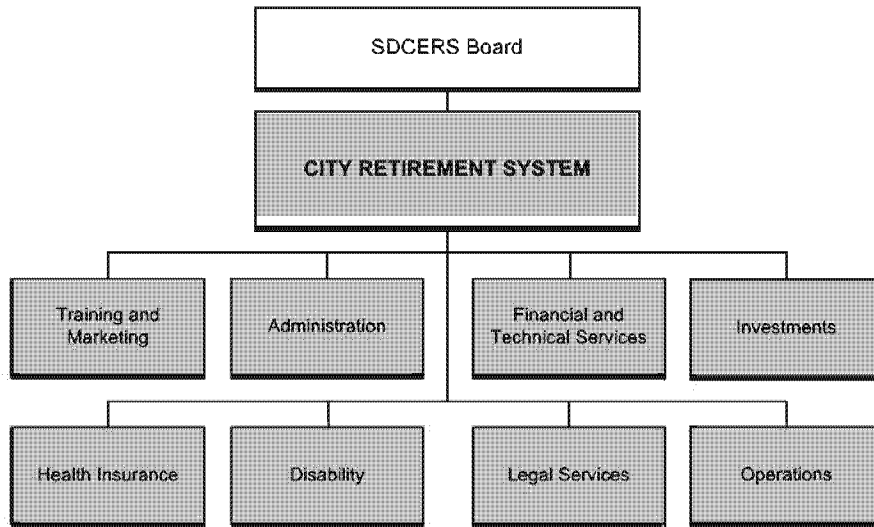
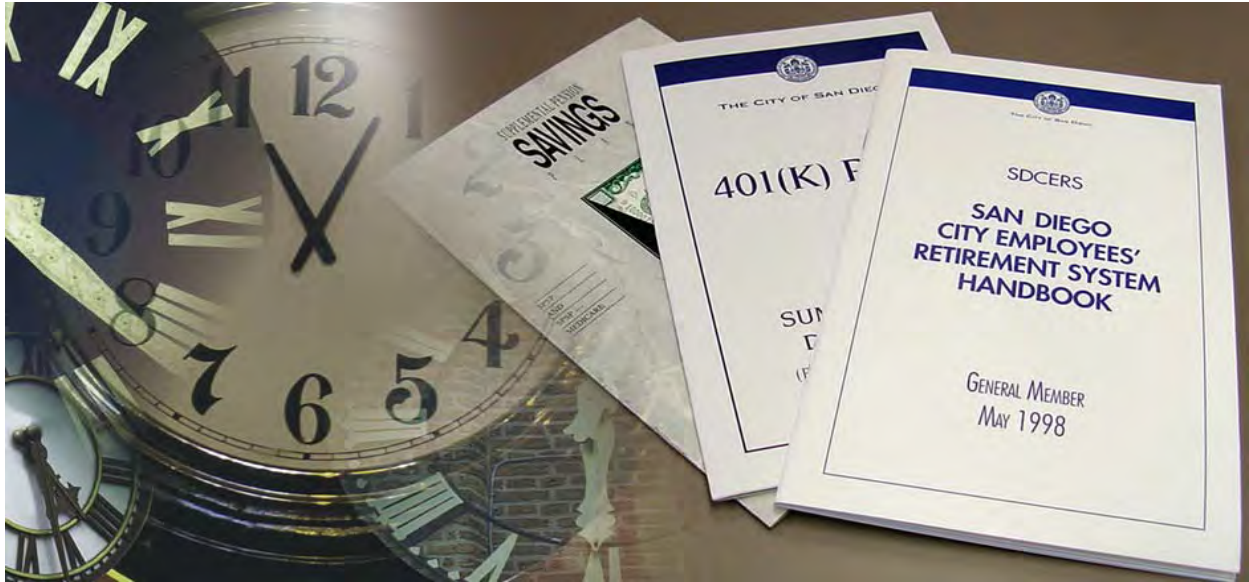


City Retirement System



City Retirement System



Mission Statement

To continually deliver accurate and timely benefits through prudent administration and safeguarding of the San Diego City Employees' Retirement System, while ensuring the fund's maximum safety, integrity, and growth.

Department Description

The San Diego City Employees' Retirement System (SDCERS) invests, manages and administers the \$2.3 billion retirement pension plans for general members, safety members, and legislative officers of the City of San Diego. In addition, the employees of the San Diego Unified Port District and the San Diego County Regional Airport Authority are members of SDCERS by virtue of contractual agreements.

Division/Major Program Description

Administration

The Administration Division provides for general management of the overall policy direction, coordination, and planning of the SDCERS. Staff provides timely input to the Retirement Board of Administration in making member benefits, administrative policy and investment decisions. The Administration Division also provides for actuary services, travel and training expenses, consulting services, strategic planning and performance surveys.

Disability

The Disability Program is responsible for processing all disability applications, preparing reports for the Retirement Board, and recommending approval or denial of disability applications. The Program provides monthly reports related to the status of all pending disability cases. It also coordinates and represents the City Retirement System at all disability pre-hearings and hearings.

City Retirement System

Division/Major Program Description

Financial and Technical Services

The Financial and Technical Services Division audits retirement functions as directed by the Retirement Administrator; conducts compliance audits of benefits administration, including audits of benefit calculations and monthly retirement allowances; administers the bi-weekly retirement contribution process; prepares and monitors the Department budget; and manages special projects and data processing services. Additionally, the Division is the project lead for all new systems development, including the Membership Benefits System; supports all actuarial data requirements, and acts as the primary point of contact for the Unified Port District and the Airport Authority.

Health Insurance

The Health Insurance Group administers the post-retirement health insurance benefits for the City of San Diego retirees and the annual open enrollment process, makes premium payments to the carriers and answers retirees' questions concerning health insurance benefits and the various plans offered.

Investments

The Investments Division is responsible for conducting the day-to-day investment and corporate governance functions in accordance with the Retirement Board's adopted investment policies and procedures; negotiating contracts with, reviewing performance of, and maintaining positive relationships with external money managers, consultants and other investment service providers; managing cash flows between the Retirement System, external money managers, the City and other parties; researching, analyzing, and recommending investment alternatives to the Investment Committee and/or Retirement Board; monitoring investment activity of money managers and the custodial bank; and preparing general ledgers and financial statements of the Trust Fund.

Legal Services

The Legal Services Division is responsible for providing legal advice and assistance to the Retirement Board and staff in the areas of trust, tax, contracts, community property, benefit interpretation and eligibility, investments, corporate governance and fiduciary responsibility; drafting legal documents such as ordinances, resolutions, contracts, rules and pleadings; coordinating the use of outside counsel; and representing the Retirement Board and/or staff in all legal proceedings to which the Retirement Board is a party.

Operations

The Operations Division is responsible for calculating retirement, survivor, and death benefits; processing enrollment documentation of new members; maintaining records of all active and retired members; and calculating and processing all member termination refunds for the City of San Diego, Unified Port District, and Airport Authority employees. This Division provides counseling

City Retirement System

Division/Major Program Description

Operations (continued)

sessions on service retirement, disability retirement, reciprocity, Deferred Retirement Option Plan (DROP) Program, and purchase of service credits. The Division also provides pre-retirement counseling and planning for members of the City Retirement System.

Training and Marketing

The Training and Marketing Division creates and maintains procedures for all tasks associated with benefit administration, and trains staff on how to accomplish each task. In addition, the Division maintains the SDCERS website, oversees the SDCERS quarterly newsletter production, prepares and distributes brochures, updates member handbooks, develops a retiree handbook, and produces other marketing materials to facilitate communication with SDCERS membership and the public.

Service Efforts and Accomplishments

Since the inception of SDCERS 76 years ago, the number of active contributing members and retirees has continued to grow. During Fiscal Year 2003, SDCERS processed 3,046 purchase of service credit contracts, 129 service and disability retirements, and 363 DROP retirements; hosted 15 pre-retirement seminars; provided information at 19 new employee orientations; and advised members in 1,469 counseling sessions.

In Fiscal Year 2003, SDCERS completed the implementation of the Membership Benefits System. This information system is an integrated solution, which replaces four separate legacy mainframe and desktop applications. The system tracks all member-related data including: salary, contributions, creditable service, purchase of service contracts and reciprocity information. The system generates weekly lump sum payment transactions and a monthly pension payroll.

In August 2003, the SDCERS Board launched the SDCERS website, www.sdcers.org, whereby the SDCERS participants can access comprehensive information regarding their benefits and the investment of plan assets.

The Government Finance Officers Association of the United States and Canada has given the Award for Outstanding Achievement in Popular Annual Financial Reporting to SDCERS for its Popular Annual Financial Report for Fiscal Year 2003. This is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government popular reports.

Over the past year, the SDCERS Board managed the investment portfolio through a period of continued uncertainty, but was witness to improving fundamentals in the financial markets due to the recent economic recovery in mid 2003. In the Fiscal Year 2003, SDCERS earned a total return of +5.44%, as compared to a total return of -2.40% for the previous year.

Future Outlook

Prudent and excellent investments, along with consistently high quality customer service to all the SDCERS active and retired members and their beneficiaries, continue to be the goals of the SDCERS.

City Retirement System

City Retirement System				
	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL	FY 2004-2005 CHANGE
Positions	50.00	50.00	50.00	0.00
Personnel Expense	\$ 4,140,330	\$ 4,554,998	\$ 5,289,853	\$ 734,855
Non-Personnel Expense	\$ 17,033,314	\$ 18,014,315	\$ 22,520,555	\$ 4,506,240
TOTAL	\$ 21,173,644	\$ 22,569,313	\$ 27,810,408	\$ 5,241,095

Department Staffing

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
CITY EMPLOYEES' RETIREMENT SYSTEM			
City Retirement System			
Administration	4.50	4.50	4.50
Disability	4.00	4.00	4.00
Financial & Technical Services	6.00	6.00	6.00
Health Insurance	2.30	2.30	2.30
Investments	4.50	4.50	4.50
Legal Services	6.00	6.00	6.00
Operations	18.70	18.70	19.70
Training & Marketing	4.00	4.00	3.00
Total	50.00	50.00	50.00

Department Expenditures

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
CITY EMPLOYEES' RETIREMENT SYSTEM			
City Retirement System			
Administration	\$ 1,454,249	\$ 1,904,099	\$ 1,799,576
Disability	\$ 479,316	\$ 570,440	\$ 800,445
Financial & Technical Services	\$ 2,349,933	\$ 2,873,605	\$ 3,634,253
Health Insurance	\$ 268,284	\$ 223,120	\$ 236,731
Investments	\$ 13,638,105	\$ 13,403,709	\$ 17,251,207
Legal Services	\$ 755,847	\$ 1,181,227	\$ 1,246,550
Operations	\$ 1,465,368	\$ 1,555,102	\$ 2,238,709
Training & Marketing	\$ 762,542	\$ 858,011	\$ 602,937
Total	\$ 21,173,644	\$ 22,569,313	\$ 27,810,408

City Retirement System

Significant Budget Adjustments

CITY EMPLOYEES' RETIREMENT SYSTEM

City Retirement System	Positions	Cost
Salary and Benefit Adjustments	0.00	\$ 550,294
Adjustments to reflect the annualization of the Fiscal Year 2004 negotiated salary compensation schedule, Fiscal Year 2005 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.		
Addition of Support in City Retirement System	0.00	\$ 4,745,425
Addition of support in City Retirement System based on changes approved by the San Diego City Employee Retirement System Board.		
Non-Discretionary	0.00	\$ (19,992)
Adjustments to reflect expenses that are determined outside of the Department's direct control. Examples of these adjustments include utilities, insurance, and rent.		
Support for Information Technology	0.00	\$ (34,632)
Funding has been reallocated according to a Citywide review of information technology budget requirements and priority analyses.		

Expenditures by Category

	FY 2003 BUDGET	FY 2004 BUDGET	FY 2005 FINAL
PERSONNEL			
Salaries & Wages	\$ 3,262,313	\$ 3,356,876	\$ 3,791,958
Fringe Benefits	\$ 878,017	\$ 1,198,122	\$ 1,497,895
SUBTOTAL PERSONNEL	\$ 4,140,330	\$ 4,554,998	\$ 5,289,853
NON-PERSONNEL			
Supplies & Services	\$ 16,169,660	\$ 16,938,276	\$ 21,523,289
Information Technology	\$ 784,638	\$ 995,191	\$ 930,681
Energy/Utilities	\$ 67,842	\$ 69,674	\$ 55,411
Equipment Outlay	\$ 11,174	\$ 11,174	\$ 11,174
SUBTOTAL NON-PERSONNEL	\$ 17,033,314	\$ 18,014,315	\$ 22,520,555
TOTAL	\$ 21,173,644	\$ 22,569,313	\$ 27,810,408

City Retirement System

Salary Schedule

CITY EMPLOYEES' RETIREMENT SYSTEM

City Retirement System

<i>Class</i>	<i>Position Title</i>	<i>FY 2004 Positions</i>	<i>FY 2005 Positions</i>	<i>Salary</i>	<i>Total</i>
1104	Account Clerk	1.00	1.00	\$ 34,768	\$ 34,768
1106	Sr Management Analyst	1.00	1.00	\$ 66,198	\$ 66,198
1107	Administrative Aide II	1.00	1.00	\$ 46,228	\$ 46,228
1218	Assoc Management Analyst	11.00	12.00	\$ 58,745	\$ 704,945
1255	Benefits Representative I	2.00	2.00	\$ 34,700	\$ 69,399
1348	Info Systems Analyst II	1.00	1.00	\$ 59,625	\$ 59,625
1535	Clerical Assistant II	9.00	9.00	\$ 32,748	\$ 294,736
1577	Legal Secretary	1.00	1.00	\$ 48,006	\$ 48,006
1598	Legal Assistant	2.00	2.00	\$ 58,039	\$ 116,078
1746	Word Processing Operator	1.00	1.00	\$ 34,857	\$ 34,857
1801	Retirement Asst	5.00	5.00	\$ 40,776	\$ 203,879
1822	Sr Legal Assistant	1.00	1.00	\$ 63,958	\$ 63,958
1842	Accountant II	1.00	0.00	\$ -	\$ -
1876	Executive Secretary	2.00	2.00	\$ 48,366	\$ 96,732
1917	Supv Management Analyst	1.00	0.00	\$ -	\$ -
2119	Asst Retirement Admin	1.00	1.00	\$ 170,070	\$ 170,070
2180	Retirement Administrator	1.00	1.00	\$ 188,985	\$ 188,985
2195	Retirement General Counsel	1.00	1.00	\$ 168,554	\$ 168,554
2196	Asst Retirement General Counsel	1.00	1.00	\$ 138,410	\$ 138,410
2224	Assoc Counsel	1.00	1.00	\$ 114,500	\$ 114,500
2241	Investment Officer	1.00	1.00	\$ 156,684	\$ 156,684
2256	Asst Investment Officer	1.00	1.00	\$ 98,916	\$ 98,916
2274	Medical Review Officer	1.00	1.00	\$ 72,393	\$ 72,393
2282	Program Coordinator	2.00	3.00	\$ 94,872	\$ 284,617
	Ex Perf Pay-Classified	0.00	0.00	\$ -	\$ 10,605
	Temporary Help	0.00	0.00	\$ -	\$ 548,815
	Total	50.00	50.00	\$	\$ 3,791,958
CITY RETIREMENT SYSTEM TOTAL		50.00	50.00	\$	\$ 3,791,958

City Retirement System

Five-Year Expenditure Forecast

	FY 2005 FINAL	FY 2006 FORECAST	FY 2007 FORECAST	FY 2008 FORECAST	FY 2009 FORECAST	FY 2010 FORECAST
Positions	50.00	50.00	50.00	50.00	50.00	50.00
Personnel Expense	\$ 5,289,853	\$ 5,448,549	\$ 5,612,005	\$ 5,780,365	\$ 5,953,776	\$ 6,132,389
Non-Personnel Expense	\$ 22,520,555	\$ 23,196,172	\$ 23,892,057	\$ 24,608,819	\$ 25,347,084	\$ 26,107,497
TOTAL EXPENDITURES	\$ 27,810,408	\$ 28,644,721	\$ 29,504,062	\$ 30,389,184	\$ 31,300,860	\$ 32,239,886

City Retirement System

Fiscal Years 2006-2010

No major projected requirements.