

Fort Bend County Budget Workshop

August 13, 2013

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3. Insurance contribution
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BUDGET FINANCE SUMMARY

2014 Proposed Budget as of 8-13-2013

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	ALL FUNDS	GENERAL (100)	ROAD AND BRIDGE (155)	DRAINAGE (160)	JUVENILE (150)
Unallocated Estimated Fund					
Balance	+	\$54,269,649	\$ 36,852,181	\$4,453,982	\$227,753
Designated for CIP Projects	+	\$13,454,549	\$ 9,649,871	\$1,302,150	\$0
Current CIP funds to be used in next 3 years (90%)	-	\$12,109,094	\$8,684,884	\$1,171,935	\$0
Total Estimated Beginning Balance	=	\$55,615,104	\$ 37,817,168	\$ 4,584,197	\$227,753
Estimated Tax Revenue		\$213,537,741	\$162,752,765	\$13,250,698	\$6,331,022
Estimated Other Revenue		\$42,379,100	\$33,867,325	\$6,035,000	\$126,000
Total Estimated Revenue		\$255,916,841	\$196,620,090	\$19,285,698	\$126,000
2014 Adopted O & M Budget	\$	266,219,804	\$ 189,174,986	\$ 20,447,262	\$ 10,664,495
New Capital Improvements					
Projects (CIP)	\$3,321,735	\$ 3,221,735	\$ 100,000	\$ -	\$0
Transfers	\$0	\$ 10,338,495	\$0	\$0	\$ (10,338,495)
Total Adopted Budget	—	\$269,541,539	\$ 202,735,216	\$ 20,547,262	\$10,106,651
Change in Fund Balance		(\$13,624,698)	(\$6,115,126)	(\$1,261,564)	(\$200,000)
Estimated Ending Balance		\$41,990,406	\$ 31,702,042	\$ 3,322,633	\$ 1,675,193
EB as a Percentage of 2014 Budget		15.6%	15.6%	16.2%	16.6%
					0.3%

BUDGET FINANCE SUMMARY

2014 Proposed Budget as of 8-13-2013

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	GUS GEORGE		CHILD	OTHER FUNDS	
	LAW LIBRARY (195)	LAW ACADEMY (200)	SUPPORT TITLE IVD (410)	TOTAL DEBT (605)	(215,225,240,29 0,305,310,315)
Unallocated Estimated Fund					
Balance	+	\$1,158,580	\$777,291	\$336,245	\$2,110,248
Designated for CIP Projects	+	\$0	\$0	\$0	\$0
Current CIP funds to be used in					
next 3 years	-	\$0	\$0	\$0	\$0
Total Estimated Beginning					
Balance	=	\$1,158,580	\$777,291	\$336,245	\$2,110,248
Estimated Tax Revenue		\$0	\$0	\$0	\$31,203,256
Estimated Other Revenue		\$319,500	\$127,500	\$300,500	\$760,000
Total Estimated Revenue		\$319,500	\$127,500	\$300,500	\$31,963,256
2014 Adopted O & M Budget	\$	328,934	\$	12,000	\$
New Capital Improvements					\$2,959,713
Projects (CIP)		\$0	\$0	\$0	\$0
Transfers			\$0	\$0	\$0
Total Adopted Budget		\$328,934	\$176,214	\$12,000	\$32,349,548
Change in Fund Balance		(\$9,434)	(\$48,714)	\$288,500	(\$386,292)
Estimated Ending Balance		\$1,149,146	\$728,577	\$624,745	\$1,723,956
EB as a Percentage of 2014					
Budget		349.4%	413.5%	5206.2%	5.3%
					35.0%

2014 Salary Scenarios

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Scenario A

Policy Group	Scale Adjustment	Cost of Salary Scale Adjustment	Cost or scale adjustment and 1 Step (2.35%)	Total Increase
Administrative/Clerical	2.00%	\$ 443,489	\$ 531,522	4.40%
Law Enforcement	3.00%	\$ 781,724	\$ 630,721	5.42%
Juvenile Detention	3.00%	\$ 151,457	\$ 122,201	5.42%
Operator/Skilled Trade	1.25%	\$ 107,919	\$ 205,424	3.63%
Public Health	1.25%	\$ 49,627	\$ 94,464	3.63%
Professional/Management	1.25%	\$ 302,924	\$ 576,615	3.63%
Executive Managers	1.25%	\$ 18,764	\$ 35,718	3.63%
61000 Salaries		\$ 1,855,904	\$ 2,196,665	
62000 Payroll Tax		\$ 141,977	\$ 168,045	
62100 Retirement		\$ 226,049	\$ 267,554	
62300 WC/Unemp.		\$ 27,839	\$ 32,950	
TOTAL		\$ 2,251,769	\$ 2,665,214	\$ 4,916,983

Scenario B

Policy Group	Scale Adjustment	Cost of Salary Scale Adjustment	Cost or scale adjustment and 1 Step (2.35%)	Total Increase
Administrative/Clerical	1.25%	\$ 277,181	\$ 527,614	4.40%
Law Enforcement	3.50%	\$ 912,011	\$ 633,783	5.93%
Juvenile Detention	3.00%	\$ 151,457	\$ 122,201	5.42%
Operator/Skilled Trade	1.25%	\$ 107,919	\$ 205,424	3.63%
Public Health	1.25%	\$ 49,627	\$ 94,464	3.63%
Professional/Management	1.25%	\$ 302,924	\$ 576,615	3.63%
Executive Managers	1.25%	\$ 18,764	\$ 35,718	3.63%
61000 Salaries		\$ 1,819,883	\$ 2,195,819	
62000 Payroll Tax		\$ 139,221	\$ 167,980	
62100 Retirement		\$ 221,662	\$ 267,451	
62300 WC/Unemp.		\$ 27,298	\$ 32,937	
TOTAL		\$ 2,208,064	\$ 2,664,187	\$ 4,872,251

Scenario C**DRAFT**

Policy Group	Scale Adjustment	Cost of Salary Scale Adjustment	Cost of scale adjustment and 1 Step (2.35%)	Total Increase
Administrative/Clerical	1.50%	\$ 332,617	\$ 528,917	3.89%
Law Enforcement	3.50%	\$ 912,011	\$ 633,783	5.93%
Civilian Detention	3.00%	\$ 151,457	\$ 122,201	5.42%
Operator/Skilled Trade	1.25%	\$ 107,919	\$ 205,424	3.63%
Public Health	1.25%	\$ 49,627	\$ 94,464	3.63%
Professional/Management	1.25%	\$ 302,924	\$ 576,615	3.63%
Executive Managers	1.25%	\$ 18,764	\$ 35,718	3.63%
61000 Salaries		\$ 1,875,319	\$ 2,197,122	
62000 Payroll Tax		\$ 143,462	\$ 168,080	
62100 Retirement		\$ 228,414	\$ 267,609	
62300 WC/Unemp.		\$ 28,130	\$ 32,957	
TOTAL		\$ 2,275,325	\$ 2,665,768	\$ 4,941,093

Scenario D

Policy Group	Scale Adjustment	Cost of Salary Scale Adjustment	Cost of scale adjustment and 1 Step (2.35%)	Total Increase
Administrative/Clerical	2.00%	\$ 443,489	\$ 531,522	4.40%
Law Enforcement	4.00%	\$ 1,042,299	\$ 636,844	6.44%
Civilian Detention	4.00%	\$ 201,943	\$ 123,387	6.44%
Operator/Skilled Trade	2.00%	\$ 172,670	\$ 206,946	4.40%
Public Health	2.00%	\$ 79,403	\$ 95,164	4.40%
Professional/Management	2.00%	\$ 484,678	\$ 580,887	4.40%
Executive Managers	2.00%	\$ 30,023	\$ 35,983	4.40%
61000 Salaries		\$ 2,454,505	\$ 2,210,732	
62000 Payroll Tax		\$ 187,770	\$ 169,121	
62100 Retirement		\$ 298,959	\$ 269,267	
62300 WC/Unemp.		\$ 36,818	\$ 33,161	
TOTAL		\$ 2,978,051	\$ 2,682,282	\$ 5,660,333

J.R. Moore & Assoc.

Policy Group	Scale Adjustment	Cost of Salary Scale Adjustment	Cost of scale adjustment and 1 Step (2.35%)	Total Increase
Administrative/Clerical	4.00%	\$ 886,979	\$ 541,944	6.44%
Law Enforcement	6.00%	\$ 1,563,448	\$ 649,091	8.49%
Civilian Detention	6.00%	\$ 302,915	\$ 125,760	8.49%
Operator/Skilled Trade	2.50%	\$ 215,838	\$ 207,960	4.91%
Public Health	2.50%	\$ 99,253	\$ 95,630	4.91%
Professional/Management	2.50%	\$ 605,847	\$ 583,734	4.91%
Executive Managers	2.50%	\$ 37,529	\$ 36,159	4.91%
61000 Salaries & Labor		\$ 3,711,809	\$ 2,240,279	
62000 Social Security		\$ 283,953	\$ 171,381	
62100 Retirement		\$ 452,098	\$ 272,866	
62300 WC/Unemployment		\$ 55,677	\$ 33,604	
TOTAL		\$ 4,503,538	\$ 2,718,131	\$ 7,221,668



2014 TCDRS Retiree COLA Recommendation

It is the recommendation of Fort Bend County Human Resources that Commissioner's Court approve a 10% of CPI Cost of Living Adjustment (COLA) for retirees or their beneficiaries for 2014.

This action will result in an additional .03% of payroll TCDRS rate for 2014, making the total required rate including COLA = 12.21% for 2014.

Furthermore, it is the recommendation of Fort Bend County Human Resources that if Commissioner's Court adopts the above recommendation, that Court also approve as a single payment, an additional optional contribution of \$351,557.00 to be credited to the County's Account in the Subdivision Accumulation Fund in the System.

This payment represents the estimated amount of the increase in Fort Bend County's Unfunded Liability due to the above approved COLA.



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COLA's

The retirement benefits that your retirees receive don't automatically increase to compensate for inflation. This means that your retirees lose buying power as the years go by. Paying for everyday living expenses — such as groceries, housing and transportation — can get increasingly difficult as prices go up.

Granting your retirees a cost-of-living adjustment (COLA) is a good way to help them maintain their buying power throughout their retirement years. You can choose either a flat-rate COLA or one that's based on the Consumer Price Index (CPI).

Flat-rate COLAs

With this type of adjustment, the benefit payment increases by a percentage you choose within the upper limit set by the TCDRS Board of Trustees each year. Everyone gets the same percentage increase. However, a flat-rate COLA may not adequately address a retiree's loss of buying power. For example, a recent retiree may have lost only a small percentage of buying power, while someone who's been retired 20 to 30 years may have lost more than 50%. A 3% flat-rate COLA might take care of the new retiree's loss of buying power, but wouldn't begin to address the older retiree's loss.

CPI-based COLAs

The Consumer Price Index for All Urban Consumers (CPI-U) is an index the federal government uses to measure inflation. With this type of adjustment, you may choose to increase your retirees' benefit payments by a percentage based on the increase in the CPI-U. A CPI-based COLA helps restore the lost buying power for each retiree, based on the retiree's original benefit payment amount and how much inflation has occurred since each retiree started receiving the benefit.

How COLAs affect your rates

A COLA will increase your employer contribution rate, and not just for one year. Because you fund a COLA over 15 years, the rates for each COLA can stack up on any previous COLAs. As a result, if your organization regularly adopts COLAs, your contribution rate will tend to creep upward. To keep frequent COLA adoptions from causing your contribution rate to climb, consider making extra contributions, either in the form of an elected rate or a lump-sum payment.

Fort Bend County, #178
Rate information for proposed plan provision changes
Plan year 2014

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	Current Plan	Proposed Plan 1		
Plan Provisions:				
Employee deposit rate	7%	7%		
Matching rate	200%	200%		
Past and future deposits / future deposits		No Change		
Prior service credit	165%	165%		
Vesting	8 years	8 years		
Rule of	75	75		
Eligible at X years and any age	30 years	30 years		
Cost-of-living adjustment (COLA)	N/A	CPI-based 10		
Partial lump sum	No	No		
Buyback	N/A	No		
Plan Rates:				
1. Normal cost rate*	7.42%	7.42%		
2. Unfunded actuarial accrued liability rate**	4.76%	4.79%		
3. Total required rate for 2014***	12.18%	12.21%		
4. Rate difference between proposed and current plan		0.03%		
5. Elected rate				
Plan Assets & Liabilities:				
6. Actuarial accrued liabilities	\$ 356,860,353	\$ 357,211,910		
7. Actuarial value of assets	\$ 293,944,235	\$ 293,944,235		
8. Unfunded or (overfunded) actuarial accrued liability (Line 6 – Line 7)	\$ 62,916,118	\$ 63,267,675		
9. Funded ratio (Line 7/Line 6)	82%	82%		

* This is the percentage of your organization's payroll needed to fund benefits your current employees earn over their careers.

** This is the percentage of your covered payroll needed to fund benefits not covered by your normal cost rate. It covers retroactive benefit increases, such as retiree COLAs, and factors in plan experience different from that assumed, such as investment returns or payroll growth.

*** This is your rate for the next plan year based on the most recent actuarial valuation. Rates will change over time. By paying your required rate, you are paying for your current employees' benefits over their projected careers. You are also paying down your unfunded liabilities to zero within 20 years (15 years for benefit increases such as cost-of-living adjustments).

YOUR COSTS

Your employer contribution rate represents the percentage of payroll your organization needs to contribute to fund future benefits for your current employees, former employees and retirees.

To calculate your total required rate, add the rate for any COLA you plan to adopt to the provided calculated contribution rate.

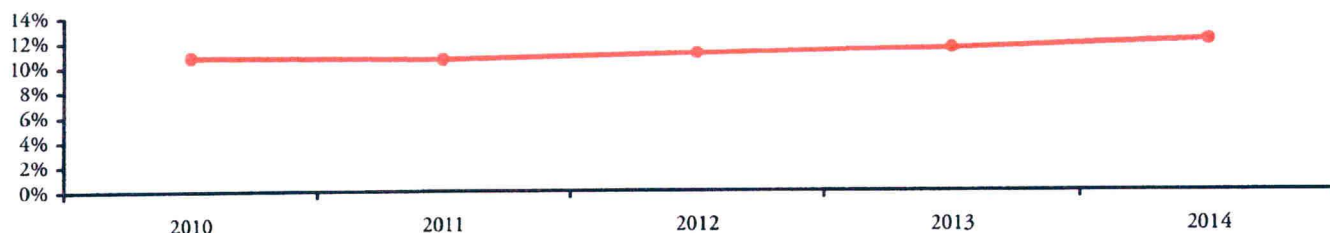
Your normal cost rate		7.42%
Your UAAL rate	+	4.76%
Calculated contribution rate		12.18%
COLA rate (if adopting)	+	
Total required rate		

To determine the cost of your plan in dollars, move the decimal for your "Total required rate" two places to the left, then multiply it by your estimated payroll for next year.

COLAs must be authorized each year. They are not "automatic." If you wish to authorize a COLA for the next plan year, you can estimate the cost based on the schedule of rates below:

10%	0.03
20%	0.07
30%	0.12
40%	0.23
50%	0.39
60%	0.55
70%	0.71
80%	0.87
90%	1.02
100%	1.18
CPI-based increases	
1%	0.10
2%	0.20
Flat-rate increases	
1%	0.10
2%	0.20
% of payroll	

Below is a record of your required employer contribution rate history over the last five years.



REASONS FOR RATE CHANGE	2010-2011	2011-2012	2012-2013	2013-2014
Beginning Rate	10.83%	10.65%	11.12%	11.55%
Plan Changes Adopted	0.00	0.00	0.00	N/A
Investment Return	-0.39	0.38	0.43	0.41
Elected Rate/Lump Sum	0.00	0.00	0.00	0.00
Demographic/Other Changes	-0.26	0.09	0.00	0.22
Assumptions/Methods	0.47	0.00	0.00	0.00
Ending Rate	10.65%	11.12%	11.55%	12.18%
VALUATION YEAR	2009	2010	2011	2012
FUNDED RATIO	84%	84%	83%	82%

A complete Summary Valuation Report for the Dec. 31, 2012 valuation is available on the web.

2014 Fort Bend County TCDRS COLA Calculation Worksheet

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CPI-Based Increase Options

% of CPI	% of Payroll	2014 Estimate *	Increase in Unfunded Liability
10%	0.03	30,000	351,557
20%	0.07	70,000	766,000
30%	0.12	120,000	1,425,000
40%	0.23	230,000	2,665,000
50%	0.39	390,000	4,455,198
60%	0.55	550,000	6,264,000
70%	0.71	710,000	8,072,000
80%	0.87	870,000	9,880,000
90%	1.02	1,020,000	11,688,000
100%	1.18	1,180,000	13,496,000

Flat-Rate Increase

Flat Increase %	% of Payroll	2014 Estimate *	Increase in Unfunded Liability
1%	0.10	100,000	1,162,000
2%	0.20	200,000	2,324,000

* = 2014 Estimates based on a payroll of \$100,000,000

351,557 = Lump Sum Payment to Fund 10% of CPI COLA