



Santa Barbara County Employees' Retirement System

DATE: January 25, 2023 **Agenda Item # 5**
TO: SBCERS BOARD OF RETIREMENT
FROM: Greg Levin, CEO
RE: December 31, 2022 Mid-Year Budget Report

Recommended Action

That the Board of Retirement receive and file the mid-year budget report for the period beginning July 1, 2022 and ending December 31, 2022.

Summary

As of December 31, 2022 the System's benefit payment fund had total additions of \$103.6 million, which includes \$85.5 million from contributions to the plan from sponsors and members. The remainder of additions result from transfers from the investment pool of \$18 million plus \$83 thousand of interest income. Total outflows were \$99.4 million in Benefit payments.

The System's administration and operations fund had total additions of \$3.0 million, which includes an \$3.0 million transfer from investments and less than one thousand dollars of other revenues. Total outflows were \$1.9 million in Salaries and Benefits, \$1.6 million in Services and Supplies, and \$7 thousand of other charges.

With 50% of the year, elapsed addition and deduction totals are consistent with expectations, with additions coming in at 41% of expected amounts while operating and benefit deductions at 39% and 43% of expected amounts, respectively.

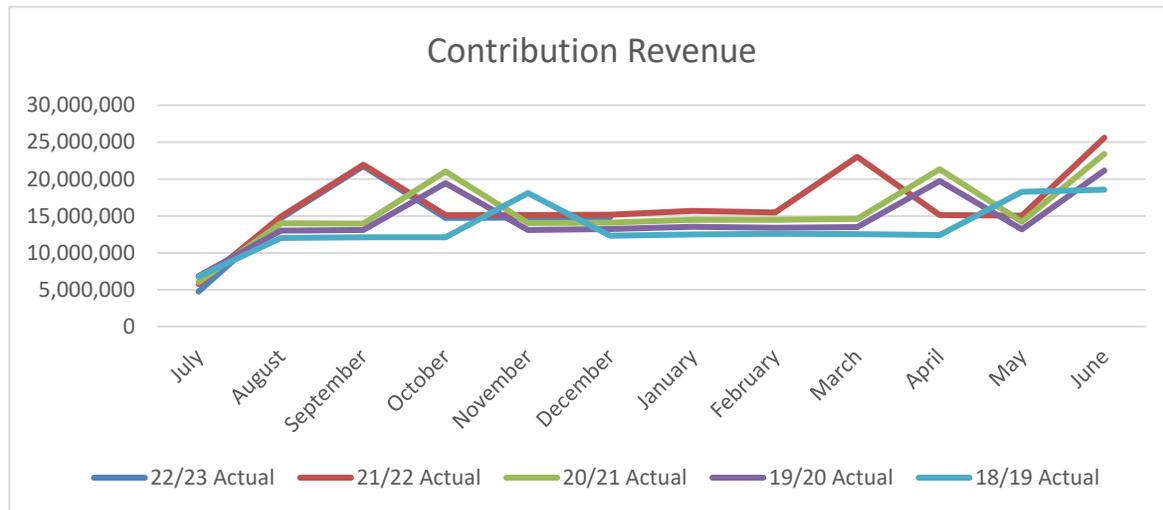
Significant Financial Events

For the period from July 1, 2022 through December 31, 2022, there were no significant financial events.

Financial Summary of the Benefit Payment Fund (Attachment A)

Contribution Revenue

For the first half of the fiscal year, July 1, 2022 through December 31, 2022, SBCERS collected \$85,505,676 in contributions, net of accruals, with \$68,749,911 from employer contributions and \$16,755,765 from employee contributions. As of December 31, 2022, with 50% of the year elapsed, contributions collected into separate accounts totaled 41% of budgeted Contribution Revenue which is \$206,640,000. The following graph details Contribution Revenue collections for the period ending December 31, 2022 as compared to the previous four years. Many of our plan sponsors are on a biweekly payroll cycle and certain months will have three pay periods that fall within one month. Since our plan sponsors remit contributions in line with their payroll schedule, we have one or two months a year where contributions exceed the normal monthly remittances. For this fiscal year, the months with three biweekly payroll payout cycles are September 2022 and March 2023.



Other Revenue

The Benefit Payment fund was supported by transfers from the investment pool of \$18 million. Transfers from the investment pool are 41% of the budgeted amount.

Benefit Payments

Total benefit payments for the 2022-2023 fiscal year are budgeted at \$231,109,400. As of December 31, 2022, benefit payments have totaled \$99,400,882, which is 43% of budget. Benefit payments include monthly payments to retirees, death benefit payments, and refund payments to members paid every two weeks. Month to month variances through the year are due to the timing of expenditures recording in months where last day of month falls on a weekend or bank holiday as well as the completion of the buyback process.

Refunds to members have totaled \$1,095,199, or 66.14% of the elapsed budget. Refunds may increase through the fiscal year due to the return of contributions to members affected by the Supreme Court Alameda decision.

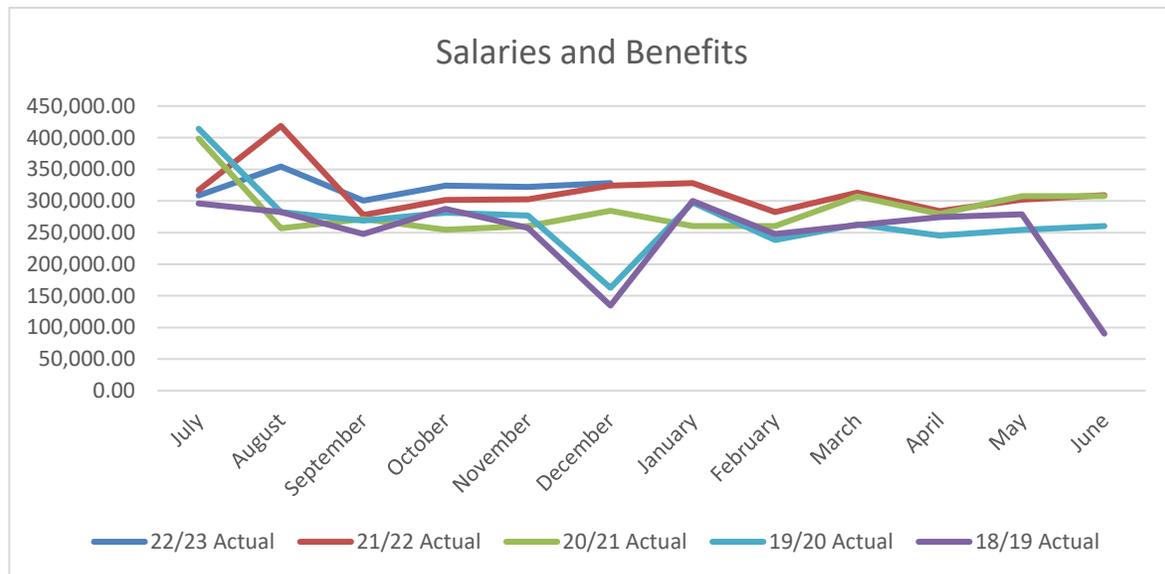
Financial Summary of the Administration and Operations Fund (Attachment B)

Other Revenue

The Administration and Operations fund is supported primarily by transfers from the investment pool. As of December 31, 2022, all \$3 million was transferred. Other miscellaneous revenue, primarily resulting from services provided to the OPEB fund, was less than one thousand dollars through December 31, 2022.

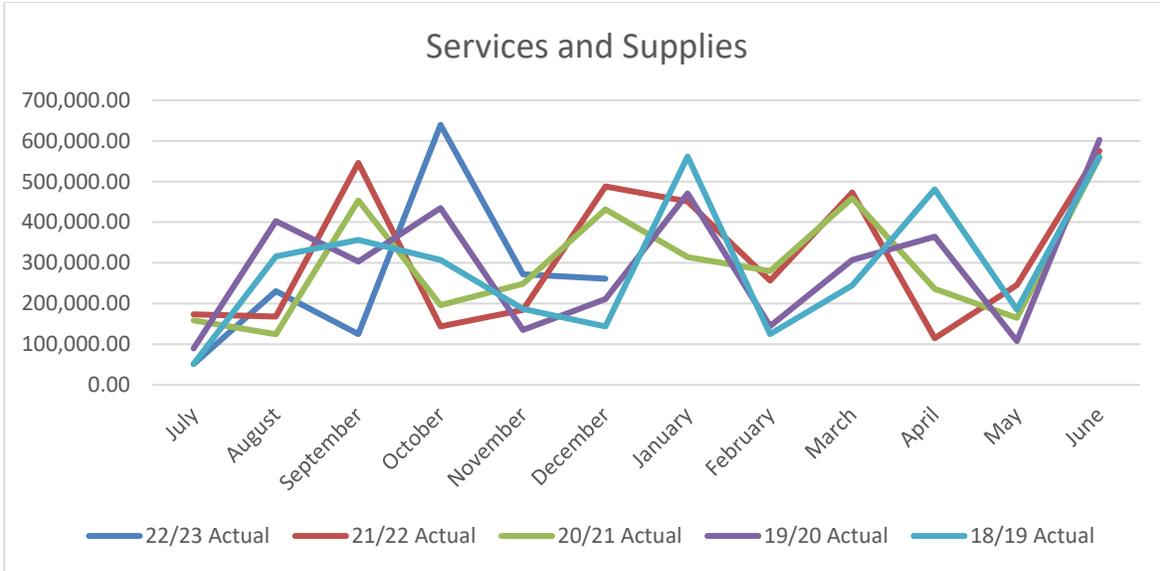
Salaries and Benefits

Total Salaries and Benefits budget for the fiscal year 2022-2023 is \$4,651,432. As of December 31, 2022, SBCERS expended \$1,938,355 or 42% of budget. Salary savings are principally the result of vacant positions, offset by any increases in extra help expenses.



Services and Supplies

The services and supplies category represents the operational expenditures associated with the direct operations of SBCERS that include investment consulting and management fees, legal, audit and accounting, training, rent, and as other functions related to operations. Services and supplies for the fiscal year 2022-2023 are budgeted at \$4,300,030. As of December 31, 2022, actual services and supplies were \$1,579,767, which is 37% of the total services and supplies budget.



Other Charges

Other charges include expenses related to utilities and motor pool. Other charges for the fiscal year were budgeted at \$14,907. As of December 31, 2022, other charges are \$6,520 and have trended at 44%.

