

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
PROPOSED BUDGETS
FYE 2019**

1. **FYE 2019 Proposed Budget** – 3.0% increase in salaries; includes a new employee (retirement analyst).
2. **FYE 2019 Proposed Budget** – 2.5% increase in salaries; includes a new employee (retirement analyst).
3. **FYE 2019 Proposed Budget** – 3.0% increase in salaries; does not include a new employee (retirement analyst).
4. **FYE 2019 Proposed Budget** – 2.5% increase in salaries; does not include a new employee (retirement analyst).

Note – Increase in salaries does not include Executive Director. Executive Director % increase determined separately by the Board of Trustees.

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
BUDGET FYE 2019 #1

EXPENSES	BUDGET FYE 2018	PROPOSED FYE 2019	% INCREASE/ (DECREASE)	\$ INCREASE/ (DECREASE)
Personnel Expenses				
Salaries	\$790,000.00	\$820,000.00	4%	\$30,000.00
Employer Retirement	\$185,000.00	\$213,200.00	15%	\$28,200.00
Health Insurance	\$79,700.00	\$129,200.00	62%	\$49,500.00
Professional Development	\$31,000.00	\$31,000.00	0%	\$0.00
Subtotal Personnel Expenses	\$1,085,700.00	\$1,193,400.00	10%	\$107,700.00
Operating Expenses				
Building & Ground Maintenance	\$36,500.00	\$38,500.00	5%	\$2,000.00
Office Equipment & Maintenance	\$94,000.00	\$104,000.00	11%	\$10,000.00
Office Expense	\$103,100.00	\$83,000.00	-19%	(\$20,100.00)
Telecommunications/Utilities	\$32,800.00	\$35,000.00	7%	\$2,200.00
Insurance	\$79,100.00	\$80,000.00	1%	\$900.00
Subtotal Operating Expenses	\$345,500.00	\$340,500.00	-1%	(\$5,000.00)
Professional Services				
Audit	\$100,000.00	\$100,000.00	0%	-
Professional Services	\$85,000.00	\$67,000.00	-21%	(\$18,000.00)
Actuarial	\$91,620.00	\$96,120.00	5%	\$4,500.00
Legal-Administrative	\$10,000.00	\$20,000.00	100%	\$10,000.00
Legal-Securities Litigation	\$350,000.00	\$775,000.00	121%	\$425,000.00
Subtotal Professional Services	\$636,620.00	\$1,058,120.00	66%	\$421,500.00
Travel Expenses				
Travel - Staff	\$15,000.00	\$20,000.00	33%	\$5,000.00
Travel - Board Meetings & Conventions	\$35,000.00	\$35,000.00	0%	\$0.00
Subtotal Travel Expenses	\$50,000.00	\$55,000.00	10%	\$5,000.00
OPERATING EXPENSES	\$2,117,820.00	\$2,647,020.00	25%	\$529,200.00

CAPITAL BUDGET				
	FYE 2018	FYE 2019		
Capital Purchases	\$64,346.00	\$2,065,000.00		
CAPITAL EXPENSES	\$64,346.00	\$2,065,000.00		
TOTAL ADMINISTRATIVE EXPENSES	\$2,182,166.00	\$4,712,020.00	116%	\$2,529,854.00

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
BUDGET FYE 2019 #2

EXPENSES	BUDGET FYE 2018	PROPOSED FYE 2019	% INCREASE/ (DECREASE)	\$ INCREASE/ (DECREASE)
Personnel Expenses				
Salaries	\$790,000.00	\$817,000.00	3%	\$27,000.00
Employer Retirement	\$185,000.00	\$212,500.00	15%	\$27,500.00
Health Insurance	\$79,700.00	\$129,200.00	62%	\$49,500.00
Professional Development	\$31,000.00	\$31,000.00	0%	\$0.00
Subtotal Personnel Expenses	\$1,085,700.00	\$1,189,700.00	10%	\$104,000.00
Operating Expenses				
Building & Ground Maintenance	\$36,500.00	\$38,500.00	5%	\$2,000.00
Office Equipment & Maintenance	\$94,000.00	\$104,000.00	11%	\$10,000.00
Office Expense	\$103,100.00	\$83,000.00	-19%	(\$20,100.00)
Telecommunications/Utilities	\$32,800.00	\$35,000.00	7%	\$2,200.00
Insurance	\$79,100.00	\$80,000.00	1%	\$900.00
Subtotal Operating Expenses	\$345,500.00	\$340,500.00	-1%	(\$5,000.00)
Professional Services				
Audit	\$100,000.00	\$100,000.00	0%	-
Professional Services	\$85,000.00	\$67,000.00	-21%	(\$18,000.00)
Actuarial	\$91,620.00	\$96,120.00	5%	\$4,500.00
Legal-Administrative	\$10,000.00	\$20,000.00	100%	\$10,000.00
Legal-Securities Litigation	\$350,000.00	\$775,000.00	121%	\$425,000.00
Subtotal Professional Services	\$636,620.00	\$1,058,120.00	66%	\$421,500.00
Travel Expenses				
Travel - Staff	\$15,000.00	\$20,000.00	33%	\$5,000.00
Travel - Board Meetings & Conventions	\$35,000.00	\$35,000.00	0%	\$0.00
Subtotal Travel Expenses	\$50,000.00	\$55,000.00	10%	\$5,000.00
OPERATING EXPENSES	\$2,117,820.00	\$2,643,320.00	25%	\$525,500.00

CAPITAL BUDGET				
	FYE 2018	FYE 2019		
Capital Purchases	\$64,346.00	\$2,065,000.00		
CAPITAL EXPENSES	\$64,346.00	\$2,065,000.00		
TOTAL ADMINISTRATIVE EXPENSES	\$2,182,166.00	\$4,708,320.00	116%	\$2,526,154.00

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
BUDGET FYE 2019 #3

EXPENSES	BUDGET FYE 2018	PROPOSED FYE 2019	% INCREASE/ (DECREASE)	\$ INCREASE/ (DECREASE)
Personnel Expenses				
Salaries	\$790,000.00	\$765,000.00	-3%	-\$25,000.00
Employer Retirement	\$185,000.00	\$199,000.00	8%	\$14,000.00
Health Insurance	\$79,700.00	\$100,300.00	26%	\$20,600.00
Professional Development	\$31,000.00	\$31,000.00	0%	\$0.00
Subtotal Personnel Expenses	\$1,085,700.00	\$1,095,300.00	1%	\$9,600.00
Operating Expenses				
Building & Ground Maintenance	\$36,500.00	\$38,500.00	5%	\$2,000.00
Office Equipment & Maintenance	\$94,000.00	\$104,000.00	11%	\$10,000.00
Office Expense	\$103,100.00	\$83,000.00	-19%	(\$20,100.00)
Telecommunications/Utilities	\$32,800.00	\$35,000.00	7%	\$2,200.00
Insurance	\$79,100.00	\$80,000.00	1%	\$900.00
Subtotal Operating Expenses	\$345,500.00	\$340,500.00	-1%	(\$5,000.00)
Professional Services				
Audit	\$100,000.00	\$100,000.00	0%	-
Professional Services	\$85,000.00	\$67,000.00	-21%	(\$18,000.00)
Actuarial	\$91,620.00	\$96,120.00	5%	\$4,500.00
Legal-Administrative	\$10,000.00	\$20,000.00	100%	\$10,000.00
Legal-Securities Litigation	\$350,000.00	\$775,000.00	121%	\$425,000.00
Subtotal Professional Services	\$636,620.00	\$1,058,120.00	66%	\$421,500.00
Travel Expenses				
Travel - Staff	\$15,000.00	\$20,000.00	33%	\$5,000.00
Travel - Board Meetings & Conventions	\$35,000.00	\$35,000.00	0%	\$0.00
Subtotal Travel Expenses	\$50,000.00	\$55,000.00	10%	\$5,000.00
OPERATING EXPENSES	\$2,117,820.00	\$2,548,920.00	20%	\$431,100.00

CAPITAL BUDGET				
	FYE 2018	FYE 2019		
Capital Purchases	\$64,346.00	\$2,065,000.00		
CAPITAL EXPENSES	\$64,346.00	\$2,065,000.00		
TOTAL ADMINISTRATIVE EXPENSES	\$2,182,166.00	\$4,613,920.00	111%	\$2,431,754.00

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
BUDGET FYE 2019 #4

EXPENSES	BUDGET FYE 2018	PROPOSED FYE 2019	% INCREASE/ (DECREASE)	\$ INCREASE/ (DECREASE)
Personnel Expenses				
Salaries	\$790,000.00	\$762,000.00	-4%	(\$28,000.00)
Employer Retirement	\$185,000.00	\$198,200.00	7%	\$13,200.00
Health Insurance	\$79,700.00	\$100,300.00	26%	\$20,600.00
Professional Development	\$31,000.00	\$31,000.00	0%	\$0.00
Subtotal Personnel Expenses	\$1,085,700.00	\$1,091,500.00	1%	\$5,800.00
Operating Expenses				
Building & Ground Maintenance	\$36,500.00	\$38,500.00	5%	\$2,000.00
Office Equipment & Maintenance	\$94,000.00	\$104,000.00	11%	\$10,000.00
Office Expense	\$103,100.00	\$83,000.00	-19%	(\$20,100.00)
Telecommunications/Utilities	\$32,800.00	\$35,000.00	7%	\$2,200.00
Insurance	\$79,100.00	\$80,000.00	1%	\$900.00
Subtotal Operating Expenses	\$345,500.00	\$340,500.00	-1%	(\$5,000.00)
Professional Services				
Audit	\$100,000.00	\$100,000.00	0%	-
Professional Services	\$85,000.00	\$67,000.00	-21%	(\$18,000.00)
Actuarial	\$91,620.00	\$96,120.00	5%	\$4,500.00
Legal-Administrative	\$10,000.00	\$20,000.00	100%	\$10,000.00
Legal-Securities Litigation	\$350,000.00	\$775,000.00	121%	\$425,000.00
Subtotal Professional Services	\$636,620.00	\$1,058,120.00	66%	\$421,500.00
Travel Expenses				
Travel - Staff	\$15,000.00	\$20,000.00	33%	\$5,000.00
Travel - Board Meetings & Conventions	\$35,000.00	\$35,000.00	0%	\$0.00
Subtotal Travel Expenses	\$50,000.00	\$55,000.00	10%	\$5,000.00
OPERATING EXPENSES	\$2,117,820.00	\$2,545,120.00	20%	\$427,300.00

CAPITAL BUDGET				
	FYE 2018	FYE 2019		
Capital Purchases	\$64,346.00	\$2,065,000.00		
CAPITAL EXPENSES	\$64,346.00	\$2,065,000.00		
TOTAL ADMINISTRATIVE EXPENSES	\$2,182,166.00	\$4,610,120.00	111%	\$2,427,954.00

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
PROPOSED CAPITAL BUDGET FYE 2018 - 2022**

DESCRIPTION	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
FYE 2018					
General Ledger Software	\$35,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Administrative Furniture	\$6,000.00	\$0.00	\$0.00	\$0.00	\$0.00
CMA Server & Install	\$13,346.00	\$0.00	\$0.00	\$0.00	\$0.00
Office Renovation - CIO Office	\$10,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00
Capital Expenditures 2018	\$64,346.00	\$10,000.00	\$0.00	\$0.00	\$0.00
FYE 2019					
Generator	\$0.00	\$40,000.00	\$0.00	\$0.00	\$0.00
Paint Building	\$0.00	\$15,000.00	\$0.00	\$0.00	\$0.00
Pension System	\$0.00	\$2,000,000.00	\$1,000,000.00	\$0.00	\$0.00
Capital Expenditures 2019	\$0.00	\$2,065,000.00	\$1,000,000.00	\$0.00	\$0.00
FYE 2020					
Patio Covering - Parking	\$0.00	\$0.00	\$50,000.00	\$0.00	\$0.00
Capital Expenditures 2020	\$0.00	\$0.00	\$1,050,000.00	\$0.00	\$0.00

BUDGET NARRATIVE

NARRATIVE: The primary reason for the increase is related to the Securities Litigation budget for legal expenses of \$775,000 for FYE 2019. If legal expenses were not included, the Operating Budget would be an increase of 6% or less instead of 20% to 25%.

BUDGET LINE ITEM	COMMENTS
Personnel Expenses	
Salaries	Increase of 3% or 2.5% for all full time positions. Includes an additional full-time retirement analyst salary on Budget #1 and Budget #2. Director increase determined by the Board and is not included in this amount.
Employer Retirement	Increase in employer rate to 26%. New employee included on Budget #1 and Budget #2.
Health Insurance	Health insurance premium is determined by the age of each insured person. Hospitalization - includes 5% increase on Blue Cross premium for half year (less employee %) + Vantage Premium for retirees (less Retiree portion)+ Employee Insurance Reimbursement (less employee %) + New employee at family rate - included on Budget #1 and Budget #2 (less 25% for new employees).
Professional Development	Same as prior year - (CIO - MBA & CFA) & training for all staff.
Operating Expenses	
Building & Ground Maintenance	5% increase from prior year.
Office Equipment & Maintenance	Increase related to CMA program updates for A/S 400 System and non-capital purchases which were included in office expense in prior budget.
Office Expense	Decrease primarily related to reclassifying non capital purchases to office equipments and maintenance expense account.
Telecommunications/Utilities	Overall increase & rounding.
Insurance	Not a significant increase - waiting on a quote for bonding of employees (due to finding from LLA procedures last year).

Professional Services	
Audit	No increase from prior year. Includes financial statement audit, GASB 68 audit, and agreed upon procedures required by Legislative Auditor - Hawthorne has not provided an engagement letter or cost as the LLA has not decided on this year's procedures.
Professional Services	This account is related to services performed by Faulk & Winkler, additional actuarial services (calculations), OPEB calculation (GASB), Life Status 360 (death check), Netchex payroll services and disability reviews. The decrease in the budget from last year is primarily due to a decrease in services performed by Faulk & Winkler.
Actuarial	No increase in FYE 2017 or 2018. 5% increase in FYE 2019.
Legal-Administrative	Increase from prior year due to a retiree issue and potential litigation.
Legal-Securities Litigation	Estimated - mediation in the fall and court date in January 2019.
Travel Expenses	
Travel - Staff	Additional staff travel (CIO) and increased travel to municipalities for Warren and Susita.
Travel - Board Meetings & Conventions	No increase from prior year
Capital Budget - Separate Budget (1-5 Year Plan)	
FYE 2018	Administrative assistant furniture (desk) New server and Install (hardware replacement) G/L System Office Renovation
FYE 2019	Office Renovation Generator Paint inside of Office Building Pension System (potentially 2 years)
FYE 2020	Patio Covering - Parking
FYE 2021	
FYE 2022	