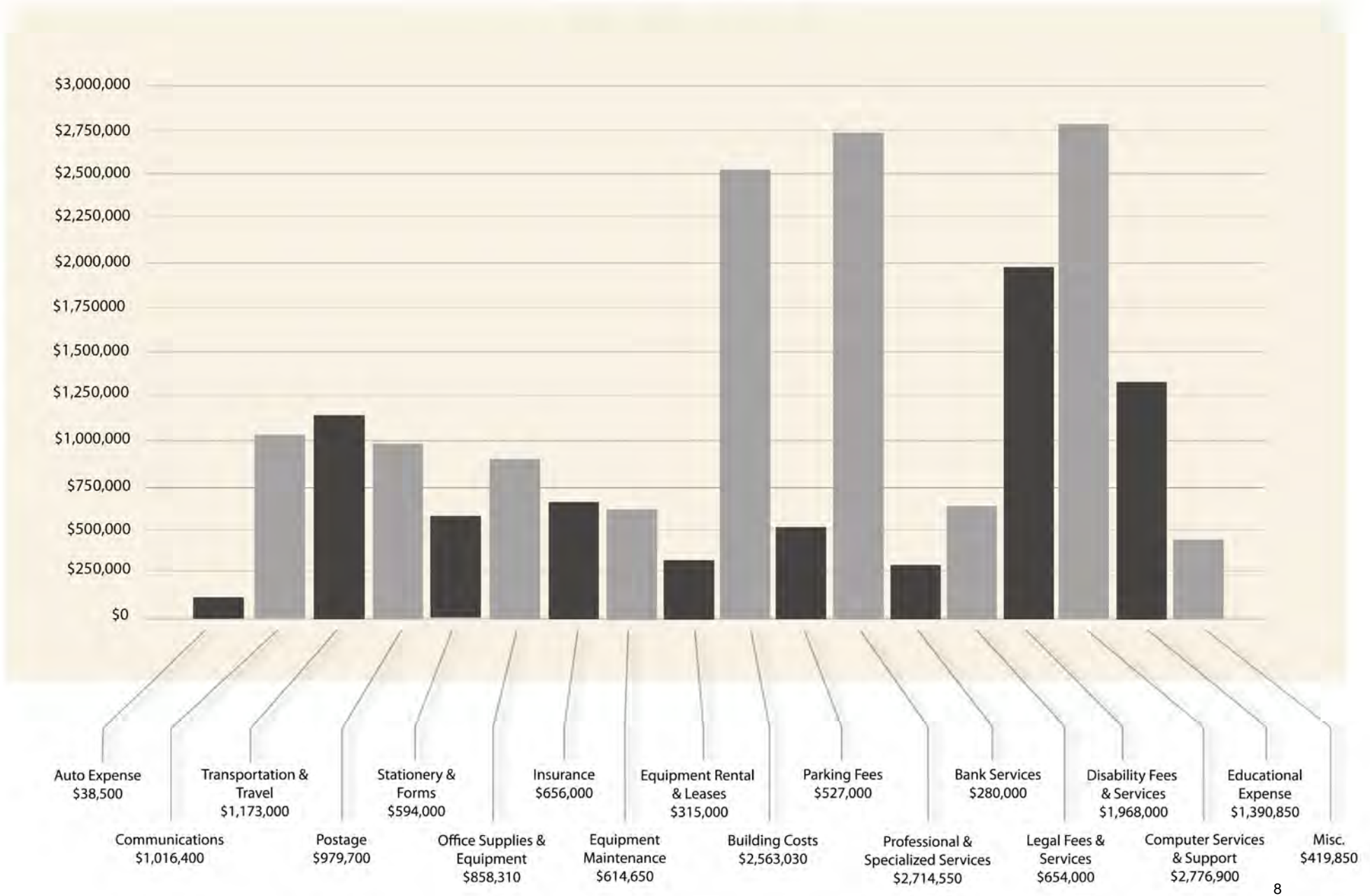
SALARIES AND EMPLOYEE BENEFITS

Fiscal Year 2018-2019



SERVICES AND SUPPLIES

Fiscal Year 2018-2019





LACERA is charged with the duty to administer defined retirement plan benefits for the employees of Los Angeles County and participating agencies. The LACERA Boards of Retirement and Investments have distilled this duty into the following mission statement:

We produce, protect, and provide the promised benefits.

LACERA members expect and deserve quality service in the administration of plan benefits — a level of service that rivals the best in the industry. Ensuring that members are equipped to make informed financial decisions and enter retirement with confidence is of paramount importance to the Boards and staff of LACERA. In order to achieve this goal, the association strives to achieve the vision of:

- One contact, one response.**
- Accuracy, 100% of the time.**

This vision guides our efforts and dictates our expenditures. It also provides a clear view of how to measure performance and continuous improvement. *One contact* means that members receive all of the information they need with one phone call or one meeting. *One response* means that members receive a concise and consistent answer to their questions and concerns. *Accuracy, 100% of the time* means that members receive factual and reliable information, ensuring that they are equipped to make important decisions regarding their retirement.

We provide better service through innovation and enhancement.

With the support of the Boards, LACERA continues to advance toward fulfillment of our mission. We recognize that excellence is a dynamic exercise and that world-class organizations are prepared and able to adapt to changing conditions.

Throughout its history, LACERA has been successful in its efforts and initiatives to provide our members with quality service that is accessible, reliable, and timely. These efforts are driven by a commitment to enable members to access retirement information through numerous service channels, including our Call Center, Member Services Center, My LACERA, printed brochures, seminars, videos, website materials, and workshops. We measure our performance through member satisfaction surveys.

The proposed budget serves as a financial representation of LACERA's FY 2018-2020 Strategic Plan. We believe that enhancing service delivery and accuracy is necessary for future success, and we recognize the need to continuously improve our operations as our processes, staff, and systems evolve. This is a continuation of the Strategic Plan initially adopted during FY 2016-2017.

The FY 2018-2019 budget requests represent increased spending of \$5,067,661, from \$83,554,666 in FY 2017-2018 to \$88,622,327 in FY 2018-2019. This is an increase of 6.1 percent, primarily due to the requested staffing additions and MOU negotiated increases.

Staffing Changes

Administrative Services

Number of Positions	Title of Requested Position	Section/Unit
1	Document Processing Assistant	Document Processing Center
4	Senior Typist Clerk	Document Processing Center

Document Processing Center (DPC)

Administrative Services Division is requesting one Document Processing Assistant position. An existing Senior Typist Clerk position will be eliminated. The total number of budgeted positions requested will remain the same.

As the volume of documents being submitted by members increases and as LACERA business operations continue to expand in complexity, this position more accurately reflects the higher level skill set needed to perform the current business processes.

Disability Retirement

Number of New Positions	Title of Requested Position	Section/Unit
1	Staff Assistant II	Intake

There are currently 39 budgeted full-time positions. Staff is requesting one additional Staff Assistant II position to support our Intake Team, whose primary responsibility is to begin processing applications for disability retirement, counsel members, triage cases, assign cases, order records, and coordinate benefits within LACERA as well as with the plan sponsor. The workload in this unit continues to increase, with an average of 40 cases per month received during the five-year period between FY 2012-2013 and FY 2016-2017. This will bring the division total to 40 budgeted full-time positions.

Financial and Accounting Services

Number of Positions	Title of Requested Position	Section/Unit
1	Accountant	Reconciliation
4	Accounting Technician I	Reconciliation

As accounting standards, reporting requirements, and LACERA operations continue to increase in complexity, higher level skill sets are required to perform the resulting work. FASD is requesting one additional Accountant position. An existing, unfilled, Accounting Technician I position will be eliminated. The total number of budgeted positions requested will remain the same.

Over time, we have asked some Accounting Technician I staff to perform higher level analytical duties and responsibilities. In order to maintain a balance between the workload and the proper resources, replacing one Accounting Technician I position with an Accountant position will align more appropriately with the duties of the actual assignments.

Investment Office

Number of Positions	Title of Requested Position	Section/Unit
1	Principal Investment Officer	Real Assets
1	Finance Analyst III	Real Assets

Number of Positions	Title of Requested Position	Section/Unit
1	Finance Analyst II	Portfolio Analytics
4	Finance Analyst I	Real Estate

For FY 2018-2019, the Investment Office is adding two positions as listed in the above chart.

To offset one of the new positions requested for FY 2018-2019, the Investment Office will delete a vacant Finance Analyst I position, which was previously held in the Real Estate asset class. This will increase the net number of budgeted positions from 39 to 41.

Principal Investment Officer — Real Assets, one position (contingent upon the Board of Investments' approval of the Strategic Asset Allocation): The Strategic Asset Allocation for the Investment Office is in the process of being reviewed. A potential recommendation resulting from this review may be to add an asset class called Real Assets. Real Assets is defined as natural resources (agriculture, energy, and timber) and infrastructure. If approved, the Principal Investment Officer position will develop, implement, and oversee this new asset class. Some of the duties would entail establishing and implementing an Objective, a Policies and Procedures manual, and an investment plan.

Finance Analyst III (Investment Officer) — Real Assets, one position (contingent upon the Board of Investments' approval of the Strategic Asset Allocation): The Investment Officer position will assist the Real Assets Principal Investment Officer in developing, implementing, and overseeing this new asset class.

Finance Analyst II, Portfolio Analytics — Risk/Corporate Governance, one position: The Financial Analyst II position will assist in implementing a multi-asset class risk management system that measures the various risks in the LACERA portfolio. The position will also assist in developing and recommending corporate governance principles and proxy voting.

Legal Office

Number of Positions	Title of Requested Position	Section/Unit
1	Staff Counsel	Benefits, Disability and Litigation

Due to the transfer in FY 2017-2018 of the prior Staff Counsel from the Benefits Section to the Litigation Section to address Litigation’s workload, the Benefits Section no longer has a Staff Counsel to support the Benefits Senior Staff Counsel. The Benefits Section handles all benefits-related legal issues at LACERA, including interfacing with LACERA staff, members, other systems, and vendors. This is a substantial workload. The work is important to the performance of LACERA’s Mission. In order to provide adequate legal services in this area, a Staff Counsel is required. Currently, this need is filled through a temporary attorney.

Member Services

Number of New Positions	Title of Requested Position	Section/Unit
2	Retirement Benefits Specialist III	Call Center
8	Retirement Benefits Specialist II	Call Center

To further develop our ability to provide world-class service to our members, we see a need to add more Retirement Benefit Specialist positions, as follows:

Add two RBS IIIs in the Call Center as permanent leads: The Member Services Call Center has provided an opportunity to have strong Call Center staff accept more responsibility and learn new skills by acting as “leads.” This has been done on an ongoing rotational basis to allow all staff with the ability and interest a chance to learn and contribute more to the operation and to our members. Our leads have supported our staff and supervisors by acting as subject matter experts, helping Call Center staff in providing correct information to our callers.

We have found having lead positions in place provides supervisors the opportunity to focus on the most sensitive escalated issues, develop staff, and perform the administrative functions of the Call Center. Therefore, we would like to add permanent lead positions to the Call Center at the RBS III level. In addition to providing the support to the Supervisors, it will also provide a career path for exemplary Call Center RBS IIs with an interest in promoting and staying within our Call Center.

Add eight RBS II positions to the Call Center to offer RDOs to Call Center staff: Several years ago, LACERA phased out the RDO (Regular Day Off) schedule benefit for

the Call Center. The RDO schedule was phased out because the staffing size of the Call Center was not large enough to adequately serve our members and meet our Key Performance Indicator (KPI) goals. The RDO schedule works well in many other divisions because the total number of work hours an employee works remains the same, and the work can be distributed across those hours without any detriment to production goals. Unfortunately, a Call Center does not have the option of distributing the work differently; staff must be on hand to produce the work when its delivered. Complicating matters further, Mondays experience a higher call volume than other days of the week, and the last week of a month and the first week of a month see high call volumes on all days due to payroll.

Our Call Center staff are well trained and often promote to other positions within LACERA after being trained and working in the Call Center for a few years. We have experienced challenges retaining talent in the Call Center. Staff has provided feedback that they would like to remain in the Call Center longer because they enjoy working directly with members. Unfortunately, not being able to enjoy the benefit of RDO schedules discourages them from remaining in our Call Center.

The Member Services management team is committed to engaging its staff, and has taken this into consideration, and determined it is time to request the additional staff that would allow us to provide the RDO benefit schedule to all Call Center staff. With the use of Workforce Management software, Member Services management has analyzed the number of Call Center staff needed to offer RDOs while still meeting our grade of service (GoS) of answering 80% of our incoming calls within 60 seconds.

Classification Studies

Civil service rules require the development and maintenance of a classification specification for every job classification deemed necessary to meet the needs of a department. Classification specifications should accurately and succinctly define and describe the specific nature and scope of the following:

- Work activities,
- Work qualifications,
- Work responsibilities, and
- Other defining characteristics of the unique classification.

Classifications — and the specific positions within them — evolve for various reasons. As business needs change, a classification may change, resulting in additions to and/or changes in job duties and responsibilities. Classification studies are necessary when significant changes occur that affect job duties, levels of responsibility, or work assignments. The studies are then used to determine whether a classification

specification requires any alteration, whether or not a position should be reclassified to an existing classification, or whether a new classification should be developed.

Table 1 lists the classification studies that were approved in FY 2017-2018 and provides an update on their current status and/or results. Table 2 provides information about the classification studies scheduled to begin in FY 2018-2019.

Table 1. Status of Classification Studies Requested in FY 2017-2018

Division	Position	Section/Unit	Number of Positions Studied	Status/Result
All Divisions	Secretary	All	28	In Process
Administrative Services	Procurement Assistant I	Facilities Management and Procurement	1	Completed: Position upgraded to Procurement Assistant II*
Benefits	Senior RBS	Process Management	3	In Process
	RBS II	Benefit Protection Unit	1	Completed: Position upgraded to RBS III*
	Senior RBS	Benefit Protection Unit	1	Completed: Vacant position downgraded to RBS III*
Communications	Media Artist	All	2	In Process
Executive Office	Executive Secretary	Boards	2	Completed: Positions reclassified to Executive Board Assistants pending ordinance approval
Disability Retirement Services	Word Processor II	Investigation Unit	3	Withdrawn FY 2017-2018

Division	Position	Section/Unit	Number of Positions Studied	Status/Result
FASD	All	All	29	In Process: Consultant hired
Human Resources	Human Resources Analyst	Talent Acquisition	1	Completed: Position upgraded to Senior Human Resources Analyst*
Legal Services	Legal Analyst	Benefits, Disability and Investments	4	In Process
	Staff Counsel	Investments and Litigation	3	In Process
	Management Secretary	Benefits	1	In Process: Included in organization-wide study of all Secretary positions
Investment Office	Principal Investment Officer	Risk and Performance	1	Withdrawn FY 2017-2018

*Notification of certain upgraded/downgraded positions were not received prior to February 28th deadline and therefore could not be included in establishing the Salaries & Employee Benefits requests. The FY 2019-2020 budget will reflect the changes in classification.

Table 2. Classification Studies Scheduled to Begin in FY 2018-2019

Division	Position	Section/Unit	Number of Positions Studied	Status/Results
Administrative Services	Administrative Services Analyst II, III	All	5	Scheduled for FY 2018-2019
	Document Processing Assistant	Document Processing Center	10	Scheduled for FY 2018-2019
	Document Processing Coordinator	Document Processing Center	2	Scheduled for FY 2018-2019
Disability Retirement	Word Processor II	All	3	Scheduled for FY 2018-2019
Human Resources	All	All	13	Scheduled for FY 2018-2019
Internal Audit	Principal Internal Auditor	All	2	Scheduled for FY 2018-2019
Legal Services	Staff Counsel	Investments and Litigation	3	Scheduled for FY 2018-2019

Anticipated Major Initiatives and Goals

It is necessary to distinguish between recurring expenses and one-time project expenses. Recurring expenses represent the annual operating costs of funding the daily operations of LACERA and are classified as fixed or variable. Fixed expenses can include line items such as business leases, insurance, and rent. Variable expenses can include line items such as monthly electricity bills, telephone bills, and travel expenses.

Expenses that are not required for the continual operation of the organization on an annual basis are classified as one-time expenses. Budgeting one-time project expenses involves the arrangement of adequate funds to pay for the development and operation of a clearly defined terminal project. In some cases, it is also necessary to increase the amount of budget requests to cover the cost of maintenance and operation of one-time projects. Examples of one-time project expenses include the occasional replacement of long-lasting durable goods, such as renovations and technology upgrades. These expenses are neither easy to control nor to predict.

Thus, the importance of comparing the two types of expenses is to be able to understand the cost of the daily operations of the organization in comparison to those expenditures that occur as a result of immediate organizational priorities.

The following table displays the breakdown of FY 2018-2019 Services & Supplies costs in comparison to FY 2017-2018:

	FY 2018-2019	FY 2017-2018	\$ Change	% Change
Recurring Expenses	\$18,339,740	\$16,741,800	\$1,597,940	9.5%
One-Time Costs	\$1,200,000	\$1,235,000	(\$35,000)	-2.8%
Total Services and Supplies	\$19,539,740	\$17,976,800	\$1,562,940	8.7%

The following information provides an overview of the FY 2018-2019 one-time project expenses, by division.

Administrative Services

In support of LACERA's hiring plan, Administrative Services is recommending and seeks the Boards' approval for a large renovation project costing \$650,000 that will impact the following divisions: Financial and Accounting Services, Internal Audit, the Investment Office, and Systems. This renovation project is critical to ensure LACERA has ample workspace for the expected growth that will be required to support the Strategic Plan initiatives and day-to-day operations over the next five years.

Systems

Board Operation Management System, \$200,000: During FY 2017-2018, we updated the aging Boardroom audiovisual systems that were originally implemented in 2003. The update included new video cameras, and upgrading the amplifiers and recording devices. Staff is also working on the framework and design concepts to upgrade the voting system. With the increasing demand for digital content, staff additionally plans to implement a system to streamline the Board agenda material from the current manual paper system to a more digitally facilitated system.

Board Meetings Public Broadcast and/or Streaming, \$75,000: At the Joint Organizational Governance Committee meeting in December 2017, the committee discussed whether LACERA should provide online public access to the Board meetings. Options discussed were public access through live streaming of meetings and/or recording, archiving and making public meetings available via podcasts or online listening. While no action was taken at the committee meeting, staff is including the

funding to build out the back-end system to support various content delivery requirements.

Network Infrastructure and Switch Expansion, \$200,000: Due to an increasing staffing count and work area expansion, we need to increase the capacity in our current Enterprise Network Switch (ENS). The ENS is the path for every computer at LACERA. It is the information exchange for every server, mainframe, internet connection printer, and more. The proposed budget includes the ENS expansion as well as the additional wiring, racks, and routers to support the expansion. The budget additionally includes possible construction in the sixth floor data center to accommodate the additional equipment needed to expand the network to accommodate future growth.

Electronic Content Management (ECM) Historical Data Imaging, \$75,000: We continue our digital transformation journey by converting paper documents to digital content. In FY 2018-2019, our focus is on LACERA historical data by ensuring that actuarial reports, plan brochures, summary plans and other relevant documents are captured and cataloged in digital form. This initiative has become a key element to LACERA's future operation. With these important documents in digital form, they are available for review with a few computer clicks. Converting the paper and printed documents to digital preserves the historical data for posterity.

Other Notable Changes

Notable changes include any significant change not addressed in Anticipated Major Initiatives and Goals or any changes that represent a variance of 10 percent or more in comparison to the current fiscal year.

Disability Litigation

The Disability Litigation Division's FY 2018-2019 budget request for Services & Supplies represents a 34 percent increase, from \$60,200 in FY 2017-2018 to \$80,600 in FY 2018-2019. This is primarily as a result of increasing requested funds for retaining outside legal counsel.

Legal Services

An increase in Legislative Consulting from \$140,000 to \$285,000 reflects the Board of Retirement's retention of a federal Legislative Advocate and adjusted pricing for the state Legislative Advocate following last year's request for proposal (RFP) and selection process; and an increase in outside Legal Counsel from \$250,000 to \$500,000 to reflect increased use of the Boards' outside fiduciary counsel, including attendance at all Board

of Retirement administrative meetings and Board of Investments meetings under the Boards' recently adopted Fiduciary Counsel Policy.

Retiree Healthcare

Retiree Healthcare has budgeted \$800,000 to cover the cost of conducting the following program audits (please note that some audit costs are estimated and will be finalized through an RFP process):

Dependent Eligibility Audit	\$200,000
Retiree Drug Subsidy Audit	\$535,000
Anthem/Cigna Claims Audits	\$65,000
Total	\$800,000

As approved by the Board of Retirement, the OPEB valuation will move from biennial valuations to annual valuations under GASB 74/75 reporting requirements. This change will result in an increase of \$576,000.

About this Budget

The budget consists of two major components: Salaries & Employee Benefits, and Services & Supplies.

Salaries and Employee Benefits

The projected spending for Salaries & Employee Benefits is based on the fifth step of each salary range for all represented employees and the midpoint control, which represents the middle of the respective salary ranges for all non-represented employees as of March 22, 2018, plus the addition of any new or upgraded positions requested in this budget. This represents the Gross Salaries (See Salaries & Employee Benefits Category Summary on page 72.)

However, there are additional factors to consider that are not accounted for in just the gross salaries. It is understood that some employees are above or below the midpoint of their respective range and may move throughout the year. There are also certification, additional responsibility, and out-of-class bonuses that should be taken into account. In years when there are Memoranda of Understanding (MOUs) that are scheduled to expire or are being negotiated, there may also be an increase in salaries that occur. Additionally, it is known that vacant positions (both current positions and newly requested positions) will not be filled at the beginning of the fiscal year. These variances can contribute to the gap between the budgeted amount and the actual amount spent at fiscal year-end.

In an effort to account for these variances, we employ a Salary Differential Calculation. The Salary Differential Calculation helps the budget team meet the goal of bringing the

projected spending plan (the budget) as close to the actual spending as possible. Like a lever, it moves the overall gross salaries up or down based on the expected variances. For example, the total gross salary amount is increased for positions above the control point and those that are receiving a bonus. The salaries can also be increased to account for any expected MOU negotiated increases (an estimate of which is included in this year's Salary Differential Calculation). Likewise, the salaries can be decreased to account for any positions below the control point and for the estimated time that a position may be vacant throughout the year (this year it is based on a default vacancy of six months, and adjusted based on the status or expected status of recruiting efforts).

The total Differential for the fiscal year is applied to the Gross Salaries to determine the total Permanent Salaries. (See Salaries & Employee Benefits Category Summary on page 72). The Permanent Salaries are then added to the Agency Temporary Costs, Variable Benefits, Other Benefits, OPEB Contributions, Stipends, Overtime, Bilingual Bonuses, Sick Leave Buybacks, and Transportation Allowances to determine the total Salaries & Employee Benefits amount. The Salary Differential Calculation is as much an art as it is a science. It requires the budget team to predict, based on historical data and discussions with managers and Human Resources, any expected changes in staffing and salaries throughout the coming year. The budget team reviews the Salary Differential Calculation each year to determine how accurately we predicted the budget to the actual for the prior fiscal year and makes adjustments to the calculation for the next fiscal year.

In previous years, the budget team's methodology for predicting the reduction in permanent salaries as a result of vacancies was to assume a six-month vacancy period for all. In FY 2017-2018, the budget team continued to use the default vacancy period of six months, then adjusted the expected vacancy period further based on an estimate of when the scheduled recruitments would take place. The variance for budgeted to actual Gross Salaries for FY 2016-2017 was \$4,679,262, or 12.7 percent. As a result of the change in methodology, for FY 2017-2018 we are projecting a budget to actual variance of \$2,569,637, or 6.5 percent.

Services & Supplies

The Services & Supplies costs are based on projected spending trends for the current fiscal year and adjusted for expected decreases, increases, or additions for the new fiscal year. Each year, the managers meet with the Executive Office and determine changes to the current projected totals for this fiscal year based on projected needs for the next fiscal year (See Services & Supplies Summary on page 83).

Addressing the Vacancies

Each year, the management team begins the budgeting process by reviewing current workload trends and the proposed Strategic Plan to determine the best staffing needs for their division's contribution to meeting organizational goals and fulfilling LACERA's mission. Additionally, the team does its best to determine how many staff members may be moving within the organization, leaving, or retiring. The resulting staffing plan is presented to the Executive Office as part of each division's budget proposal. Once the Executive Office and management have agreed on a plan, the requests are included in the budget proposal to the Boards. The entire management team believes in ensuring that LACERA has the appropriate staff in place to deliver on our promise to produce, protect, and provide the promised benefits.

At the time this summary is being written, LACERA has 51 vacant positions. When the FY 2017-2018 budget was approved, we had a total of 75 vacant positions. Over the course of the fiscal year we filled 35 positions resulting in 40 remaining vacant positions. Unfortunately, 11 positions were vacated during the year, resulting in 51 vacancies.

Of the 40 remaining original vacant positions, we are currently recruiting for 12 positions and 12 more positions are not eligible for recruitment because they have not been added to the County ordinances by the Board of Supervisors. Assuming we fill the 12 positions currently being recruited, LACERA will have filled all but 17 of the original vacant positions.

Management is dedicated and committed to filling every vacant position. An analysis of the vacant positions shows that there are multiple reasons why budgeted positions may remain vacant longer than anticipated. One of those reasons relates to recognizing that the labor market appears to be tightening, and there are increased challenges in recruiting qualified applicants to fill vacant positions at all levels.

Human Resources engaged a recruiting consultant to review LACERA's recruiting practices. The consultant provided recommendations and suggested additional best practices to improve LACERA's ability to identify the most qualified candidates for consideration. Human Resources is reviewing these recommendations and developing a plan to implement many of the recommendations.

The following table shows the status of all currently open recruitments:

Division	Position	Section/Unit	Number Available	Status/Result
Administrative Services	Administrative Services Analyst II	Records and Information Management	1	In Progress: Bulletin posted
Communications	Creative Coordinator	Division	2	In Progress: Bulletin posted
Investment Office	Finance Analyst II	Hedge Funds	1	In Progress: Bulletin posted
	Senior Investment Officer	Private Equity	1	In Progress: Resume canvass posted
Total in Progress			5	

The following table shows the status of recruitments submitted to Human Resources and pending:

Division	Position	Section/Unit	Number Available	Status/Result
Disability Retirement Services	Word Processor II	Investigation Unit III	1	Pending
Systems	Data Systems Analyst I	Technology	2	Pending
	Data Systems Analyst II	Technology	3	Pending
Total Pending (Not Started)			6	

Seeking Your Support

The LACERA management team feels the proposed budget reflects our continuing efforts to achieve LACERA's goals to improve our member services and takes us one step further in achieving our mission and vision. Therefore, we are seeking your Boards' approval of the proposed FY 2018-2019 budget.

STRATEGIC PLAN

Retirement Benefits FOR FISCAL YEARS ENDING 2018-2020



L//CERA

OUR HISTORY

On January 1, 1938, LACERA was established to provide retirement allowances and other benefits to the safety and general members employed by Los Angeles County. Subsequently, LACERA expanded its membership program to include four outside Districts:

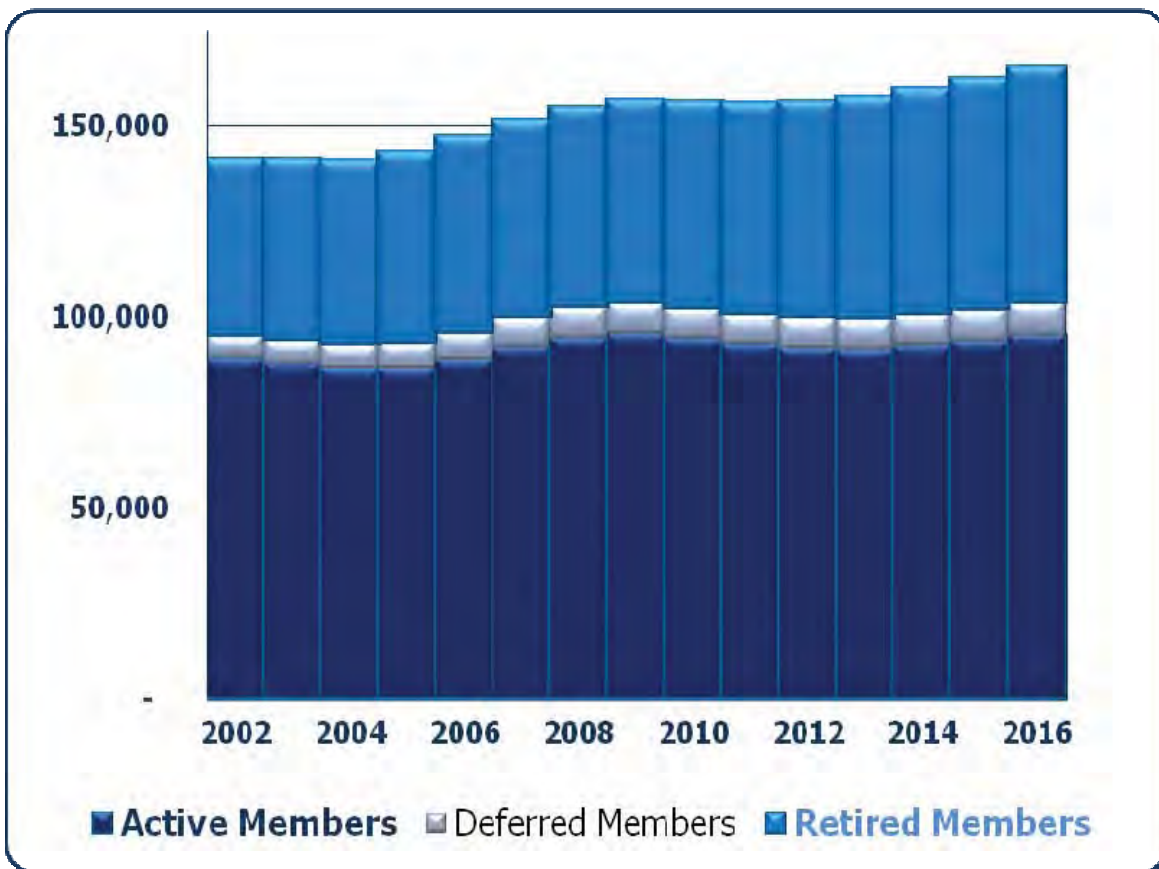
- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education
- South Coast Air Quality Management District

LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, bylaws, procedures, and policies adopted by LACERA's Boards of Retirement and Investments. The Los Angeles County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect benefits of LACERA members.

The Board of Retirement is responsible for the general management of LACERA. The Board of Investments is responsible for determining LACERA's investment objectives, strategies, and policies. Both Boards appoint a Chief Executive Officer, to whom is delegated the responsibility of overseeing the day-to-day management of LACERA and adopting its annual administrative budget.

OUR MEMBERS

When we look at the members we serve, we see more than 160,000 individuals, each with a unique set of circumstances. And we see opportunity. For our active members, we see their opportunity to eventually retire with a secure future and we see our opportunity to provide them with the knowledge they need to make strategic choices throughout their careers that will enhance their retirements. For our retirees, we see more than the disbursement of a monthly benefit. We see the opportunity to provide the peace of mind that comes with knowing they will not outlive their hard-earned retirement allowances and that their eligible designated survivors will receive any benefits to which they are entitled.



OUR MISSION

Produce, Protect, and Provide the Promised Benefits

We see our mission as vast, yet personal. Although it is framed by statutes and diligently executed by highly-trained professionals, it is implemented each day on a personal level, with a personal touch. We see efficient service through education and compassion. We also see a prudently invested retirement fund, strategically positioned for long term growth.

OUR CORE VALUES

PROFESSIONALISM • We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

RESPECT • Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

OPEN COMMUNICATIONS • Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

FAIRNESS • Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

INTEGRITY • We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

TEAMWORK • We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

OUR OBJECTIVES

• PRUDENT FIDUCIARY •

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

• RESPONSIVE QUALITY SERVICE •

To provide responsive and consistent quality service using integrated cost-effective procedures and practices.

• COMMUNICATION •

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

• QUALITY WORKFORCE •

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

• MANAGE GROWTH AND CHANGE •

To manage growth and change through planning, innovation, and the maximum use of available technology.

STRATEGIC INITIATIVES



Modernization of Information Technology

Information Technology plays a crucial role in every aspect of serving our membership. Our commitment to technological solutions dates back to the late 1980's when we built our own retirement processing data center, databases, and data programs. This effort continues with the transition to modern databases, graphical user interfaces, electronic documents and disaster redundancy.

• Disability Retirement •

We continue to focus our organizational energy on modernizing our disability investigation processes through revising Board policy, streamlining staff procedures, evaluating staffing deployment, changing operational expectations, improving accountability, creating new measurement structures, and developing new assistive technology tools.

Task	Implementation
Disability Process Modification	FY 2013-14
Disability Data Integration: Tracker	FY 2013-14
Disability Document Management	FY 2015-16
Disability Process Management	FY 2017-18
Board and Management Metrics Reporting	FY 2017-18
Disability Medical Document Portal – System	FY 2017-18
Disability Medical Document Portal – Training	FY 2017-18
Case Management	FY 2017-18

• Disability Appeal Process Modernization •

We are leveraging our efforts and the lessons learned in the Disability Retirement process to modernize the Disability Litigation appeals process by streamlining staff processes and procedures, developing case management tools to improve resource management, process and manage Writs, and develop a new measurement structure to provide greater insight into the caseload.

Task	Implementation
Digital Appeal Packages	FY 2016-17
E-Board Package – Disability Appeal Cases	FY 2016-17
Planning Writ Process Management	FY 2016-17
Implement Writ Process Management	FY 2017-18
Appeal Process Management	FY 2017-18
Retire Legacy System: Tracker	FY 2017-18

• Managing Work through the Job Ticket Process •

Through the years, LACERA introduced various tools to improve accuracy, timeliness, and reliability of our member transactions. Building upon this foundation, LACERA is designing and implementing a system to track the progress of each transaction as it undergoes triaging, assigning, calculating, quality review, and completion. Intrinsic to each "job ticket" is process-centric and member-centric meta data to efficiently and effectively manage work objects.

Task	Implementation
Job Ticket 1.0 – Planning	FY 2013-14
Job Ticket 1.0 – Prototyping	FY 2015-16
Job Ticket 1.0 – Production	FY 2017-18
Job Ticket 2.0 – Reporting	FY 2017-18
Job Ticket 3.0 – Case Management	FY 2018-19
Job Ticket 4.0 – Audit Version	FY 2019-20

• Knowledge & Content Management •

Provide an Enterprise Content Management System (ECMS) that integrates a centralized search of all knowledge content. We expect to internally ingest the Board of Retirement's Committee documents and implement a user friendly tool to access our membership rules and plan information.

Task	Implementation
Board Package Web Posting	FY 2015-16
Digital Archive: BOI Back file – Implement	FY 2016-17
Digital Archive: BOR Committee – Implement	FY 2016-17
Digital Archive – Disability Case Back file – Evaluate	FY 2017-18
Digital Archive – RFP	FY 2017-18
Digital Archive – Actuary Reports	FY 2018-19
Digital Archive – Accounting Reports	FY 2018-19
Digital Archive – Brochures	FY 2018-19
Digital Archive – Summary Plan Descriptions	FY 2018-19
Digital Archive – Retiree Healthcare Program	FY 2018-19

• LACERA.com •

Our website will support on-line transactions so that our members can self-service their accounts in a protected and expeditious manner.

Task	Implementation
Beneficiary Update	FY 2013-14
Portal Redesign	FY 2016-17
Secure Message Center	FY 2016-17
LACERA.com Redesign	FY 2017-18
On-Line Pension Verification	FY 2017-18
On-Line Form – Service Credit Purchase	FY 2018-19
On-Line Form – Disability Application	FY 2018-19
On-Line Retirement Elections	FY 2019-20

• Retiree Healthcare Program •

In 1987 we embarked on an ambitious program to create our own benefit administration software application. Over the ensuing decades we have devoted considerable resources to support our retirement benefit administration and more recently our disability application work processes. Looking to the future, now is the time to begin planning how to best support the Retiree Healthcare Program with improved document control, workflow, and technology. Similar to our efforts in the disability application area, this will be a multi dimensional effort which will require us to evaluate Board policy, staff procedures, staffing deployment, operational expectations, accountability, and measurement structures.

Task	Implementation
Develop Needs Assessment	FY 2017-18

• Managing Member Interactions •

The ability to provide world class service to our members is dependent on ensuring LACERA manages member interactions in an efficient manner, measures service levels, as well as keeping an accurate record of member interactions in the member's file. LACERA will focus resources on expanding our ability to record and store inbound and outbound calls with members to the Benefits and Disability Retirement Services divisions. Recording calls ensures we have an accurate record of member interactions which improves service and can be leveraged to provide quality assurance and training to staff. We will also begin focusing on the development of a Member Service Center queuing system to improve our ability to forecast, budget, and allocate staffing resources and improve management of service levels in the Member Service Center.

Task	Implementation
Member Service Center Queue System – Planning	FY 2017-18
Call Recording – Benefits Division – Planning	FY 2017-18
Call Recording – Disability Division – Planning	FY 2017-18
Replace Call Recording System	FY 2018-19

• Workspace •

The information system will facilitate member service while protecting membership information. The system environment and programs will be continually evaluated and updated. We look to improve the way we circulate the member's electronic document by creating a Job Ticket processing system.

Task	Implementation
Replace Green Screens	FY 2017-18
Retire CICS	FY 2017-18
COBOL Program Replacement – Planning	FY 2017-18
Update Estimate Program	FY 2017-18
Multiple Plan Streams	FY 2018-19
Reengineer 1st Payment – Planning	FY 2018-19



Quality is paramount to the success of this organization. Quality must be ingrained in everything we do. Quality must be developed, nurtured and evolve as our staff, systems, processes, and services transform. Our plan includes multiple initiatives to feed, care, and grow our quality ecosystem.

• Operational Compliance •

LACERA continues implementing innovative and best practice quality initiatives by introducing another line-of-defense -- a formalized Operational Compliance program. The Operational Compliance program is geared to nurture a culture of compliance and to provide a structured and transparent approach to adhere to operational processes, policies and key organizational training regiments. The program's ultimate success is achieved by an organization demonstrating a culture of compliance and ethical business practices coupled with the efficient and effective integration of Operational Compliance into our daily business practices.

Task	Implementation
Create Compliance Program Charter	FY 2017-18
Implement Organizational Compliance Committee	FY 2017-18
Develop Compliance Reporting Protocols	FY 2017-18
Develop Policy Governance Procedures and Training	FY 2018-19
Develop and Deliver Compliance and Ethics Training	FY 2018-19
Inventory LACERA Policies and Standardize	FY 2019-20
Conduct Best Practices Review	FY 2019-20

• Advanced CERL Education (ACE) Certification •

The International Foundation of Employee Benefits, in conjunction with the University of Pennsylvania, provides an outstanding educational certification in compensation management covering all aspects of benefits and compensation. This rigorous designation, known as the Certified Employee Benefit Specialist (CEBS), allows the student to specialize their CEBS certification into one of three specialty areas:

- *Compensation Management Specialist* - compensation and human resources
- *Group Benefits Associate* - healthcare and other group benefits
- *Retirement Plans Associate* - all aspects of retirement plans

While these are excellent educational opportunities, they do not specifically address plan design, practices, and procedures unique to LACERA. Our initial concept is for the ACE certification to serve as advanced certification available to LACERA's Claims Processing, Member Services, Retiree Healthcare, Quality Assurance, and Internal Audit staff. The program would include an eligibility test, class work, proficiency tests (classroom and production), and continuing education requirements. It is our hope that this designation will be eligible for certification compensation.

Task	Implementation
Develop ACE Program	FY 2016-17
Implement Program	FY 2017-18
Graduate Inaugural Class	FY 2018-19

• In-Line Quality Audits •

LACERA made great strides building a quality ecosystem over the past 10 years. Our efforts include comprehensive training courses, data clean-up projects, apprenticeship programs, standardized business practices, and independent quality assurance. These practices achieved impressive results with our quality improving from 88% to a world class quality level exceeding 98%. Our next evolutionary step is to identify data anomalies and calculation errors earlier when working a member's account to prevent errors from reaching the member in the first place.

Task	Implementation
Increase the In-Line Audit Ratio to 60%	FY 2015-16
Increase the In-Line Audit Ratio to 75%	FY 2016-17
Assess Program Resource Requirements	FY 2017-18

• Member Centric Process Management •

Benefits Division developed a Process Management Group (PMG) that is successfully managing its business rules, documentation and tools so that they are coordinated, standardized, and optimized through a continuous process improvement effort. Our Strategic Plan will expand this effort to include all member centric service divisions and business rule repositories.

Task	Implementation
Develop Coordinated Procedures	FY 2017-18
Monitor and Harmonize Procedures	FY 2017-18
Audit Program	FY 2017-18
Develop Requirements for Knowledge System	FY 2018-19

• Member Communications •

Members have important retirement choices to make, from plan selection when first hired through choosing the best date and retirement option at the end of their careers. It is our responsibility to provide the education they need to make good choices for their individual circumstances. Our strategic direction is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials, seminars and workshops, website materials, videos, etc. We will review our current pre-retirement workshop and develop and offer topic-specific modules that members could choose from as alternatives.

Task	Implementation
Outreach Web Video – New Member	FY 2014-15
Active Member Benefit Statement	FY 2017-18
Retirement Estimate Document	FY 2017-18
Retirement University – Course 1	FY 2017-18
Retirement University – Course 2	FY 2018-19
Member Survey – Customer Needs	FY 2019-20

• Student Internship Program •

The purpose of the LACERA Student Internship Program is to employ students at the graduate and undergraduate levels, in fields of study that will be beneficial to LACERA while providing the students with challenging work experience and exposure to the public pension industry and the business operations of a governmental entity. Through this program, LACERA hopes to increase awareness of the positive community impact made by public defined benefit plans and encourage students to pursue LACERA careers.

Task	Implementation
Develop Program	FY 2016-17
Present Program for Board Approval	FY 2016-17
Implement Program	FY 2016-17

• Board Room Operations •

It is important for all members of the organization, Board, management, and workers, to be dedicated to creating and maintain a professional workspace. The Board's workspace should foster an aesthetic appearance while maintaining functionality and readily communicate LACERA's commitment to its membership.

Task	Implementation
Board Room Branding Entryway	FY 2017-18
Board Room Branding Meeting Room	FY 2017-18
Board Room Speaker Timer and Signal	FY 2017-18

• Succession Planning •

Succession planning is an important part of doing business, no matter how certain the future seems. It promotes strong leadership, facilitates organizational responsiveness, and builds team strength. A successful plan includes employees throughout the organization at all operational levels.

Task	Implementation
Employee Survey – Planning	FY 2016-17
Employee Survey – Conduct	FY 2017-18



Scrubbing Legacy Data

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data for perpetuity. The consequences of poor or incomplete data can magnify as time progresses and may cause serious ramifications to our members. The 1989-90 database conversion includes a series of poor or incomplete data that has placed a number of our members in harm's way. Our three year Strategic Plan places a high priority in scrubbing our legacy data.

• Member Data Evaluation •

A multi-year project plan to identify and prioritize data clean-up projects that will improve processing accuracy and service to members.

Task	Implementation
Multiple Sworn Statements – 2,800	FY 2014-15
MOU Retroactive Salary Adjustments – 26,000	FY 2014-15
Missing Service Credit – 1,000	FY 2015-16
Back Contributions Uncollected – 1,000	FY 2015-16
Service Contract not Resident – 1,000	FY 2015-16
Recalculate Contracts Uncompleted – 4,000	FY 2017-18



Implementing PEPRA

The Public Employees' Pension Reform Act of 2013 (PEPRA) required LACERA to open new plan tiers, design information systems to support the new benefit structure, develop member communications, conduct staff training, and create new monitoring protocols. With the new plan tiers successfully launched, the organization needs to take a fresh look at the additional implementation efforts yet to be completed.

Task	Implementation
PEPRA Implementation Needs Assessment	FY 2016-17
PEPRA Implementation Tactical Plan	FY 2017-18

INVESTMENT OFFICE STRATEGIC PLAN

LACERA Board Off-Site
January 27, 2017

Vache Mahseredjian, CFA, CAIA, FRM, ASA – Interim CIO

**LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

INVESTMENT DIVISION MISSION STATEMENT

The Investment Division strives to be a premier institutional investor seeking to meet LACERA's investment objectives in accordance with LACERA's Mission, Vision, and Values. We are united in our pursuit of excellence and committed to implementing LACERA's policies and procedures, consistent with LACERA's investment beliefs, and always mindful of our fiduciary duty to LACERA's members.

GOALS & PRIORITIES

- Recap by Individual Asset Class
- Multi-Asset Initiatives:
 - Collaborating with Meketa
 - Risk Management (TruView)
 - Corporate Governance
 - “Other Opportunities” Allocation
 - Special Programs
- Proposed New Team Structure:
 - Risk & Performance
- Planning for the Future

ASSET ALLOCATION

Asset Class	Target as of 12/31/2016	Target for 4Q-2018
U.S. Equity	23.8%	22.3%
Non-U.S. Equity Developed Markets (Unhedged)	21.6%	19.2%
Fixed Income	25.4%	27.8%
Private Equity	10.0%	10.0%
Real Estate	11.0%	11.0%
Commodities	2.8%	2.8%
Hedge Funds	3.4%	5.0%
Cash	2.0%	2.0%

STRATEGIC PLAN: FY 2017 – 2018

Private Equity:

- Implement AB2833 Compliance
 - Request GPs utilize ILPA fee template
 - Work with outside consultant (Pavilion) to gather data
 - Develop reporting procedures
- Complete separately managed account reviews (Pathway, JP Morgan, Morgan Stanley) and RFPs
- Continue global search for top-quartile managers

STRATEGIC PLAN: FY 2017 – 2018

Global Equity:

- Review and revise Emerging Manager Program
- Assess opportunities to enhance ESG/Corporate Governance integration into manager selection and monitoring
- Initiate U.S. and Non-U.S. Equity structure reviews
- Further utilize benefits of factor analysis in portfolio management

STRATEGIC PLAN: FY 2017 – 2018

Fixed Income & Commodities:

- Fixed Income Structure Review
- Commodities Structure Review
- Address Meketa's Operational Recommendations regarding Securities Lending and Cash Management

STRATEGIC PLAN: FY 2017 – 2018

Real Estate:

- Reduce allocation to reach 11% target (be a net seller)
- Position portfolio more defensively by increasing exposure to:
 - Apartments
 - Industrial Properties
 - RE Debt (as a lender)
- Diversify by increasing exposure to international investments

STRATEGIC PLAN: FY 2017 – 2018

Hedge Funds:

- Implement 2017 Investment Plan and create direct portfolio by allocating \$500 million across several managers
- Monitor wind-down of San Gabriel 2, the Grosvenor-managed credit portfolio funded in 2013.
- Enhance risk aggregation to incorporate direct portfolio
- Hire 1 analyst

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: Collaborating with Meketa

The following projects are in addition to asset class reviews for public equities, fixed income, and commodities:

- Annual Review of IPS
- Review of Benchmarks
- Review of Fees
- “Other Opportunities” policy
- Triennial Asset/Liability optimization in 2018
- OPEB Trust IPS and asset allocation

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: TruView (“Risk 1.0”)

- Ongoing refinement of output (data validation & Alts modeling)
- Expect initial total plan risk report by Q2 2017
- Multiple presentations and educational sessions, starting with February Committee meeting

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: Corporate Governance

- Educational “deep dives” on selected topics
- Refresh and customize corporate governance principles and proxy policy to align with best practice
- Seek Committee guidance and Board direction on priorities

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: “Other Opportunities”

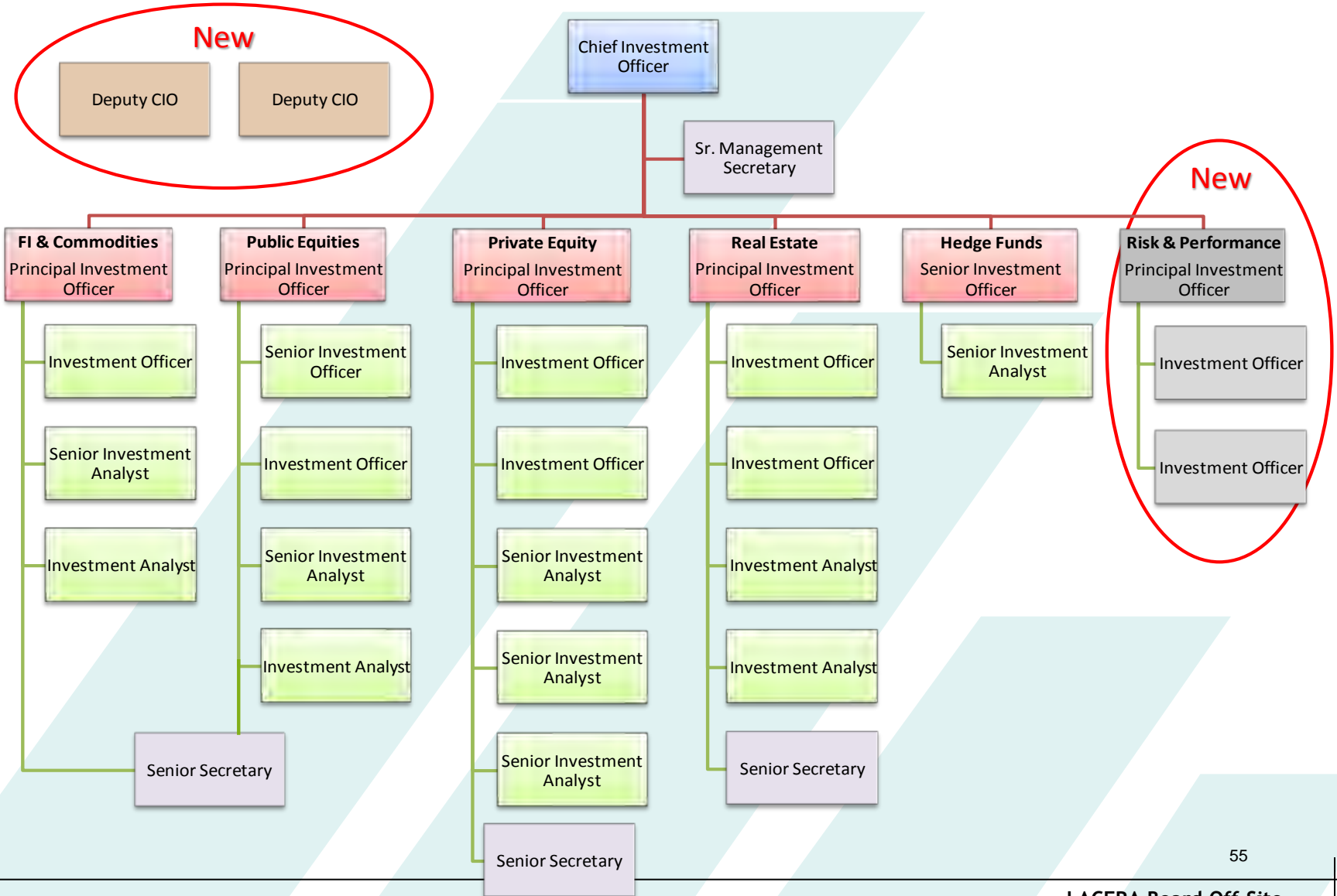
- Establish policies, procedures, and guidelines including:
 - Scope of “asset class”
 - Return expectations/Benchmarks/Risk Management
 - Staff structure and processes for strategy due diligence, manager selection & monitoring, portfolio structure, and reporting
 - Board approval process
 - Role of external advisors

STRATEGIC PLAN: FY 2017 – 2018

Multi-Asset Initiatives: Special Programs

- Securities Lending Review and possible RFP
- Transition Management panel

STAFFING STRUCTURE



PROPOSED NEW TEAM: RISK & PERFORMANCE

- Increased portfolio complexity and heightened regulations create a need for specialists in Risk and Performance Measurement, Compliance, and Operations
- New team will provide services across the various asset classes, allowing for specialization of skills and closer collaboration among investment staff
- Team PIO is already in budget
 - Candidate search pending selection of permanent CIO

KEY SERVICE PROVIDERS

A Stable team of recently-hired service providers

- General Consultant
 - Meketa hired in 2015 / Rebid in 2020
- Real Estate Consultant
 - Townsend re-hired in 2015 / Rebid 2021
- Private Equity Consultant
 - Stepstone hired in 2016 / Rebid in 2022
- Actuarial Consultant
 - Milliman re-hired in 2011 / Search currently underway
- Custodian
 - State Street hired in 2013 / Rebid in 2023

PLANNING FOR THE FUTURE

Beyond 2017-2018

- Separate Account for Indexed U.S. Equity
 - Voting of proxies
 - Securities Lending Revenue
- Manage Assets Internally
 - Potential Strategies
 - Indexed U.S. Equity Assets
 - Cash
 - Core Bonds

RETIREE HEALTHCARE PROGRAM

Strategic Plan Proposal

Yesterday, Today, Tomorrow

FYE 2018-2020

OVERVIEW

LACERA's Board of Retirement administers the Los Angeles County Retiree Healthcare Program. LACERA staff, external consultants, and advisors assist the Board of Retirement's Insurance, Benefits & Legislative Committee in overseeing the Los Angeles County Retiree Healthcare Program.

In 1961 the County Employees Retirement Law of 1937 (CERL) was amended to allow pension systems to provide healthcare to retirees in two ways:

- Board of Supervisors can pay all or part of the cost
- Board of Retirement can pay via excess earnings.

OUR MISSION

To efficiently administer the Healthcare Benefits Program for retired association members and beneficiaries and provide a healthcare program of the highest quality at an affordable cost.

OUR CORE VALUES

PROFESSIONALISM * We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

RESPECT * Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

OPEN COMMUNICATIONS * Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

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TEAMWORK * We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

OUR OBJECTIVES

PRUDENT FIDUCIARY

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

RESPONSIVE AND QUALITY SERVICES

To provide responsive and consistent quality service using integrated cost effective procedures.

COMMUNICATION

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

QUALITY WORKFORCE

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

MANAGE GROWTH AND CHANGE

To manage growth and change through planning, innovation, and the maximum use of available technology.

OUR HISTORY

The 1970s

In January 1971, with the assistance of its healthcare consultant, Johnson & Higgins, LACERA first offered a hospital-medical plan and subsidized the retiree's premium by using excess earnings. At that time, the Board of Retirement offered retirees the choice of remaining in Blue Cross, Kaiser, or Ross-Loos from an active employment status. For those electing not to stay with their "active" plan carrier, Occidental or Kaiser Permanente was made available to them.

The indemnity dental/vision plan became a part of the Los Angeles County Retiree Healthcare Benefit Program effective January 1, 1977; with July 1, 1996, the first offering of the CIGNA Dental Health Plan - pre-paid – HMO plan.

The 1980s

In April 1982, the Board of Retirement negotiated an agreement with the County obligating the County to fund the healthcare program so long as the County provided a healthcare program for active employees

The administration of the Los Angeles County Retiree Healthcare Program has gone through several evolutionary organizational changes. Initially, the insurance processing was handled as a function of the Retiree Member Unit as part of the retirement payroll function. Subsequently, at the recommendation of an independent auditor, the function was decentralized to several benefits processing units (team concept).

The 1990s

In early 1992, a determination was made that the health and dental/vision staff support provided to our members was at an unacceptable level; thus, in May 1992, LACERA established the Insurance Services Section (now known as the Retiree Healthcare Division) to centralize the administration of the healthcare program.

With the establishment of the Retiree Healthcare Division in 1992, came the addition of LACERA's first Medicare Advantage plans (Kaiser Health Pledge, now Senior Advantage; Secure Horizons; FHP Golden Healthcare-*terminated 6/30/94*) and Medicare Supplement plan (Provident III), along with a Medicare Part B Reimbursement Program. This complimented the five medical plans (Kaiser, Blue Cross Prudent Buyer, CIGNA Network Model, Provident I, and Provident II) and one dental/vision plan with Provident already offered to retirees.

Effective August 1994, the 1982 agreement was amended to guarantee the County's obligation to continue providing a program even if the County terminated their health program for active employees.

The Twenty-First Century

Our progression to the future is necessarily focused on our primary goal of providing efficient, accurate and friendly service to members. We want to utilize and develop the skills and expertise of our staff to achieve the highest quality service possible. We continue to explore ways to ensure that we capitalize our human and technological resources to maximum effect.

Prior to 2009, all enrollment forms, correspondence, etc. were delivered directly to the Retiree Healthcare Division. In March 2009, we began scanning enrollment forms and correspondence via the CIB (Client In-Basket) document management system, which provided us the ability to better track and monitor workflow. When scanning of healthcare work objects began, an average of 950 forms were received monthly. With Baby Boomers reaching retirement eligibility, that average has climbed to 1,260 enrollment forms per month, while the number of staff processing those enrollments has decreased due to restructure of the Division and additional staff responsibilities.

In 2013, we reorganized the Division to capitalize on the skills and strengths of staff and to ensure that we provide efficient and effective customer service to our Members. Our Division is currently divided into four

specialized units: Call Center, Operations, Financial/Special Projects and Audits.

OUR STRATEGIC INITIATIVES

Successful Implementation of 2014 RHC Program Changes

In January 2014, Los Angeles County (plan sponsor) informed LACERA of a proposed plan to lower the employer costs for the Retiree Healthcare Program changes for new employees hired on or after July 1, 2014. The adopted plan has been named Los Angeles County Retirees Healthcare Program -Tier 2 (Tier 2). We worked closely with other Divisions, including Communications, Member Services, Claims Processing, and Systems to update processes, information and procedures. Retiree Healthcare staff is in the process of revising our *Exploring Your Healthcare Benefits Through LACERA* booklet and information packet. We are also working with Systems with programming Workspace to calculate the County subsidy at the retiree only premium level to support the new benefits structure and mandated Medicare enrollment for Tier 2 members. The only outstanding item is Modify Information Systems – Enrollment, which is targeted by Systems for completion in FY2015-2016. All staff from our RHC Units (Call Center, Operations, Audits, and Quality Assurance/Special Projects) are fully trained on all aspects of the new healthcare benefits so our members can continue to receive excellent and accurate service.

GOAL	IMPLEMENTATION DATE
Modify Information Systems – Enrollment	FY 2015-2016

Continued Integration of Information Technology

Information technology continues to play a vital role in Retiree Healthcare's ability to serve our retirees and their dependents. For the past few years, all enrollment processing functions have been integrated into Workspace. This has helped increase the efficiency of our Operations staff and helped the overall member experience. We continue working toward providing our members more electronic options to download forms, carrier-related documents, receive education, and complete enrollment. Already in place is the ability for members to input information into enrollment forms online which can then be printed and submitted for processing. The ultimate goal is for members to complete the enrollment process online, with no need to print or mail forms. We are moving forward with anticipated informational and training videos to be included in the Retiree Healthcare section of LACERA.com that will be produced with the help of the Communications Division. The first of these videos were originally intended to be ready by the end of the 2014-2015 fiscal year, but were delayed due to the reallocation of staff resources to prepare for the implementation of Tier 2 to assist with RDS and ERRP audits, and process an increased number of enrollments.

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GOAL	IMPLEMENTATION DATE
Retiree Wellness Program web video	FY 2017-2018
RHC Enrollment web video	FY 2017-2018
Medicare 101 web video	FY 2017-2018
RHC members' electronic submission of enrollment	FY 2017-2018

Workspace

The focus began with improving the tools available to Retiree Healthcare Specialists by changing the 1960s era computer input screens (Green Screens) with user friendly Windows based input screens. We have fully transitioned to all enrollment functions being processed through Workspace. We are also still looking toward automating transmittal of members' enrollment information to the carriers. We have been working with Systems to create an efficient process to automate the population of imputed income in 1099 forms for affected members. We are now re-evaluating the need for such a system. With the legalization of same sex marriage, the number of members requiring 1099 forms has dropped significantly. It may prove to be a better use of resources to handle the approximately one-hundred forms manually.

GOAL	IMPLEMENTATION DATE
Streamline generation and mailing of confirmation letter upon member election via Workspace	FY 2018-2019
Automate monthly premium reconciliation process	FY 2018-2019
Electronic submission to carriers	FY 2017-2018

Member Interaction and Communication

It is our responsibility to educate our members and assist them while making healthcare choices suitable for their needs. With so many changes in the world of healthcare today coupled with the various options available for our members to choose, our plan is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials and videos. We have made significant strides forward in

automating correspondence to members and continue to look toward making the member's experience as consistent, informative, and efficient as possible.

GOAL	IMPLEMENTATION DATE
Implement new seminar for members becoming Medicare eligible	FY 2017-2018
Make carriers' Explanation of Benefits (or Explanation of Coverage) available on the LACERA website	FY 2016-2017
Develop Medicare 101 Packet	FY 2017-2018
Administrative Guideline Update	FY 2016-2017
Certify member Medicare coverage	FY 2018-2019

Quality Assurance & Special Projects Section

The Quality Assurance and Special Projects Section is responsible for identifying, creating and implementing new efficiencies. They build upon the quality assurance practices we have already put in place to assess needs such as staff training or task allocation. This section will also coordinate and conduct quality control of staff work (both Operations and Call Center) to ensure accuracy and will be responsible for working audits of our insurance carriers. Finally, this section will handle higher level tasks and projects such as Medicare RDS research, EGWP implementation, Affordable Care Act implementation, and accounting and monthly financial reconciliation. Development of guidelines for higher-level functions listed below is in progress.

GOAL	IMPLEMENTATION DATE
Create RHC Billing, Legal Hold, and Death Guidelines	FY 2015-2016
Create RHC Reconciliation Guidelines	FY 2015-2016
Dependent database audit RFP	FY 2017-2018
RHC Consultant RFP	FY 2016-2017
LTC Implementation	FY 2016-2017
RHC Operating Information	FY 2016-2017
Dependent database audit completion	FY 2018-2019

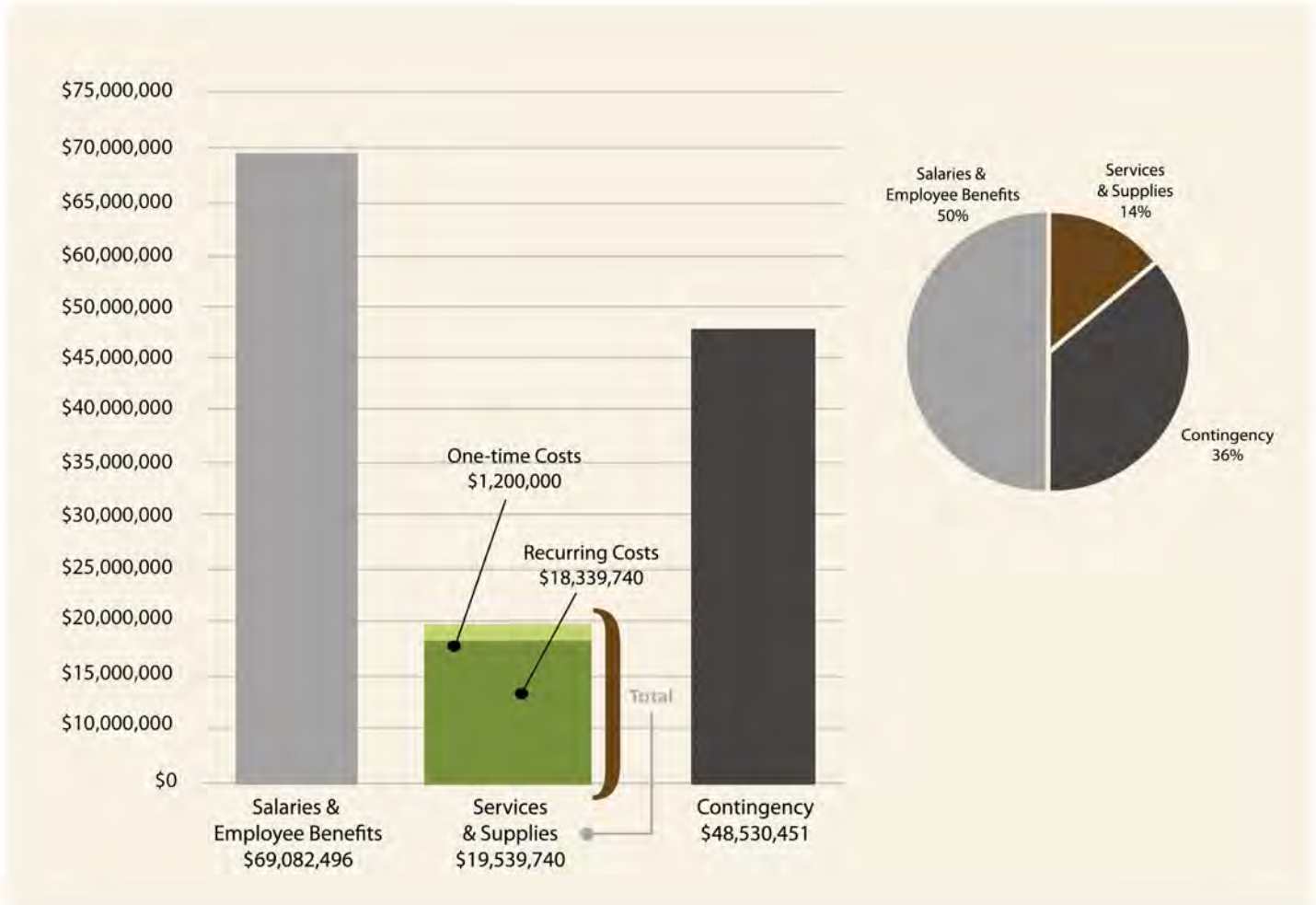
Audits Section

The Audits Section is responsible for generating and conducting audits that are both generated based on internal needs (such as the Code 19 project) or based on reports received from different carriers (Kaiser, Cigna and United Healthcare). The staff assigned to this Section is responsible for researching and updating discrepancies found between member's account on LACERA and carrier's systems, including processing of complex premium adjustments and Medicare Part B retrievals. Part of the process is to notify other Divisions at LACERA for eligibility updates for member and beneficiaries. The staff is also responsible for notifying members of any premium adjustments or eligibility changes and will be the ultimate point of contact for any future calls or correspondences regarding the audits they conducted. All guidelines were completed during the 2015-2016 fiscal year.

GOAL	IMPLEMENTATION DATE
Create RHC Audits training and Guidelines	FY 2015-2016
Anthem Blue Cross Audit Guidelines	FY 2017-2018
Medicare HICN and eff. Dates project	FY 2018-2019

TOTAL BUDGET REQUEST CATEGORY SUMMARY

Fiscal Year 2018-2019



	CURRENT YEAR 2017 - 2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	BUDGET	YTD (02-29-18)	PROJECTION	\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
SALARIES & EMPLOYEE BENEFITS	\$69,082,496	\$65,577,866	\$31,942,776	\$59,833,575	\$9,249,012	15.5%	\$3,504,721	5.3%
RECURRING SERVICES & SUPPLIES	\$18,339,740	\$16,741,800	\$8,570,044	\$15,922,627	\$2,417,113	15.2%	\$1,597,940	9.5%
+ One-time costs	\$1,200,000	\$1,235,000	\$45,397	\$815,000	\$385,000	47.2%	(\$35,000)	-2.8%
TOTAL SERVICES & SUPPLIES	\$19,539,740	\$17,976,800	\$8,615,441	\$16,737,627	\$2,802,113	16.7%	\$1,562,940	8.7%
GRAND TOTAL	\$88,622,236	\$83,554,666	\$40,558,217	\$76,571,203	\$12,051,124	15.7%	\$5,067,661	6.1%
CONTINGENCY	\$48,530,451	\$47,063,682	\$0	\$0	\$48,530,451	0.0%	\$1,465,819	3.1%

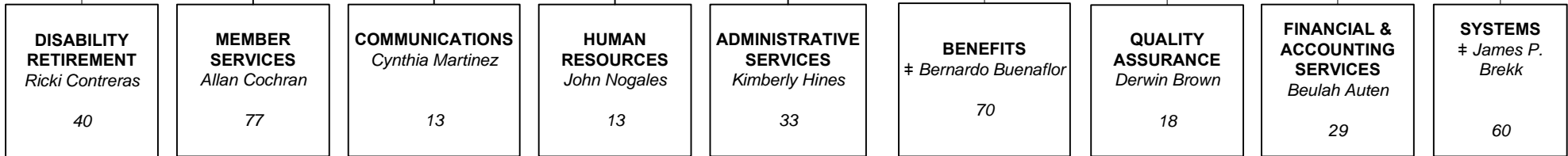
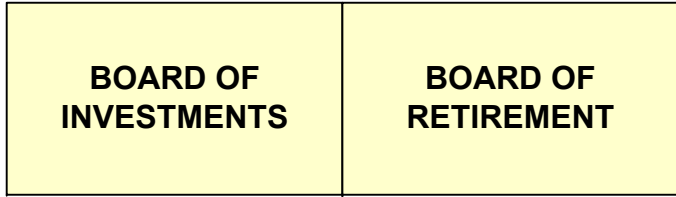
LACERA
FISCAL YEAR 2018-2019
FINAL OVERALL REQUEST
SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-18)	PROJECTION				
Administrative Services	\$7,794,575	\$7,386,168	\$3,935,823	\$7,572,048	\$222,527	2.9%	\$408,407	5.5%
Benefits	9,389,474	8,899,371	4,601,892	8,724,616	664,858	7.6%	490,103	5.5%
Board of Retirement	228,900	201,700	89,462	154,248	74,652	48.4%	27,200	13.5%
Board of Investments	305,500	215,300	147,457	281,898	23,602	8.4%	90,200	41.9%
Communications	2,319,221	2,290,973	933,193	1,654,006	665,216	40.2%	28,248	1.2%
Disability Litigation	2,121,196	1,967,252	967,682	1,792,711	328,485	18.3%	153,944	7.8%
Disability Retirement	8,184,799	7,418,978	3,457,911	6,309,096	1,875,704	29.7%	765,821	10.3%
Executive Office	2,384,146	2,362,018	1,121,352	2,067,184	316,963	15.3%	22,128	0.9%
Financial & Accounting Services	4,143,112	3,821,946	1,936,276	3,743,285	399,827	10.7%	321,166	8.4%
Human Resources	3,984,856	3,562,397	1,850,155	3,285,933	698,923	21.3%	422,459	11.9%
Internal Audit	2,442,622	2,502,534	1,059,894	2,144,942	297,680	13.9%	(59,912)	-2.4%
Investment Office	12,052,212	10,790,428	5,288,836	9,764,450	2,287,762	23.4%	1,261,784	11.7%
Legal Services	6,010,317	5,255,867	2,913,327	5,619,926	390,391	6.9%	754,450	14.4%
Member Services	8,737,596	7,311,366	3,798,663	7,134,830	1,602,766	22.5%	1,426,230	19.5%
Quality Assurance	3,167,222	2,935,863	1,247,059	2,457,966	709,256	28.9%	231,359	7.9%
Systems	15,356,487	16,632,505	7,209,237	13,864,065	1,492,423	10.8%	(1,276,018)	-7.7%
GRAND TOTAL	\$88,622,236	\$83,554,667	\$40,558,219	\$76,571,204	\$12,051,032	15.7%	\$5,067,569	6.1%

*All amounts rounded to the nearest dollar.

LACERA FISCAL YEAR 2017-2018

FY 2017-18 Budgeted Positions: 443.0



* For details, see Retiree Healthcare Budget

‡ James P. Brekk is currently serving as Interim Deputy Chief Executive Officer.

‡ Bernardo Buenaflor is currently serving as Interim Assistant Executive Officer.

‡ Vanessa Gonzalez is currently serving as Interim Division Manager, Benefits Division.

‡ Roxana Castillo and Mary Phillips are currently serving as Interim Manager, Technology Systems and Interim Manager, Member Systems, respectively.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS
CATEGORY SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Gross Salaries	\$45,287,240	\$40,878,665	\$19,302,060	\$36,369,490	\$8,917,750	24.5%	\$4,408,575	10.8%
Salary Differential	(3,652,640)	\$ (1,939,538)	-	-	-	-	-	-
Permanent Salaries	\$41,634,600	\$38,939,127	\$19,302,060	\$36,369,490	\$5,265,110	14.5%	\$2,695,473	6.9%
Outside Agency Temporary Staffing	1,895,909	2,308,000	1,283,207	2,232,244	(336,336)	-15.1%	(412,091)	-17.9%
LACERA Intern Program	242,000	0	0	0	242,000	100.0%	242,000	100.0%
Variable Benefits								
Retirement	7,350,774	6,887,602	3,258,557	6,180,050	1,170,724	18.9%	463,172	6.7%
FICA Contribution	668,065	620,118	307,807	580,900	87,165	15.0%	47,947	7.7%
County Subsidy - Insurance	2,204,846	2,352,414	812,148	1,590,650	614,196	38.6%	(147,568)	-6.3%
Options Plan	3,764,040	3,549,344	1,630,665	3,056,200	707,840	23.2%	214,696	6.0%
Life Insurance	20,940	24,500	6,363	15,110	5,830	38.6%	(3,560)	-14.5%
Health Insurance Temps	286,331	183,283	67,771	132,703	153,628	115.8%	103,047	56.2%
Flexible Benefit Plan	78,048	75,025	34,195	67,450	10,598	15.7%	3,023	4.0%
Thrift Plan/Horizons	1,307,318	1,293,604	532,720	1,037,700	269,618	26.0%	13,714	1.1%
Savings Plan	1,000,662	965,535	413,169	830,136	170,526	20.5%	35,128	3.6%
Pension Savings Plan	25,834	41,210	7,525	16,600	9,234	55.6%	(15,377)	-37.3%
Megaflex	4,030,260	4,105,847	1,997,891	3,349,400	680,860	20.3%	(75,588)	-1.8%
Total	20,737,117	20,098,482	9,068,811	16,856,899	3,880,218	23.0%	638,635	3.2%
Other Benefits	3,131,000	3,054,000	1,571,995	3,023,639	107,361	3.6%	77,000	2.5%
OPEB Contribution	692,576	461,757	232,818	465,537	227,039	48.8%	230,819	0.0%
Stipends	65,000	65,000	20,086	38,650	26,350	68.2%	0	0.0%
Overtime	594,994	562,201	428,683	790,750	(195,756)	-24.8%	32,793	5.8%
Bilingual Bonus	24,000	24,000	11,450	19,900	4,100	20.6%	0	0.0%
Reserves for Remuneration	0	0	0	0	0	0.0%	0	0.0%
Sickleave Buyback	58,100	58,100	23,666	36,467	21,633	59.3%	0	0.0%
Transportation Allowance	7,200	7,200	0	0	7,200	100.0%	0	0.0%
S&EB TOTAL	\$69,082,496	\$65,577,868	\$31,942,776	\$59,833,575	\$9,248,920	15.5%	\$3,504,628	5.3%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS
SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017 - 2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-18)	PROJECTION				
Administrative Services	\$3,428,195	\$3,208,168	\$1,610,330	\$3,027,048	\$401,148	13.3%	\$220,027	6.9%
Benefits	9,307,224	8,815,071	4,575,223	8,681,550	625,674	7.2%	492,153	5.6%
Communications	1,293,171	1,279,873	437,651	836,721	456,450	54.6%	13,298	1.0%
Disability Litigation	2,040,546	1,907,052	922,812	1,715,100	325,446	19.0%	133,494	7.0%
Disability Retirement	5,884,599	5,158,378	2,634,911	4,955,566	929,034	18.7%	726,221	14.1%
Executive Office	1,751,696	1,909,318	858,746	1,596,350	155,346	9.7%	(157,622)	-8.3%
Financial & Accounting Services	3,789,612	3,483,346	1,822,566	3,419,650	369,962	10.8%	306,266	8.8%
Human Resources	2,469,656	2,047,997	1,113,149	2,033,808	435,848	21.4%	421,659	20.6%
Internal Audit	1,855,122	1,897,534	880,080	1,636,202	246,651	13.4%	(42,412)	-2.2%
Investment Office	11,487,512	10,225,228	5,098,949	9,456,100	2,031,412	21.5%	1,262,284	12.3%
Legal Services	4,928,167	4,592,467	2,301,001	4,375,463	552,703	12.6%	335,700	7.3%
Member Services	8,630,096	7,231,366	3,743,310	7,055,089	1,575,007	22.3%	1,398,730	19.3%
Quality Assurance	3,024,222	2,806,263	1,204,948	2,330,089	694,133	29.8%	217,959	7.8%
Systems Division	9,192,677	11,015,805	4,739,099	8,714,840	477,837	5.5%	(1,823,128)	-16.6%
S&EB TOTAL	\$69,082,496	\$65,577,868	\$31,942,776	\$59,833,575	\$9,248,920	15.5%	\$3,504,629	5.3%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL AGENCY TEMPORARY STAFFING
SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2 0 1 7 - 2 0 1 8			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-18)	PROJECTION				
Administrative Services	\$114,000	\$122,500	\$134,754	\$264,100	(\$150,100)	-56.8%	(\$8,500)	-6.9%
Benefits	0	24,400	32,456	41,200	(41,200)	-100.0%	(24,400)	-100.0%
Communications	102,500	143,300	0	23,200	79,300	341.8%	(40,800)	-28.5%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	42,009	104,200	7,549	23,200	18,809	81.1%	(62,191)	-59.7%
Executive Office	0	0	0	0	0	0.0%	0	0.0%
Financial & Accounting Services	296,300	143,200	205,960	386,800	(90,500)	-23.4%	153,100	106.9%
Human Resources	101,100	39,200	66,985	83,731	17,369	20.7%	61,900	157.9%
Internal Audit	0	26,100	0	16,450	(16,450)	0.0%	(26,100)	-100.0%
Investment Office	0	35,000	900	34,500	(34,500)	-100.0%	(35,000)	-100.0%
Legal Services	118,700	68,000	26,946	43,113	75,587	0.0%	50,700	74.6%
Member Services	129,300	75,100	71,717	122,000	7,300	6.0%	54,200	72.2%
Quality Assurance	0	0	0	0	0	0.0%	0	0.0%
Systems Division	992,000	1,527,000	735,941	1,193,950	(201,950)	-16.9%	(535,000)	-35.0%
TOTAL	\$1,895,909	\$2,308,000	\$1,283,207	\$2,232,244	(\$336,336)	-15.1%	(\$412,091)	-17.9%

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

FINAL AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES

DIVISION	FYE 2016		FYE 2017		FYE 2018		FYE 2019
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$119,600	\$166,641	\$151,600	\$125,800	\$122,500	\$264,100	\$114,000
Benefits	23,000	43,350	35,000	42,460	24,400	41,200	0
Communications	79,500	84,826	67,500	0	143,300	23,200	102,500
Disability Litigation	0	0	0	0	0	0	0
Disability Retirement	0	16,702	28,400	0	104,200	23,200	42,009
Executive Office	0	0	0	0	0	0	0
Financial Services	113,000	30,831	75,200	48,207	143,200	386,800	296,300
Human Resources	0	0	0	38,702	39,200	83,731	101,100
Internal Audit	0	0	0	0	26,100	16,450	0
Investment Office	79,200	26,976	30,000	33,590	35,000	34,500	0
Legal Services	81,500	15,197	42,200	16,347	68,000	43,113	118,700
Member Services	12,000	80,418	142,000	105,603	75,100	122,000	129,300
Quality Assurance	0	0	0	0	0	0	0
Systems	1,927,000	936,537	1,927,000	1,163,864	1,527,000	1,193,950	992,000
GRAND TOTAL	\$2,434,800	\$1,401,478	\$2,498,900	\$1,574,573	\$2,308,000	\$2,232,244	\$1,895,909

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL OVERTIME REQUEST
SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017 - 2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Administrative Services	\$28,007	\$20,200	\$22,401	\$33,500	(\$5,493)	-16.4%	\$7,807	38.6%
Benefits	191,075	175,400	118,935	228,500	(37,425)	-16.4%	15,675	8.9%
Communications	3,600	6,900	4,275	6,000	(2,400)	-40.0%	(3,300)	-47.8%
Disability Litigation	0	0	0	0	0	0.0%	0	0.0%
Disability Retirement	11,972	14,000	4,053	8,900	3,072	34.5%	(2,028)	-14.5%
Executive Office	6,376	3,100	31,063	45,600	(39,224)	-86.0%	3,276	105.7%
Financial & Accounting Services	63,720	52,900	36,818	45,000	18,720	41.6%	10,820	20.5%
Human Resources	1,403	6,200	1,602	3,050	(1,647)	-54.0%	(4,797)	-77.4%
Internal Audit	3,327	2,000	137	1,000	2,327	232.7%	1,327	66.4%
Investment Office	2,000	0	134	2,500	(500)	-20.0%	2,000	0.0%
Legal Services	36,144	35,000	1,037	2,350	33,794	1438.0%	1,144	3.3%
Member Services	115,400	115,400	113,221	214,100	(98,700)	-46.1%	0	0.0%
Quality Assurance	1,871	1,000	355	1,100	771	70.1%	871	87.1%
Systems Division	130,100	130,100	94,652	199,150	(69,050)	-34.7%	0	0.0%
TOTAL	\$594,994	\$562,201	\$428,683	\$790,750	(\$195,756)	-24.8%	\$32,793	5.8%

LACERA

BUDGET REQUEST INFORMATION

FINAL OVERTIME
HISTORY OF EXPENDITURES

DIVISION	FYE 2016		FYE 2017		FYE 2018		FYE 2019
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Administrative Services	\$9,665	\$7,390	\$21,504	\$20,000	\$20,200	\$33,500	\$28,007
Benefits	165,200	162,711	165,200	172,500	175,400	228,500	191,075
Communications	1,763	2,632	2,376	4,700	6,900	6,000	3,600
Disability Litigation	0	0	0	0	0	0	0
Disability Retirement	18,389	15,570	21,376	8,700	14,000	8,900	11,972
Executive Office	1,500	2,442	2,280	2,000	3,100	45,600	6,376
Financial Services	41,302	49,211	52,084	45,000	52,900	45,000	63,720
Human Resources	3,093	110	3,093	1,300	6,200	3,050	1,403
Internal Audit	2,000	446	2,000	1,900	2,000	1,000	3,327
Investment Office	0	395	0	1,400	0	2,500	2,000
Legal Services	0	286	12,118	35,000	35,000	2,350	36,144
Member Services	92,805	126,553	108,684	157,600	115,400	214,100	115,400
Quality Assurance	1,975	1,371	3,950	2,000	1,000	1,100	1,871
Systems	110,000	100,432	130,010	102,700	130,100	199,150	130,100
GRAND TOTAL	\$447,692	\$469,549	\$524,675	\$554,800	\$562,200	\$790,750	\$594,994

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL BILINGUAL BONUS
SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Benefits Division	\$2,400	\$2,400	\$2,200	\$2,700	(\$300)	-11.1%	\$0	0.0%
Member Services Division	21,600	21,600	9,250	17,200	4,400	25.6%	0	0.0%
TOTAL	\$24,000	\$24,000	\$11,450	\$19,900	\$4,100	20.6%	\$0	0.0%

*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2018-2019

FINAL BUDGETED POSITION CHANGES

DIVISION		POSITION TITLE	SALARY	VARIABLE BENEFITS	TOTAL SALARY & EMPLOYEE BENEFIT CHANGES
Administrative Services	1.00	Document Processing Assistant	50,501	25,153	75,655
	(1.00)	Senior Typist Clerk	(48,556)	(24,185)	(72,741)
	0.00		1,945	969	2,914
Disability Retirement	1.00	Staff Assistant II	\$69,586	\$34,659	\$104,245
	1.00		69,586	34,659	104,245
Executive Office	2.00	Executive Board Assistant	\$190,362	\$94,814	\$285,176
	(2.00)	Executive Secretary	(180,306)	(89,806)	(270,111)
	0.00		10,056	5,009	15,065
Financial & Accounting Services	1.00	Accountant	70,803	35,265	106,069
	(1.00)	Accounting Technician I	(56,148)	(27,966)	(84,114)
	0.00		14,655	7,299	21,955
Investment Office	1.00	Principal Investment Officer (UC)	\$324,409	\$161,580	\$485,989
	1.00	Finance Analyst III	195,536	97,392	292,928
	1.00	Finance Analyst II	146,415	72,925	219,340
	(1.00)	Finance Analyst I	(99,983)	(49,799)	(149,782)
	2.00		566,377	282,098	848,475
Legal Services	1.00	Staff Counsel	147,578	73,505	221,082
	1.00		147,578	73,505	221,082
Member Services	2.00	Ret. Bfts. Spec. III	\$153,609	\$76,508	\$230,117
	8.00	Ret. Bfts. Spec. II	514,464	256,241	770,705
	10.00		668,073	332,750	1,000,822
Net Amount of Position Changes	14.00	Amount Requested	\$1,478,270	\$736,288	\$2,214,557

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2018-2019

BUDGETED POSITIONS

		BUD POS	SCH.	MONTHLY RATE	AMOUNT
00415A	Accountant	16	89G	5,900.27	1,132,851.84
00417A	Accounting Officer I	1	98C	7,457.09	89,485.08
00418A	Accounting Officer II	1	101K	8,229.82	98,757.84
00413A	Accounting Technician I	2	81A	4,679.00	112,296.00
00419A	Administrative Services Analyst I	2	80K	4,656.27	111,750.48
00420A	Administrative Services Analyst II	4	90C	6,002.82	288,135.36
00421A	Administrative Services Analyst III	2	94C	6,690.27	160,566.48
00410A	Administrative Services Officer	2	LS9	9,899.53	237,588.72
00799A	Assistant Chief Financial Officer	1	LS12	12,298.15	147,577.80
00437A	Assistant Director, Human Resources	1	LS12	12,298.15	147,577.80
00778A	Assistant Executive Officer	1	LS16	16,423.80	197,085.60
00792A	Assistant Executive Officer (UC)	1	LS16	16,423.80	197,085.60
00781A	Assistant Information Systems Manager	3	LS12	12,298.15	442,733.40
00794A	Chief, Communications	1	LS10	10,642.00	127,704.00
09216A	Chief Counsel	1	LS20	21,933.48	263,201.76
09215A	Chief Counsel, Disability Litigation	1	LS18	18,979.76	227,757.12
00776L	Chief Executive Officer	1	LR20	26,207.69	314,492.28
00800A	Chief Financial Officer	1	LS14	14,212.05	170,544.60
99999A	Chief Information Security Officer	1	LS14	14,212.05	170,544.60
00493A	Chief Investment Officer (UC)	1	LR28	38,810.91	465,730.92
00774A	Chief, Internal Audit	1	LS14	14,212.05	170,544.60
00780A	Chief, Quality Assurance	1	LS12	12,298.15	147,577.80
00779A	Creative Coordinator	2	104D	8,796.45	211,114.80
00457A	Data Systems Analyst I	3	99F	7,719.45	277,900.20
00458A	Data Systems Analyst II	8	102B	8,290.64	795,901.44
00469A	Data Systems Coordinator	22	108B	9,755.36	2,575,415.04
00459A	Data Systems Supervisor I	1	108B	9,755.36	117,064.32
00460A	Data Systems Supervisor II	4	113J	11,367.55	545,642.40
99999A	Deputy Chief Executive Officer (UC)	1	LS18	18,979.76	227,757.12
99999A	Deputy Chief Investment Officer (UC)	1	LR24	29,061.63	348,739.56
00425A	Director, Human Resources	1	LS14	14,212.05	170,544.60
01643A	Disability Retirement Specialist Supervisor	5	103E	8,582.09	514,925.40
00773A	Division Manager	4	LS12	12,298.15	590,311.20
00471A	Document Processing Assistant	11	77B	4,208.45	555,515.40
00472A	Document Processing Coordinator	2	80B	4,565.36	109,568.64
00453A	EDP Principal Programmer Analyst	1	113A	11,145.00	133,740.00
00452A	EDP Sr. Programmer Analyst	1	104G	8,861.91	106,342.92
99999A	Executive Board Assistant	2	101J	8,209.73	197,033.52
00442A	Executive Secretary	2	98F	7,512.73	180,305.52
00767A	Finance Analyst I	5	102D	8,331.91	499,914.60
00768A	Finance Analyst II	9	LR12	12,201.21	1,317,730.68
00769A	Finance Analyst III	11	LR16	16,294.70	2,150,900.40
00434A	Human Resources Analyst	4	95J	6,976.73	334,883.04
00783A	Information Systems Manager	1	LS17	17,655.59	211,867.08
00782A	Information Systems Manager I	1	113D	11,228.45	134,741.40
99999A	Information Technology Manager I	2	LS11	11,440.14	274,563.36
99999A	Information Technology Manager II	1	LS12	12,298.15	147,577.80
99999A	Information Technology Specialist I	2	115D	11,854.09	284,498.16
99999A	Information Technology Specialist II	2	120F	13,643.64	327,447.36
00445A	Intermediate Typist-Clerk	3	71C	3,590.45	129,256.20
00765A	Internal Auditor	1	104K	8,927.36	107,128.32
00764A	Internal Auditor	2	99F	7,719.45	185,266.80
09235A	Legal Analyst	4	96K	7,185.91	344,923.68
00795A	Legislative Affairs Officer	1	110A	10,274.00	123,288.00
00440A	Management Secretary	2	90F	6,047.55	145,141.20
00789A	Media Artist	4	96C	7,063.09	339,028.32
00461A	Messenger Driver	2	70H	3,538.45	84,922.80
00762A	Principal Internal Auditor	2	112A	10,847.00	260,328.00
00495A	Principal Investment Officer	2	LR23	27,034.08	648,817.92
00496A	Principal Investment Officer (UC)	4	LR23	27,034.08	1,297,635.84
99999A	Principal Staff Counsel	2	LS17	17,655.59	423,734.16
00463A	Procurement Assistant I	1	80G	4,622.18	55,466.16
00464A	Procurement Assistant II	2	84G	5,152.36	123,656.64

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2018-2019

BUDGETED POSITIONS

		BUD POS	SCH.	MONTHLY RATE	AMOUNT
02600A	Programming Systems Specialist	2	110F	10,402.64	249,663.36
00797A	Quality Auditor II	11	97J	7,365.73	972,276.36
00466A	Receptionist	1	72C	3,687.36	44,248.32
01310A	Retirement Benefits Specialist II	65	86A	5,359.00	4,180,020.00
01311A	Retirement Benefits Specialist III	44	92G	6,400.36	3,379,390.08
02644A	Retirement Systems Specialist	2	113C	11,200.64	268,815.36
00438A	Secretary	4	79K	4,531.82	217,527.36
00772A	Section Head, LACERA	7	LS9	9,899.53	831,560.52
00416A	Senior Accountant	5	93J	6,608.45	396,507.00
01632A	Senior Disability Retirement Specialist	22	99E	7,700.36	2,032,895.04
00436A	Senior Human Resources Analyst	4	99J	7,776.73	373,283.04
00435A	Senior Human Resources Assistant	2	88L	5,798.82	139,171.68
00763A	Senior Internal Auditor	5	105J	9,150.64	549,038.40
00492A	Senior Investment Officer	4	LR20	21,761.10	1,044,532.80
00441A	Senior Management Secretary	8	94F	6,740.18	647,057.28
00798A	Senior Quality Auditor	4	102L	8,476.36	406,865.28
01312A	Senior Retirement Benefits Specialist	20	98A	7,420.00	1,780,800.00
00439A	Senior Secretary	11	86F	5,425.82	716,208.24
09213A	Senior Staff Counsel	8	LS16	16,423.80	1,576,684.80
00446A	Senior Typist Clerk	1	75H	4,046.36	48,556.32
00784A	Senior Writer	3	102C	8,311.27	299,205.72
00426A	Staff Assistant I	2	81L	4,796.27	115,110.48
00427A	Staff Assistant II	6	88L	5,798.82	417,515.04
09212A	Staff Counsel	4	LS12	12,298.15	590,311.20
00423A	Supervising Administrative Assistant II	2	103D	8,560.82	205,459.68
01186A	Training Coordinator	1	99H	7,757.64	93,091.68
00788A	Web Designer	1	98K	7,586.91	91,042.92
00787A	Web Support Technician	1	92E	6,368.91	76,426.92
00448A	Word Processor II	4	79A	4,432.00	212,736.00
00786A	Writer II	2	92E	6,368.91	152,853.84
		<u>443</u>			<u>45,140,984.40</u>
	120-DAY RETIREE(S)	2			<u>146,256.00</u>
	TOTAL GROSS SALARIES				<u>45,287,240.40</u>
	SALARY DIFFERENTIAL				<u>(3,652,640.42)</u>
	TOTAL PERMANENT NET SALARIES				<u><u>41,634,599.98</u></u>

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18

Rep/Non-Represented positions are shown at 5th step as of 01/01/18

Represented positions shown in blue

LACERA

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

Division	Budgeted Positions 2017-2018	Vacancy (as of 03/22/18)	%	Budgeted Positions 2018-2019*	Vacancy	%
Administrative Services	33	3	9%	33	4	12%
Benefits	70	0	0%	70	0	0%
Communications	13	7	54%	13	7	54%
Disability Litigation	7	0	0%	7	0	0%
Disability Retirement Services	39	0	0%	40	1	3%
Executive	8	2	25%	8	2	25%
Financial Account Services	29	2	7%	29	3	10%
Human Resources	13	0	0%	13	0	0%
Internal Audit	11	2	18%	11	2	18%
Investments	39	6	15%	41	8	20%
Legal Services	22	3	14%	23	4	17%
Member Services	67	4	6%	77	14	18%
Quality Assurance	18	1	6%	18	1	6%
Systems	60	21	35%	60	21	35%
	429	51	12%	443	67	15%

* Includes new requested positions. We plan to fill all vacant positions.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES AND SUPPLIES
SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017 - 2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Administrative Services	\$4,366,380	\$4,178,000	\$2,325,493	\$4,545,001	(\$178,621)	-3.9%	\$188,380	4.5%
Benefits	82,250	84,300	26,668	43,066	39,184	91.0%	(2,050)	-2.4%
Board of Retirement	228,900	201,700	89,462	154,248	74,653	48.4%	27,200	13.5%
Board of Investment	305,500	215,300	147,457	281,898	23,603	8.4%	90,200	41.9%
Communications	1,026,050	1,011,100	495,542	817,286	208,764	25.5%	14,950	1.5%
Disability Litigation	80,650	60,200	44,871	77,611	3,039	3.9%	20,450	34.0%
Disability Retirement	2,300,200	2,260,600	822,999	1,353,530	946,670	69.9%	39,600	1.8%
Executive Office	632,450	452,700	262,606	470,833	161,616	34.3%	179,750	39.7%
Financial & Accounting Services	353,500	338,600	113,710	323,635	29,865	9.2%	14,900	4.4%
Human Resources	1,515,200	1,514,400	737,006	1,252,125	263,075	21.0%	800	0.1%
Internal Audit	587,500	605,000	179,815	508,740	78,760	15.5%	(17,500)	-2.9%
Investment Office	564,700	565,200	189,887	308,350	256,350	83.1%	(500)	-0.1%
Legal Services	1,082,150	663,400	612,326	1,244,463	(162,313)	-13.0%	418,750	63.1%
Member Services	107,500	80,000	55,353	79,740	27,760	34.8%	27,500	34.4%
Quality Assurance	143,000	129,600	42,111	127,877	15,122	11.8%	13,400	10.3%
Systems	6,163,810	5,616,700	2,470,137	5,149,225	1,014,585	19.7%	547,110	9.7%
S&S TOTAL	\$19,539,740	\$17,976,800	\$8,615,441	\$16,737,627	\$2,802,113	16.7%	\$1,562,940	8.7%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES AND SUPPLIES
CATEGORY SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Auto Expense	\$38,500	\$120,100	\$10,419	\$20,314	\$18,186	89.5%	(\$81,600)	-67.9%
Communications	1,016,400	592,400	290,171	591,200	425,200	71.9%	424,000	71.6%
Transportation and Travel	1,173,000	1,047,500	458,084	864,379	308,621	35.7%	125,500	12.0%
Postage	979,700	843,700	631,966	1,001,461	(21,761)	-2.2%	136,000	16.1%
Stationery and Forms	594,000	602,000	255,306	369,495	224,505	60.8%	(8,000)	-1.3%
Office Supplies and Equipment	858,310	675,700	434,161	651,765	206,545	31.7%	182,610	27.0%
Insurance	656,000	614,100	469,975	578,019	77,981	13.5%	41,900	6.8%
Equipment Maintenance	614,650	559,900	182,523	553,086	61,564	11.1%	54,750	9.8%
Equipment Rents and Leases	315,000	299,000	176,336	311,999	3,001	1.0%	16,000	5.4%
Building Costs	2,563,030	2,392,300	1,204,606	2,845,356	(282,326)	-9.9%	170,730	7.1%
Parking Fees	527,000	452,000	317,920	452,000	75,000	16.6%	75,000	16.6%
Professional and Spec. Svcs.	2,714,550	2,562,900	1,029,583	2,326,010	388,540	16.7%	151,650	5.9%
Bank Services	280,000	245,000	86,713	267,800	12,200	4.6%	35,000	14.3%
Legal Fees and Services	654,000	398,800	476,661	1,051,206	(397,206)	-37.8%	255,200	64.0%
Disability Fees and Services	1,968,000	1,913,000	686,031	1,130,145	837,855	74.1%	55,000	2.9%
Computer Services and Support	2,776,900	2,903,400	1,185,663	2,407,872	369,028	15.3%	(126,500)	-4.4%
Educational Expense	1,390,850	1,440,000	523,070	1,057,069	333,781	31.6%	(49,150)	-3.4%
Miscellaneous	419,850	315,000	196,253	258,451	161,399	62.4%	104,850	33.3%
S&S TOTAL	\$19,539,740	\$17,976,800	\$8,615,441	\$16,737,627	\$2,802,113	16.7%	\$1,562,940	8.7%

*All amounts rounded to the nearest dollar.

FY 2018-2019
LACERA
SERVICES AND SUPPLIES
FINAL ONE TIME COSTS

DIVISION	DESCRIPTION	AMOUNT
Administrative Services	Renovation/Upgrades	\$ 650,000
Systems	Board Operations System	\$ 200,000
	Network Infrastructure & Switch	\$ 200,000
	Public Broadcast and/or Streaming	\$ 75,000
	ECM - Historical Data Imaging	\$ 75,000
		\$ 1,200,000

Board of Retirement

Mission Statement

We produce, protect, and provide the promised benefits.

The Board

Composed of 11 members:

- Elected members
 - Two elected by active general members
 - One elected by retired members
 - Retired members also elect an alternate member
 - One elected by safety members
 - Safety members also have an alternate member
- Four members appointed by the Los Angeles County Board of Supervisors
- County Treasurer and Tax Collector serves as an ex-officio member

Responsibilities

Overall management of LACERA is vested in the Board of Retirement. The Board is responsible for the administration of the retirement system and the Retiree Healthcare Benefits Program (OPEB Program). Its duties also include the review and processing of disability retirement applications.

FY 2018-2019 Highlights

Services & Supplies

The Board's services and supplies budget request is based on actual expenditure trends.



VIVIAN H. GRAY
Chair

Elected by General Members



HERMAN B. SANTOS
Vice Chair

Elected by General Members



MARVIN ADAMS
Secretary

Appointed by Board of Supervisors



ALAN J. BERNSTEIN

Appointed by Board of Supervisors



JAMES P. HARRIS

Elected by Retired Members



SHAWN R. KEHOE

Elected by Safety Members



JOSEPH KELLY

County Treasurer and Tax Collector
Ex-Officio Member



KEITH KNOX

Chief Deputy County Treasurer
and Tax Collector Alternate
Ex-Officio Member



WILLIAM R. PRYOR

Alternate Member
Elected by Safety Members



LES ROBBINS

Elected by Retired Members



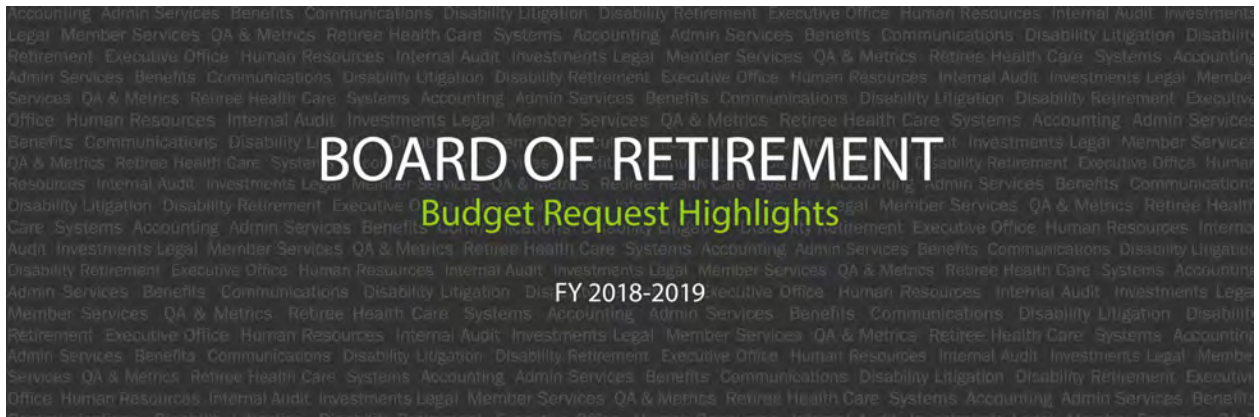
THOMAS WALSH

Appointed by Board of Supervisors



GINA ZAPANTA-MURPHY

Appointed by Board of Supervisors



INTRODUCTION

The Board of Retirement is responsible for the administration of the retirement system, the retiree healthcare program, and the review and processing of disability retirement applications. The Board must execute its duties with care, skill, prudence and diligence. Four of its members are appointed by the Los Angeles County Board of Supervisors; two are elected by general members; safety members elect one member and one alternate member, retired members also elect one member and one alternate member. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

SERVICES AND SUPPLIES

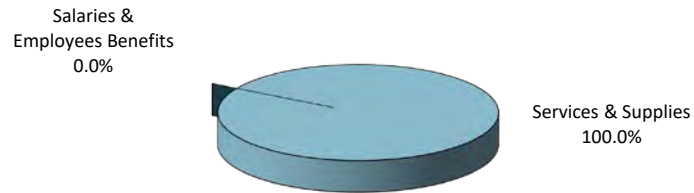
Historically, the Board of Retirement budget was included as part of the Executive Office budget. Since FY 2014-15, the Board's expenses have been reported separately as a way to provide greater transparency regarding board expenses. As such, the Board's Services and Supplies budget request is based on actual expenditure trends.

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

BOARD OF RETIREMENT

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%	
Services & Supplies	228,900	201,700	89,462	154,248	74,653	48.4%	27,200	13.5%
OPERATING BUDGET	\$228,900	\$201,700	\$89,462	\$154,248	\$74,653	48.4%	\$27,200	13.5%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
COMMUNICATIONS	\$3,400	\$3,400	\$957	\$2,200	\$1,200	54.5%	\$0	0.0%
TRANSPORTATION & TRAVEL	153,000	153,000	56,126	101,875	51,125	50.2%	0	0.0%
EDUCATIONAL EXPENSES	72,500	45,300	32,379	50,173	22,328	44.5%	27,200	60.0%
TOTAL	\$228,900	\$201,700	\$89,462	\$154,248	\$74,653	48.4%	\$27,200	13.5%

*All amounts rounded to the nearest dollar.

Board of Investments

Mission Statement

We produce, protect, and provide the promised benefits.

The Board

Composed of nine members:

- Four members appointed by the Los Angeles County Board of Supervisors
- Elected members
 - Two elected by active general members
 - One elected by retired members
 - One elected by safety members
- County Treasurer and Tax Collector serves as an ex-officio member

Responsibilities

The Board of Investments is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment of the retirement fund.

FY 2018-2019 Highlights

Services & Supplies

The Board's services and supplies budget request is based on actual expenditure trends.



DAVID GREEN
Chair

Elected by General Members



SHAWN R. KEHOE
Vice Chair

Elected by Safety Members



WAYNE MOORE
Secretary

Appointed by Board of Supervisors



JOSEPH KELLY

County Treasurer and Tax Collector
Ex-Officio Member



KEITH KNOX

Chief Deputy County Treasurer and
Tax Collector Alternate Ex-Officio
Member



DAVID L. MUIR

Elected by Retired Members



RONALD A. OKUM

Appointed by Board of Supervisors



GINA V. SANCHEZ

Appointed by Board of Supervisors



HERMAN B. SANTOS

Elected by General Members



MICHAEL SCHNEIDER

Appointed by Board of Supervisors



INTRODUCTION

The Board of Investments has exclusive responsibility for investments of LACERA's retirement fund and is responsible for setting contribution rates. The Board must execute its duties with care, skill, prudence and diligence. Four members are appointed by the Los Angeles County Board of Supervisors; two are elected by general members; both safety members and retired members elect one member each. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

SERVICES AND SUPPLIES

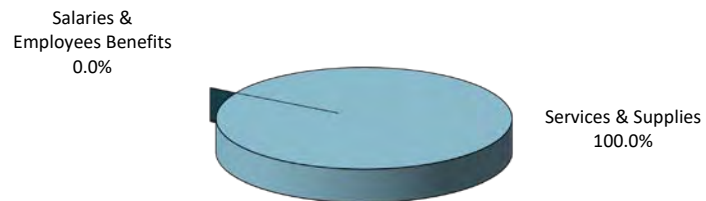
Historically, the Board of Investments' budget was included as part of the Executive Office budget. Since FY 2014-15, the Board's expenses have been reported separately as a way to provide greater transparency regarding Board expenses. As such, the Board's Services and Supplies budget request is based on actual expenditure trends.

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

BOARD OF INVESTMENTS

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Salaries & Employees Benefits	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%	
Services & Supplies	305,500	215,300	147,457	281,898	23,602	8.4%	90,200	41.9%
OPERATING BUDGET	\$305,500	\$215,300	\$147,457	\$281,898	\$23,602	8.4%	\$90,200	41.9%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF INVESTMENTS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
COMMUNICATIONS	\$2,000	\$2,000	\$1,158	\$2,000	\$0	0.0%	\$0	0.0%
TRANSPORTATION & TRAVEL	233,000	153,000	107,633	222,804	10,196	4.6%	80,000	52.3%
EDUCATIONAL EXPENSES	70,500	60,300	38,666	57,093	13,407	23.5%	10,200	16.9%
TOTAL	\$305,500	\$215,300	\$147,457	\$281,898	\$23,603	8.4%	\$90,200	41.9%

*All amounts rounded to the nearest dollar.

Administrative Services

Mission Statement

Administrative Services collaborates with all LACERA divisions to provide quality services through people, technology, and innovation.

- People: We are a professional team dedicated to customer service and motivated to achieve excellence.
- Technology: We provide superior customer service through the creative use of technology.
- Innovation: We partner with LACERA to promote creative ideas to surpass customer expectations.

Our Team FY 2018-2019

Division Manager: Kimberly Hines

- 33 budgeted positions

We have two distinct sections within Administrative Services:

- Business Management:
 - Business Continuity
 - Facilities Management
 - Procurement
 - Records Management
 - Risk Management
- Budget Development and Document Processing:
 - Budget Unit
 - Document Processing Center

FY 2018-2019 Highlights

Staffing

There are three vacancies with open exams expected to be filled no later than July 31, 2018: Administrative Services Analyst III (ASA III), Budget; Administrative Services Analyst II (ASA II), Records and Information Management; and Document Processing Coordinator, DPC. The division is requesting classification studies for two ASA III positions, three ASA II positions, 11 Document Processing Assistant positions, two Document Processing Coordinator positions, and Driver positions, as well as converting the Senior Typist Clerk position to a Document Processing Assistant.

Services & Supplies

There are no significant increases from FY 2017-2018 except for some small vendor/supplier line items. To support LACERA's projected hiring plan, the division is seeking approval for \$650,000 for the complete renovation and relocation of Financial and Accounting Services, and a small renovation of Disability Retirement Services.





INTRODUCTION

The Administrative Services Division is responsible for providing the following support services to LACERA:

- Budget Development and Monitoring
- Document Processing Center
- Facilities Management
- Mail Processing Services
- Procurement, and
- Word Processing.

In addition, Administrative Services manages the following special programs:

- Business Continuity
- Business Insurance
- Health and Safety
- Records and Information Management
- Ride Share and
- Risk Management.

STAFFING

Administrative Services has 33 budgeted full time positions. At this time there are three (3) vacancies throughout the division. The vacancies are for the following positions:

- Administrative Services Analyst, III (ASA III), Budget
- Administrative Services Analyst, II (ASA II), Records and Information Management
- Document Processing Coordinator, DPC

The three vacancies have open exams and are expected to be filled no later than July 31, 2018.

Administrative Services is also requesting Classification Studies for the following positions:

- Two (2) ASA III positions (Budget Development and Monitoring; Procurement)
- Three (3) ASA II positions (Budget Development and monitoring; Business Continuity and Records Management; Procurement)
- 11 Document Processing Assistant positions
- Two (2) Document Processing Coordinator positions

Position Requests:

Document Processing Center (DPC)

We currently have a vacant Senior Typist Clerk position. This classification is no longer used in the DPC. Rather than seeking to fill the obsolete classification, we are replacing it with a Document Processing Assistant (DPA) position, which more accurately reflects our staffing structure. As the volume of documents being submitted by members, and as LACERA business operations continue to increase, it is necessary to keep pace with the workload. For example, beginning in FY 2016-17, LACERA began processing Medicare Part B reimbursements. During FY 2017-18, this resulted in an increase of 12,018 documents being processed. This has had an adverse impact on our ability to maintain service level expectations.

SERVICES AND SUPPLIES

The Services and Supplies budget has no significant increase from the FY 2017-18. There are various line items that include small increases attributable to vendor or overall supplier cost increases.

Renovation: \$650,000

To support LACERA's projected hiring plan, Administrative Services is seeking the Boards' approval for the complete renovation of Financial and Accounting Services (FASD) and a small renovation of Disability Retirement Services (DRS).

It has been more than 15 years since FASD has been renovated and office furnishings upgraded. The projected renovation will result in a more modern look and feel to the division and the entire division will be relocated to the second floor

allowing for future renovation options on the seventh floor, which is their current location.

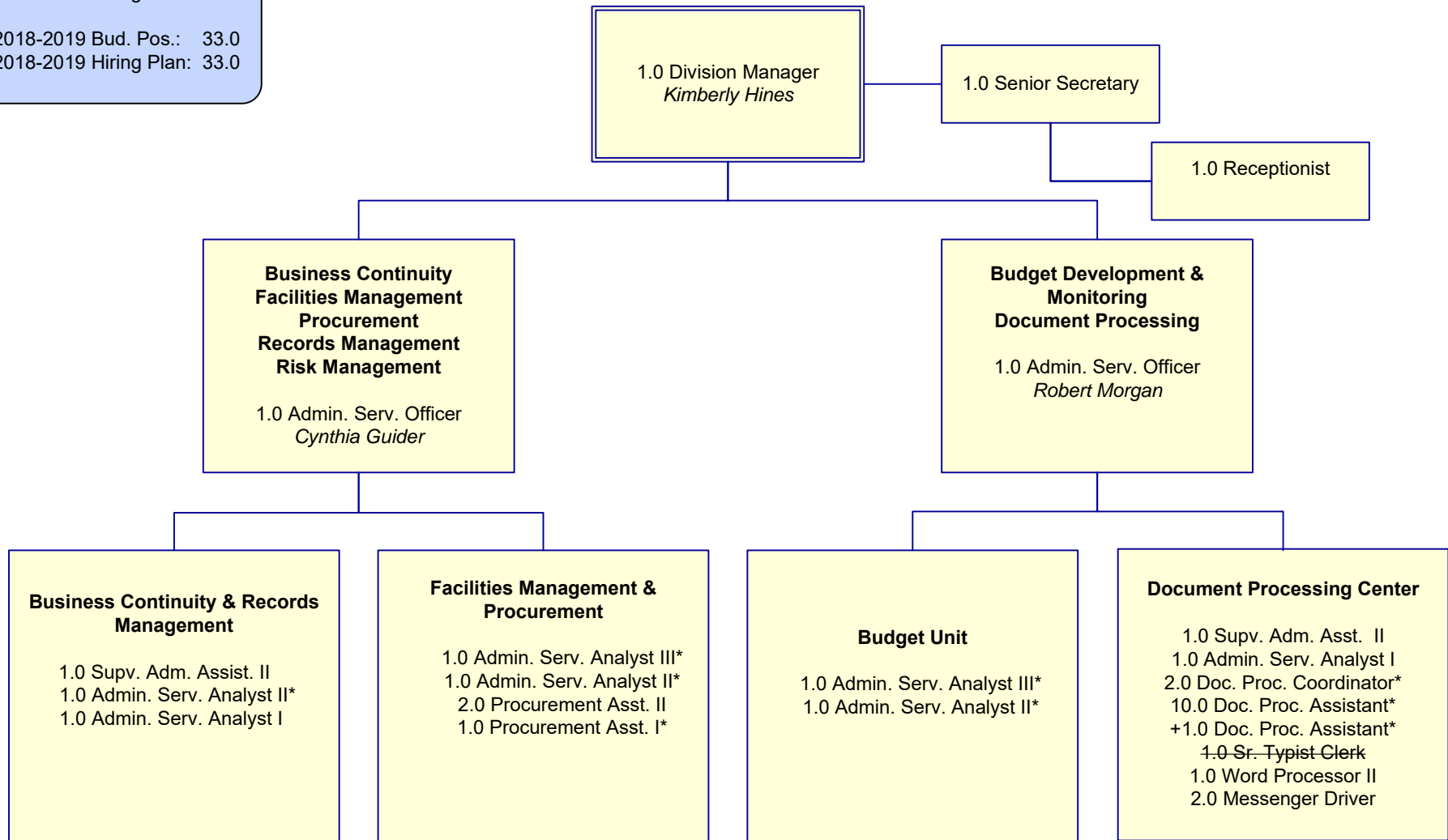
Additionally, during this fiscal year we will renovate and reconfigure a small portion of DRS. To provide the additional space required, the current file and storage room will be reduced by one-half in order to provide additional cubicles to support the Division's hiring plan.

ADMINISTRATIVE SERVICES DIVISION

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 33.0
 2017-2018 Hiring Plan: 33.0

2018-2019 Bud. Pos.: 33.0
 2018-2019 Hiring Plan: 33.0



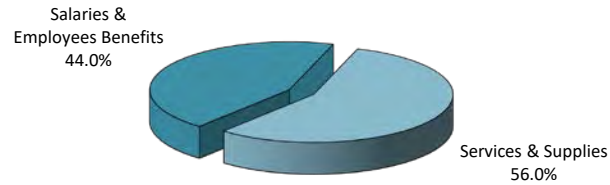
+ Added position
 * Classification study for the position requested
 - Deleted position

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	\$3,428,195	\$3,208,168	\$1,610,330	\$3,027,048	\$401,148	13.3%	\$220,027	6.9%
Services & Supplies	4,366,380	4,178,000	2,325,493	4,545,001	(178,621)	-3.9%	188,380	4.5%
OPERATING BUDGET	\$7,794,575	\$7,386,168	\$3,935,823	\$7,572,048	\$222,527	2.9%	\$408,407	5.5%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$2,170,716	\$2,024,500	\$885,553	\$1,659,302	\$511,414	30.8%	\$146,216	7.2%
Total Agency Temp Salaries	114,000	122,500	134,754	264,100	(150,100)	-56.8%	(8,500)	-6.9%
Employee Benefits (Variable)	991,436	1,025,109	475,475	888,536	102,900	11.6%	(33,673)	-3.3%
Employee Benefits (Other)	157,552	146,248	75,244	150,250	7,302	4.9%	11,304	7.7%
OPEB Contribution	34,850	22,112	12,193	26,650	8,200	30.8%	12,738	57.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	28,007	20,200	22,401	33,500	(5,493)	-16.4%	7,807	38.6%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	7,300	7,300	4,710	4,710	2,590	55.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,503,861	\$3,367,969	\$1,610,330	\$3,027,048	\$476,813	15.8%	\$135,892	4.0%
Salary Differential **	(75,666)	(159,802)	-	-	-	-	84,136	-52.7%
TOTAL S&EB	\$3,428,195	\$3,208,168	\$1,610,330	\$3,027,048	\$401,148	13.3%	\$220,027	6.9%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2018, with the exception of Agency Temp Salaries, which are as of 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

ADMINISTRATIVE SERVICES DIVISION

		2018-2019 BUDGET							
		17-18 BUDGT. POS.	BUDGT.			BUDGT.			
		POS.	POS.	SCHEDULE	MO. RATE	AMOUNT	POS.	AMOUNT	CHANGE JUSTIFICATION
00773A	DIVISION MANAGER	1	1	LS12	12,298	147,578			
00410A	ADMINISTRATIVE SERVICES OFFICER	2	2	LS9	9,900	237,589			
00423A	SUPV. ADMINISTRATIVE ASST. II	2	2	103D	8,561	205,460			
00421A	ADMINISTRATIVE SERVICES ANALYST III	2	2	94C	6,690	160,566			
00420A	ADMINISTRATIVE SERVICES ANALYST II	3	3	90C	6,003	216,102			
00439A	SENIOR SECRETARY	1	1	86F	5,426	65,110			
00464A	PROCUREMENT ASSISTANT II	2	2	84G	5,152	123,657			
00419A	ADMINISTRATIVE SERVICES ANALYST I	2	2	80K	4,656	111,750			
00463A	PROCUREMENT ASSISTANT I	1	1	80G	4,622	55,466			
00472A	DOCUMENT PROCESSING COORDINATOR	2	2	80B	4,565	109,569			
00448A	WORD PROCESSOR II	1	1	79A	4,432	53,184			
00471A	DOCUMENT PROCESSING ASSISTANT	10	11	77B	4,208	555,515	1	50,501	Add 1 Doc. Proc. Assistant
00446A	SENIOR TYPIST CLERK	1	0	75H	4,046	0	(1)	(48,556)	Delete 1 Sr. Typist Clerk
00466A	RECEPTIONIST	1	1	72C	3,687	44,248			
00461A	MESSENGER DRIVER	2	2	70H	3,538	84,923			
PERMANENT POSITIONS		33	33				0		
GROSS SALARIES						2,170,716		1,945	
120-DAY RETIREE(S)						0			
TOTAL SALARIES							\$ 2,170,716		

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
AUTO EXPENSE	\$9,900	\$91,800	\$700	\$5,922	\$3,978	67.2%	(\$81,900)	-89.2%
TRANSPORTATION & TRAVEL	9,000	8,700	6,593	9,706	(706)	-7.3%	300	3.4%
POSTAGE	267,700	220,000	201,287	279,931	(12,231)	-4.4%	47,700	21.7%
STATIONERY & FORMS	1,000	3,500	2,850	0	1,000	0.0%	(2,500)	-71.4%
OFFICE SUPPLIES & EQUIPMENT	289,500	288,300	135,519	268,856	20,644	7.7%	1,200	0.4%
INSURANCE	656,000	614,100	469,975	578,019	77,981	13.5%	41,900	6.8%
EQUIPMENT MAINTENANCE	9,250	19,500	2,878	12,686	(3,436)	-27.1%	(10,250)	-52.6%
EQUIPMENT RENTS & LEASES	315,000	299,000	176,336	311,999	3,001	1.0%	16,000	5.4%
BUILDING COSTS	2,563,030	2,392,300	1,204,606	2,845,356	(282,326)	-9.9%	170,730	7.1%
PROFESSIONAL & SPEC. SRVCS.	221,000	222,600	109,921	204,299	16,701	8.2%	(1,600)	-0.7%
COMPUTER SERVICES & SUPPORT	0	0	0	0	0	0.0%	0	0.0%
EDUCATIONAL EXPENSES	12,500	8,000	7,575	18,121	(5,621)	-31.0%	4,500	56.3%
MISCELLANEOUS	12,500	10,200	7,252	10,105	2,395	23.7%	2,300	22.5%
TOTAL	\$4,366,380	\$4,178,000	\$2,325,493	\$4,545,001	(\$178,621)	-3.9%	\$188,380	4.5%

*All amounts rounded to the nearest dollar.

Benefits Division

Mission Statement

To process timely and accurate requests for retirement plan benefits in compliance with the County Employees Retirement Law of 1937, the Board of Retirement Regulations, and organizational policies.

Our Team FY 2018-2019

Division Manager:
Bernardo Buenafior

- 70 budgeted positions

In Benefits, we have:

- Account Integrity Services
 - Account Settlement Unit
 - Special Administrative Services
 - Benefit Protection Unit
- Process Management
 - Process Analysis
- Core Benefit Services (four teams)
- Special Benefits Services
 - Legal/Death
 - Payroll Team
 - Exceptions

FY 2018-2019 Highlights

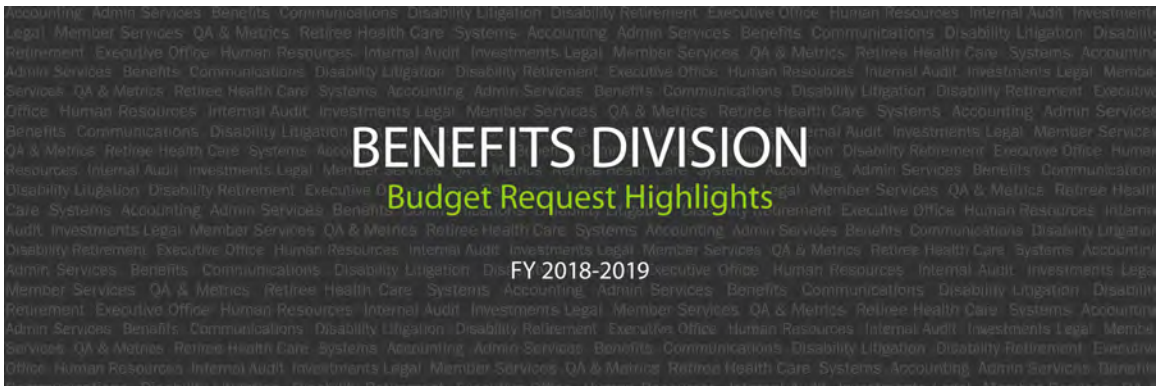
Staffing

The two teams that recently joined the Benefits Division, Special Administrative Services and the Benefit Protection Unit, will continue to evolve in FY 2018-2019. The division anticipates temporarily supplementing the existing staff on these teams with staff borrowed from other areas of the organization and temporary agency staff. The division expects that in a future fiscal year, it will need a permanent supervisor and Retirement Benefit Specialist II in Special Administrative Services, as well as a second Benefit Protection Specialist and an Assistant Benefit Protection Specialist in the Benefit Protection Unit.

Services & Supplies

The Benefits Division's budget is based on actual and historical expenditure trends. It is anticipated that there will be greater participation in training programs due to the influx of new staff and renewed interest in career development, and management and staff plan to provide training to key supervisors and staff members to help them create and maintain a well-organized system of policies, procedures, training, and tools geared toward improving quality throughout the division.





INTRODUCTION

The Benefits Division’s budget request this year seeks to keep pace with our members’ needs and proactively address expected staff reductions.

STAFFING- KEEPING PACE WITH OUR MEMBERS

Overtime

As in the past, overtime is being requested to manage the workload related to the annual increase in activity during March and persistently high volumes of purchases and retirement elections associated with the retirements of the “Baby Boomers”. When combined with the emergence of new work and unanticipated special projects, it has proven to be prudent to maintain a budget for overtime

SERVICES AND SUPPLIES

For most line items, the Benefits Division is not requesting any significant increases or decreases to our Services and Supplies budget for FY 2018-19. Our request was based on actual and historical expenditure trends. It is anticipated that there will be greater participation in training programs, like CEBS, due to the influx of new staff and renewed interest in career development throughout the Division. Management and staff also plan to provide training to key Supervisors and staff to help them create and maintain a well-organized system of policies, procedures, training and tools geared toward improving quality throughout the Division.

LOOKING FORWARD

In FY 2018-19, two teams that recently joined the Benefits Division will continue to evolve. As we manage this development process, we anticipate temporarily

supplementing the existing staff on these teams with staff borrowed from other areas of the organization and temporary agency staff. We will update the Board if it becomes necessary to increase the permanent staffing of these teams in order to keep pace with the needs of our members.

Special Administrative Services:

Special Administrative Services is a new unit within Benefits Division that performs most administrative, clerical and data entry functions within the Benefits Division. After a year-long transition and merging of the Data Entry team with another team within Benefits, Special Administrative Services now consists of an interim supervisor who oversees an interim unbudgeted Retirement Benefit Specialist II and three typist clerks who were moved to Benefits from Member Services during FY 2017-18 in conjunction with the transfer of the Data Entry team.

Special Administrative Services performs administrative, clerical, and high volume data entry transactions, such as:

- Processing basic member account requests, such as changes to beneficiaries, addresses, direct deposit accounts, and other similar member requests
- Processing of various member documents, such as birth certificates, birth certificates and marriage certificates
- Performing Report Control on Systems-generated production reports
- Managing the Reminder Request Log, which allows staff to schedule complex tasks for their teams far into the future.

The Benefits Division anticipates that, in a future fiscal year, the need for a permanent supervisor and Retirement Benefit Specialist II will be validated by the team's experience.

Benefit Protection Unit:

In July, 2016, the Benefits Division officially created the Benefit Protection Unit (BPU). This unit consisted of a Section Head serving as the Benefit Protection Officer (temporarily assigned from Internal Audit) and a Retirement Benefit Specialist III serving as a Benefit Protection Specialist who were responsible for a number of functions previously conducted by various divisions.

The team now coordinates LACERA's death verification and member identity verification functions. They resolve issues which place members' benefits at risk because:

- Their identity has been compromised
- They cannot be located
- Their ability to manage their retirement affairs is in question.

By centralizing these functions, LACERA has been able to reduce costs and risks, and increase the quality of service to our members. For example, by allowing only the Benefit Protection Unit to have access to sensitive online resources used to locate members and identify deaths (as much as a dozen staff originally possessed such access), the risk of a privacy breach has been reduced. Also, benefits previously suspended due to lost contact without an adequate resolution process in place can now be restored or resolved in a timelier manner.

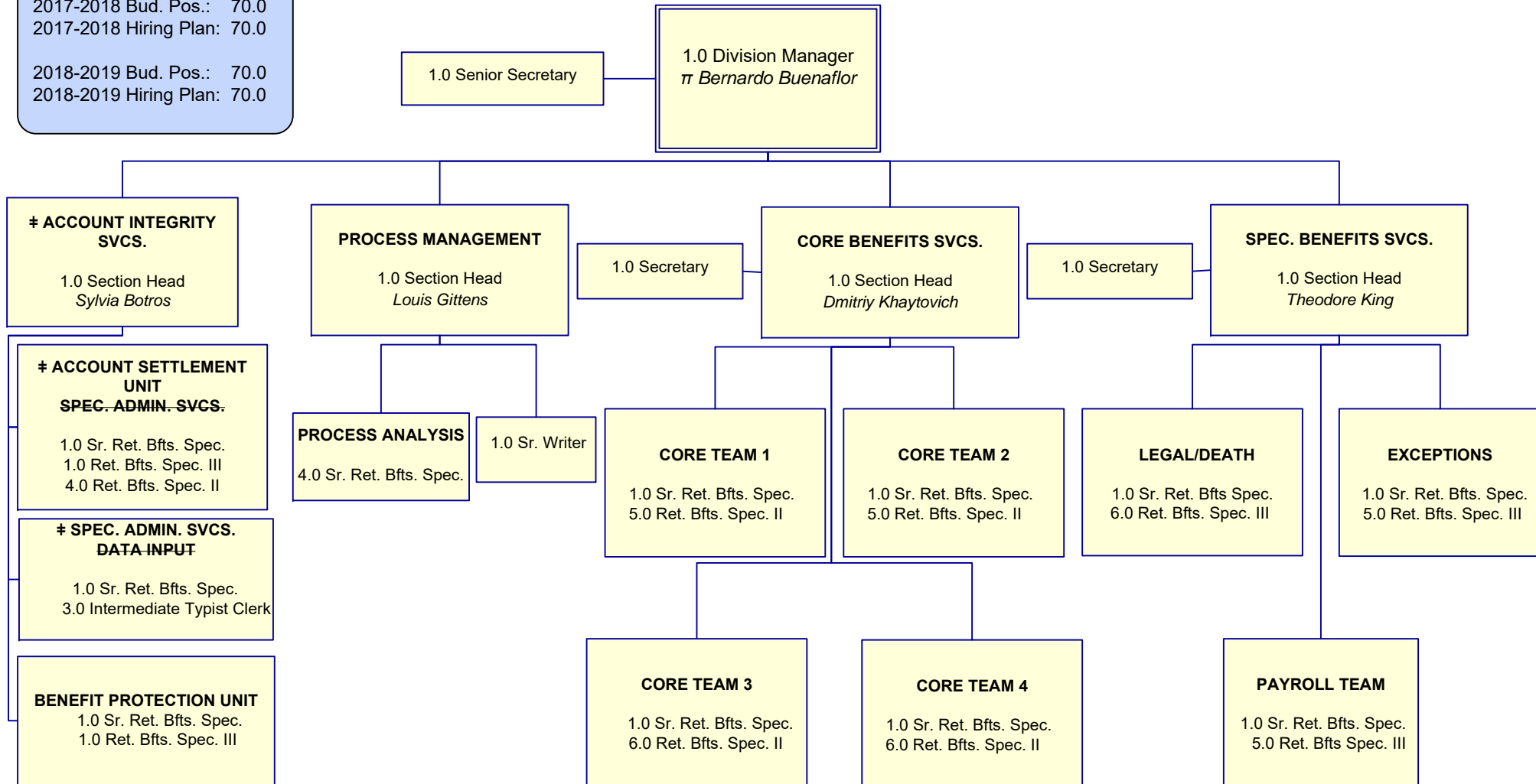
The Benefits Division anticipates that, in a future fiscal year, it will need to add a second Retirement Benefit Specialist III and a Retirement Benefit Specialist II to serve as a second Benefit Protection Specialist, and an Assistant Benefit Protection Specialist, respectively. These two additional positions will allow the unit to keep pace with a steadily increasing volume of work referred to them by LACERA Staff and management throughout LACERA. The added staff will also allow the team to pursue initiatives to provide greater service to LACERA and its members.

BENEFITS DIVISION

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 70.0
2017-2018 Hiring Plan: 70.0

2018-2019 Bud. Pos.: 70.0
2018-2019 Hiring Plan: 70.0



≠ Account Integrity Services is made up of the following Units: Account Settlement Unit (formerly known as Special Administrative Services within the Special Benefits Services Section); Special Administrative Services (formerly known as the Data Input Unit); and the Benefit Protection Unit.

π Bernardo Buenaflor is currently serving as Interim Assistant Executive Officer

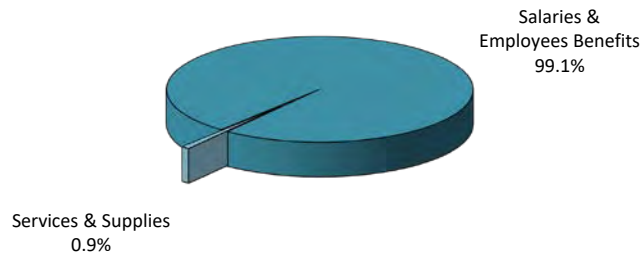
π Vanessa Gonzalez is currently serving as Interim Division Manager, Benefits Division.

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Salaries & Employees Benefits	\$9,307,224	\$8,815,071	\$4,575,223	\$8,681,550	\$625,674	7.2%	\$492,153	5.6%
Services & Supplies	82,250	84,300	26,668	43,066	39,184	91.0%	(2,050)	-2.4%
OPERATING BUDGET	\$9,389,474	\$8,899,371	\$4,601,892	\$8,724,616	\$664,858	7.6%	\$490,103	5.5%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

BENEFITS DIVISION

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$5,326,666	\$4,971,674	\$2,815,075	\$5,268,300	\$58,366	1.1%	\$354,992	7.1%
Total Agency Temp Salaries	0	24,400	32,456	41,200	(41,200)	-100.0%	(24,400)	-100.0%
Employee Benefits (Variable)	3,177,151	2,928,667	1,354,933	2,625,750	551,401	21.0%	248,484	8.5%
Employee Benefits (Other)	408,134	408,103	210,382	424,900	(16,766)	-3.9%	31	0.0%
OPEB Contribution	90,279	61,704	36,437	79,500	10,779	13.6%	28,575	46.3%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	191,075	175,400	118,935	228,500	(37,425)	-16.4%	15,675	8.9%
Bilingual Bonus	2,400	2,400	2,200	2,700	(300)	-11.1%	0	0.0%
Sick Leave Buyback	11,000	11,000	4,805	10,700	300	2.8%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$9,206,705	\$8,583,348	\$4,575,223	\$8,681,550	\$525,155	6.0%	\$623,357	7.3%
Salary Differential **	100,518	231,724	-	-	-	-	(131,206)	-56.6%
TOTAL S&EB	\$9,307,224	\$8,815,071	\$4,575,223	\$8,681,550	\$625,674	7.2%	\$492,153	5.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

BENEFITS DIVISION

	17-18 BUDGT. POS.	2018-2019 BUDGET				CHANGE	
		BUDGT.	SCHEDULE	MO. RATE	AMOUNT	BUDGT.	AMOUNT CHANGE JUSTIFICATION
		POS.				POS.	
00773A DIVISION MANAGER	1	1	LS12	12,298	147,578		
00772A SECTION HEAD, LACERA	4	4	LS9	9,900	475,177		
00784A SENIOR WRITER	1	1	102C	8,311	99,735		
01312A SENIOR RETIREMENT BENEFITS SPECIALIST	14	14	98A	7,420	1,246,560		
01311A RETIREMENT BENEFITS SPECIALIST III	18	18	92G	6,400	1,382,478		
00439A SENIOR SECRETARY	1	1	86F	5,426	65,110		
01310A RETIREMENT BENEFITS SPECIALIST II	26	26	86A	5,359	1,672,008		
00438A SECRETARY	2	2	79K	4,532	108,764		
00445A INTERMEDIATE TYPIST-CLERK	3	3	71C	3,590	129,256		
PERMANENT POSITIONS	70	70				0	
GROSS SALARIES					5,326,666	0	
120-DAY RETIREE(S)					0		
TOTAL SALARIES						\$ 5,326,666	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BENEFITS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$12,000	\$12,000	\$4,474	\$7,046	\$4,954	70.3%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	4,500	3,500	1,650	2,475	2,025	81.8%	1,000	28.6%
PROFESSIONAL & SPEC. SRVCS.	35,250	35,000	8,700	13,341	21,910	164.2%	250	0.7%
EDUCATIONAL EXPENSES	29,000	32,800	11,844	19,404	9,596	49.5%	(3,800)	-11.6%
MISCELLANEOUS	1,500	1,000	0	800	700	87.5%	500	50.0%
TOTAL	\$82,250	\$84,300	\$26,668	\$43,066	\$39,184	91.0%	(\$2,050)	-2.4%

*All amounts rounded to the nearest dollar.

Communications

Mission Statement

To create and communicate essential retirement information to LACERA members and staff. We strive for professional excellence in our work. We apply innovative thinking, contemporary advertising and marketing practices, and technology to create LACERA-wide solutions. Our work is professionally produced in an easy-to-understand, attractive, accurate, and timely manner. We collaborate with our strategic partners and aim to exceed their expectations. In fulfilling our mission, we generate creative solutions and apply “good value” budgetary consideration.

Our Team FY 2018-2019

Chief of Communications:
Cynthia Martinez

- 13 budgeted positions

We have two teams within Communications, consisting of:

- Creative Coordinators
- Senior Writers
- Media Artists
- Web Support Tech
- Writer II

FY 2018-2019 Highlights

Staffing

Communications has filled several positions since the last fiscal year, including a Senior Writer in mid-December 2017, the Chief of Communications position in March 2018, and a Media Artist in April 2018. The previously approved position of Creative Coordinator was opened in March 2018 and is expected to be filled within a couple of months, and a Writer II position will be posted later in the year.

Services & Supplies

The requested budget for travel and education has increased to accommodate team expansion. In addition, the budget has increased for newsletter printing costs due to growth in membership as well as higher mailing costs due to the 1.6% Standard Presort postage rate increase.

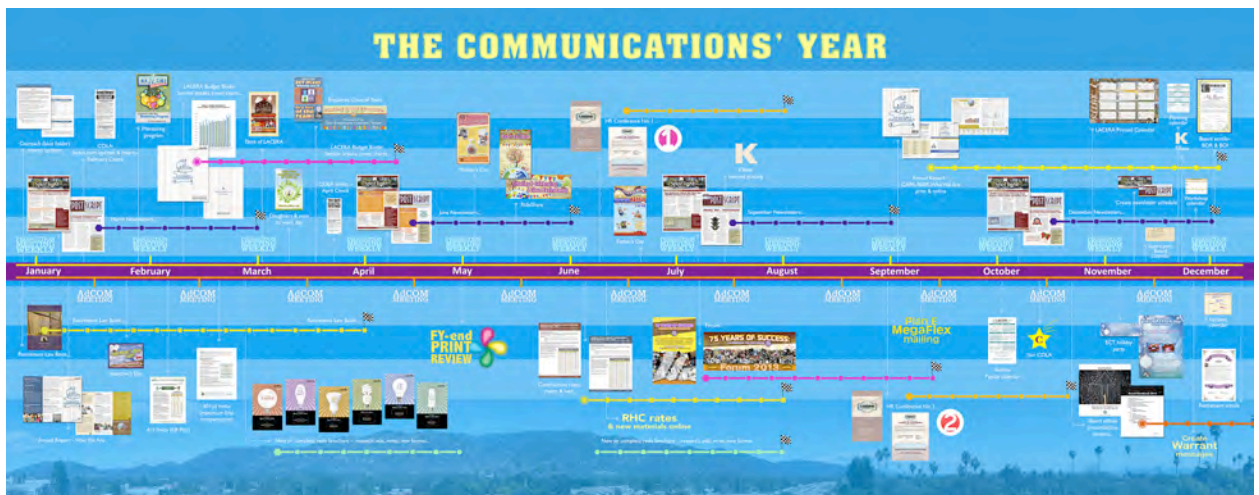




INTRODUCTION

The Communications Division has regularly scheduled projects throughout the year, as demonstrated in the timeline below. In addition to the projects depicted in the timeline, the Communications Division supports LACERA's 15 divisions with creative visioning, marketing strategies, artistic designs, and written content. We strive to be a valued strategic partner and surpass expectations.

Our work involves the creation of print materials (brochures, fact sheets, flowcharts, folder packages, letters, and forms), which requires research, writing, and editing. We are responsible for web design and content development across our four websites (lacera.com, intranet, HR Pros, and Board Resources). We write, direct, shoot, and edit videos. We also create materials for and host the annual HR Conference.



OUR GOALS

Communications is committed to meeting the annual needs of LACERA. In addition, we are implementing new processes and procedures to:

- Improve our relationships with our strategic partners
- Simplify and expedite miscellaneous requests
- Keep the lines of communication open regarding expectations and timeframes
- Meet our commitments to our strategic partners to ensure strategic initiative deadlines are met
- Expand our multimedia content on lacera.com through the Retirement University

We are also examining new ways to improve all communication platforms and develop ideas for future improvements. In order to achieve our goals, we will need to rebuild, restructure, and grow the Communications team.

STAFFING

Similar to what happens with all great sports teams, the Communications team has been going through a rebuilding and restructuring process to address the departure of key players while gearing up for new challenges and increased responsibilities.

Communications Division continues to add positions in line with the restructuring and positions approved by your board, while also filling vacancies created by the departures of existing team members.

The ongoing changes within the team in the last few years provided us with a unique opportunity to build on our progress to date while refining our hiring plan for the coming fiscal years. These changes, both the expected and unexpected, have resulted in a major increase in collaboration, camaraderie and knowledge-sharing among team members as we have addressed the challenges inherent in functioning with a short staff. Due to this spike in collaboration, we have a better understanding of the necessity of each role in this division, reinforcing the importance of our ongoing progress in restructuring and growth.

Our Path So Far

Previously in FY 2013–14, your board approved the concept of a two-team structure within Communications. This new structure was envisioned to be able to handle multiple projects simultaneously, whereas in the past we had been able to focus on only a select few projects at one time. In 2017, a Senior Writer was hired, providing content and editorial support across teams, while the previously budgeted position of Chief of

Communications carried over from 2017, with the final hiring decision made in March 2018. A Media Artist position will also be filled in early 2018. Five additional positions are budgeted for FY 2018–19: two Creative Coordinators, two Writer IIs, and a Senior Media Artist, pending the final classification decision based on the previously approved study.

The Communications Creative Coordinator positions will be vital to ensuring that all project requirements from the requesting divisions, executives, and Boards are planned and executed to the highest production standards while achieving the established deadlines. The filling of the additional Writer II and Senior/Media Artist positions will enable Communications to work simultaneously on various projects, enhancing our ability to meet the project workload and take on additional challenges in the coming years.

What's Next?

FY 2018–19 promises to be a time of continued positive change, growth, and evolution. The structure of the two teams is being honed on an ongoing basis, with one team concentrated on video, print, and graphics, and the other team focused on web, print, and graphics. These two specialized teams with different artistic concentrations are enabling Communications to provide an even higher caliber of professional work, and our future hires will be recruited with an eye toward creating overlap in the teams' skills for maximum flexibility and efficiency.

Meeting the previously set goal of restructuring and growing the team is essential, considering the standard workload depicted in the Communications Timeline, the many and varied ad-hoc projects that Communications leads and supports, and anticipated future expectations for our department. For instance, not only will we maintain our current workload (e.g., quality quarterly newsletters, award-winning annual reports, and custom-designed calendars) and nonrecurring projects that are every bit as important and time-sensitive, we want to continue to develop our teams' skills to meet the increasing technological and design expectations of our internal clients. Examples of these kinds of projects slated for the upcoming fiscal years are producing Retirement University, Medicare 101, and Benefits videos; revamping brochures and forms, such as the Annual Benefit Statements and the Withdrawal/Reciprocity and Disability Retirement packages; and preparing for the new internet and intranet platforms. Having two robust teams will provide the resources needed to participate in these exciting future projects in a way that is productive and punctual.

SERVICES AND SUPPLIES

Each of the Communications Division's line items was carefully reviewed. Within the services and supplies realm, line items remain relatively the same as previous years with a few exceptions.

As of January 21, 2018, the U.S. Postal Service (USPS) has increased mailing service rates. The Standard Presort mailings will increase by about 1.6%, which is reflected in our postage line items.

Our membership increased from 165,000 to nearly 169,000 in 2017. The *PostScript* and *Spotlight* newsletter line items reflect the increase in printing costs.

The team will expand from seven to nine permanent employees in 2018. In order to give staff an opportunity for training and to attend conferences, you will see an increase in the travel and education budget.

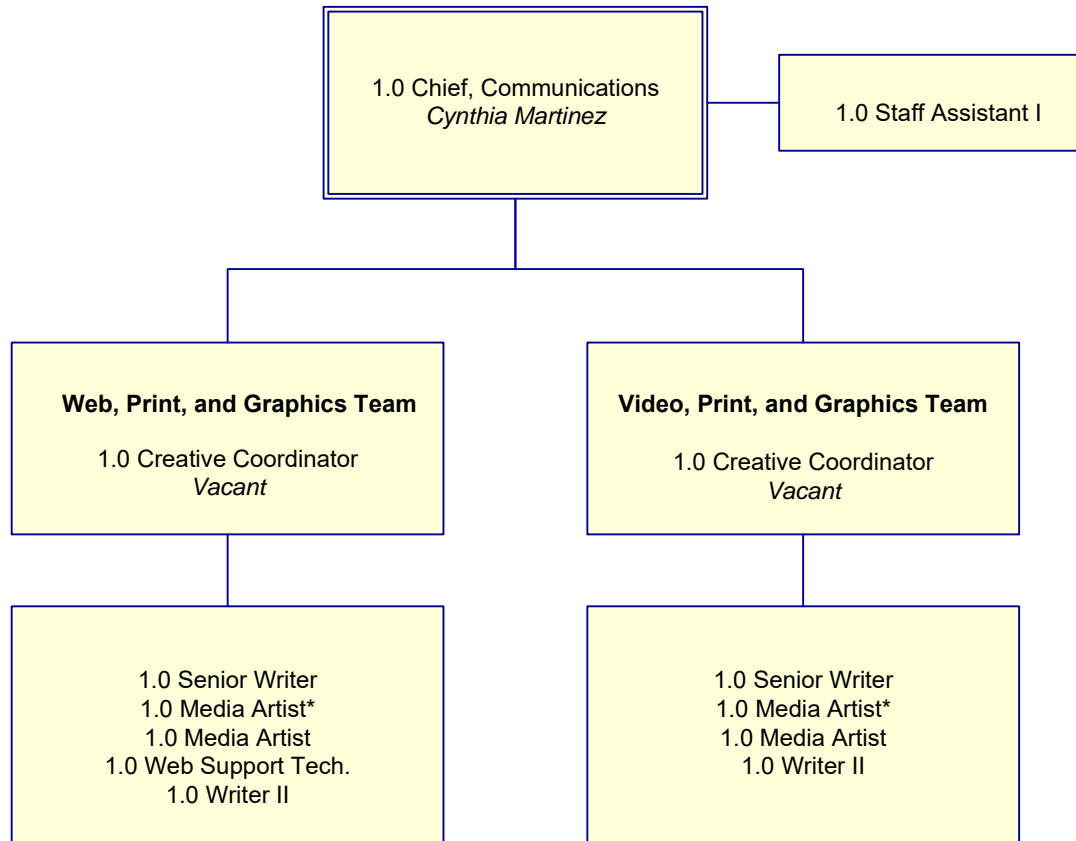
Thank you for your continued confidence in and support of the Communications Division.

COMMUNICATIONS

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 13.0
2016-2017 Hiring Plan: 13.0

2018-2019 Bud. Pos.: 13.0
2018-2019 Hiring Plan: 13.0



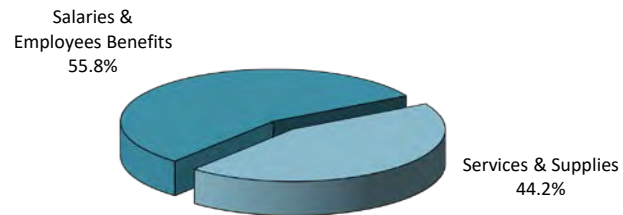
*Classification Study for the position requested

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

COMMUNICATIONS

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	\$1,293,171	\$1,279,873	\$437,651	\$836,721	\$456,450	54.6%	\$13,298	1.0%
Services & Supplies	1,026,050	1,011,100	495,542	817,285	208,765	25.5%	14,950	1.5%
OPERATING BUDGET	\$2,319,221	\$2,290,973	\$933,193	\$1,654,006	\$665,216	40.2%	\$28,248	1.2%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES & EMPLOYEE BENEFITS SUMMARY

COMMUNICATIONS

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$1,164,154	\$1,086,556	\$279,035	\$525,121	\$639,033	121.7%	\$77,598	7.1%
Total Agency Temp Salaries	102,500	143,300	0	23,200	79,300	341.8%	(40,800)	-28.5%
Employee Benefits (Variable)	245,722	399,711	124,107	221,300	24,422	11.0%	(153,989)	-38.5%
Employee Benefits (Other)	64,596	52,258	26,860	53,700	10,896	20.3%	12,338	23.6%
OPEB Contribution	14,289	7,901	3,375	7,400	6,889	93.1%	6,388	80.8%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	3,600	6,900	4,275	6,000	(2,400)	-40.0%	(3,300)	-47.8%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	3,500	3,500	0	0	3,500	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,598,360	\$1,700,126	\$437,653	\$836,721	\$761,639	91.0%	(\$101,766)	-6.0%
Salary Differential **	(305,188)	(420,253)	-	-	-	-	115,065	-27.4%
TOTAL S&EB	\$1,293,171	\$1,279,873	\$437,651	\$836,721	\$456,450	54.6%	\$13,298	1.0%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

COMMUNICATIONS

	16-17 BUDGT. POS.	2017-2018 BUDGET				CHANGE		
		BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00794A	1	1	LS10	10,642	127,704			
00779A	2	2	104D	8,796	211,115			
00784A	2	2	102C	8,311	199,470			
00789A	4	4	96C	7,063	339,028			
00787A	1	1	92E	6,369	76,427			
00786A	2	2	92E	6,369	152,854			
00426A	1	1	81L	4,796	57,555			
PERMANENT POSITIONS	13	13				0		
GROSS SALARIES					1,164,154		0	
120-DAY RETIREE(S)					0			
TOTAL SALARIES						\$ 1,164,154		

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES AND SUPPLIES

COMMUNICATIONS

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$20,000	\$19,700	\$1,411	\$3,195	\$16,805	526.0%	\$300	1.5%
POSTAGE	342,000	288,700	205,679	386,530	(44,530)	-11.5%	53,300	18.5%
STATIONERY & FORMS	593,000	598,500	252,456	369,495	223,505	60.5%	(5,500)	-0.9%
OFFICE SUPPLIES & EQUIPMENT	12,500	15,000	1,152	5,005	7,495	149.8%	(2,500)	-16.7%
PROFESSIONAL & SPEC. SRVCS.	28,500	31,200	27,325	41,781	(13,281)	-31.8%	(2,700)	-8.7%
COMPUTER SERVICES & SUPPORT	14,500	32,500	1,180	1,770	12,730	719.2%	(18,000)	-55.4%
EDUCATIONAL EXPENSES	15,000	25,000	5,863	8,795	6,205	70.6%	(10,000)	-40.0%
MISCELLANEOUS	550	500	476	714	(164)	-23.0%	50	10.0%
TOTAL	\$1,026,050	\$1,011,100	\$495,542	\$817,286	\$208,764	25.5%	\$14,950	1.5%

*All amounts rounded to the nearest dollar.

Disability Litigation

Mission Statement

To provide timely and effective legal representation to LACERA in disability retirement and service-connected survivor's benefit appeals. The goal of the Disability Litigation Office is to achieve impartial justice based on the facts and the law.

Our Team FY 2018-2019

Chief Counsel: Vincent Lim

- 7 budgeted positions

Within Disability Litigation we have:

- Senior Staff Counsel
- Senior Management Secretaries

FY 2018-2019 Highlights

Staffing

There are currently seven full-time positions and no vacancies, with no additional staff positions requested.

Services & Supplies

Disability Litigation is increasing its request for funds for outside counsel to better reflect actual expenditures.





INTRODUCTION

The Disability Litigation Office is a legal unit at LACERA that is separate from and independent of the Legal Office. The Chief Counsel, Disability Litigation, reports directly to the Deputy Chief Executive Officer. Established in 1996, the Disability Litigation Office has a staff of four attorneys and three secretaries. Our mission is to provide LACERA with legal representation for disability retirement and service-connected survivor's benefit appeals at the administrative level.

STAFFING

There are currently seven budgeted full-time positions. No additional staff positions are being requested at this time.

SERVICES AND SUPPLIES

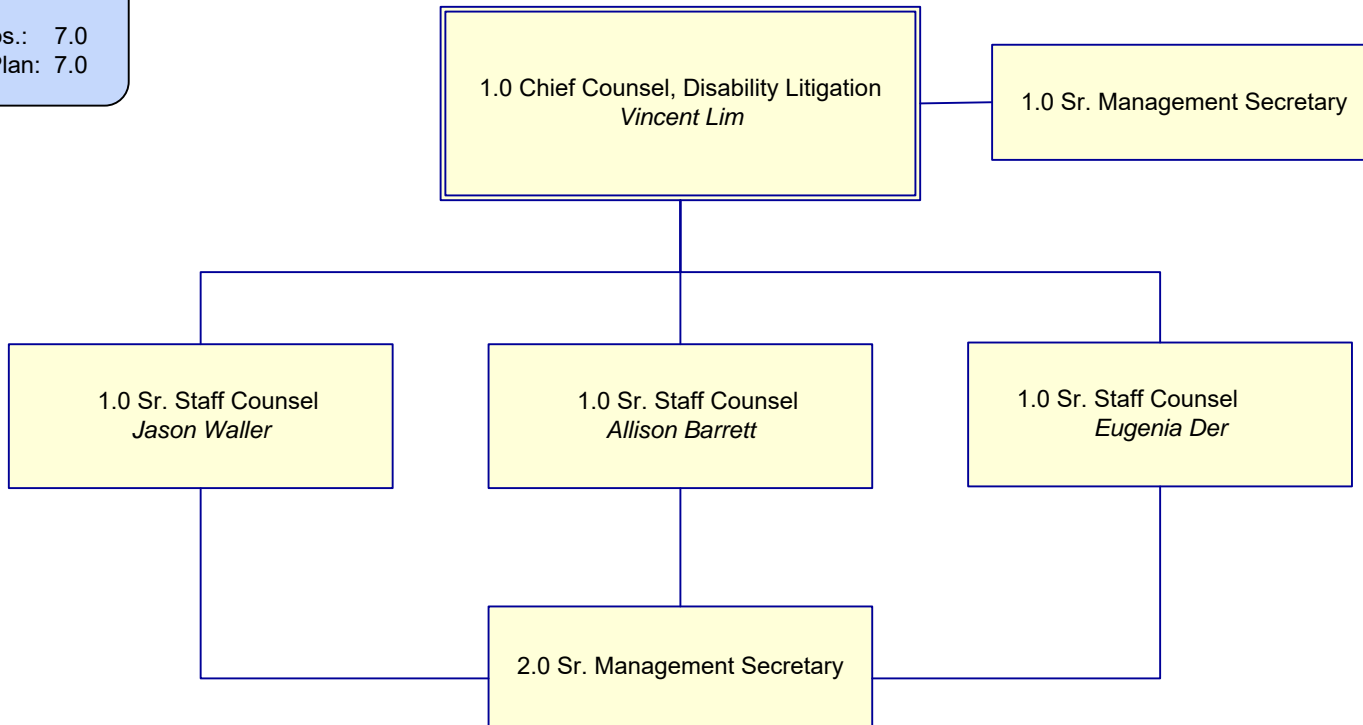
We are increasing our request for funds for outside counsel to better reflect our actual expenditures. Outside counsel is used in appeals where the applicant is an employee of LACERA, where the applicant is the survivor of an employee of LACERA, where there is an actual conflict of interest, or where there is an appearance of impropriety.

DISABILITY LITIGATION

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 7.0
2017-2018 Hiring Plan: 7.0

2018-2019 Bud. Pos.: 7.0
2018-2019 Hiring Plan: 7.0

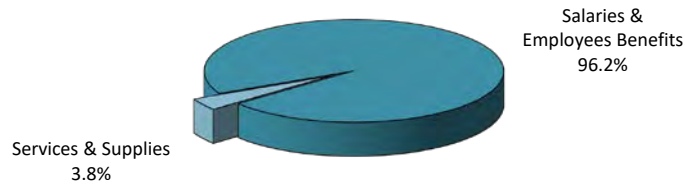


LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Salaries & Employees Benefits	\$2,040,546	\$1,907,052	\$922,812	\$1,715,100	\$325,446	19.0%	\$133,494	7.0%
Services & Supplies	80,650	60,200	44,871	77,611	3,039	3.9%	20,450	34.0%
OPERATING BUDGET	\$2,121,196	\$1,967,252	\$967,682	\$1,792,711	\$328,485	18.3%	\$153,944	7.8%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$1,061,660	\$991,022	\$566,928	\$1,064,900	(\$3,240)	-0.3%	\$70,638	7.1%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	610,505	619,819	300,333	537,700	72,805	13.5%	(9,314)	-1.5%
Employee Benefits (Other)	98,496	92,597	47,593	95,100	3,396	3.6%	5,899	6.4%
OPEB Contribution	21,787	14,000	7,958	17,400	4,387	25.2%	7,787	55.6%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	0	0	0	0	0	0.0%	0	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,792,449	\$1,717,439	\$922,812	\$1,715,100	\$77,349	4.5%	\$75,011	4.4%
Salary Differential **	248,097	189,613	-	-	-	-	58,484	30.8%
TOTAL S&EB	\$2,040,546	\$1,907,052	\$922,812	\$1,715,100	\$325,446	19.0%	\$133,494	7.0%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

DISABILITY LITIGATION

		<u>2018-2019 BUDGET</u>					<u>CHANGE</u>		
		<u>17-18 BUDGT. POS.</u>	<u>BUDGT. POS.</u>	<u>SCHEDULE</u>	<u>MO. RATE</u>	<u>AMOUNT</u>	<u>BUDGT. POS.</u>	<u>AMOUNT</u>	<u>CHANGE JUSTIFICATION</u>
09215A	CHIEF COUNSEL, DISABILITY LITIGATION	1	1	LS18	18,980	227,757			
09213A	SENIOR STAFF COUNSEL	3	3	LS16	16,424	591,257			
00441A	SENIOR MANAGEMENT SECRETARY	3	3	94F	6,740	242,646			
PERMANENT POSITION		7	7				0		
GROSS SALARIES						1,061,660		0	
120-DAY RETIREE(S)							0		
TOTAL SALARIES								\$ 1,061,660	

MAPP Tier I and Tier II positions are shown at control point as of 01/1/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY LITIGATION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
AUTO EXPENSE	\$2,800	\$3,600	\$1,393	\$2,140	\$660	30.8%	(\$800)	-22.2%
TRANSPORTATION & TRAVEL	14,000	8,000	7,123	16,906	(2,906)	-17.2%	6,000	75.0%
OFFICE SUPPLIES & EQUIPMENT	1,800	3,000	817	878	922	105.0%	(1,200)	-40.0%
LEGAL FEES & SERVICES	25,000	10,800	16,084	35,228	(10,228)	-29.0%	14,200	131.5%
EDUCATIONAL EXPENSES	36,750	34,500	18,871	21,759	14,991	68.9%	2,250	6.5%
MISCELLANEOUS	300	300	583	700	(400)	-57.1%	0	0.0%
TOTAL	\$80,650	\$60,200	\$44,871	\$77,611	\$3,039	3.9%	\$20,450	34.0%

*All amounts rounded to the nearest dollar.

Disability Retirement

Mission Statement

To administer the LACERA Disability Retirement Program in an equitable, timely, accurate, and courteous manner consistent with applicable laws, policies, and procedures.

Our Team FY 2018-2019

Division Manager: Ricki Contreras

- 40 budgeted positions

We have five distinct sections within Disability Retirement:

- Intake Unit
- Specialized Processing Unit
- Appeals
- Quality Assurance/Records Management
- Investigation Units I, II, and III

FY 2018-2019 Highlights

Staffing

There are currently 39 budgeted full-time positions, and the division is requesting one additional Staff Assistant II position to support the intake team. In anticipation of the Boards' approval of a Staff Assistant II, staff is also requesting an agency temporary budget, pending the recruitment and selection process. Additionally, the division requests a classification study for the Word Processor II position, as the essential functions of the classification are outdated and the staff are performing duties commensurate with a higher level classification.

Services & Supplies

The requested budget for #9802, hearing officer fees, has decreased by approximately 23 percent, from \$260,000 in FY 2017-2018 to \$200,000 in FY 2018-2019, based on actual average expenditures for the prior three fiscal years of approximately \$218,000.





INTRODUCTION

The Disability Retirement Services Division is responsible for investigating and evaluating disability retirement applications from active, retired, and deferred members of LACERA. Staff presents recommendations to the Board of Retirement, who is responsible for adjudicating the application. Staff also administers the disability appeals process in conjunction with Disability Litigation and is the Official Custodian of Records for all disability retirement files.

Our division contracts for professional services for both the investigation and appeals processes. Services for which we contract include panel physicians, referees, copy services, court reporters, job analysts, investigative services, and outside legal counsel.

STAFFING

There are currently 39 budgeted full-time positions. Staff is requesting one additional Staff Assistant II position to support our Intake Team, whose primary responsibility is to intake applications for disability retirement, counsel members, triage cases, assign cases, order records, and coordinate benefits within LACERA as well as the with the plan sponsor. The workload in this unit continues to increase, with an average of 40 cases per month received during the five-year period between FY 2012-13 and FY 2016-17. This will bring the division total to 40 budgeted full-time positions.

In anticipation of your Boards' approval of a Staff Assistant II, staff is also requesting an agency-temporary budget, pending the recruitment and selection process.

Additionally, staff is requesting a classification study be performed on the Word Processor II position, as the essential functions of the classification are outdated

and the staff are performing duties commensurate with a higher level classification. Additionally, in the future, updating the classification to accurately reflect the essential functions of the position will also support the division's recruiting efforts.

SERVICES AND SUPPLIES

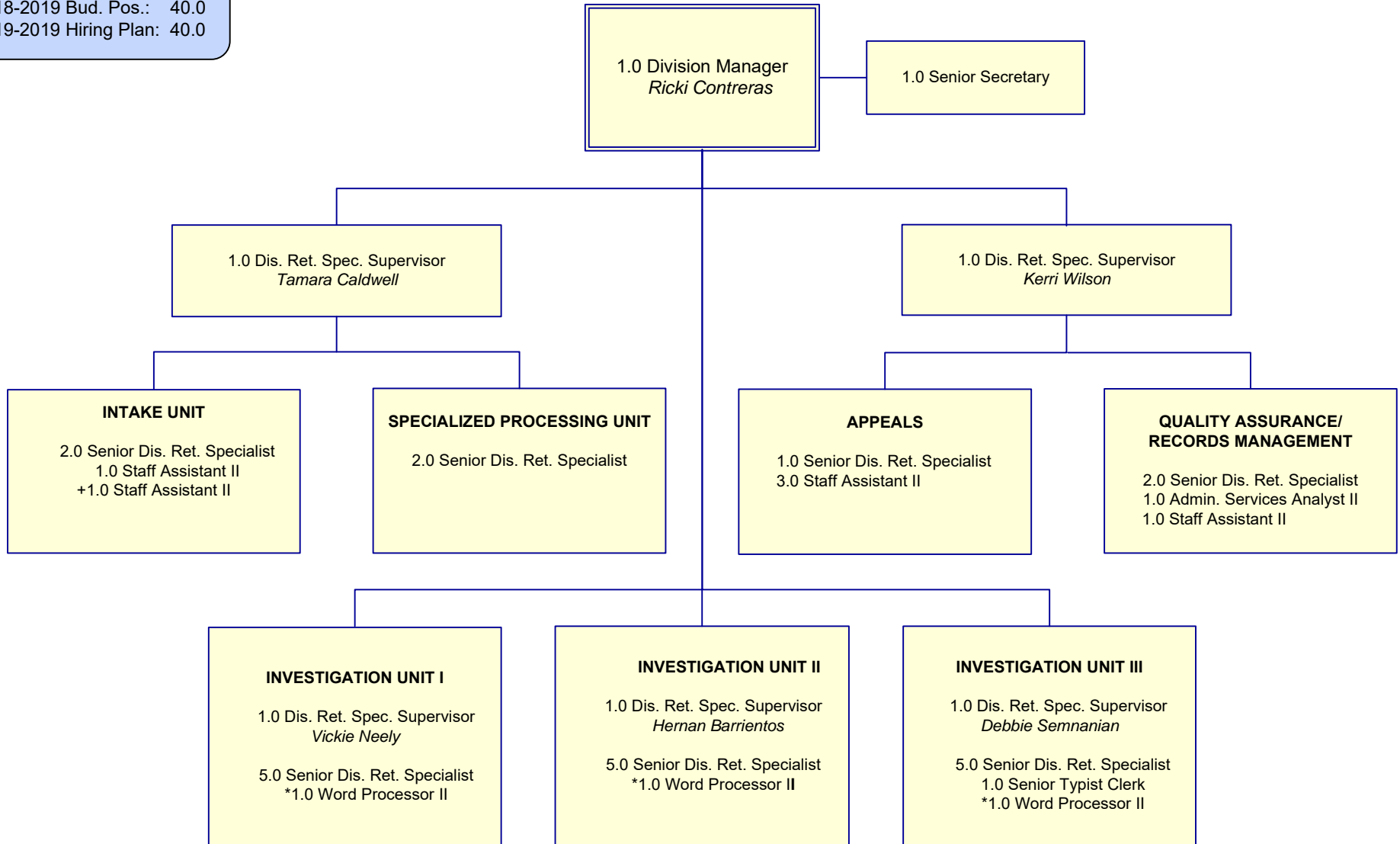
The requested budget for #9802, Hearing Officer Fees, has decreased by approximately 23 percent from \$260,000 in FY 2017 – 18 to \$200,000 in FY 2018-19 based on actual average expenditures for the prior three (3) fiscal years of approximately \$218,000.

DISABILITY RETIREMENT

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 39.0
 2017-2018 Hiring Plan: 39.0

2018-2019 Bud. Pos.: 40.0
 2019-2019 Hiring Plan: 40.0



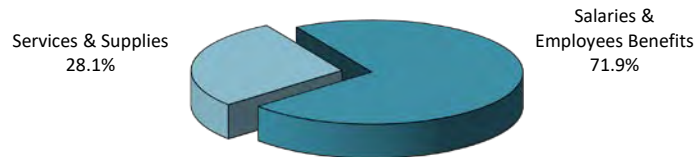
+ Added Position
 *Classification Study Requested

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

DISABILITY RETIREMENT

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
	BUDGET	(02-28-18)	PROJECTION					
PROPOSED BUDGET 2018-2019								
Salaries & Employees Benefits	\$5,884,599	\$5,158,378	\$2,634,911	\$4,955,566	\$929,034	18.7%	\$726,221	14.1%
Services & Supplies	2,300,200	2,260,600	822,999	1,353,530	946,670	69.9%	39,600	1.8%
OPERATING BUDGET	\$8,184,799	\$7,418,978	\$3,457,911	\$6,309,096	\$1,875,704	29.7%	\$765,821	10.3%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY RETIREMENT

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$3,458,165	\$3,202,104	\$1,632,555	\$3,025,300	\$432,865	14.3%	\$256,061	8.00%
Total Agency Temp Salaries	42,009	104,200	7,549	23,200	18,809	81.1%	(62,191)	-59.68%
Employee Benefits (Variable)	1,946,001	1,677,734	841,980	1,598,550	347,451	21.7%	268,267	15.99%
Employee Benefits (Other)	267,242	241,547	124,300	248,100	19,142	7.7%	25,695	10.64%
OPEB Contribution	59,114	36,521	22,857	49,900	9,214	18.5%	22,593	61.86%
Stipends	0	0	0	0	0	0.0%	0	0.00%
Overtime	11,972	14,000	4,053	8,900	3,072	34.5%	(2,028)	-14.48%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.00%
Sick Leave Buyback	4,600	4,600	1,616	1,616	2,984	184.7%	0	0.00%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.00%
ADJUSTED GROSS S&EB	\$5,789,103	\$5,280,706	\$2,634,911	\$4,955,566	\$833,537	16.8%	\$508,397	9.6%
Salary Differential **	95,496	(122,329)	-	-	-	-	217,825	-178.1%
TOTAL S&EB	\$5,884,599	\$5,158,378	\$2,634,911	\$4,955,566	\$929,034	18.7%	\$726,221	14.1%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2018, with the exception of Agency Temp Salaries, which are as of 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

DISABILITY RETIREMENT

	17-18 BUDGT. POS.	2018-2019 BUDGET				CHANGE	
		BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00773A	DIVISION MANAGER	1	1	LS12	12,298	147,578	
01643A	DISABILITY RETIRE. SPECIALIST SUPV.	5	5	103E	8,582	514,925	
01632A	SENIOR DISABILITY RETIRE. SPECIALIST	22	22	99E	7,700	2,032,895	
00420A	ADMINISTRATIVE SERVICES ANALYST II	1	1	90C	6,003	72,034	
00427A	STAFF ASSISTANT II	5	6	88L	5,799	417,515	1 69,586 Add 1 Staff Assistant II
00439A	SENIOR SECRETARY	1	1	86F	5,426	65,110	
00448A	WORD PROCESSOR II	3	3	79A	4,432	159,552	
00446A	SENIOR TYPIST CLERK	1	1	75H	4,046	48,556	
PERMANENT POSITIONS		39	40				1
GROSS SALARIES					3,458,165	69,586	
120-DAY RETIREE(S)					0		
TOTAL SALARIES						\$ 3,458,165	

MAPP Tier I and Tier II positions are shown at control point as of 01/1/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY RETIREMENT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$18,500	\$17,500	\$7,143	\$17,000	\$1,500	8.8%	\$1,000	5.7%
OFFICE SUPPLIES & EQUIPMENT	11,000	8,000	10,514	10,780	220	2.0%	3,000	37.5%
PROFESSIONAL & SPEC. SRVCS.	225,000	225,000	98,729	150,345	74,655	49.7%	0	0.0%
LEGAL FEES & SERVICES	50,000	75,000	3,067	20,000	30,000	0.0%	(25,000)	100.0%
DISABILITY FEES & SERVICES	1,968,000	1,913,000	686,031	1,130,145	837,855	74.1%	55,000	2.9%
EDUCATIONAL EXPENSES	26,900	21,300	16,552	24,260	2,640	10.9%	5,600	26.3%
MISCELLANEOUS	800	800	964	1,000	(200)	-20.0%	0	0.0%
TOTAL	\$2,300,200	\$2,260,600	\$822,999	\$1,353,530	\$946,670	69.9%	\$39,600	1.8%

*All amounts rounded to the nearest dollar.

Executive Office

Mission Statement

To direct and coordinate the efforts of every LACERA organizational unit toward the effective realization of LACERA's mission as articulated through policies adopted by the Boards of Retirement and Investments.

Our Team FY 2018-2019

Interim Chief Executive Officer:
Robert Hill

- 8 budgeted positions

We oversee all 15 divisions within LACERA and are made up of:

- Deputy Chief Executive Officer
- Assistant Executive Officers
- Executive Secretaries
- Executive Board Assistants

FY 2018-2019 Highlights

Staffing

No additional staff is requested for the FY 2018-2019 budget. The organization chart reflects the reclassification of two Executive Secretaries to the newly created positions of Executive Board Assistant as approved by the Boards in January of 2018.

Services & Supplies

The Executive Office seeks to increase the Board Offsite meeting expenses to \$150,000, reflecting an overall increase in area prices for meeting venues as well as accommodating the expansion of the Mid-Year Board of Investments Offsite from one to two days.

We have also increased our request for educational expenses in anticipation that the hiring of the new Chief Executive Officer, addition of the Deputy Chief Executive Officer, and an expected new Assistant Executive Officer will lead to additional training and conference expenses in FY 2018-2019.





INTRODUCTION

The Executive Office directs and coordinates the efforts of every LACERA organizational unit toward the effective realization of LACERA’s mission—to produce, protect, and provide the promised benefits—as articulated through policies adopted by the Boards of Retirement and Investments.

STAFFING

The Executive Office is not requesting any additional staff for the FY 2018-19 budget.

The Executive Office organization chart reflects the re-classification of two Executive Secretaries to the newly created positions of Executive Board Assistant as approved by the Boards in January of 2018.

SERVICES AND SUPPLIES

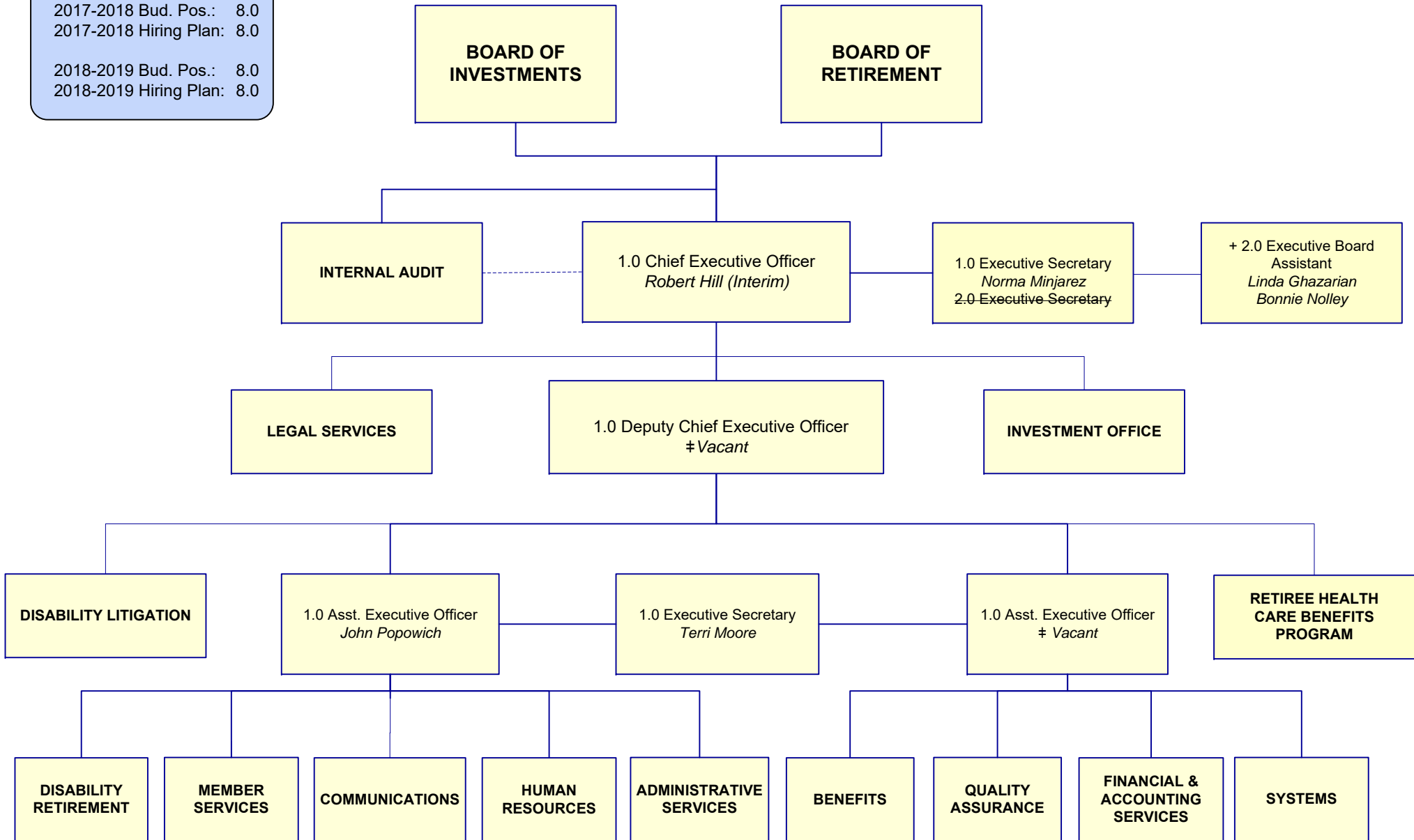
This year we are seeking to increase the Board Off-Site meeting expenses to \$150,000. The increase reflects an overall increase in area prices for meeting venues as well as an increase to accommodate the expansion of the Mid-Year Board of Investments Off-Site from one to two days.

We have also increased our request for educational expenses. It is anticipated that the new Chief Executive Officer and the addition of the Deputy Chief Executive Officer, as well as an expected new Assistant Executive Officer will lead to additional training and conference expenses in FY 2018-19.

EXECUTIVE OFFICE

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 8.0
 2017-2018 Hiring Plan: 8.0
 2018-2019 Bud. Pos.: 8.0
 2018-2019 Hiring Plan: 8.0



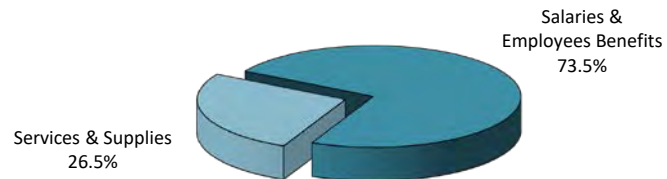
+ Added Position
 - Deleted Position
 ⚡ James P. Brekk is currently serving as Interim Deputy Chief Executive Officer
 ⚡ Bernardo Buenaflor is currently serving as Interim Assistant Executive Officer

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

EXECUTIVE OFFICE

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	\$1,751,696	\$1,909,318	\$858,746	\$1,596,350	\$155,346	9.7%	(\$157,622)	-8.3%
Services & Supplies	632,450	452,700	262,606	470,834	161,615	34.3%	179,750	39.7%
OPERATING BUDGET	\$2,384,146	\$2,362,018	\$1,121,352	\$2,067,184	\$316,962	15.3%	\$22,128	0.9%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$1,390,137	\$1,281,991	\$501,528	\$958,150	\$431,987	45.1%	\$108,146	8.4%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	503,919	589,227	253,482	447,550	56,369	12.6%	(85,308)	-14.5%
Employee Benefits (Other)	80,958	89,990	46,253	92,500	(11,542)	-12.5%	(9,032)	-10.0%
OPEB Contribution	17,908	13,606	6,334	13,900	4,008	28.8%	4,302	31.6%
Stipends	65,000	65,000	20,086	38,650	26,350	68.2%	0	0.0%
Overtime	6,376	3,100	31,063	45,600	(39,224)	-86.0%	3,276	105.7%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,000	1,000	0	0	1,000	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,065,297	\$2,043,916	\$858,746	\$1,596,350	\$468,947	29.4%	\$21,381	1.0%
Salary Differential **	(313,601)	(134,598)	-	-	-	-	(179,003)	133.0%
TOTAL S&EB	\$1,751,696	\$1,909,318	\$858,746	\$1,596,350	\$155,346	9.7%	(\$157,622)	-8.3%

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

EXECUTIVE OFFICE

		17-18	2017-2018 BUDGET				CHANGE	
		BUDGT.	BUDGT.	SCHEDULE	MO. RATE	AMOUNT	BUDGT.	AMOUNT CHANGE JUSTIFICATION
		POS.	POS.				POS.	
00776L	CHIEF EXECUTIVE OFFICER	1	1	LR20	26,208	314,492		
99999A	DEPUTY CHIEF EXECUTIVE OFFICER (UC)	1	1	LS18	18,980	227,757		
00778A	ASSISTANT EXECUTIVE OFFICER	1	1	LS16	16,424	197,086		
00792A	ASSISTANT EXECUTIVE OFFICER (UC)	1	1	LS16	16,424	197,086		
99999A	EXECUTIVE BOARD ASSISTANT	0	2	101J	8,210	197,034	2	197,034 Upward reclassification from Exec. Sec.
00442A	EXECUTIVE SECRETARY	4	2	98F	7,513	180,306	(2)	(180,306) Upward reclassification to Exec. Board Asst.
PERMANENT POSITIONS		8	8				0	
GROSS SALARIES						1,313,760		16,728
120-DAY RETIREE(S)			1		6,365	76,378		
TOTAL SALARIES								\$ 1,390,137

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

EXECUTIVE OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
AUTO EXPENSE	\$18,250	\$17,000	\$6,247	\$9,056	\$9,194	101.5%	\$1,250	7.4%
TRANSPORTATION & TRAVEL	40,000	29,000	19,612	29,163	10,837	37.2%	11,000	37.9%
OFFICE SUPPLIES & EQUIPMENT	4,500	3,500	3,016	4,376	124	2.8%	1,000	28.6%
PROFESSIONAL & SPEC. SRVCS.	165,000	120,000	33,899	115,000	50,000	43.5%	45,000	37.5%
EDUCATIONAL EXPENSES	198,500	130,000	78,233	169,066	29,434	17.4%	68,500	52.7%
MISCELLANEOUS	206,200	153,200	121,598	144,174	62,026	43.0%	53,000	34.6%
TOTAL	\$632,450	\$452,700	\$262,606	\$470,834	\$161,615	34.3%	\$179,750	39.7%

*All amounts rounded to the nearest dollar.

Financial and Accounting Services

Mission Statement

To provide sound guardianship of LACERA's assets and produce accurate and timely financial information through quality service to our customers.

Our Team FY 2018-2019

Chief Financial Officer: Beulah Auten

- 29 budgeted positions

We have two distinct sections within Financial and Accounting Services:

- General Accounting
 - Reporting and Compliance
 - Reconciliation
 - Disbursements
- Investment Accounting
 - Public Markets
 - Direct Investments

FY 2018-2019 Highlights

Staffing

FASD is requesting one additional Accountant position. An existing Accounting Technician I position will be eliminated, so the total number of budgeted positions requested remains the same.

In addition, to mitigate normal staff fluctuations, help meet reporting mandates, and support Board initiatives, FASD is requesting two agency temporary Investment Accountants as well as two agency temporary staff at the Accounting Technician I level and Accountant level.

Services & Supplies

The minimal increase in the services and supplies total budget request is attributed to the increase in staff members who have or are working toward their professional credentials. Looking ahead, staff is researching technology-based solutions that are reliable and efficient in managing the preparation of the CAFR, and has identified one potential solutions provider. Depending on the evolution of the Reporting and Compliance Unit (RCU) Pilot Program, additional resources may be requested in future years.





INTRODUCTION

LACERA’s Mission is to Produce, Protect, and Provide the promised benefits. The Financial and Accounting Services Division (FASD) contributes to the LACERA Mission by *protecting* the promised benefits through compliance with regulatory and statutory financial reporting mandates.

FASD’s budget request seeks to effect existing and anticipate upcoming regulatory and statutory financial reporting mandates, as well as support LACERA Board initiatives, while mitigating normal staffing fluctuations. To accomplish this, FASD requests the authorization to:

Add two agency-temporary Investment Accountants to absorb additional workload in the event Board of Investments’ initiatives instituted outweigh those originally planned. These Investment Accountant agency staff will be in addition to agency-temporary staff also requested, based upon historical trends, in anticipation of permanent staff, who will potentially be on extended leaves of absence.

STAFFING

Temporary Investment Accountants

As we begin each budget season, we meet with the Chief Investment Officer (CIO) to identify and obtain an understanding of potential Board of Investments (Board) strategic initiatives, which the Investment Office proposes to roll out in the coming year. This helps us determine how to best support the Investment Office in implementing the Board’s initiatives and adequately plan in advance for required FASD resources to help execute these projects and realize the results.

The Investment Office is considering several new and complex investment programs. These programs are designed to achieve the funds’ desired investment performance targets and include, but are not limited to:

- New asset class mandates within the OPEB Trust unitized structure;
- Expansion of the hedge fund direct program;
- New portfolio analytics initiatives including risk measurement, performance and compliance; and
- Other opportunities including infrastructure and real assets.

Also, as the Board continues to launch additional sophisticated investment strategies, we anticipate related initiatives intended to assist the Board in providing oversight of LACERA's investment portfolio. For instance, we worked with the Investment Office to design and generate supplementary reports aimed at providing additional data detailing monthly cash flows and net position for the CIO Board report. This data generation process includes a *daily* capture and monitoring of transactions from both investment accounting and corporate accounting activities.

At a minimum, these undertakings demand additional financial information from FASD that is obtained from and exchanged with investment managers, consultants, custodian bank, and the Investment Office. Our current capacity may meet the additional workload associated with these new programs. However, as the implementation details, associated timeline and the priority roll out are yet to be determined, staff believes requesting two agency-temporary staff at the Investment Accountant level is prudent to assist in ensuring we can realize these initiatives timely as they are executed. The ability to support the Investment Office with the new investment programs implementation will be monitored, with the intention that our staffing levels enable us to provide a high level of service.

Overtime and Temporary Staff

As in the past, overtime is requested to manage the additional workload related to the annual fiscal year-end closing of the books and completion of the annual financial statement audit to generate the Comprehensive Annual Financial Report (CAFR) and related Popular Annual Financial Report (PAFR). When combined with the emergence of new work and unanticipated special projects, maintaining a budget for overtime has proven to be prudent.

Based on past experience, we also anticipate having some permanent staff on extended leaves of absence during the fiscal period. Thus, in addition to the two Investment Accountant agency-temporary staff previously discussed, we are requesting two other agency-temporary staff to assist with the workload: one at the Accounting Technician I level and another at the Accountant level.

SERVICES AND SUPPLIES

The Services and Supplies total budget request represents a minimal increase over the prior year, attributed to the increase in professional development requirements due to

additional staff who have or are working towards obtaining their professional credentials.

LOOKING FORWARD

Reporting and Compliance Unit (RCU) Pilot Program

Planning ahead and shifting resources, FASD repurposed the Payments Recovery Unit (PRU) into the RCU to create a dedicated Unit tasked with:

1. Managing LACERA's Pension actuarial valuation project responsibilities (shift of responsibility from the Executive Office to FASD); and
2. Addressing the increasing needs and complexity in managing LACERA's OPEB actuarial valuation projects as revised under the Board's OPEB Actuarial Valuation and Audit Policy.

This test pilot program creates synergy by leveraging and reassigning the PRU Accountant to the Reconciliation Unit that will streamline core benefit accounting related functions with minimal effect on current operations. The PRU Senior Accountant will be reassigned as the RCU Senior Accountant, who will initially administer the Pension and OPEB actuarial valuation projects. We anticipate the RCU Senior Accountant's responsibilities will expand to include implementing Governmental Accounting Standards Board (GASB) pronouncements for external financial reporting, addressing internal financial reporting needs of the organization, and assuming additional compliance and risk management related functions. This reorganization also anticipates the needs of the organization-wide compliance initiatives as discussed during the 2018 Board Offsite. The RCU is an emerging area of FASD's operations and the need for additional resources in future years will be dependent on how the RCU evolves.

Technology Tools

The LACERA CAFR continues to evolve with the frequent introduction of new GASB pronouncements, as well as Government Finance Officers Association (GFOA) award program requirements. We anticipate further CAFR disclosure enhancement requirements from GASB as the need for increased transparency amongst the financial statement users continues.

It takes a dedicated team of FASD staff to prepare the CAFR draft. Traditionally, we have relied on desktop software tools (i.e., Microsoft Word and Excel) to compile data and prepare the necessary CAFR narratives and supporting schedules. As the existing process requires tracking each file separately, only one staff can access these individual files and make changes to the data. Also, extra time is spent ensuring the accuracy of the finished product as the CAFR disclosures continue to grow in number and complexity. Once the footnote disclosures are complete and a CAFR draft is ready, staff spend additional time in reviewing, formatting, and assembling the individual files to provide a presentation-ready report.

Staff is researching technology-based solutions that are reliable and efficient in managing the preparation of the CAFR. Staff will first seek to leverage existing information technology tools and other applications already available at LACERA. There will be an analysis of the benefits, risks and costs associated with each scenario contemplated. This solution intends to accomplish the following objectives:

- Save time and effort,
- Increase the efficiency of the internal and external review process,
- Reduce the risk of errors,
- Reduce the security risk of standard software tools,
- Combine financial data and narratives to create publish-ready financial statements and reports, and
- Provide a repeatable framework that can easily be rolled forward for the next fiscal year's CAFR.

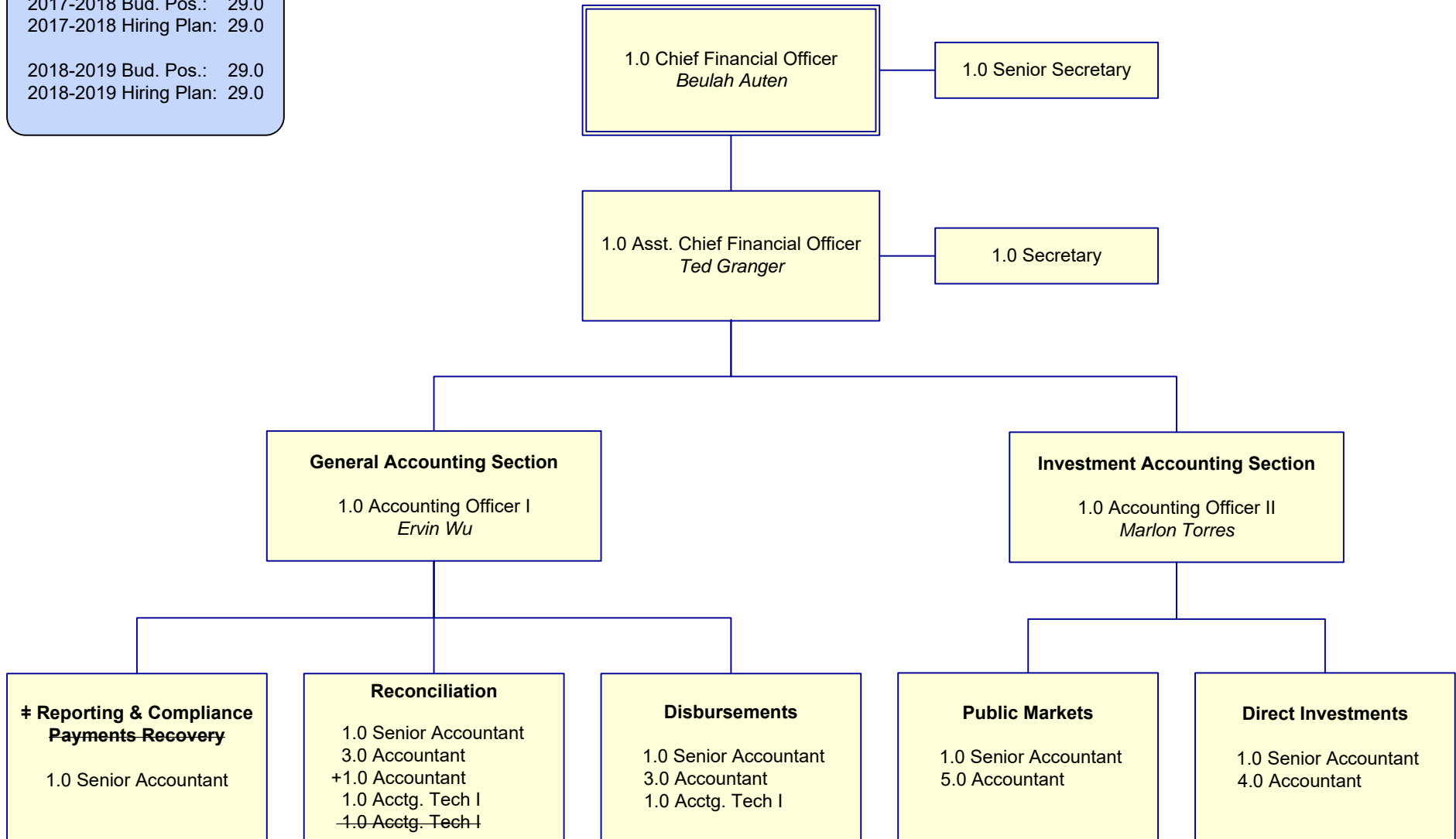
Currently, staff has identified one potential provider of a solution. There are new products our industry peers and the County Auditor-Controller are using which have received favorable reviews. Based upon preliminary investigations, these software tools are not only beneficial to FASD and Communications in generating the CAFR but they could be beneficial for Administrative Services in the budget preparation process as well. Staff's research and discovery process is ongoing.

FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 29.0
 2017-2018 Hiring Plan: 29.0

2018-2019 Bud. Pos.: 29.0
 2018-2019 Hiring Plan: 29.0



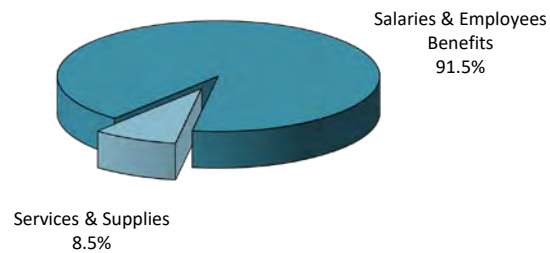
+ Added position
 - Deleted Position
 * Classification study for all positions in progress
 ‡ Unit name changed from Payments Recovery to Reporting & Compliance

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	3,789,612	\$3,483,346	\$1,822,566	\$3,419,650	\$369,962	10.8%	\$306,266	8.8%
Services & Supplies	353,500	338,600	113,710	323,635	29,865	9.2%	14,900	4.4%
OPERATING BUDGET	\$4,143,112	\$3,821,946	\$1,936,276	\$3,743,285	\$399,827	10.7%	\$321,166	8.4%

2018 -2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2018-2019

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$2,267,512	\$2,102,537	\$1,016,987	\$1,910,600	\$356,912	18.7%	\$164,975	7.8%
Total Agency Temp Salaries	296,300	143,200	205,960	386,800	(90,500)	-23.4%	153,100	106.9%
Employee Benefits (Variable)	1,018,449	1,107,869	467,341	884,550	133,899	15.1%	(89,420)	-8.1%
Employee Benefits (Other)	165,245	155,911	80,585	160,150	5,095	3.2%	9,334	6.0%
OPEB Contribution	36,552	23,573	13,117	28,650	7,902	27.6%	12,979	55.1%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	63,720	52,900	36,818	45,000	18,720	41.6%	10,820	20.5%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	12,000	12,000	1,760	3,900	8,100	207.7%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,859,777	\$3,597,990	\$1,822,566	\$3,419,650	\$440,127	12.9%	\$261,787	7.3%
Salary Differential **	(70,166)	(114,643)	-	-	-	-	44,477	-38.8%
TOTAL S&EB	\$3,789,612	\$3,483,348	\$1,822,566	\$3,419,650	\$369,962	10.8%	\$306,264	8.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

FINANCIAL AND ACCOUNTING SERVICES

		17-18	2018-2019 BUDGET				CHANGE		
		BUDGT.	BUDGT.	SCHEDULE	MO. RATE	AMOUNT	BUDGT.	AMOUNT	CHANGE JUSTIFICATION
		POS.	POS.				POS.		
00800A	CHIEF FINANCIAL OFFICER	1	1	LS14	14,212	170,545			
00799A	ASSISTANT CHIEF FINANCIAL OFFICER	1	1	LS12	12,298	147,578			
00418A	ACCOUNTING OFFICER II	1	1	101K	8,230	98,758			
00417A	ACCOUNTING OFFICER I	1	1	98C	7,457	89,485			
00416A	SENIOR ACCOUNTANT	5	5	93J	6,608	396,507			
00415A	ACCOUNTANT	15	16	89G	5,900	1,132,852	1	70,803	Convert from Accting Tech. I
00439A	SENIOR SECRETARY	1	1	86F	5,426	65,110			
00413A	ACCOUNTING TECHNICIAN I	3	2	81A	4,679	112,296	(1)	(56,148)	Convert to Accountant
00438A	SECRETARY	1	1	79K	4,532	54,382			
PERMANENT POSITIONS		29	29				0	14,655	
GROSS SALARIES						2,267,512		14,655	
120-DAY RETIREE(S)						0			
TOTAL SALARIES								\$ 2,267,512	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2018-2019

FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$35,000	\$49,100	\$18,352	\$37,465	(\$2,465)	-6.6%	(\$14,100)	-28.7%
OFFICE SUPPLIES & EQUIPMENT	5,000	5,000	1,356	3,102	\$1,898	61.2%	0	0.0%
BANK SERVICES	280,000	245,000	86,713	267,800	\$12,200	4.6%	35,000	14.3%
EDUCATIONAL EXPENSES	29,500	35,500	6,516	13,412	\$16,088	119.9%	(6,000)	-16.9%
MISCELLANEOUS	4,000	4,000	773	1,856	\$2,144	115.5%	0	0.0%
TOTAL	\$353,500	\$338,600	\$113,710	\$323,635	\$29,865	9.2%	\$14,900	4.4%

*All amounts rounded to the nearest dollar.

Human Resources

Mission Statement

To effectively administer human resource programs; provide quality service to LACERA employees, supervisors, and managers; and reflect LACERA's values and vision in both the effort put forth and the work accomplished.

Our Team FY 2018-2019

Human Resources Director:
John Nogales

- 13 budgeted positions

We have three distinct sections with Human Resources:

- Employee and Organizational Development
- Return-to-Work/Payroll
- Talent Acquisition and Management

FY 2018-2019 Highlights

Staffing

With the addition of one Human Resources Analyst position in the Return-to-Work/Payroll Unit in 2017 and the permanent hire for the position completed in 2018, the Human Resources Division is now fully staffed and no new positions are requested for the current fiscal year.

Services & Supplies

Human Resources' consulting budget decreased, while recruitment increased from \$75,000 to \$125,000 to hire an executive search firm for the Deputy Chief Investment Officer position. Increased Gateway Plaza rates and more staff raised the parking budget from \$450,000 to \$525,000; and health/medical-related staff accommodations increased from \$15,000 to \$50,000. The MOU training allocation increased from \$75,000 to \$100,000, but departmental training dropped from \$350,000 to \$180,000 after completing LACERA-wide system migration software training in FY 2017-2018. Major 2018-2019 training expenditures include ethics training for all LACERA staff, mandated sexual harassment prevention training for all supervisors and managers, and Advanced CERL Education (ACE) program soft skills training.





INTRODUCTION

Human Resources is responsible for providing human resources services to LACERA. Our work includes areas such as: recruitment and selection, performance and workforce management, classification and compensation, employee and organizational development, employee payroll and benefits, employee relations, labor negotiations, employee discipline, workplace investigations, workers' compensation, career planning, conflict resolution, labor/employment law compliance, and American Disability Act (ADA)/Family Medical Leave Act (FMLA)/California Family Rights Act (CFRA)/Fair Labor Standards Act (FLSA) administration.

STAFFING

Currently, there are no vacant positions in Human Resources.

Human Resources will manage its current duties including FY 2018-19 recruitment and selection functions with its current staff. Human Resources anticipates the recruitment and hiring of one Retirement Benefits Specialists Training Class during the 2018-19 Fiscal Year.

Human Resources will continue its focus on enhancing our recruitment strategies and methods to attract a highly qualified, diverse workforce to support LACERA's Mission, Values, and Vision.

Human Resources shall continue to attend educational programs to remain current and expand knowledge and expertise in its functional areas. During FY 2017-18, one staff member successfully obtained her Master of Public Administration, Leadership degree. During FY 2017-18, LACERA's Human Resources was awarded the 2018 Agency Award of Excellence by the International Public Management Association (IPMA) for its efforts and accomplishments in promoting LACERA's employees' professional development and work-life balance.

Notable Budget Variances:

In comparing our FY 2018-19 budget to that of the previous Fiscal Year, notable variances are found in the following areas:

Human Resources Consulting: Decrease from \$100,000 to \$75,000 due to no expense for Labor Contract Negotiator in Fiscal Year.

Recruitment: Increase from \$75,000 to \$125,000 due to the expectation of hiring an Executive Search Firm to complete the Deputy Chief Investment Officer recruitment.

Gateway Plaza Parking: Increase from \$450,000 to \$525,000 due to an increase in parking rates and the addition of LACERA staff for FY 2018-19.

MOU Training Allocation: Increase from \$75,000 to \$100,000. This increase resulted from the Labor Contract agreements signed in FY 2017-18.

Requests for Accommodations: Increase from \$15,000 to \$50,000. This Human Resources account was expanded in FY 2017-18 to pay costs associated with various health/medical related accommodations of all LACERA staff. Based on expenditure experienced during FY 2017-18, this budget item was increased to meet anticipated costs for FY 2018-19.

Departmental Training: Decrease from \$350,000 to \$180,000 due to completion of non-recurring computer software training provided to LACERA's entire workforce in support of LACERA's upgraded computer system migration in FY 2017-18.

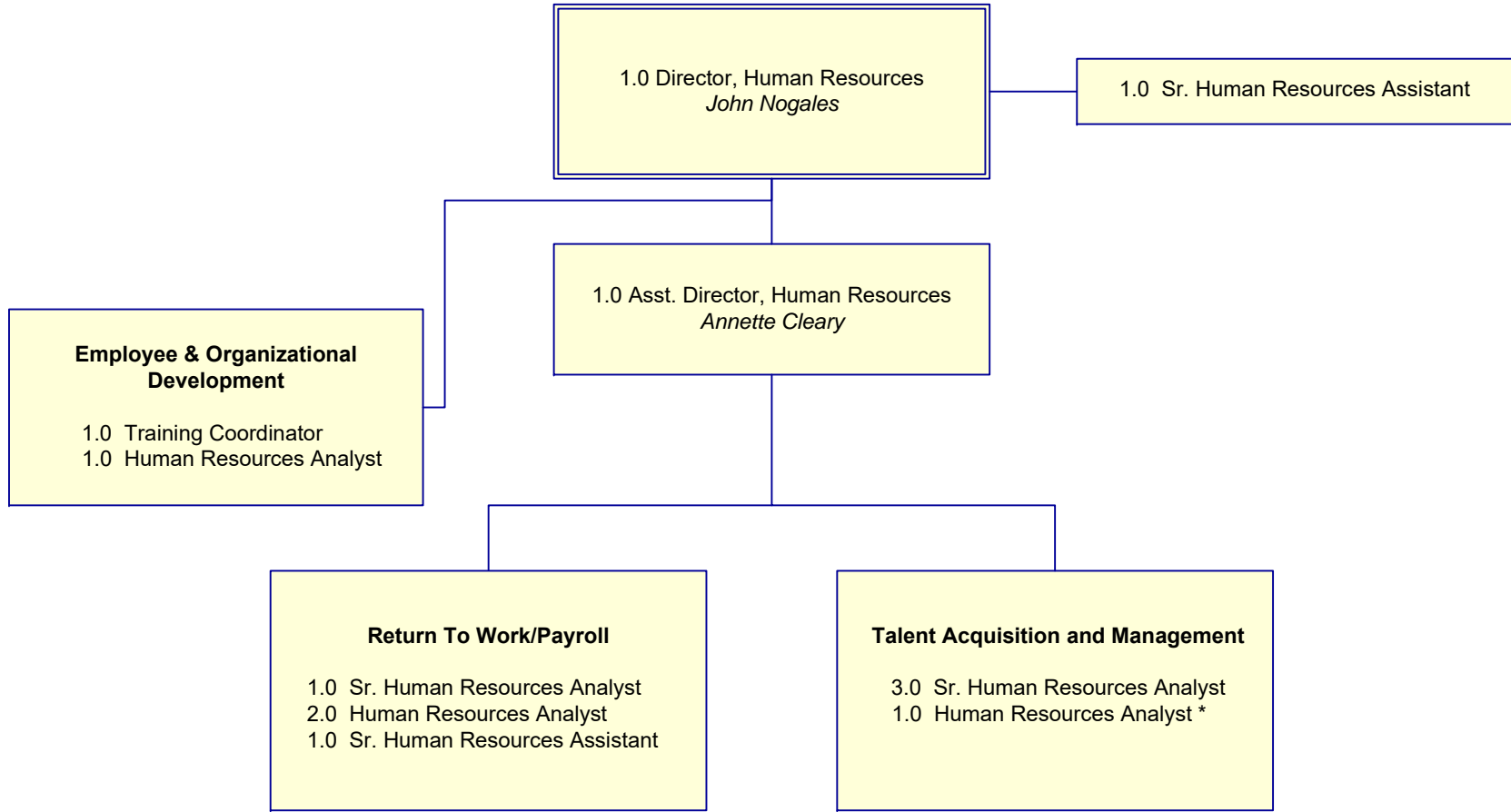
The Departmental Training budget anticipates major training expenditures in the following areas:

- \$40,000, earmarked for providing Ethics Training for all LACERA staff.
- \$16,000, for mandated Sexual Harassment Prevention Training for all Supervisors and Managers.
- \$45,000, for Accelerated CERL Education (ACE) Program Soft Skills Training. Trainings includes Leadership Ethics, Emotional Intelligence, Business Communication, Strategic Thinking, Conflict Resolution and Root Cause Analysis.

2017-2018 Bud. Pos.: 13.0
 2017-2018 Hiring Plan: 13.0
 2018-2019 Bud. Pos.: 13.0
 2018-2019 Hiring Plan: 13.0

HUMAN RESOURCES

FISCAL YEAR 2018-2019



+ Added position

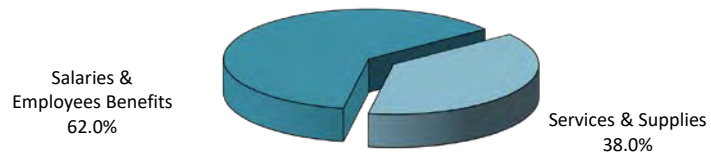
* Classification study for all positions requested

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

HUMAN RESOURCES

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	\$2,469,656	\$2,047,997	\$1,113,149	\$2,033,808	\$435,848	21.4%	\$421,659	20.6%
Services & Supplies	1,515,200	1,514,400	737,006	1,252,125	263,075	21.0%	800	0.1%
OPERATING BUDGET	\$3,984,856	\$3,562,397	\$1,850,155	\$3,285,933	\$698,923	21.3%	\$422,459	11.9%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

HUMAN RESOURCES

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$1,258,552	\$1,174,629	\$652,286	\$1,230,477.00	\$28,075	2.3%	\$83,923	7.1%
Total Agency Temp Salaries	101,100	39,200	66,985	\$83,731.00	17,369	20.7%	61,900	157.9%
LACERA Intern Program	242,000	0	0	0	242,000	100.0%	242,000	100.0%
Employee Benefits (Variable)	716,115	723,855	336,326	\$603,050	113,065	18.7%	(7,740)	-1.1%
Employee Benefits (Other)	97,050	91,987	47,279	\$94,500	2,550	2.7%	5,063	5.5%
OPEB Contribution	21,467	13,908	8,670	\$19,000	2,467	13.0%	7,559	54.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	1,403	6,200	1,602	\$3,050	(1,647)	-54.0%	(4,797)	-77.4%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,437,687	\$2,049,778	\$1,113,149	\$2,033,808	\$403,879	19.9%	\$387,909	18.9%
Salary Differential **	31,969	(1,781)	-	-	-	-	33,750	-1895.0%
TOTAL S&EB	\$2,469,656	\$2,047,997	\$1,113,149	\$2,033,808	\$435,848	21.4%	\$421,659	20.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2018, with the exception of Agency Temp Salaries, which are as of 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

A total of four Student Professional Worker II positions will be utilized by LACERA. One in Communications, one in Internal Audit, and two in the Investment Office for one year each. FY 2018-19 is the first year for the LACERA Intern Program.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

HUMAN RESOURCES

		2018-2019 BUDGET					CHANGE		
		17-18 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00425A	DIRECTOR, HUMAN RESOURCES	1	1	LS14	14,212	170,545			
00437A	ASSISTANT DIRECTOR, HUMAN RESOURCES	1	1	LS12	12,298	147,578			
00436A	SENIOR HUMAN RESOURCES ANALYST	4	4	99J	7,777	373,283			
01186A	TRAINING COORDINATOR	1	1	99H	7,758	93,092			
00434A	HUMAN RESOURCES ANALYST	4	4	95J	6,977	334,883			
00435A	SENIOR HUMAN RESOURCES ASSISTANT	2	2	88L	5,799	139,172			
PERMANENT POSITIONS		13	13				0		
GROSS SALARIES						1,258,552		0	
120-DAY RETIREE(S)							0		
TOTAL SALARIES							\$ 1,258,552		

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

HUMAN RESOURCES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$18,000	\$18,000	\$6,379	\$14,500	\$3,500	24.1%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	6,000	6,000	4,281	6,000	0	0.0%	0	0.0%
PARKING FEES	527,000	452,000	317,920	452,000	75,000	16.6%	75,000	16.6%
PROFESSIONAL & SPEC. SRVCS.	308,700	291,500	206,390	302,036	6,664	2.2%	17,200	5.9%
COMPUTER SERVICES & SUPPORT	40,000	35,000	31,709	40,202	(202)	-0.5%	5,000	14.3%
EDUCATIONAL EXPENSES	444,000	582,000	118,693	355,560	88,440	24.9%	(138,000)	-23.7%
MISCELLANEOUS	171,500	129,900	51,633	81,827	89,673	109.6%	41,600	32.0%
TOTAL	\$1,515,200	\$1,514,400	\$737,006	\$1,252,125	\$263,074	21.0%	\$800	0.1%

*All amounts rounded to the nearest dollar.

Internal Audit Services

Mission Statement

To support LACERA's mission through independent, objective assurance and consulting activities.

Our Team FY 2018-2019

Internal Audit Chief: Richard Bendall

- 11 budgeted positions

We have two teams within Internal Audit, consisting of:

- Principal Internal Auditors
- Senior Internal Auditors
- Internal Auditors

FY 2018-2019 Highlights

Staffing

No additional staff positions are being requested at this time, but a classification study has been requested to convert one of the budgeted Senior Internal Auditor positions to a Senior Information Technology Auditor, and a compensation study has been requested for the Principal Internal Auditor classification. Additionally, Internal Audit would like to hire an intern through LACERA's Intern Program.

Services & Supplies

Based on historical expenditures and a detailed review of the division's business strategy needs for the year, there are no significant increases from FY 2017-2018.





INTRODUCTION

Internal Auditing is an independent, objective assurance and consulting activity that adds value to and improves LACERA’s operations. Internal Audit helps LACERA accomplish its mission to produce, protect and provide the promised benefits, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and control. In assessing internal controls, Internal Audit determines the risks related to the organization as a whole, then reviews the adequacy and effectiveness of the organization’s control strategies, structures and systems. Internal Audit assists the organization in meeting its control objectives through:

- Performing risk assessments,
- Planning annual audit work to address these risks, and
- Providing management and staff throughout the organization with consulting services related to strengthening internal controls and mitigating risks.

Internal Audit employs innovative technologies, such as automated audit software. In addition, value added audit techniques, such as Control Self Assessment, are used for assessing risk and seeking best practice solutions to improve processes. Staff are continually challenged to stay abreast of changes in technology that affect both the tools utilized by Internal Audit as well as the functions audited. This is achieved through continuous educational training, as well as through co-sourcing arrangements, whereby staff participate in audits with, and obtain training from, external experts.

STAFFING

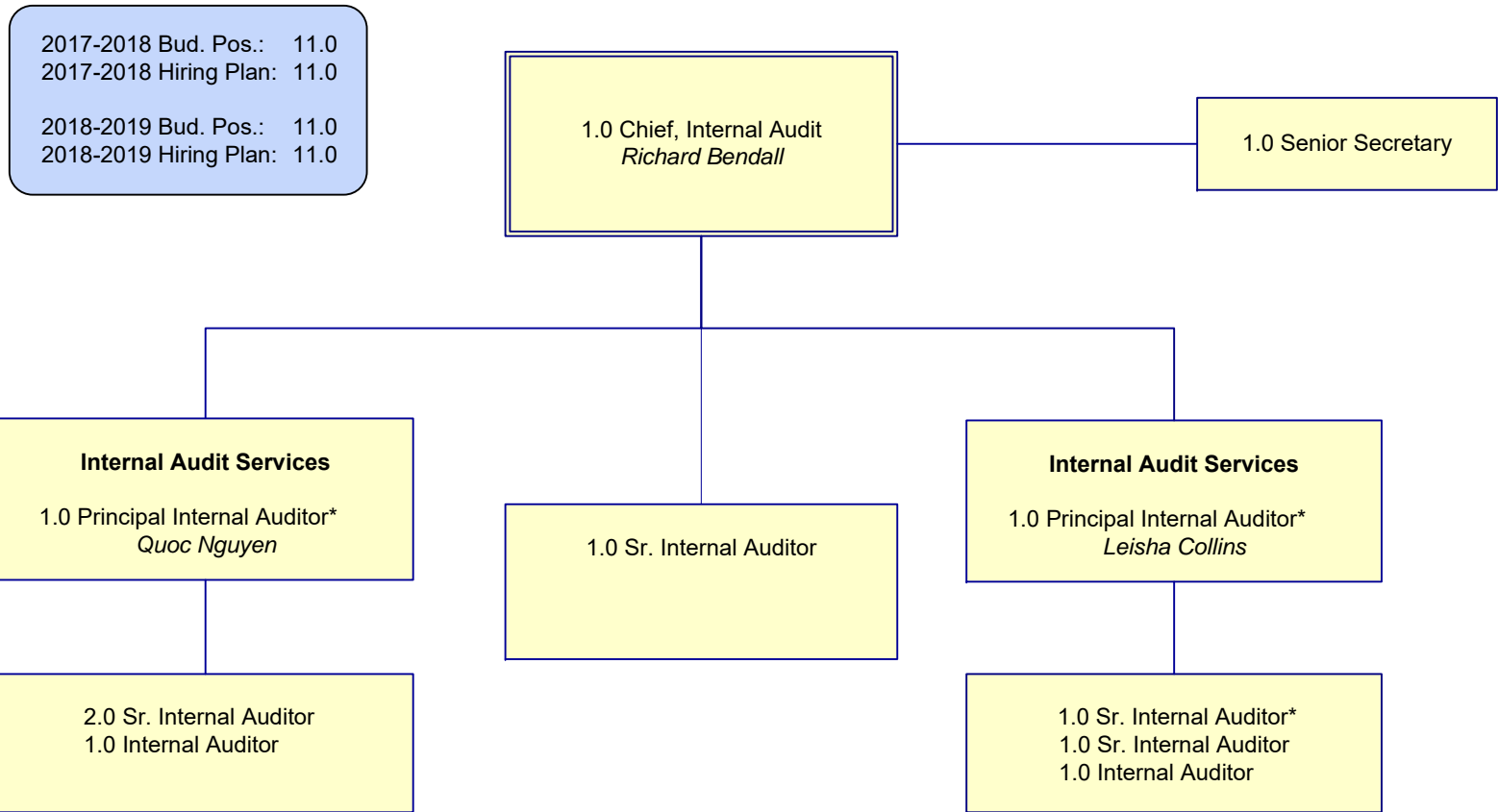
There are currently 11 budgeted full time positions. No additional staff positions are being requested at this time. A classification study has been requested to convert one of the budgeted Senior Internal Auditor positions to a Senior Information Technology Auditor. A compensation study has also been requested for the Principal Internal Auditor Classification. Furthermore, to ensure more coverage over the increasing responsibilities of Internal Audit, we are also requesting to hire an intern through LACERA's Intern Program. An intern will provide an opportunity to mentor and prepare external professional staff into the Internal Audit Division, and as a resource for completing lower level audit projects.

SERVICES AND SUPPLIES

Internal Audit's requested Services and Supplies budget for FY 2018-19 is based on actual historic expenditures, coupled with a detailed review of the Division's business strategy needs for the year. There are no significant increases from the prior year.

INTERNAL AUDIT

FISCAL YEAR 2018-2019



2017-2018 Bud. Pos.: 11.0
 2017-2018 Hiring Plan: 11.0
 2018-2019 Bud. Pos.: 11.0
 2018-2019 Hiring Plan: 11.0

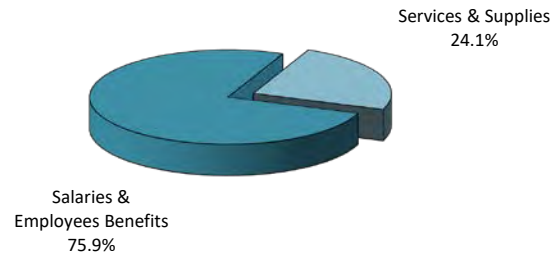
* Classification study for the position requested

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Salaries & Employees Benefits	\$1,855,122	\$1,897,534	\$880,080	\$1,636,202	\$218,920	13.4%	(\$42,412)	-2.2%
Services & Supplies	587,500	605,000	179,815	508,740	\$78,760	15.5%	(17,500)	-2.9%
OPERATING BUDGET	\$2,442,622	\$2,502,534	\$1,059,894	\$2,144,942	\$297,680	13.9%	(\$59,912)	-2.4%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$1,230,288	\$1,148,201	\$562,394	\$1,042,652	\$187,636	18.0%	\$82,087	7.1%
Total Agency Temp Salaries	0	26,100	0	16,450	(16,450)	0.0%	(26,100)	-100.0%
Employee Benefits (Variable)	536,055	662,499	265,265	470,100	65,955	14.0%	(126,444)	-19.1%
Employee Benefits (Other)	90,520	86,713	44,569	89,100	1,420	1.6%	3,807	4.4%
OPEB Contribution	20,023	13,111	7,714	16,900	3,123	18.5%	6,912	52.7%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	3,327	2,000	137	1,000	2,327	232.7%	1,327	66.4%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,500	1,500	0	0	1,500	100.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$1,881,713	\$1,940,124	\$880,080	\$1,636,202	\$245,511	15.0%	(\$58,411)	-3.0%
Salary Differential **	(26,591)	(42,590)	-	-	-	-	15,999	-37.6%
TOTAL S&EB	\$1,855,122	\$1,897,534	\$880,080	\$1,636,202	\$218,920	13.4%	(\$42,412)	-2.2%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2018, with the exception of Agency Temp Salaries, which are as of 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

INTERNAL AUDIT

		2018-2019 BUDGET				CHANGE		
		17-18 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00774A	CHIEF, INTERNAL AUDIT	1	1	LS14	14,212	170,545		
00762A	PRINCIPAL INTERNAL AUDITOR	2	2	112A	10,847	260,328		
00763A	SENIOR INTERNAL AUDITOR	5	5	105J	9,151	549,038		
00764A	INTERNAL AUDITOR	2	2	99F	7,719	185,267		
00439A	SENIOR SECRETARY	1	1	86F	5,426	65,110		
PERMANENT POSITIONS		11	11				0	
GROSS SALARIES						1,230,288		0
120-DAY RETIREE(S)							0	
TOTAL SALARIES							\$ 1,230,288	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$30,000	\$30,000	\$4,731	\$12,000	\$18,000	150.0%	\$0	0.0%
OFFICE SUPPLIES & EQUIPMENT	2,500	2,000	1,016	2,072	428	20.7%	500	25.0%
PROFESSIONAL & SPEC. SRVCS.	521,000	540,000	154,959	470,000	51,000	10.9%	(19,000)	-3.5%
EDUCATIONAL EXPENSES	33,000	32,000	18,606	24,217	8,783	36.3%	1,000	3.1%
MISCELLANEOUS	1,000	1,000	503	451	549	121.7%	0	0.0%
TOTAL	\$587,500	\$605,000	\$179,815	\$508,740	\$78,760	15.5%	(\$17,500)	-2.9%

*All amounts rounded to the nearest dollar.

Investment Office

Mission Statement

To oversee, administer, and implement the policies and decisions of LACERA's Board of Investments relative to the investment portfolio of the Association.

Our Team FY 2018-2019

Chief Investment Officer:
Jonathan Grabel

- 41 budgeted positions

We have eight distinct sections within the Investment Office:

- Real Assets
- Portfolio Analytics
- Public Equities
- Fixed Income and Commodities
- Hedge Funds
- Private Equities
- Real Estate
- Corporate Governance

FY 2018-2019 Highlights

Staffing

The Investment Office is requesting three new positions: Two positions for Real Assets (Principal Investment Officer and Finance Analyst III); and one position for Portfolio Analytics –Risk/Corporate Governance (Finance Analyst II). To offset one of the new positions requested, the Investment Office will delete a vacant Finance Analyst I position that was previously held in the Real Estate asset class. Two of the four vacant positions (Finance Analyst II – Hedge Funds, and Finance Analyst I – Fixed Income and Commodities) are being transferred to support Portfolio Analytics. All vacant and new positions are anticipated to be filled in the coming fiscal year.

Services & Supplies

The Investment Office evaluated actual expenditure trends in relation to adding additional staff to the team, resulting in a requested increase in transportation and travel of \$4,500, and decrease in the education expense budget of \$5,600.





INTRODUCTION

The Investment Office's staff responsibilities include developing and recommending prudent investment policies and risk management strategies to help the Fund achieve the return objectives established by the Board of Investments. The Investment staff is also responsible for implementing and monitoring Board-approved programs and policies.

BACKGROUND

The budget request for FY 2017-18 added six (6) new positions to the Investment Office, increasing the budgeted positions to 39. Since July 1, 2017, six (6) staff searches were conducted: two (2) have concluded and four (4) are underway and expected to be finalized in the current fiscal year.

Concluded Searches	Searches Underway
Principal Investment Officer – Portfolio Analytics	Senior Investment Officer – Private Equities
Financial Analyst II - Real Estate	Financial Analyst III – Hedge Funds
	Financial Analyst II – Hedge Funds
	Financial Analyst I - Real Estate

There are four (4) vacant positions (one of which will be deleted):

- Deputy Chief Investment Officer
- Finance Analyst II – Hedge Funds

- Finance Analyst I – Fixed Income & Commodities
- Finance Analyst I – Real Estate (see Staffing below)

Staff expects to hire three (3) of the four (4) positions in FY 2018-19.

STAFFING

For FY 2018-19, the Investment Office is requesting three (3) new positions:

- Two (2) positions for Real Assets, Principal Investment Officer and Finance Analyst III;
- One (1) position for Portfolio Analytics - Risk/Corporate Governance, Finance Analyst II.

To offset one of the new positions requested for FY 2018-19, the Investment Office will delete a vacant Finance Analyst I position which was previously held in the Real Estate asset class. This will increase the net number of budgeted positions from 39 to 41.

Two (2) of the four (4) vacant positions (Finance Analyst II – Hedge Funds, Finance Analyst I – Fixed Income & Commodities) are being transferred to support Portfolio Analytics. All vacant and new positions are anticipated to be filled in the coming fiscal year. The descriptions of the new requested positions are listed below:

Principal Investment Officer – Real Assets – 1 position (Contingent upon the Board of Investments’ approval of the Strategic Asset Allocation)

The Strategic Asset Allocation for the Investment Office is in the process of being reviewed. A potential recommendation resulting from this review may be to add an asset class called Real Assets. Real Assets is defined as natural resources (Agriculture, Energy, and Timber) and Infrastructure. If approved, the Principal Investment Officer position will develop, implement, and oversee this new asset class. Some of the duties would entail establishing and implementing an Objective, a Policies and Procedures manual and an Investment Plan.

Finance Analyst III (Investment Officer), Real Assets – 1 position (Contingent upon the Board of Investments’ approval of the Strategic Asset Allocation)

The Investment Officer position will assist the Real Asset’s Principal Investment Officer in developing, implementing and overseeing this new asset class.

Finance Analyst II, Portfolio Analytics, - Risk/Corporate Governance – 1 position

The Financial Analyst II position will assist in implementing a multi-asset class risk management system that measures the various risks in the LACERA portfolio. The position will also assist in developing and recommending Corporate Governance Principles and proxy voting.

SERVICES AND SUPPLIES

The Investment Office evaluated actual expenditure trends in relation to adding additional staff to the team.

Transportation and Travel \$406,000

FY 2017-18 approved budget was increased by \$4,500 in anticipation of additional staff.

Educational Expense \$143,800

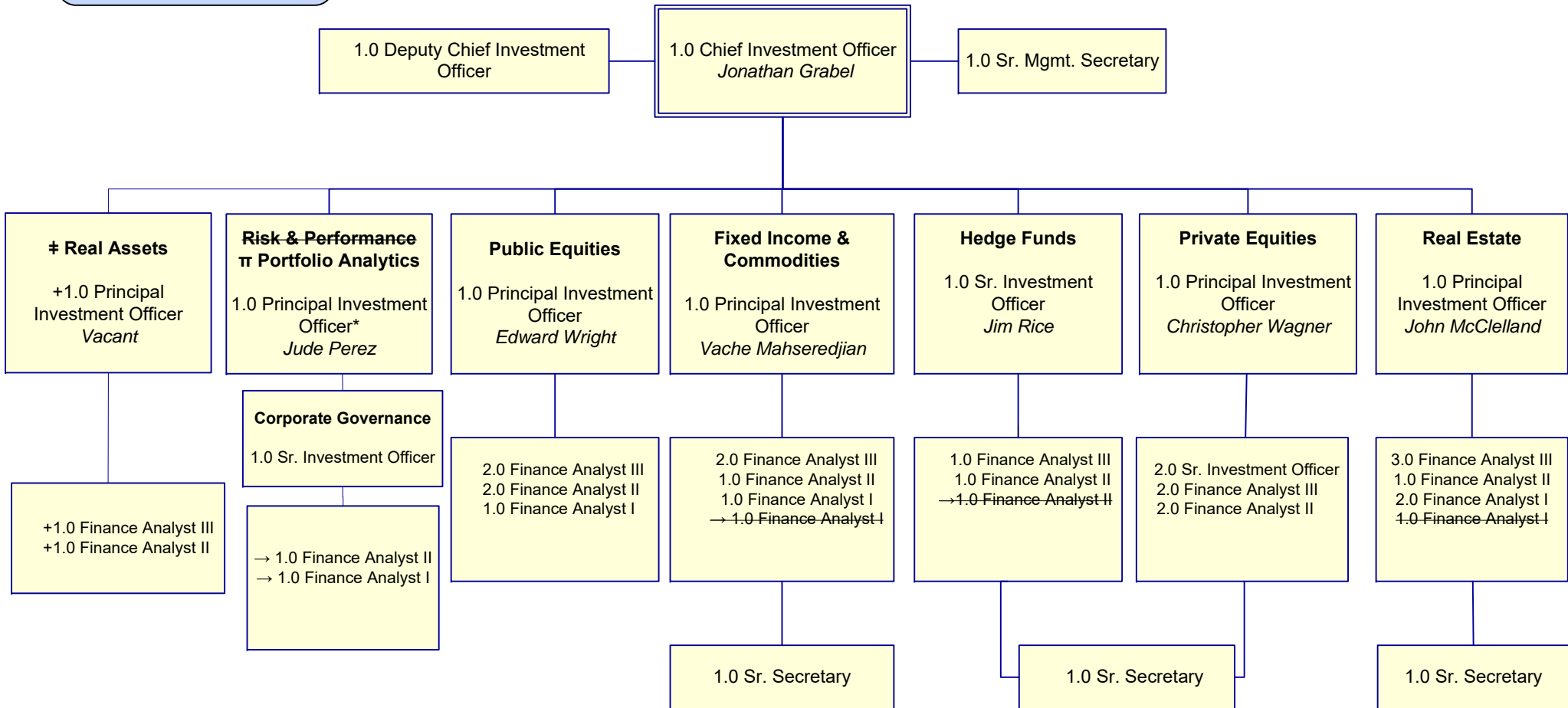
FY 2017-18 approved budget was decreased by \$5,600 based on actual expenses.

INVESTMENT OFFICE

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 39.0
2017-2018 Hiring Plan: 39.0

2018-2019 Bud. Pos.: 41.0
2018-2018 Hiring Plan: 41.0



* Classification study for the position requested

+ Added position

- Deleted Position

Π Unit name changed from "Risk & Performance" to "Portfolio Analytics"

New Unit and Asset Category

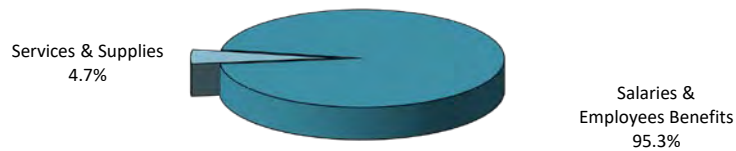
→ Position transferred from different Asset Class

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Salaries & Employees Benefits	\$11,487,512	\$10,225,228	\$5,098,949	\$9,456,100	\$2,031,412	21.5%	\$1,262,284	12.3%
Services & Supplies	564,700	565,200	189,887	308,350	256,349	83.1%	(500)	-0.1%
OPERATING BUDGET	\$12,052,212	\$10,790,428	\$5,288,836	\$9,764,450	\$2,287,761	23.4%	\$1,261,784	11.7%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2018-2019

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		BUDGET	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
			(02-28-18)	PROJECTION				
Total LACERA Salaries	\$8,050,214	\$6,986,088	\$3,419,633	\$6,429,200	\$1,621,014	25.2%	\$1,064,126	15.2%
Total Agency Temp Salaries	0	35,000	900	34,500	(34,500)	-100.0%	(35,000)	-100.0%
Employee Benefits (Variable)	3,131,265	2,751,035	1,376,711	2,382,300	748,965	31.4%	380,230	13.8%
Employee Benefits (Other)	574,833	534,535	274,741	549,000	25,833	4.7%	40,298	7.5%
OPEB Contribution	127,153	80,820	26,830	58,600	68,553	117.0%	46,333	57.3%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	2,000	0	134	2,500	(500)	-20.0%	2,000	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	1,200	1,200	0	0	1,200	0.0%	0	0.0%
Transportation Allowance	7,200	7,200	0	0	7,200	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$11,893,864	\$10,395,879	\$5,098,949	\$9,456,100	\$2,437,764	25.8%	\$1,497,985	14.4%
Salary Differential **	(406,352)	(170,653)	-	-	-	-	(235,699)	138.1%
TOTAL S&EB	\$11,487,512	\$10,225,225	\$5,098,949	\$9,456,100	\$2,031,412	21.5%	\$1,262,287	12.3%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

INVESTMENT OFFICE

		<u>2018-2019 BUDGET</u>					<u>CHANGE</u>		
		17-18 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00493A	CHIEF INVESTMENT OFFICER (UC)	1	1	LR28	38,811	465,731			
99999A	DEPUTY CHIEF INVESTMENT OFFICER (UC)	1	1	LR24	29,062	348,740			
00495A	PRINCIPAL INVESTMENT OFFICER	2	2	LR23	27,034	648,818			
00496A	PRINCIPAL INVESTMENT OFFICER (UC)	3	4	LR23	27,034	1,297,636	1	324,409	Add 1 Principal Investment Officer
00492A	SENIOR INVESTMENT OFFICER	4	4	LR20	21,761	1,044,533			
00769A	FINANCE ANALYST III	10	11	LR16	16,295	2,150,900	1	195,536	Add 1 Finance Analyst III
00768A	FINANCE ANALYST II	8	9	LR12	12,201	1,317,731	1	146,415	Add 1 Finance Analyst II
00767A	FINANCE ANALYST I	6	5	102D	8,332	499,915	(1)	(99,983)	Delete 1 Finance Analyst I
00441A	SENIOR MANAGEMENT SECRETARY	1	1	94F	6,740	80,882			
00439A	SENIOR SECRETARY	3	3	86F	5,426	195,330			
PERMANENT POSITIONS		<u>39</u>	<u>41</u>				<u>2</u>		
GROSS SALARIES						8,050,214		566,377	
120-DAY RETIREE(S)							0		
TOTAL SALARIES								\$ 8,050,214	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
AUTO EXPENSE	\$3,400	\$4,800	\$234	\$351	\$3,049	0	(\$1,400)	0
TRANSPORTATION & TRAVEL	406,000	401,500	143,173	237,767	168,233	70.8%	4,500	1.1%
OFFICE SUPPLIES & EQUIPMENT	6,000	4,000	3,225	5,221	779	14.9%	2,000	50.0%
EDUCATIONAL EXPENSES	143,800	149,400	38,914	57,743	86,057	149.0%	(5,600)	-3.7%
MISCELLANEOUS	5,500	5,500	4,340	7,269	(1,769)	-24.3%	0	0.0%
TOTAL	\$564,700	\$565,200	\$189,887	\$308,350	\$256,349	83.1%	(\$500)	-0.1%

*All amounts rounded to the nearest dollar.

Legal Services

Mission Statement

To provide timely and effective legal representation, advice, and counsel at the highest professional level to the Board of Retirement and the Board of Investments, LACERA, and LACERA's officers and employees.

Our Team FY 2018-2019

Chief Counsel: Steven Rice

- 23 budgeted positions

We have five distinct sections within Legal Services:

- Investments
- Litigation
- Legislative Affairs
- Benefits
- Disability

FY 2018-2019 Highlights

Staffing

Legal Services is requesting a Staff Counsel – Benefits due to the transfer in FY 2017-2018 of the prior counsel to the Litigation Section. Currently, this position is filled through a temporary attorney. Three classification studies have carried over from prior years. The classification study for Staff Counsels in the Investments and Litigation Sections will evaluate if the positions conform to the requirements of the Senior Staff Counsel classification, and the Senior Legal Analyst and Senior Management Secretary studies proposed and approved in the past two years' budgets are currently underway. The requested agency temporary budget of \$118,700 will cover the cost of current temporary staff and potential clerical assistance for special projects. The requested overtime budget of \$36,144 will provide for existing secretarial and Legal Analyst staff in the Investments Section.

Services & Supplies

The budget for services and supplies is based on historical expenditures and adjusted for experience and increased headcount. There are two significant adjustments resulting from recent Board actions: 1) an increase in Legislative Consulting from \$140,000 to \$285,000 for the retention of a federal Legislative Advocate and adjusted pricing for the state Legislative Advocate, and 2) an increase in outside Legal Counsel from \$250,000 to \$500,000 to reflect increased use of the Boards' outside fiduciary counsel.





INTRODUCTION

The Legal Services Office provides comprehensive legal services to the LACERA Boards and staff. These services currently are provided through the Chief Counsel, four Sections within the Office (Benefits, Disability, Investments, and Litigation), and the Legislative Affairs Officer.

STAFFING

A. New Positions

- 1. Staff Counsel – Benefits.** Due to the transfer in FY 2017-18 of the prior Staff Counsel in the Benefits Section to the Litigation Section of the office in order to address workload in that section, the Benefits Section no longer has a Staff Counsel to support the section’s Senior Staff Counsel. The Benefits Section handles substantially all benefits-related legal issues at LACERA, including interfacing with LACERA staff, members, other systems, and vendors. The work is important to the performance of LACERA’s Mission. In order to provide adequate legal services in this area, a Staff Counsel is required. Currently, this need is filled through a temporary attorney.

B. Compliance

As stated at the January 2018 Board Offsite, the Legal Services Office intended to include a new Director of Compliance position in the FY 2018-19 budget. However, to balance competing needs throughout the organization for new staff positions, the Legal Services Office, in consultation with the Executive Office, determined to postpone additional consideration of the compliance position until next fiscal year. LACERA’s compliance needs and objectives will not be compromised by this decision. The interim Compliance Committee is functioning well, and LACERA is proceeding rapidly with compliance initiatives. Further, the Legal Services Office will consider utilizing an existing position to hire staff with

compliance expertise if there is sufficient need and the opportunity arises during FY 2018-19.

C. Classification Studies

The Office's organizational chart includes three classification studies that continue studies approved in prior years. These studies are intended to provide the Office with the ability to place staff in positions that accurately reflect their level of expertise, performance, and responsibility.

- 1. Senior Staff Counsel.** The organizational chart for the Legal Services Office shows a classification study for Staff Counsel in the Investments Section and Litigation Section so that promotional opportunities are available as may be warranted by performance and responsibilities. The Senior Staff Counsel position is an existing classification. Accordingly, this study will evaluate the work of the Staff Counsel positions in these sections to determine if they conform to the requirements of the Senior Staff Counsel classification. The Investments Section study was in the approved budgets the past two years. The Litigation Section study was approved last year as a Benefits Section study when the attorney was in that section. The required paperwork to initiate study of these positions was recently submitted to Human Resources, and the study is underway.
- 2. Senior Legal Analyst.** The Office requests a classification study for a new classification of Senior Legal Analyst above the existing Legal Analyst classification in the Investments, Benefits, and Disability Sections of the Legal Services Office. Legal Analysts perform paralegal work, and they assist the Office's attorneys in analyzing legal and factual issues, processing investment contracts, managing business entities, member benefit and disability issues, court documents, and other matters, and interfacing with LACERA staff, members, and vendors. The new Senior Legal Analyst position will be used to recognize that certain Legal Analysts have a supervisory role, perform more complex work, and/or have a higher degree of responsibility and interaction with staff, outside counsel, members, opposing parties, and/or other vendors. These additional responsibilities require a higher level of expertise, experience, and performance. This study was proposed and approved in the past two years' budgets. The paperwork necessary to begin the study was recently submitted to Human Resources, and the study is underway.
- 3. Senior Management Secretary.** The Office requests a classification study for one Senior Management Secretary position in the Benefits Section of the Office. Senior Management Secretary is an existing position in all other sections of the Office. A Senior Management Secretary classification in the Benefits Section will align promotional opportunities in that section, based on responsibilities performed, with the rest of the Office. This study was proposed and approved the past two years, and continues this year as part of a study of all LACERA secretarial positions.

D. Temporary Services and Overtime

The Agency Temporary budget of \$118,700 will cover the cost of temporary staff, including the current temporary attorney in the Benefits Section until a permanent Staff Counsel can be hired, an existing temporary secretary in the Investments Section until a permanent hire can be made to fill the previously approved Management Secretary position, and potential clerical assistance for special projects.

The Overtime budget of \$36,144 will provide for existing secretarial and Legal Analyst staff in the Investments Section of the Legal Office to work overtime to keep up with the very high volume and time-sensitive demands of the organization's investment work.

SERVICES AND SUPPLIES

The budget for Services and Supplies is primarily based on historical expenditures, adjusted for experience and increased headcount. In addition, there are two significant adjustments resulting from recent Board actions:

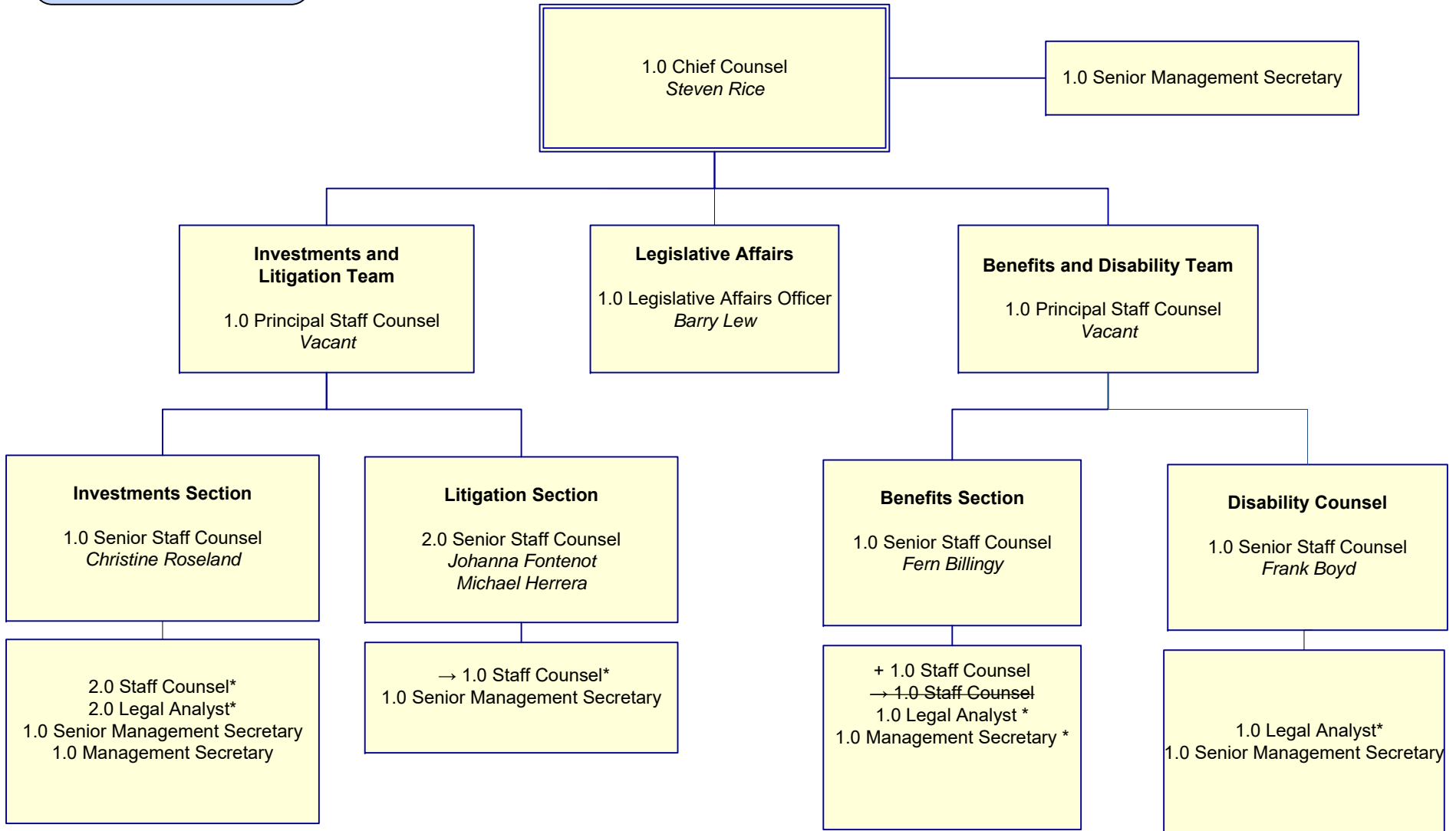
1. An increase in Legislative Consulting from \$140,000 to \$285,000 to reflect the Board of Retirement's retention of a federal legislative advocate and adjusted pricing for the state legislative advocate following last year's Request for Proposal and selection process; and
2. An increase in Outside Legal Counsel from \$250,000 to \$500,000 to reflect increased use of the Boards' outside fiduciary counsel, including attendance at all Board of Retirement administrative meetings and Board of Investments meetings under the Boards' recently-adopted Fiduciary Counsel Policy.

2017-2018 Bud. Pos.: 22.0
 2017-2018 Hiring Plan: 20.0

2018-2019 Bud. Pos.: 23.0
 2018-2019 Hiring Plan: 22.0

LEGAL SERVICES

FISCAL YEAR 2018-2019



+ Added position

* Classification study for the position requested

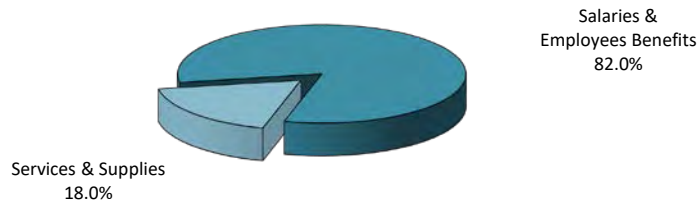
→ Position transferred from Benefits Section to Litigation Section

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

LEGAL SERVICES

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	\$4,928,167	\$4,592,467	\$2,301,001	\$4,375,463	\$552,703	12.6%	\$335,700	7.3%
Services & Supplies	1,082,150	663,400	612,326	1,244,463	(162,313)	-13.0%	418,750	63.1%
OPERATING BUDGET	\$6,010,317	\$5,255,867	\$2,913,327	\$5,619,926	\$390,391	6.9%	\$754,450	14.4%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$3,199,557	\$2,848,858	\$1,462,413	\$2,802,150	\$397,407	14.2%	\$350,699	12.3%
Total Agency Temp Salaries	118,700	68,000	26,946	43,113	75,587	0.0%	50,700	74.6%
Employee Benefits (Variable)	1,559,181	1,495,073	683,569	1,270,900	288,281	22.7%	64,108	4.3%
Employee Benefits (Other)	221,379	215,402	110,713	221,250	129	0.1%	5,977	2.8%
OPEB Contribution	48,969	32,568	16,324	35,700	13,269	37.2%	16,401	50.4%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	36,144	35,000	1,037	2,350	33,794	1438.0%	1,144	3.3%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$5,183,929	\$4,694,902	\$2,301,001	\$4,375,463	\$808,466	18.5%	\$489,027	10.4%
Salary Differential **	(255,762)	(102,434)	-	-	-	-	(153,328)	149.7%
TOTAL S&EB	\$4,928,167	\$4,592,467	\$2,301,001	\$4,375,463	\$552,703	12.6%	\$335,700	7.3%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

LEGAL SERVICES

		17-18	2018-2019 BUDGET				CHANGE		
		POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
09216A	CHIEF COUNSEL	1	1	LS20	21,933	263,202			
99999A	PRINCIPAL STAFF COUNSEL	2	2	LS17	17,656	423,734			
09213A	SENIOR STAFF COUNSEL	5	5	LS16	16,424	985,428			
09212A	STAFF COUNSEL	3	4	LS12	12,298	590,311	1	147,578	Add 1 Staff Counsel
00795A	LEGISLATIVE AFFAIRS OFFICER	1	1	110A	10,274	123,288			
09235A	LEGAL ANALYST	4	4	96K	7,186	344,924			
00441A	SENIOR MANAGEMENT SECRETARY	4	4	94F	6,740	323,529			
00440A	MANAGEMENT SECRETARY	2	2	90F	6,048	145,141			
PERMANENT POSITIONS		22	23				1		
						GROSS SALARIES		3,199,557	147,578
						120-DAY RETIREE(S)		0	
TOTAL SALARIES								\$ 3,199,557	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
[Represented positions shown in blue](#)

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
AUTO EXPENSE	\$4,150	\$2,900	\$1,845	\$2,845	\$1,305	45.9%	\$1,250	43.1%
TRANSPORTATION & TRAVEL	56,000	45,000	19,186	34,940	21,060	60.3%	11,000	24.4%
OFFICE SUPPLIES & EQUIPMENT	7,000	6,500	2,665	4,411	2,589	58.7%	500	7.7%
PROFESSIONAL & SPEC. SRVCS.	285,500	140,500	43,795	72,108	213,392	295.9%	145,000	103.2%
LEGAL FEES & SERVICES	579,000	313,000	457,511	995,978	(416,978)	-41.9%	266,000	85.0%
EDUCATIONAL EXPENSES	147,500	152,500	84,919	131,182	16,318	12.4%	(5,000)	-3.3%
MISCELLANEOUS	3,000	3,000	2,405	3,000	0	0.0%	0	0.0%
TOTAL	\$1,082,150	\$663,400	\$612,326	\$1,244,463	(\$162,314)	-13.0%	\$418,750	63.1%

*All amounts rounded to the nearest dollar.

Member Services Division

Mission Statement

Member Services will provide world-class service in a positive, supportive, professional, and equitable manner through any channel the member chooses. We will strive at all times to provide accurate, clear, and common-language explanations of all plans, plan options, purchases, purchase options, and retirement-related issues. We will strive to function as a team working together to fulfill our assigned mission of servicing members.

Our Team FY 2018-2019

Division Manager: Allan Cochran

- 77 budgeted positions

In Member Services, we have:

- Quality Control
- Outreach
- Call Center
- Correspondence

FY 2018-2019 Highlights

Staffing

In the last fiscal year, Member Services hired a permanent Call Center Supervisor, two graduates of the 2016-2017 Core Benefits Training (CBT) class, and nine Retirement Benefits Specialist (RBS) candidates for the 2017-2018 CBT class. For FY 2018-2019, we anticipate having four unfilled positions out of 77 budgeted positions: three RBS IIs and one Senior RBS. We would like to add two permanent Call Center leads at the RBS III level as promotional opportunities, and eight RBS IIs to allow RDOs for Call Center staff.

The requested overtime budget for FY 2018-2019 is \$115,400 and has not increased from FY 2017-2018. We continue to need overtime resources to expand our Saturday Pre-Retirement Seminars, individual counseling, and Neighborhood Workshop Seminars. Staff also continues to volunteer in assisting our Benefits business partners, particularly during the March Madness season.

For FY 2018-2019, we are requesting the use of temporary agency employees while we complete the recruiting, hiring and training process of additional RBS IIs.





INTRODUCTION

LACERA's Member Services Division is dedicated to providing world class service and education to our more than 165,000 members, beneficiaries and survivors. We connect, educate and serve through multiple channels; telephone calls, secure member portal, email, correspondence, one to one counseling, in house seminars and Outreach presentations.

The Member Services Division is comprised of three Sections; the Contact Center, Quality Control and the Member Service Center. We work each day, together with our business partners, to meet the LACERA mission to Produce, Protect and Provide the Promised Benefits.

OVERVIEW

Our objectives for Fiscal Year (FY) 2018-19 include adding to the Call Center:

- Two (2) Retirement Benefits Specialist III (RBS III)
- Eight (8) Retirement Benefit Specialist II (RBS II)

STAFFING

Member Services has the objective of becoming fully staffed and has worked to fill open positions. We continue to make significant progress towards this objective and we are also keenly focused on offering promotional opportunities to our staff.

During the past fiscal year, we have:

- Hired a permanent Call Center Supervisor (Sr. RBS)

- Hired two graduates of the 2016-2017 Core Benefits Training (CBT) class and successfully integrated them into our Member Services operations where they currently work in our Call Center as RBS II's.
- Hired nine RBS candidates for the 2017-2018 Core Benefits Training Class. Graduation and release to Member Services is anticipated in August 2018.

Once the 2017-2018 CBT graduates join Member Services we anticipate we will have four unfilled positions out of our 67 budgeted positions.

The remaining unfilled positions are:

- (3) RBS IIs
- (1) Sr. RBS

To further develop our ability to provide world-class service to our members, we see a need to add more Retirement Benefit Specialist positions, as follows:

Add two RBS IIIs in the Call Center as permanent leads: The Member Services Call Center has provided an opportunity to have strong Call Center staff accept more responsibility and learn new skills by acting as “leads.” This has been done on an ongoing rotational basis to allow all staff with the ability and interest a chance to learn and contribute more to the operation and to our members. Our leads have supported our staff and supervisors by acting as subject matter experts, helping Call Center staff in providing correct information to our callers.

We have found having lead positions in place provides supervisors the opportunity to focus on the most sensitive escalated issues, develop staff, and perform the administrative functions of the Call Center. Therefore, we would like to add permanent lead positions to the Call Center at the RBS III level. In addition to providing the support to the Supervisors, it will also provide a career path for exemplary Call Center RBS IIs with an interest in promoting and staying within our Call Center.

Add eight RBS II positions to the Call Center to offer RDOs to Call Center staff: Several years ago, LACERA phased out the RDO (Regular Day Off) schedule benefit for the Call Center. The RDO schedule was phased out because the staffing size of the Call Center was not large enough to adequately serve our members and meet our Key Performance Indicator (KPI) goals. The RDO schedule works well in many other divisions because the total number of work hours an employee works remains the same, and the work can be distributed across those hours without any detriment to production goals. Unfortunately, a Call Center does not have the option of distributing

the work differently; staff must be on hand to produce the work when its delivered. Complicating matters further, Mondays experience a higher call volume than other days of the week, and the last week of a month and the first week of a month see high call volumes on all days due to payroll.

Our Call Center staff are well trained and often promote to other positions within LACERA after being trained and working in the Call Center for a few years. We have experienced challenges retaining talent in the Call Center. Staff has provided feedback that they would like to remain in the Call Center longer because they enjoy working directly with members. Unfortunately, not being able to enjoy the benefit of RDO schedules discourages them from remaining in our Call Center.

The Member Services management team is committed to engaging its staff, and has taken this into consideration, and determined it is time to request the additional staff that would allow us to provide the RDO benefit schedule to all Call Center staff. With the use of Workforce Management software, Member Services management has analyzed the number of Call Center staff needed to offer RDOs while still meeting our grade of service (GoS) of answering 80% of our incoming calls within 60 seconds.

Overtime

Member Services continues to need overtime resources to expand our Saturday Pre Retirement Seminars, individual counseling and our Neighborhood Workshop Seminars. Pre-Retirement Seminars and individual counseling appointments are offered one Saturday each month in our Pasadena Member Service Center. This service is provided through overtime and each Seminar requires supervision and a number of Retirement Specialists.

We also anticipate a Neighborhood Workshop event quarterly during FY 2018-19 with presentations held at locations throughout Los Angeles County on weekends. Staff for the Neighborhood Workshop are compensated through the Member Services overtime budget.

Member Services staff continue to volunteer to assist our Benefits business partners in processing benefits work, particularly during the March Madness season. We anticipate a continuing request from Benefits for our support.

The requested overtime budget for FY 2018-19 is \$115,400 and is not increased from FY 2017-18.

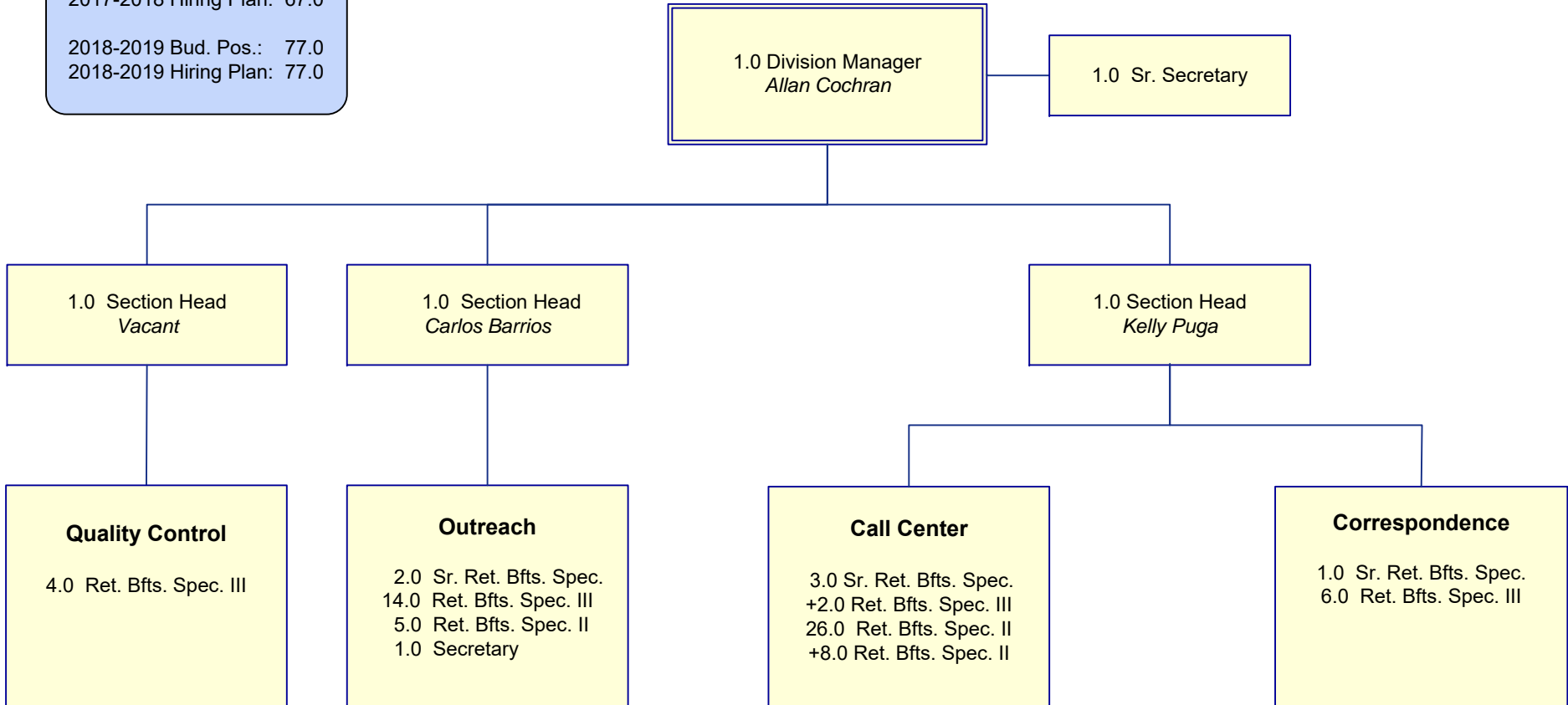
Agency Temporary Employees

Member Services continues to strive to staff the Member Services Center front desk with RBS IIs and end our practice of hiring temporary employees for these positions. We are much closer to this objective as Member Services is much closer to becoming fully staffed. For FY 2018-19, we are requesting the use of temporary agency employees while we complete the recruiting, hiring and training process for additional RBS II's.

MEMBER SERVICES DIVISION

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 67.0
 2017-2018 Hiring Plan: 67.0
 2018-2019 Bud. Pos.: 77.0
 2018-2019 Hiring Plan: 77.0



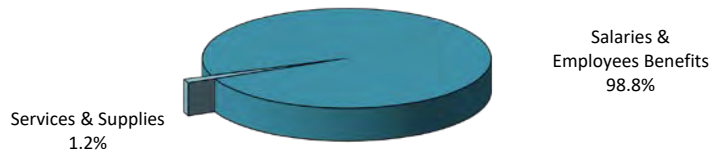
+ Added position

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

MEMBER SERVICES

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	\$8,630,096	\$7,231,366	\$3,743,310	\$7,055,089	\$1,575,007	22.3%	\$1,398,730	19.3%
Services & Supplies	107,500	80,000	55,353	79,741	27,759	34.8%	27,500	34.4%
OPERATING BUDGET	\$8,737,596	\$7,311,366	\$3,798,663	\$7,134,830	\$1,602,766	22.5%	\$1,426,230	19.5%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

MEMBER SERVICES

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$5,662,617	\$4,661,502	\$2,277,852	\$4,266,000	\$1,396,617	32.7%	\$1,001,115	21.5%
Total Agency Temp Salaries	129,300	75,100	71,717	122,000	7,300	6.0%	54,200	72.2%
Employee Benefits (Variable)	2,853,056	2,133,135	1,055,943	2,020,853	832,203	41.2%	719,921	33.7%
Employee Benefits (Other)	378,872	350,765	180,861	347,300	31,572	9.1%	28,107	8.0%
OPEB Contribution	83,806	53,035	28,030	61,200	22,606	36.9%	30,771	58.0%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	115,400	115,400	113,221	214,100	(98,700)	-46.1%	0	0.0%
Bilingual Bonus	21,600	21,600	9,250	17,200	4,400	25.6%	0	0.0%
Sick Leave Buyback	10,000	10,000	6,436	6,436	3,564	55.4%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$9,254,651	\$7,420,538	\$3,743,310	\$7,055,089	\$2,199,562	31.2%	\$1,834,113	24.7%
Salary Differential **	(624,555)	(189,172)	-	-	-	-	(435,383)	230.2%
TOTAL S&EB	\$8,630,096	\$7,231,366	\$3,743,310	\$7,055,089	\$1,575,007	22.3%	\$1,398,730	19.3%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

MEMBER SERVICES

		17-18	2018-2019 BUDGET				CHANGE		
		BUDGT.	BUDGT.	SCHEDULE	MO. RATE	AMOUNT	BUDGT.	AMOUNT	CHANGE JUSTIFICATION
		POS.	POS.				POS.		
00773A	DIVISION MANAGER	1	1	LS12	12,298	147,578			
00772A	SECTION HEAD, LACERA	3	3	LS9	9,900	356,383			
01312A	SENIOR RETIREMENT BENEFITS SPECIALIST	6	6	98A	7,420	534,240			
01311A	RETIREMENT BENEFITS SPECIALIST III	24	26	92G	6,400	1,996,912	2	153,609	Add 2 Ret. Bfts. Spec III
00439A	SENIOR SECRETARY	1	1	86F	5,426	65,110			
01310A	RETIREMENT BENEFITS SPECIALIST II	31	39	86A	5,359	2,508,012	8	514,464	Add 8 Ret. Bfts. Spec II
00438A	SECRETARY	1	1	79K	4,532	54,382			
PERMANENT POSITIONS		67	77				10		
GROSS SALARIES						5,662,617		668,073	
120-DAY RETIREE(S)						0			
TOTAL SALARIES								\$ 5,662,617	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

MEMBER SERVICES

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$47,500	\$35,000	\$27,840	\$43,025	\$4,475	10.4%	\$12,500	35.7%
OFFICE SUPPLIES & EQUIPMENT	22,000	14,000	12,632	21,439	561	2.6%	8,000	57.1%
EDUCATIONAL EXPENSES	27,000	27,000	11,833	10,976	16,024	146.0%	0	0.0%
MISCELLANEOUS	11,000	4,000	3,048	4,300	6,700	155.8%	7,000	175.0%
TOTAL	\$107,500	\$80,000	\$55,353	\$79,740	\$27,760	34.8%	\$27,500	34.4%

*All amounts rounded to the nearest dollar.

Quality Assurance Division

Mission Statement

Our mission is to ensure that LACERA provides the promised benefits in a timely and accurate manner. We accomplish this mission primarily by training staff and monitoring staff's output. By assuring the quality of LACERA's work product, we help maintain a high level of accuracy, reduce the rate of errors, and facilitate the efficient operation of other divisions.

Our Team FY 2018-2019

Quality Assurance Chief:
Derwin Brown

- 18 budgeted positions

Within Quality Assurance, we have three Quality Audit teams, consisting of the following positions:

- Senior Quality Auditor
- Quality Auditor II

FY 2018-2019 Highlights

Staffing

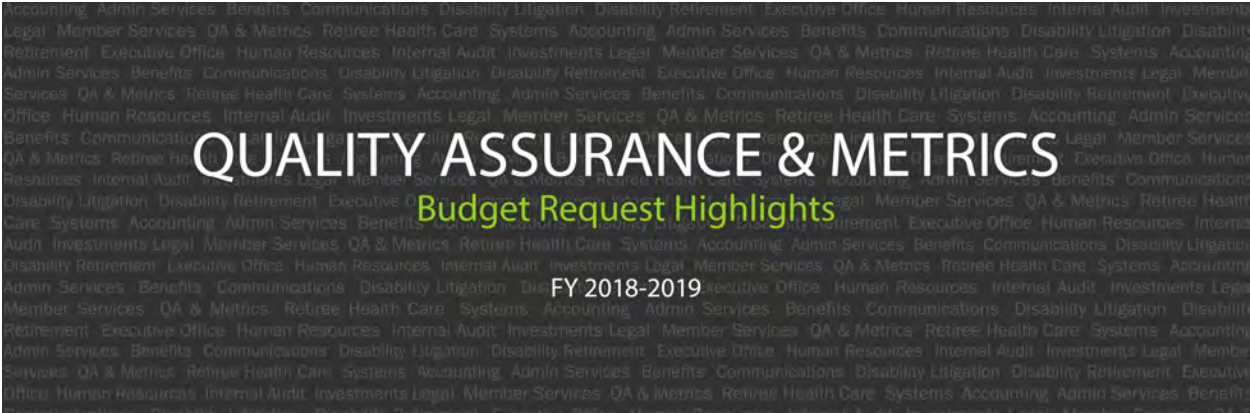
There is currently one vacancy in the Quality Assurance Division that we plan on filling in FY 2018-2019. The division will also request classification studies for an Assistant Division Manager and permanent Senior Quality Analysts, as well as a divisional rotation to provide metrics supporting the classification study for the Assistant Division Manager position.

Since November 1, 2016, we have assigned Quality Auditor II's to a series of highly analytical processes related to PEPPA pay codes, System Benefit Calculation Engine testing, and Special Projects with the goal of expanding their analytical skills and gathering data to develop a new classification of Senior Quality Analyst position in Quality Assurance.

Services & Supplies

The division's request for services and supplies is consistent with the usual incremental increases seen each year in every division.





INTRODUCTION

The Quality Assurance & Metrics Division (Quality Assurance) is an employee development and auditing unit within LACERA, whose mission is to ensure the quality of the work produced by other divisions.

Currently, there are eighteen full-time budgeted positions. The Chief, Quality Assurance & Metrics; four Senior Quality Auditors; 11 Quality Auditor IIs; one Internal Auditor, and one Senior Secretary.

A. Employee Development

To help support continuity of work quality, employee development, and performance improvement within the LACERA divisions, Quality Assurance provides three levels of essential training. Quality Assurance training includes the following:

- CORE Benefit Administration Curriculum,
- Advanced CERL Education (ACE), and
- Refresher courses in CORE Benefits Administration for veteran staff. The majority of staff participating in these types of training courses work in the Benefits Division, the Member Services Division, the Disability Retirement Division, or the Retiree Health Care Division.

Also, as needed, Quality Assurance provides periodic, specialized training to other divisions; including, but not limited to, the Financial and Accounting Services Division; the Communications Division, and the Disability Litigation Division.

B. Quality Auditing

Another method used by Quality Assurance to ensure the quality of the work produced by other divisions is to monitor, evaluate, and verify the accuracy of the work produced by permanent staff within the Benefits and Member Services Divisions– otherwise known as “auditing.” For example, our audits include such things as ensuring benefit calculations are mathematically correct and in compliance with the law to mitigate the risk of overpaid benefits. This includes testing Excel benefit calculation worksheets to ensure that the correct formulas (retirement law and actuarial) are being used and the worksheet is functioning as intended. The quality audits are performed at three (3) different levels which are defined as the CORE Benefits Administration Audit, the Inline Audit, and the Classic Audit.

In FY 2018-19, Quality Assurance will partner with the Retiree Healthcare Division to enhance their internal quality control program. Quality Assurance involvement includes recommendations for risk assessments, audit training, developing audit criteria, communicating exceptions, and developing a corrective and preventive action plan.

C. Special Projects

Quality Assurance also develops, tests, and promulgates the metrics used in the auditing of LACERA’s work product. The majority of the metrics are derived from the law – CERL in particular. Quality Assurance is deeply involved in analyzing, testing, and validating new procedures, calculations, legislation, and benefit calculation programming. Examples include the beta testing of hundreds of scenarios in the benefit calculation engine used in LACERA’s internal processing system, validating mass contribution rate changes for all County employees, validating member account adjustments for the felony conviction process, and analyzing new County pay codes to determine if they are pensionable under PEPRA (in conjunction with Legal counsel). Quality Assurance also partners with the Benefits Division to address and facilitate data clean-up projects as directed by the organization’s strategic goals as part of our ongoing contribution to the Quality Eco-System.

STAFFING

There is currently one vacancy in the division. We plan on filling that vacancy in FY 2018-19.

We also request classification studies for an Assistant Division Manager and for Senior Quality Analysts for future permanent positions in Quality Assurance. During FY 2018-19 we request a divisional rotation to provide metrics to support the classification study for the Assistant Division Manager position.

Since November 1, 2016, we have assigned Quality Auditor II’s to a series of highly analytical processes related to PEPRA pay codes, System Benefit Calculation Engine

testing, and Special Projects with the goal of expanding their analytical skills and gathering data to develop a new classification of Senior Quality Analyst position in Quality Assurance.

SERVICES AND SUPPLIES

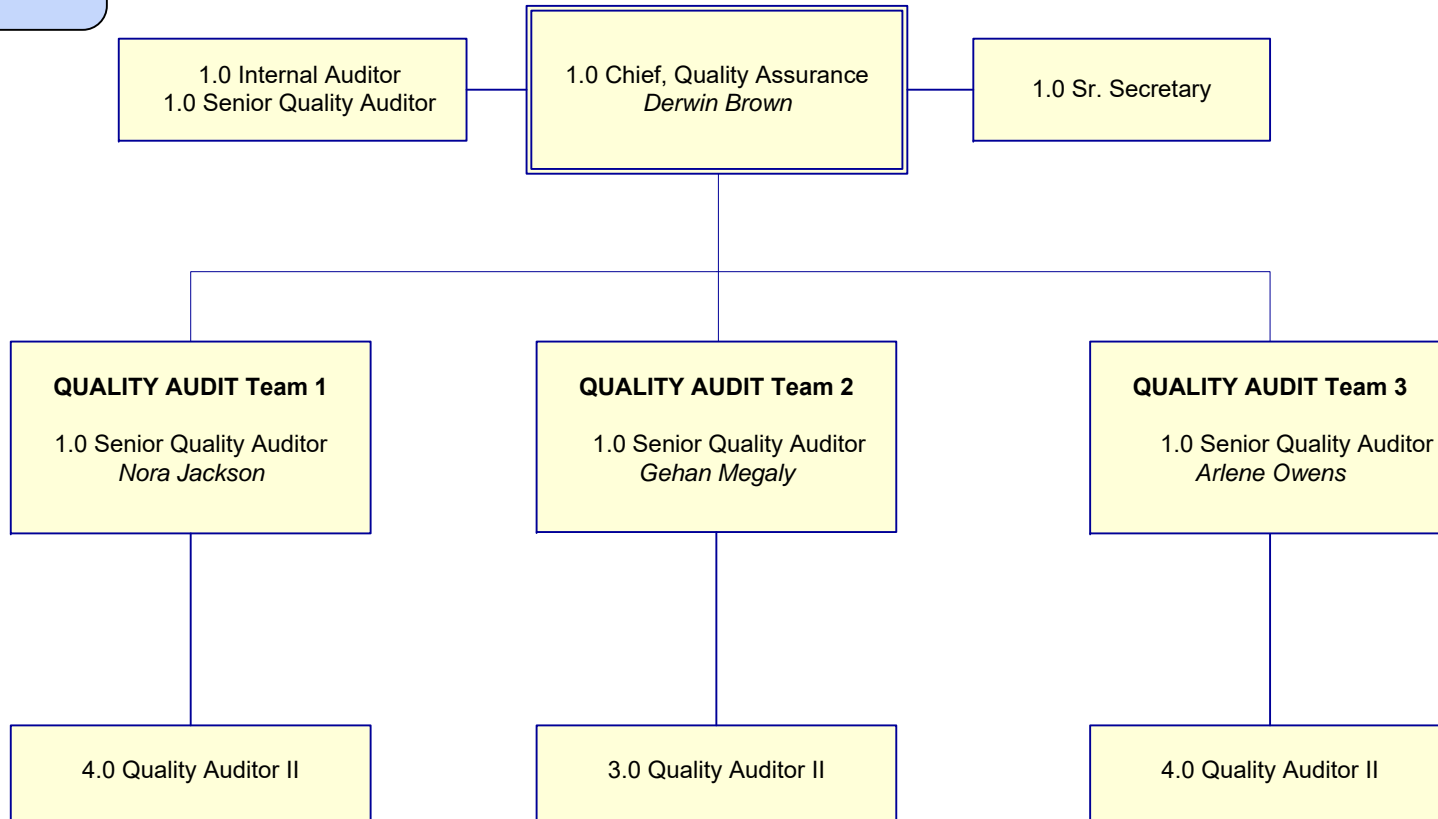
Our request for services and supplies is consistent with the usual incremental increases seen each year in every division – this is simply the cost of doing business.

QUALITY ASSURANCE DIVISION

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 18.0
2017-2018 Hiring Plan: 18.0

2018-2019 Bud. Pos.: 18.0
2018-2019 Hiring Plan: 18.0

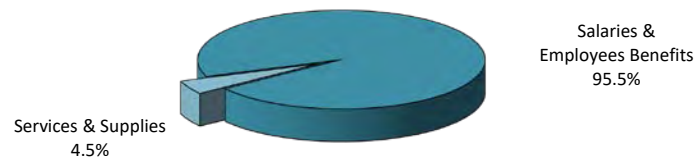


LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Salaries & Employees Benefits	\$3,024,222	\$2,806,263	\$1,204,948	\$2,330,089	\$694,133	29.8%	\$217,959	7.8%
Services & Supplies	143,000	129,600	42,111	127,877	15,122	11.8%	13,400	10.3%
OPERATING BUDGET	\$3,167,222	\$2,935,863	\$1,247,059	\$2,457,966	\$709,255	28.9%	\$231,359	7.9%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

QUALITY ASSURANCE

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$1,698,958	\$1,585,689	\$717,496	\$1,349,479	\$349,479	25.9%	\$113,269	7.1%
Total Agency Temp Salaries	0	0	0	0	0	0.0%	0	0.0%
Employee Benefits (Variable)	1,137,022	1,031,683	410,041	823,410	313,612	38.1%	105,339	10.2%
Employee Benefits (Other)	129,855	127,583	65,575	131,050	(1,195)	-0.9%	2,272	1.8%
OPEB Contribution	28,724	19,290	11,481	25,050	3,674	14.7%	9,434	48.9%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	1,871	1,000	355	1,100	771	70.1%	871	87.1%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	0	0	0	0	0	0.0%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$2,996,429	\$2,765,245	\$1,204,948	\$2,330,089	\$666,340	28.6%	\$231,184	8.4%
Salary Differential **	27,793	41,019	-	-	-	-	(13,226)	-32.2%
TOTAL S&EB	\$3,024,222	\$2,806,263	\$1,204,948	\$2,330,089	\$694,133	29.8%	\$217,959	7.8%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

QUALITY ASSURANCE

		2018-2019 BUDGET				CHANGE		
		17-18 BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00780A	CHIEF, QUALITY ASSURANCE	1	1	LS12	12,298	147,578		
00765A	INTERNAL AUDITOR	1	1	104K	8,927	107,128		
00798A	SENIOR QUALITY AUDITOR	4	4	102L	8,476	406,865		
00797A	QUALITY AUDITOR II	11	11	97J	7,366	972,276		
00439A	SENIOR SECRETARY	1	1	86F	5,426	65,110		
	PERMANENT POSITIONS	18	18				0	
	GROSS SALARIES					1,698,958		0
	120-DAY RETIREE(S)					0		
TOTAL SALARIES						\$ 1,698,958		

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represente/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

QUALITY ASSURANCE

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$48,500	\$35,500	\$19,762	\$44,487	\$4,013	9.0%	\$13,000	36.6%
OFFICE SUPPLIES & EQUIPMENT	3,500	3,500	2,498	3,750	(250)	-6.7%	0	0.0%
PROFESSIONAL & SPECIALIZED SERVICES	45,000	45,000	0	45,000	0	0.0%	0	100.0%
EDUCATIONAL EXPENSES	45,000	45,000	19,404	33,737	11,263	33.4%	0	0.0%
MISCELLANEOUS	1,000	600	446	904	96	10.6%	400	66.7%
TOTAL	\$143,000	\$129,600	\$42,111	\$127,877	\$15,122	11.8%	\$13,400	10.3%

*All amounts rounded to the nearest dollar.

Systems Division

Mission Statement

To provide long-range strategic planning for the current and foreseeable information requirements of the Association; to provide appropriate data processing resources and applications programming to support such requirements; and to provide technical assistance and consultation to LACERA management and staff on an ongoing basis.

Our Team FY 2018-2019

Information Systems Manager:
James P. Brekk

- 60 budgeted positions

We have five distinct sections within Systems:

- Systems Development
- Member Systems and Applications
 - IRIS/CERIS
 - Business Requirements Data Administration
 - Application Development
- Technology
 - HD/Customer Support Help Desk
 - Platform Technologies
 - PC Applications
 - Telecom/AV/Financial
- Special Projects
- Information Security

FY 2018-2019 Highlights

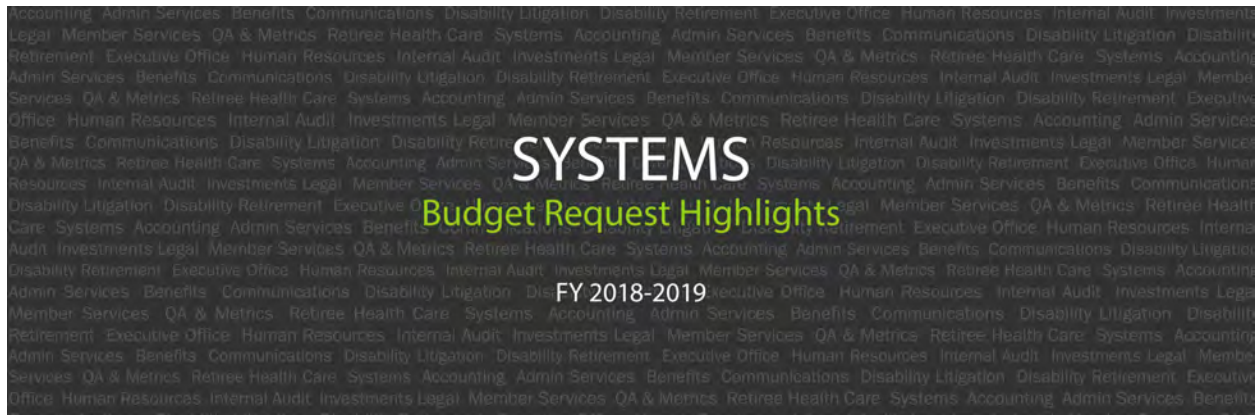
Staffing

Systems Division faces both ongoing demand for technology resources and increased difficulty in attracting qualified candidates. To compete with the private market, LACERA must be able to offer a competitive compensation package, which includes a higher salary range. The Boards approved new classifications during FY 2016-2017, and the division is now awaiting the ratification of these classifications by the Board of Supervisors so that we can begin the necessary recruitment process.

Services & Supplies

Notable projects included in the budget requests include \$200,000 for continued updates to the Board Operation Management System; \$75,000 for public broadcast or streaming capabilities for Board meetings; \$200,000 for network infrastructure and switch expansion to accommodate growing staff and work areas; and \$75,000 for electronic content management (ECM) historical data imaging to continue converting important historical paper documents, plans, brochures, and reports to digital content.





LACERA's Systems Division is uniquely a full-service, end-to-end technology operation. Providing a comprehensive suite of technology solutions, our expertise and complexity surpasses many larger organizations. The division further differentiates itself by operating our technology portfolio in house. Leveraging a gamut of expertise dedicated to LACERA's Mission, this self-sufficiency business model has demonstrated its superiority in many ways. Compared to a vendor-led or a non-dedicated service model, our in-house operation offers benefits such as rapid response, institutional knowledge, better internal controls, superior security, and deep specialization.

Systems Division deploys sophisticated, proprietary technology solutions across every operating unit at LACERA. These solutions enjoy unparalleled up time and are protected by capable information security. Today, the dependency on technology and reliance on security are not only unavoidable, they are essential. With the ongoing demand for technology resources, our significant challenges are hiring and retaining qualified staffing.

We have been experiencing increased difficulties in attracting qualified candidates. LACERA is competing with the private market for qualified individuals with the requisite experience and skill set. As noted above, the Systems Division provides a comprehensive suite of technology products and services. To maintain our effectiveness, LACERA must be able to offer a competitive compensation package which includes a higher salary range than we currently are able to offer. To help alleviate staffing challenges, your Boards approved new classifications during FY 2016-17. We are at this time awaiting the ratification of these classifications by the Board of Supervisors so that we can begin the necessary recruitment process.

Project Highlights

Board Operation Management System: \$200,000

During FY 2017-18, we updated the aging Boardroom audiovisual systems that were originally implemented in 2003. The update included new video cameras, and upgrading the amplifiers and recording devices. Staff is also working on the framework and design concepts to upgrade the voting system. With the increasing demand for digital content, staff additionally plans to implement a system to streamline the Board agenda material from the current manual paper-shuffling system to a more digitally facilitated system.

Board Meetings Public Broadcast and/or Streaming: \$75,000

At the Joint Organizational Governance Committee meeting in December of 2017, the committee discussed whether LACERA should provide online public access to the Board meetings. Options discussed were public access through live streaming of meetings and/or recording, archiving and downloading public meetings podcast for online listening. While no action was taken at the committee meeting, staff is including the funding to build out the back-end system to support various content delivery requirements.

Network Infrastructure & Switch Expansion \$200,000

Due to an increasing staffing count and work area expansion, we need to increase the capacity in our current Enterprise Network Switch (ENS). The ENS is the path for every computer at LACERA. It is the information exchange for every server, mainframe, internet connection printer and more. The proposed budget includes the ENS expansion as well as additional wiring, racks and routers to support the expansion. The budget additionally includes possible construction in the sixth floor data center to accommodate the additional equipment needed to expand the network to accommodate future growth.

Electronic Content Management (ECM) Historical Data Imaging: \$75,000

We continue our digital transformation journey by converting paper documents to digital content. In FY 2018-19, our focus is on LACERA historical data by ensuring that Actuarial reports, Plan Brochures, Summary Plans and other relevant documents are captured and cataloged in digital form. This initiative has become a key element to LACERA's future operation. With these important documents in digital form, they are

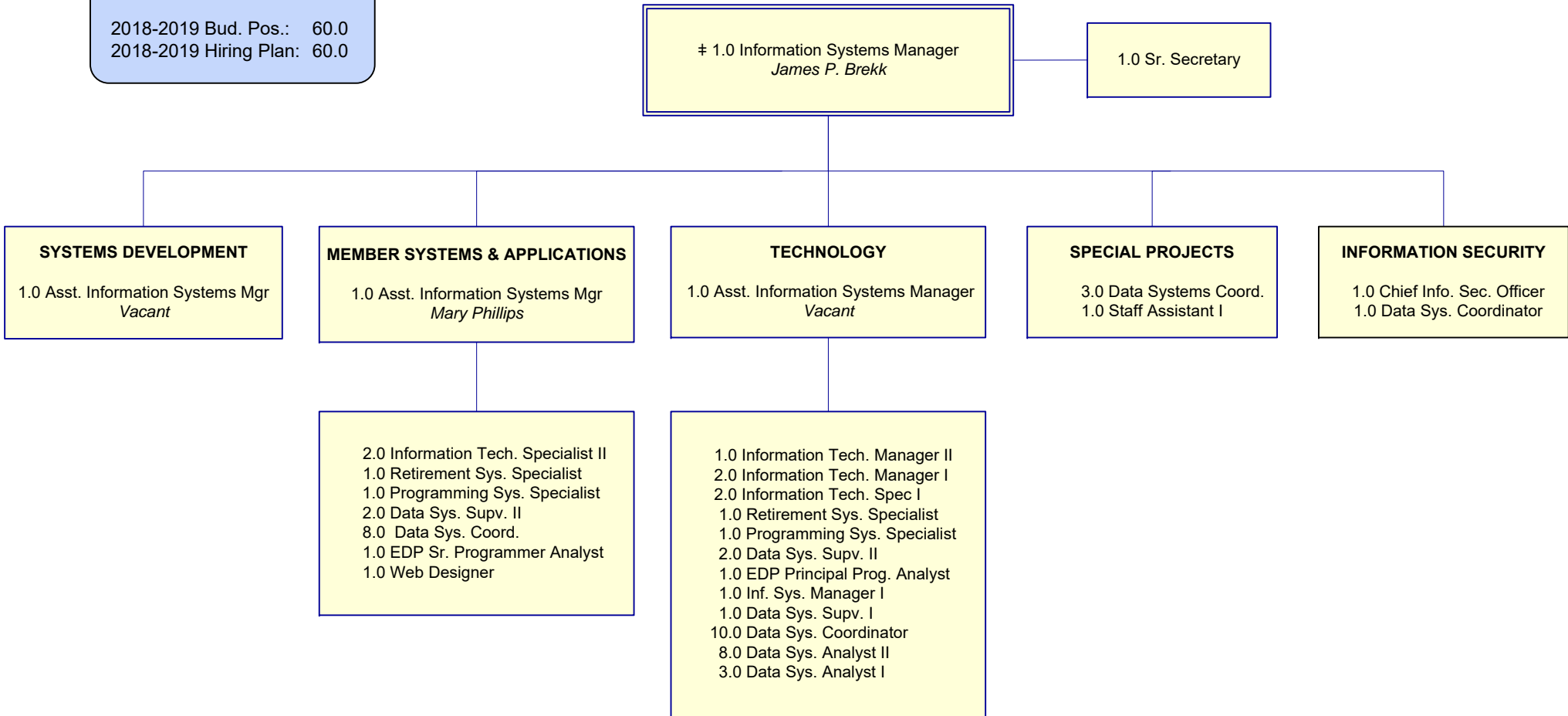
available for review within a few computer clicks. Converting the paper and printed documents to digital preserves the historical data for posterity.

SYSTEMS DIVISION

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 60.0
 2016-2017 Hiring Plan: 60.0

2018-2019 Bud. Pos.: 60.0
 2018-2019 Hiring Plan: 60.0



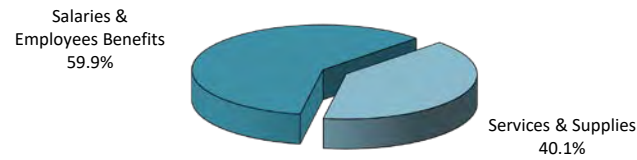
‡ James P. Brekk is currently serving as Interim Deputy Chief Executive Officer
 ‡ Roxana Castillo is serving as Interim Manager, Information Systems
 ‡ Mary Phillips is serving as Interim Manager, Member Systems

LACERA
FISCAL YEAR 2018-2019
FINAL BUDGET SUMMARY

SYSTEMS DIVISION

	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET		
	PROPOSED BUDGET 2018-2019	YTD		\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE	
		BUDGET	(02-28-18)					PROJECTION
Salaries & Employees Benefits	\$9,192,677	\$11,015,805	\$4,739,099	\$8,714,840	\$477,837	5.5%	(\$1,823,128)	-16.6%
Services & Supplies	6,163,810	5,616,700	2,470,137	5,149,225	1,014,585	19.7%	547,110	9.7%
OPERATING BUDGET	\$15,356,487	\$16,632,505	\$7,209,237	\$13,864,065	\$1,492,423	10.8%	(\$1,276,018)	-7.7%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$7,348,045	\$6,813,316	\$2,512,324	\$4,696,300	\$2,651,745	56.5%	\$534,729	7.8%
Total Agency Temp Salaries	992,000	1,527,000	735,941	1,193,950	(201,950)	-16.9%	(535,000)	-35.0%
Employee Benefits (Variable)	2,311,242	2,953,063	1,123,304	2,079,500	231,742	11.1%	(641,821)	-21.7%
Employee Benefits (Other)	396,270	460,359	237,041	472,850	(76,580)	-16.2%	(64,089)	-13.9%
OPEB Contribution	87,655	69,605	31,497	68,750	18,905	27.5%	18,050	25.9%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	130,100	130,100	94,652	199,150	(69,050)	-34.7%	(0)	0.0%
Bilingual Bonus	0	0	0	0	0	0.0%	0	0.0%
Sick Leave Buyback	6,000	6,000	4,340	4,340	1,660	38.2%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$11,271,311	\$11,959,444	\$4,739,099	\$8,714,840	\$2,556,471	29.3%	(\$688,133)	-5.8%
Salary Differential **	(2,078,633)	(943,638)	-	-	-	-	(1,134,995)	120.3%
TOTAL S&EB	\$9,192,677	\$11,015,805	\$4,739,099	\$8,714,840	\$477,837	5.5%	(\$1,823,128)	-16.6%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018, except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

LACERA
FISCAL YEAR 2018-2019
FINAL SALARIES

SYSTEMS DIVISION

	17-18 BUDGT. POS.	2018-2019 BUDGET				CHANGE	
		BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT CHANGE JUSTIFICATION
00783A	1	1	LS17	17,656	211,867		
99999A	1	1	LS14	14,212	170,545		
00781A	3	3	LS12	12,298	442,733		
99999A	1	1	LS12	12,298	147,578		
99999A	2	2	LS11	11,440	274,563		
99999A	2	2	120F	13,644	327,447		
99999A	2	2	115D	11,854	284,498		
02644A	2	2	113C	11,201	268,815		
02600A	2	2	110F	10,403	249,663		
00460A	4	4	113J	11,368	545,642		
00453A	1	1	113A	11,145	133,740		
00782A	1	1	113D	11,228	134,741		
00459A	1	1	108B	9,755	117,064		
00469A	22	22	108B	9,755	2,575,415		
00452A	1	1	104G	8,862	106,343		
00458A	8	8	102B	8,291	795,901		
00457A	3	3	99F	7,719	277,900		
00788A	1	1	98K	7,587	91,043		
00426A	1	1	81L	4,796	57,555		
00439A	1	1	86F	5,426	65,110		
PERMANENT POSITIONS	60	60				0	
GROSS SALARIES					7,278,166	0	
120-DAY RETIREE(S)		1		5,823.20	69,878		
TOTAL SALARIES					7,348,045	\$ 7,348,045	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

SYSTEMS DIVISION

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		2017-2018			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	YTD (02-28-18)	PROJECTION				
COMMUNICATIONS	\$1,011,000	\$587,000	\$288,056	\$587,000	\$424,000	72.2%	\$424,000	72.2%
TRANSPORTATION & TRAVEL	32,500	32,500	8,545	32,500	0	0.0%	0	0.0%
POSTAGE	370,000	335,000	225,000	335,000	35,000	10.4%	35,000	10.4%
OFFICE SUPPLIES & EQUIPMENT	482,510	313,400	253,819	313,400	169,110	54.0%	169,110	54.0%
EQUIPMENT MAINTENANCE	605,400	540,400	179,645	540,400	65,000	12.0%	65,000	12.0%
PROFESSIONAL & SPECIALIZED SERVICES	879,600	912,100	345,864	912,100	(32,500)	-3.6%	(32,500)	-3.6%
COMPUTER SERVICES & SUPPORT	2,722,400	2,835,900	1,152,768	2,365,900	356,500	15.1%	(113,500)	-4.0%
EDUCATIONAL EXPENSES	59,400	59,400	14,090	59,400	0	0.0%	0	0.0%
MISCELLANEOUS	1,000	1,000	2,350	3,525	(2,525)	-71.6%	0	0.0%
TOTAL	\$6,163,810	\$5,616,700	\$2,470,137	\$5,149,225	\$1,014,585	19.7%	\$547,110	9.7%

*All amounts rounded to the nearest dollar.

PROJECTED NON-ADMINISTRATIVE EXPENSES
For the Fiscal Year Ended June 30, 2018

	Current Year		Prior Year ACTUAL FOR FY 2016-2017
	EXPENSES AS OF 9/30/2017	PROJECTED FOR FY 2017-2018	
Pension Trust Fund:			
Investment Management Fees			
U.S. Equity	\$ 4,167,373	\$ 15,320,762	\$ 17,093,643
Non-U.S. Equity	7,885,336	33,349,619	28,273,633
Fixed Income	7,051,911	29,486,504	28,399,267
Cash and Short-Term	204,008	816,032	770,779
Mortgage Loan Services	23,229	92,229	107,268
Private Equity	445,117	4,457,471	5,306,529
Real Estate	-	34,472,443	33,539,049
Hedge Funds	446,537	1,802,744	1,701,903
Commodities	977,624	4,338,819	3,516,512
Total Investment Management Fees	21,201,134	124,136,621	118,708,582
Other Investment Expenses			
Consultants			
General Investment Portfolio	35,000	430,000	450,250
Private Equity	341,500	1,456,000	1,982,697
Real Estate	-	300,000	300,000
Other Consulting Fees	18,025	132,225	276,875
	394,525	2,318,225	3,009,822
Custodians			
Banking and Treasury	715,271	2,861,085	2,981,125
Hedge Funds	32,864	129,659	108,583
Mortgages	-	5,000	5,035
	748,135	2,995,744	3,094,743
Performance and Other Fees	11,175,861	69,451,270	25,121,188
Investment Legal Counsel	251,315	612,458	415,706
Total Other Investment Expenses	12,569,836	75,377,697	31,641,460
Total Management Fees and Other Investment Expenses	\$ 33,770,970	\$ 199,514,318	\$ 150,350,042
Actuarial Consulting Services	123,467	246,935	303,354
Total Pension Fund Non-Administrative Expenses	\$ 33,894,438	\$ 199,761,253	\$ 150,653,396
Retiree Health Care (RHC) Program Funds:			
Fixed Income Management Fees	\$ 13,225	\$ 61,891	\$ 51,633
Short-Term Management Fees	4,357	17,854	14,702
Custodian Fees	6,434	25,536	27,231
Total RHC Program Non-Administrative Expenses	\$ 24,015	\$ 105,282	\$ 93,566
Other Post Employment Benefits (OPEB) Trust Fund:			
Fixed Income Management Fees	\$ 10,247	\$ 77,529	\$ 52,752
Global Equity Management Fees	\$ 30,411	\$ 239,911	\$ 183,887
General Investment Portfolio Consultant	\$ 13,750	\$ 55,000	\$ 77,375
Custodian Fees	\$ 20,769	\$ 79,855	\$ 71,829
Total OPEB Trust Non-Administrative Expenses	\$ 75,177	\$ 452,295	\$ 385,843

LACERA Vision and History

LACERA is charged with the authority and duty to administer defined retirement plan benefits for the employees of Los Angeles County and participating agencies. The LACERA Boards of Retirement and Investments have distilled these responsibilities into the following mission statement:

We produce, protect, and provide the promised benefits.

The demand for quality service in all sectors has increased over the last decade. Our members compare the quality of LACERA service to other service organizations. With your Board's support, we continually look for ways to improve efficiency and exceed the expectations of our members by recalling our vision:

**One contact, one response.
Accuracy, 100% of the time.**

This vision is the driving force behind our efforts and expenditures and represents a clear view of how we measure improvement. In our vision statement, the word "One" implies that we streamline the current processes and reduce the time and number of people required to answer each member inquiry. The word "Accuracy" implies that we constantly develop ways to improve the quality of the service we provide to our members.

Improvements to member service delivery, and generally to the way we conduct business, are the results of successful efforts over many years, from near-term projects to long range, multi-year initiatives.

The Strategy Behind the Vision

As in prior years, our Executive Summary includes some historical highlights and major milestones selected to illuminate the strategic plans supporting the LACERA Vision and to provide background context for the Fiscal Year 2018-2019 Budget Summary.

“Produce the Promised Benefits”

Laying the Foundation

Early on, LACERA’s Boards, responding to increasing interest among the membership for a broader range of services delivered more timely and more dependably, took action to ensure that the Association could continue meeting our fiduciary obligations to current and future members and to the plan sponsor, Los Angeles County.

Recognizing that computer technology was the key to modern service delivery, LACERA contracted for the development of IRIS, an online system to manage active and retired member records, and to automate major functions such as retiree payroll, benefit estimates, payroll interface and tax reporting. This early achievement provided us with the cornerstone upon which to build toward our goal of becoming a premier service provider.

The introduction of information technology was just one component of a broader vision that included a large investment in staff development and training, and a complete restructuring of our operations. Symbolic of our progress and the milestones we had reached, was the relocation of LACERA’s offices to the Gateway Plaza in Pasadena. Chief among the many advantages of the move was a convenient location for our members to conduct business one-on-one with retirement benefit specialists, and attend planning seminars conducted by staff with participation from experts in Los Angeles County’s deferred comp program, insurance and health benefits.

Building On Success

Retooling the workplace for superior member service was accomplished through the efforts of cross-functional teams of knowledgeable staff working with robust technology and modern work methods.

The key technology for this effort was FileNET’s document imaging and automated workflow software. The imaging component consists of scanning paper documents into a secure database for fast retrieval by authorized staff working from network computers. The automated workflow system is driven by document types that are associated with various business functions (e.g. member enrollment, address change, death notification). Work is collected in work queues by business function and is then distributed to Retirement Benefits Specialists (RBS) based on rules such as workload balancing, approval levels, and even individual staff with particular skills.

Among the largest efforts ever undertaken at LACERA was the conversion of our paper-based member documents into electronic images. Initially, we transferred

3.5 million of our member's existing 'historical' paper documents into the electronic Member Document Library. Since the back file conversion, we have scanned over millions of pages, processing documents daily as they are received, with an indexing accuracy rate exceeding 99%.

“Protect the Promised Benefits”

Quality Assurance Group

The Quality Assurance Group, which your Board established within the Retirement Services Division, and which was subsequently elevated to report directly to the Executive Office, has been critical to achieving the current level of consistency and quality in the delivery of member services. Their efforts have afforded success in both redesigned business processes and other areas of the operation by assuming, among others, the following responsibilities:

- Evaluating performance standards
- Evaluating customer service accuracy levels
- Reporting performance based on the standards
- Reviewing and rewriting benefit related work procedures
- Providing feedback for improvements to business processes
- Reviewing the business processes internal control adequacy
- Determining staff training needs
- Developing and providing training
- Providing feedback on adequacy of new hire training

The Benefits Division and Member Services Divisions are committed to providing our members with timely and accurate service. Accuracy is measured not only by quantitative financial standards but also qualitative standards, such as member file documentation, supporting documentation, appropriate peer review, adherence to approval policies, and acceptance of properly completed forms. The Quality Assurance Group provides an overall score for both quantitative and qualitative standards for the Benefits Division and Member Services Divisions, which are maintaining an accuracy rate of nearly 100%.

Keeping Everybody Online

Our Systems Division has consistently maintained above industry standard availability of our mainframe and local area network (LAN) platforms. We have been able to absorb increased demand while maintaining reliability and excellent response time. Our Retirement Benefit Specialists can efficiently provide service to the members via telephone, and process member requests without “waiting” for the computer. Behind the scenes, the Systems Division has developed a very robust LAN and has performed periodic upgrades to the mainframe computer and telecommunications platforms with minimal disruption to the delivery of service to our members.

For the past few years, Systems has been working toward modernizing the IRIS member system, using JAVA architecture to replace CERIS and other online components. Workspace, the new online client interface to the member system, was developed in house and tested by approximately 50 staff members before going into production. Recently, the new version of the Member Portal was updated to allow registered LACERA members the ability to add or change their information to include address, benefits, tax selection, deduction, etc.

Systems continues to work on expanding the functionality of Workspace. During FY 2017-18 Systems completed the migration of the client in basket processes (which allows us to distribute and work on member requests electronically) to the Workspace platform. This was a major milestone in our technology modernization project. We are continuing our focus on the integration of the disability work processes into Workspace, and have begun to look at the requirements for migrating Retiree Healthcare processes into Workspace as well. All of these projects will dramatically increase our ability to provide quality and timely service to our members and their beneficiaries.

The Systems Division conducts regular, audited tests of our information technology recovery plans and capabilities. In addition to basic recovery, we test against a variety of scenarios, to see if the data systems can be recovered, for example, in the absence of certain key technical staff, at remote locations, or under other adverse conditions.

Timeliness of Payroll

We protect our members by getting their benefits to them timely and safely. LACERA partners with reputable banking service providers that are able to effectively deliver electronic payments around the globe and also give LACERA the online tools to oversee the cash management function.

Ultimately, retirement is what LACERA is all about; therefore, we strive to get our members on the payroll as soon as possible. Nearly 99% of our retiring members are enrolled within the first available payroll following their termination dates. This outstanding level of productivity has been consistently met over the past few fiscal years, and is the result of efficient use of technology and nearly-constant refinement of our operation.

In addition to getting retirees on the payroll timely and safely, we are committed to effecting a smooth payroll transition for our members' survivors. Thanks in large part to our Seamless Survivor process, about 95% of survivors transition to the payroll within one payment cycle, with no interruption of benefits.

For retired member accounts with little or no survivor information on file, we must obtain the missing data (usually through the mail), and then manually set up an account on the retiree payroll. The vast majority of accounts requiring manual

intervention are still set up within one payroll cycle, with less than 1% requiring two or more payroll cycles to establish.

“Provide the Promised Benefits”

Member Outreach

We are committed to reaching out and educating our members about their retirement plan benefits. Our dedicated Outreach staff conduct workshops in house and on the road for new and retiring general and safety members. Beginning in FY 2017-18, the Outreach team added the concepts of Neighborhood Workshops to their efforts to reach out to members. These quarterly workshops are held throughout the County and combine the traditional workshop presentations and discussions with limited one-on-one counseling in the field. This effort helps personalize the workshop experience that our members receive

LACERA Call Center

Several years ago, LACERA implemented a dedicated call center and provided staff with the tools and training needed to answer member inquiries and assist members in the completion of routine services, such as address changes, tax elections, direct deposit and name changes, all while the members remained on the phone.

Because we are seeing a membership that is more informed and aware of their retirement benefits than ever before, we see a clear trend toward longer and more detailed discussions with members who prefer to receive in-depth counseling over the telephone.

Correspondence Group

Several years ago, LACERA formed a Correspondence Group in the Member Services Division to review member communications, identify the work to be performed, and forward member service requests to the appropriate work queues on a timely basis.

The Correspondence Group also provides return correspondence to those members seeking information about their accounts, or explanations about LACERA benefits, and serves as the point of contact for dispute resolution. The Correspondence Group takes the additional steps to ensure quality service is provided to those members contacting LACERA with sensitive issues.

Newsletters

Our Communications group helps us reach out to our members using a variety of communication vehicles, such as our regular newsletters, the active member *Postscript* and *Spotlight on Retirement* for our retirees.

LACERA.com

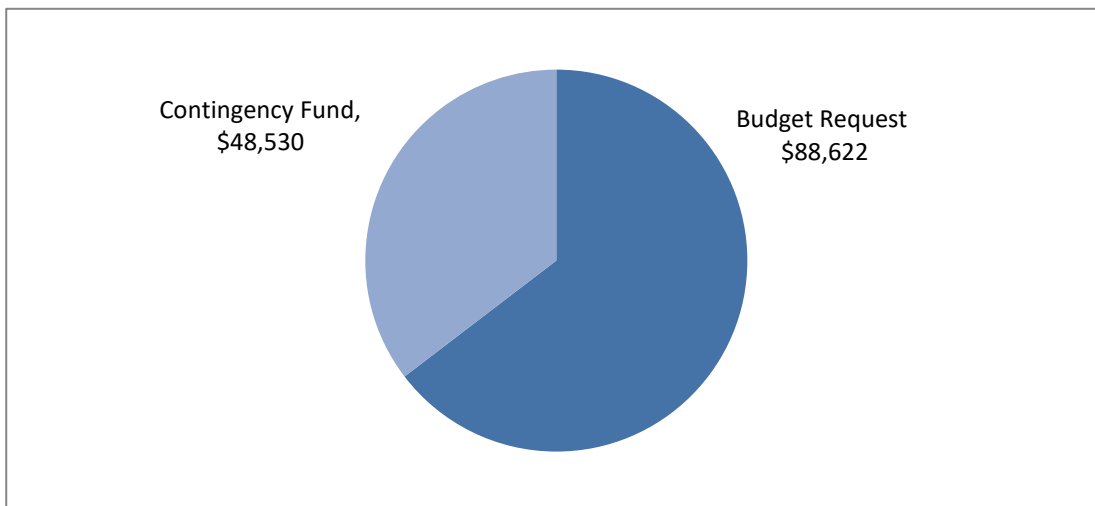
Another outstanding outreach tool, supported by Communications and Systems, is our web page, LACERA.com. The home page's five key sections, "About LACERA", "Benefits", "Health Care", "Investments", and "Publications", provides an excellent overview of our organization and quality information about plan benefits. Currently members can access a considerable amount of information regarding their benefits; in fact we have over 1,500 web pages and countless PDF documents are available online.

Also on the home page are various calculators that we have introduced over time. We currently support calculators for Plan Transfer, and retirement estimates, including the Unmodified Plus survivor option.

My LACERA.com, the member portal introduced in 2005, is continually expanding the list of self service features available to registered members. Using multi-factor authentication rules, as prescribed by the Federal Financial Institutions Examination Council (FFIEC), the portal currently boasts over 61,500 registered members. Among the most popular features is the online Retirement Estimate, which uses a member's IRIS records to produce a benefit estimate.

FISCAL YEAR 2018-2019
BASIS FOR BUDGET AND CONTINGENCY FUND CALCULATION
(Amounts in Thousands)

Actuarial Accrued Liability (as of June 30, 2017)	\$65,310,803
Statutory Budget Appropriation * (Twenty-one hundredths of 1% of the AAL)	137,153
Total Statutory Budget Appropriation	137,153
Less 2018-2019 Operating Budget Request	88,622
BALANCE REMAINING FOR CONTINGENCY FUND	\$48,530



* Pursuant to Section 31580.2 of the County Employees Retirement Law of 1937
(Government Code Title 3, Division 4, Part 3, Chapter 3)

POLICY DIRECTIVE
ADMINISTRATIVE BUDGET

LACERA's Board of Retirement and Board of Investments (the Boards) have the exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. To facilitate meeting this responsibility, LACERA uses a budgetary process to plan and defray the expenses of administering the system. This policy defines LACERA's administrative budget process.

Legal Requirement

Government Code Section 31580.2, of the County Employees Retirement Law, requires a budget, covering the entire expense for the administration of the retirement system, shall be adopted by the Boards annually, and shall be charged against the earnings of the retirement fund.

Budget Preparation

- Annually, by December 1, each Manager (defined as the head of any distinct organizational unit) will be provided a budget package containing a proposed budget, a budget preparation timetable, and a schedule of meeting dates between each Manager and the Executive Office.
- By February 1 of each year, the Manager will submit their proposed budget to the budget staff.
- A meeting between each Manager and the Executive Office, held in February of each year, will allow for the opportunity to discuss the organization's goals, future program plans, and staffing needs in relation to their proposed budget.
- The Executive Office will meet with the budget staff by March 1, if necessary, to discuss any changes to the proposed budget based on the Manager meetings.
- Budget staff will prepare and distribute the proposed Administrative Budget to all board members and managers, during the 3rd week in April.

Budget Adoption

Board members will be invited to open hearings during April and/or May to discuss the proposed Administrative Budget with the managers. Any requested revisions are completed and discussed at subsequent budget deliberation hearings/meetings.

A recommendation for approval of the Administrative Budget will be placed on the agenda at each Board of Retirement and Board of Investments meeting prior to June 30.

Budget Appropriation

Beginning with the 2011-2012 fiscal budget we began utilizing Government Code 31580.2 to determine the budget appropriation for the LACERA Administrative Budget.

Government Code 31580.2 states that the annual budget for administrative expenses of a '37 Act retirement system may not exceed twenty-one hundredths of 1% (0.21%) of the accrued actuarial liability of the retirement system. In addition, expenses for computer software, hardware and computer technology consulting services relating to those expenditures are not to be considered a cost of administration subject to the budget limit.

Budgetary Contingency Fund

The Budgetary Contingency Fund is available for unanticipated expenditures that may occur during the year. The respective board must approve funding for material over expenditures of previously budgeted items and previously unbudgeted expenditures.

Transfer of Funds Within the Operating Budget

Funding transfers between the major accounts, Salaries and Employee Benefits and Services and Supplies in the Operating Budget, must be approved by the Boards.

Budget Monitoring and Reporting

Budget staff monitors and analyzes departmental year-to-date expenditure information throughout the year; receives input from the Managers concerning any anticipated over/under expenditures; and prepares full year expenditure projections for each organizational unit. Significant budget variances are discussed and resolved with each Manager.

Budget Control Reports are prepared and provided to all Board members and management staff for review throughout the year. Subsequently, the Board of Retirement's Operations Oversight Committee and Managers discuss these reports in open public meetings.

Non-Administrative Expenses

Investments, Actuarial Services, and Attorneys

As provided in Government Code Section 31596.1, the expenses of investing its moneys, securing custodial bank services, securing triennial actuarial services,

and securing attorney services shall not be considered a cost of administering the system. As such, these costs are not included in the Administrative Budget.

Retiree Health Care Benefits Program

Our Retiree Health Care Benefits Program provides health care benefits to our membership on behalf of our plan sponsor, the County of Los Angeles. The insurance premiums are born solely by the participants of the plan and Los Angeles County. LACERA trust funds are not used for premium payments. The direct costs and variable overhead costs associated with the administration of the Retiree Health Care Benefits Program are charged against the premium payments and, as such, are not included in the Administrative Budget.

Retiree Healthcare Benefits Program

Mission Statement

To effectively administer the Retiree Healthcare Benefits Program for LACERA members and their eligible beneficiaries, and to provide a healthcare program of the highest quality at an affordable cost.

Our Team FY 2018-2019

Retiree Healthcare Director:
Cassandra Smith

- 28 budgeted positions

We have four distinct sections within Retiree Healthcare:

- Operations
- Financial and Special Projects
- Audits
- Call Center

FY 2018-2019 Highlights

Staffing

Retiree Healthcare is requesting the addition of four new positions for FY 2018-2019: one Quality Auditor I, two Retiree Benefits Specialist (RBS) III positions, and one RBS II position. The Auditor position will help enhance our division's eligibility, Medicare Part B verification, and dependent database audits, while the additional RBS positions will help with the ever increasing workload associated with March Madness enrollments, special mailings, and Medicare Part B verifications. We are also requesting a classification study for the Assistant Division Manager position.

Overtime is being requested to manage the high-volume March Madness workload, processing of Medicare Part B premium verifications, dependent database audit, and any unanticipated special projects and mailings that regularly occur. We also anticipate that one staff member will participate in the next CORE Benefits Training Program, and we are requesting one agency temporary staff for the one-year period.

Services & Supplies

We do not anticipate an increase in our Special Retiree Mailing budget from the FY 2017-2018 budgeted amount of \$450,000.

We have budgeted \$800,000 to cover the cost of conducting audits, noting that some costs are estimated and will be finalized through an RFP process.



RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2017-2018

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- The addition of two staff in the Operations Section will greatly assist our division in enrollments processing during March Madness and Medicare Part B verifications.
 - 1.0 – We are requesting to add one RBS II Position
 - The addition of one staff in the RHC Call Center will help our division with the ever increasing workload associated with March Madness enrollments, special mailings, and Medicare Part B verifications.
 - 1.0 – We are requesting a classification study for the Assistant Division Manager Position
 - We are requesting a classification study for the Assistant Division Manager Position for an upgrade based on responsibilities commensurate with the position including the ever complex and myriad federal Medicare rules and regulations, and ever-changing healthcare landscape.

Our total number of budgeted position will change from 24.0 in FY 2017-18 to 28.0, including one current position requested for reclassification study, for FY 2018-19.

Overtime is being requested to manage the workload related to the high volume of enrollment forms received resulting from March Madness, processing of Medicare Part B premium verifications, dependent database audit, and for any unanticipated special projects and special mailings that regularly occur.

We also anticipate one (1) staff to participate in the next CORE Benefits Training Program and we are requesting one agency temporary staff to cover for the one-year period.

In FY 2018-19, Retiree Healthcare Division will work with Quality Assurance to enhance our division's internal quality control program. Quality Assurance's involvement includes recommendations for risk assessments, audit training, developing audit criteria, communicating exceptions, and developing a corrective and preventive action plan.

SERVICES AND SUPPLIES

Postage - Special Retiree Mailings

Our Postage - Special Retiree Mailing account is primarily used to fund the postage costs for the following mass mailing materials.

- Annual letter packet mailing
- Rate booklets
- Medicare Part D prescription drug coverage Creditable Coverage Notice
- Retiree Staying Healthy Together Program bi-annual workshop invitations
- Non-LACERA Medicare Part D warning/reminder notices
- Non-discrimination Notices in compliance with ACA 1557
- Medicare Part B Premium verifications
- Other unanticipated special mailings

We do not anticipate an increase in our Special Retiree Mailing budget from the current year expected budgeted amount of \$450,000.

Professional and Specialized Services - Audits

We have budgeted \$800,000 to cover the cost of conducting the following program audits. Please note that some audit costs are estimated and will be finalized through a request-for-proposal process.

Dependent Eligibility Audit	\$200,000
Retiree Drug Subsidy Audit	\$535,000
Anthem /Cigna Claims Audits	\$65,000
<hr/> Total	<hr/> \$800,000

The following discussion provides insight into each audit category.

- **Dependent Eligibility Audit**

For FY 2018-19, we plan to perform a Dependent Eligibility Verification Audit to ensure only eligible dependents are receiving healthcare coverage. Conducting a Dependent Eligibility Verification Audit could potentially assist with reducing future healthcare costs for both the plan sponsor and plan participants. While this audit may, ultimately result in savings, there is an upfront cost to conducting the audit as well as engaging an external firm for on-going eligibility verification. A request to release a Request for Proposal (RFP) will be brought forth to the Board of Retirement's Insurance, Benefits and Legislative Committee.

- **Retiree Drug Subsidy (RDS) Audit**

Continuing to audit our participation in the Medicare Part D Retiree Drug Subsidy (RDS) program for the two next fiscal years, FY 2018-19 and FY 2019-20, will verify that we continue to maximize our federal subsidy amounts and verify compliance with Centers for Medicare and Medicaid Services (CMS) Medicare Part D RDS program regulations.

- **Anthem/Cigna Claim Audits**

The annual Anthem/Cigna Dental/Vision Indemnity Claim Audits ensure our indemnity plan carriers comply with our contractual agreements and the insurers are paying claims in accordance with the plan benefits.

- **Professional and Specialized Services - OPEB Actuarial Valuation**

As approved by the Board of Retirement, the OPEB Valuation will move from biennial valuations to annual valuations under GASB 74/75 reporting requirements. This change will result in an increase of \$576,000.

FUNDING AND OPERATING EXPENSES

The Retiree Healthcare Benefits Program's (RHCBP) operating expenses must be funded by the program and its operations cannot be subsidized by the trust funds used to operate the retirement benefit trust. The administrative fee covers administrative expenses, including consulting services, vendor fees, and the cost of administering the RHCBP. As such, a RHCBP administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month.

For FY 2018-19, we recommend continuation of the administrative fee of \$8.00. However, we will likely need to review the administrative fee cost in FY 2019-20. As mentioned during last year's budgetary process, staff's ongoing responsibilities and increasing costs of administering the program due to increased membership, operational costs, and implementation of the ever complex and myriads of federal and Medicare rules and regulations, may necessitate the need to again, review the current administrative fee.

On the following page is a chart of RHCBP's revenue and expenses over the past ten

(10) years based on the administrative fee:

ADMINISTRATIVE FEE

Fiscal Year Ending	Fee	Revenue	Expenses	Surplus/(Deficit)
2008	\$3.00	2,890,091	2,383,485	506,606
2009	\$3.00	2,940,784	3,581,972	(641,188)
2010	\$3.00	3,013,440	3,110,301	(96,861)
2011	\$3.00	3,062,112	3,532,195	(470,083)
2012	\$3.00	3,133,352	3,232,274	(98,922)
2013	\$3.00	3,351,652	4,597,261	(1,245,609)
2014	\$5.00	5,466,487	5,006,498	459,989
2015	\$5.00	5,578,149	5,424,333	153,816
2016	\$5.00	5,984,986	5,279,617	705,369
2017**	\$8.00	9,631,327	5,326,190	4,305,137
July – Dec. 2017	\$8.00	4,752,299	1,726,158	3,026,141

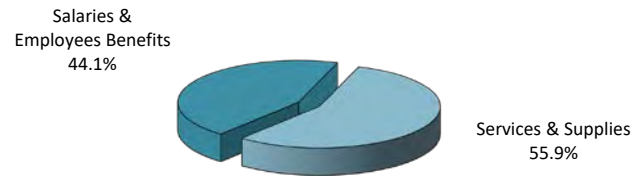
RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2018-2019

FINAL BUDGET SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Salaries & Employees Benefits	\$3,397,199	\$2,808,462	\$1,370,791	\$2,556,250	\$840,949	32.9%	\$588,737	21.0%
Services & Supplies	4,302,854	3,448,521	1,076,370	2,982,849	1,320,006	44.3%	854,333	24.8%
OPERATING BUDGET	\$7,700,053	\$6,256,982	\$2,447,161	\$5,539,099	\$2,160,955	39.0%	\$1,443,070	23.1%

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2018-2019
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
Total LACERA Salaries	\$2,274,873	\$1,848,209	\$907,899	\$1,697,100	\$577,773	34.0%	\$426,664	23.1%
Total Agency Temp Salaries	132,100	72,500	25,715	43,250	88,850	205.4%	59,600	82.2%
Employee Benefits (Variable)	1,112,580	880,246	419,308	777,050	335,530	43.2%	232,334	26.4%
OPEB Contribution	34,424	21,243	10,182	22,250	12,174	54.7%	13,181	62.1%
Stipends	0	0	0	0	0	0.0%	0	0.0%
Overtime	36,245	30,700	2,420	5,400	30,845	571.2%	5,545	18.1%
Bilingual Bonus	2,400	2,400	1,300	2,400	0	0.0%	0	0.0%
Sick Leave Buyback	10,000	10,000	3,966	8,800	1,200	13.6%	0	0.0%
Transportation Allowance	0	0	0	0	0	0.0%	0	0.0%
ADJUSTED GROSS S&EB	\$3,602,622	\$2,865,297	\$1,370,791	\$2,556,250	\$1,046,372	40.9%	\$737,325	25.7%
Salary Differential **	(205,423)	(56,835)	-	-	-	-	(148,588)	261.4%
TOTAL S&EB	\$3,397,199	\$2,808,463	\$1,370,791	\$2,556,250	\$840,949	32.9%	\$588,736	21.0%

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2018 except for Agency Temp Salaries which are through 2/28/2018.

** Salary differential is used to calculate budget request amount and this amount is based on a historical trend.

RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2018-2019

FINAL SALARIES

		17-18	2018-2019 BUDGET				CHANGE		
		BUDGT. POS.	BUDGT. POS.	SCHEDULE	MO. RATE	AMOUNT	BUDGT. POS.	AMOUNT	CHANGE JUSTIFICATION
00793A	DIRECTOR, RETIREE HEALTH CARE	1	1	LS14	14,212	170,545			
00771A	ASSISTANT DIVISION MANAGER	1	1	LS10	10,642	127,704			
00772A	SECTION HEAD	2	2	LS9	9,900	237,589			
00797A	QUALITY AUDITOR I	0	1	92G	6,400	76,804	1	76,804	Add 1 Quality Auditor
01311A	RETIREMENT BENEFITS SPECIALIST III	7	9	92G	6,400	691,239	2	153,609	Add 2 RBS III
00439A	SENIOR SECRETARY	1	1	86F	5,426	65,110			
01310A	RETIREMENT BENEFITS SPECIALIST II	12	13	86A	5,359	836,004	1	64,308	Add 1 RBS II
PERMANENT POSITIONS		24	28				4		
GROSS SALARIES						2,204,994		294,721	
120-DAY RETIREE(S)			1		5,823	69,878			
TOTAL SALARIES							\$	2,274,873	

MAPP Tier I and Tier II positions are shown at control point as of 01/01/18
 Represented/Non-Represented positions are shown at 5th step as of 01/01/18
 Represented positions shown in blue

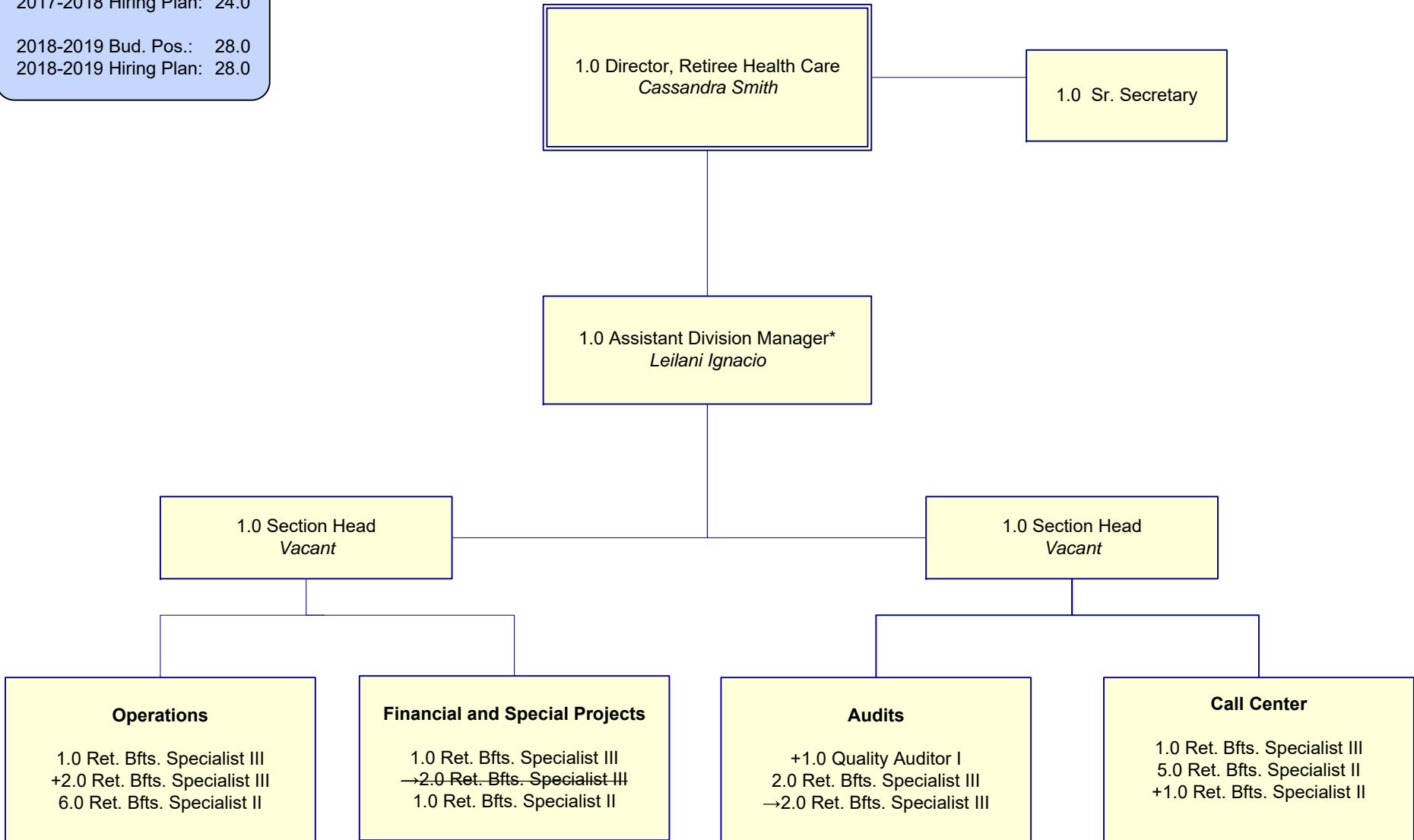
*All amounts rounded to the nearest dollar.

RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2018-2019

2017-2018 Bud. Pos.: 24.0
 2017-2018 Hiring Plan: 24.0

2018-2019 Bud. Pos.: 28.0
 2018-2019 Hiring Plan: 28.0



+ Added Position
 → Position(s) Moved from/to different Unit
 * Classification study for the position requested

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**FINAL AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES**

DIVISION	FYE 2016		FYE 2017		FYE 2018		FYE 2019
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$34,500	\$45,608	\$68,400	\$60,337	\$72,500	\$43,250	\$132,100
GRAND TOTAL	\$34,500	\$45,608	\$68,400	\$60,337	\$72,500	\$43,250	\$132,100

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**FINAL OVERTIME
HISTORY OF EXPENDITURES**

DIVISION	FYE 2016		FYE 2017		FYE 2018		FYE 2019
	Budget	Actual	Budget	Actual	Budget	Projection	Budget
Retiree Healthcare	\$12,834	\$5,600	\$12,834	\$10,000	\$30,700	\$5,400	\$36,245
GRAND TOTAL	\$12,834	\$5,600	\$12,834	\$10,000	\$30,700	\$5,400	\$36,245

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

Division	Budgeted Positions 2017-2018	Vacancy (as of 03/22/18)	%	Budgeted Positions 2018-2019*	Vacancy	%
Retiree Healthcare	24	3	13%	28	7	25%
	24	3	13%	28	7	25%

* Includes new requested positions. We plan to fill all vacant positions.

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2018-2019
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

ACCOUNT CLASSIFICATION	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-28-18)	PROJECTION				
TRANSPORTATION & TRAVEL	\$55,000	\$52,500	\$20,082	\$33,853	\$21,147	62.5%	\$2,500	4.8%
POSTAGE	450,000	450,000	113,455	170,182	279,818	164.4%	0	0.0%
OFFICE SUPPLIES & EQUIPMENT	4,000	4,000	2,130	3,375	625	18.5%	0	0.0%
OPERATIONAL COSTS	1,634,354	1,429,521	72,474	1,449,394	184,960	12.8%	204,833	14.3%
PROFESSIONAL AND SPECIALIZED SERVICES	2,127,500	1,489,000	864,264	1,318,437	809,064	61.4%	638,500	42.9%
EDUCATIONAL EXPENSES	32,000	23,500	3,965	7,608	24,392	320.6%	8,500	36.2%
TOTAL	\$4,302,854	\$3,448,521	\$1,076,370	\$2,982,848	\$1,320,006	44.3%	\$854,333	24.8%

*All amounts rounded to the nearest dollar.

OPEB

Other Post-Employment Benefits

Overview

Los Angeles County Other Post-Employment Benefits (OPEB) Trust

In May 2012, the County hired the LACERA Board of Investments to manage and invest the Other Post-Employment Benefits (OPEB) Trust assets. The OPEB Trust was established for the purpose of holding and investing assets to prefund the Retiree Healthcare Benefits Program, which is administered by LACERA, for eligible retired members as well as eligible beneficiaries of LACERA members.

Until FY 2016-2017, the OPEB Trust's participating employers were the County and LACERA. In FY 2016-2017, the OPEB trust was divided into three distinct portions: the County OPEB, LACERA's portion of the County OPEB, and the Superior Court OPEB. LACERA began capturing costs to administer its portion of the Trust, while under the Superior Court OPEB Trust Agreement, the court bears all administrative costs for its participation.

The participating employers are responsible for and have full discretion over contributions to and withdrawals from the OPEB Trust.

**OTHER POST-EMPLOYMENT BENEFITS TRUST
COST SUMMARY**

FISCAL YEAR 2018-2019

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Cost Allocation: The Need for Separate Accounting of the OPEB Trust

The County of Los Angeles (County) maintains a Retiree Healthcare Program (RHP) for members of LACERA and the Superior Court. In FY 2012-2013, the County established a trust in order to fund this program. In FY 2016-2017, the Superior Court established a trust to participate in the program. In FY 2016-2017, LACERA, still integrated into the County OPEB Trust, began capturing costs to administer its portion of the Trust. The OPEB Trust was subsequently divided into three distinct portions: the County OPEB, LACERA's portion of the County OPEB, and the Superior Court OPEB. The Board of Investments of LACERA is the Trustee and Investment Manager for the Trusts.

The Trust agreements between the County, Superior Court, and LACERA stipulate that "... the Trustee (LACERA) shall be entitled to payment or reimbursement of all its reasonable and appropriate expenses incurred in administering or investing the Trust...." In other words, LACERA will not expend its principal or operating allocation to administer the Trusts. Instead, the Trust agreements allow LACERA to seek payment directly from the County and Superior Court, or to obtain payment from the OPEB Trust.

To avoid OPEB Trust assets being comingled with the retirement fund assets, it is important for LACERA to maintain a separate accounting of the costs associated with administering the OPEB Trust.

A Method for Tracking OPEB Trust Expenses

Only the LACERA divisions that participate in the administration of the OPEB Trust are included in the calculation of costs. These divisions are Administrative Services, Communications, Executive Office, Financial and Accounting Services, Human Resources, Internal Audit, Investments, Legal Services, Systems, and Retiree Healthcare.

Each division utilizes staff and resources to administer the OPEB Trust. In estimating the costs to administer the Trust, LACERA considers the amount of time

expended by employees as a share of the total cost of salaries and benefits. In estimating the additional costs used to administer the Trust, LACERA also considers the share of the total costs of services and supplies.

Cost Methodology

There are four categories of expenses applicable to our cost methodology as follows:

- **Direct Costs of Salaries and Employee Benefits:** Division managers are provided a list of staff members and the number of hours those staff members worked on OPEB activities. Those hours spent are converted into a percentage of annual hours. The salaries and benefits totals of each staff member are then multiplied by the percentage of annual hours devoted to OPEB.
- **Indirect Services and Supplies:** These costs are estimated by taking the overall cost of services and supplies for LACERA and dividing it by the total number of employees performing services for the Trusts. This provides LACERA with a “per employee cost” that is then multiplied by the overall percentage of hours worked on OPEB.
- **Indirect Salaries and Employee Benefits:** Systems, Human Resources, and Administrative Services divisions provide staffing support to all LACERA divisions. The salary and employee benefits costs for these divisions are added up and then divided by the number of LACERA employees to determine a per employee cost. This total is then multiplied by the overall percentage of hours worked on OPEB.
- **Direct Services and Supplies:** Direct services and supplies costs are based on actual payment requests that are applicable to OPEB.
- **Allocation of Costs:** The total overhead cost is divided between the County, LACERA, and the Superior Court. The shared cost is allocated in a hybrid method that considers fund size, effort, and resources to approximate a fair and equitable allocation. These allocations are scheduled to be reviewed every two years. The current allocation is:
 - County: 75 percent
 - LACERA: 5 percent
 - Superior Court: 20 percent
- **Reconciliation of Actual Costs:** At the close of each fiscal year, the actual costs are reconciled with the budget costs. Variances are either credited or debited to each allocated entity to ensure that each OPEB Trust is appropriately capturing the true operating costs.

OPEB COST ALLOCATION

FISCAL YEAR 2018-2019

	PROPOSED BUDGET 2018-2019	CURRENT YEAR 2017-2018			COMPARISON OF PROPOSED BUDGET TO PROJECTION *		COMPARISON OF PROPOSED BUDGET TO 17-18 BUDGET	
		YTD			\$ CHANGE	% CHANGE	\$ CHANGE	% CHANGE
		BUDGET	(02-29-18)	PROJECTION				
Salaries & Employees Benefits	\$147,060	\$120,475	\$112,790	\$169,185	(\$22,125)	-13.1%	\$26,585	22.1%
Services & Supplies	99,289	100,201	82,092	123,138	(23,848)	-19.4%	(912)	-0.9%
OPERATING BUDGET	\$ 246,349	\$220,676	\$194,882	\$292,322	(\$45,973)	-15.7%	\$25,673	11.6%

2018 - 2019 PROPOSED BUDGET

