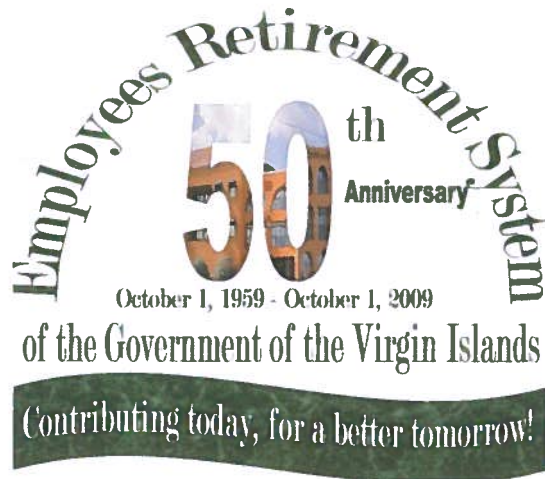


GOVERNMENT EMPLOYEES RETIREMENT SYSTEM OVERVIEW OF OPERATIONS



Presented to the
Committee on Appropriations and Budget
of the
Twenty-Eighth Legislature of the
Virgin Islands

Presented By
Austin L. Nibbs, CPA
Administrator

Earle B. Ottley Legislative Hall
August 5, 2009
9:00 A.M.
Charlotte Amalie, St. Thomas USVI

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
Overview of Operations – Fiscal Year 2009**

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GOVERNMENT EMPLOYEES RETIREMENT SYSTEM OVERVIEW OF OPERATIONS

Good morning, Honorable Senator Carlton "Ital" Dowe, members of the Committee on Appropriations and Budget and other distinguished senators who are present in the chambers. I am Austin L. Nibbs, Administrator of the Government Employees Retirement System of the Government of the Virgin Islands (GERS). Appearing with me today is senior management and staff. Mr. Chairman, before I begin my presentation I would like to extend my appreciation to the Committee for approving my request for rescheduling our appearance before the Committee. I felt the extension was needed in order to adequately prepare and respond to the requirements that were requested. I note that this report is a compilation of nine months of activity covering the period of the three quarters for fiscal year October 1, 2008 through June 30, 2009.

INTRODUCTION

The GERS was enacted by the Third Legislature of the Virgin Islands on June 24, 1959 by Act 479, which created the Employees Retirement System as a ***defined benefit pension plan***. On October 1, 1959, the System started operations and contributions by employees and the plan sponsor began.

The statutory mandate of the GERS is to enroll employees into the System within thirty (30) days of service, as a condition of their employment. The objective of the GERS is to encourage employees who enter the System to remain in the service of the government by establishing an orderly means whereby those members who became superannuated or incapacitated as a result of disability may retire without suffering economic hardship. **The GERS has met this mandate.** However, for the System to continue to meet its statutory obligations to its members, it must be actuarially funded.

This year will mark the 50th anniversary of the System, which makes the System one of the oldest pension systems under the U.S. Flag. Just to compare how old our System is, the largest public pension system Public Employees' Retirement System of the State of California known as CALPERS, was created on January 1, 1932, twenty-seven (27) years before the GERS was created.

The System was originally combined with the Division of Personnel and was separated in 1987. In the year of our 50th anniversary, I would like to publicly thank those individuals who have served as the Administrator of the System from the inception in 1959. They are:

- Victor Ebbesen 1959 - 1967
- Albert Hugh 1967 - 1972
- Leslie Millin 1972 - 1986
- Joseph Aubain 1987 - 1990
- George Goodwin 1991 - 1993
- Claude "Tappy" Molloy 6 months in 1993
- Laurence E. Bryan 1994 - 2004
- Willis C. Todmann 2004 - 2007

I would also like to acknowledge and thank the following individuals that have served as the Acting Administrator:

- A. Cecelia Cruse
- Ellen Boschulte Murraine
- Cecilia Senthill-Harrigan
- Joanne U. Barry

ACCOMPLISHMENTS for Fiscal Year 2009

The major accomplishments during fiscal year 2009 are:

- Issued the Fiscal Year 2007 Annual Financial Audit and completed the Fiscal Year 2008 Annual Financial Audit which is scheduled to be issued by September 15, 2009.
- Upgraded the computer network wiring to category 6 gigabit standard.
- Updated and replaced desktop PC platform of GERS with new up-to-date computers.
- Implement On-Site Customer Service for GERS members and retirees on St. John.
- Increased the number of direct deposit by 275.
- Developed an integrated Power Point Presentation for the New Employee Orientation.
- Resumed construction of GERS Complex on St. Croix.
- Selected contractor to redesign the web-site.
- Completed imaging of all member back file records and implemented day forward imaging of member records in real-time.
- Completed the review and analysis of Title 3 Chapters 27 and 28, including the Reform Act and Tier II.
- Implemented Track-It a metric-based technical support tool used for performance monitoring.
- Completed the installation of the forced placed insurance program.

MEMBERSHIP

A snapshot of the overall membership in the System from fiscal year 1982 through June 30, 2009 is as follows:

Year	Active Members	Retirees & Beneficiaries	Ratio of Actives to Retirees	Total Members
1982	8,914	1,360	6.55 to 1	10,174
1987	10,466	2,338	4.47 to 1	12,804
1991	11,766	2,901	4.05 to 1	14,677
1993	11,642	3,473	3.35 to 1	15,115
1994	12,116	3,751	3.23 to 1	15,867
1995	11,493	4,438	2.58 to 1	15,931
1997	11,572	4,682	2.47 to 1	16,254
1999	10,763	6,212	1.73 to 1	16,975
2001	9,303	5,581	1.66 to 1	14,884
2002	11,352	5,938	1.91 to 1	17,290
2003	10,555	6,052	1.74 to 1	16,607
2004	9,362	6,258	1.49 to 1	15,620
2005	9,967	6,484	1.54 to 1	16,451
2006	9,841	6,731	1.46 to 1	16,572
2007	11,207	6,811	1.65 to 1	18,018
2008	11,067	6,926	1.60 to 1	17,993
2009	11,085	7,141	1.55 to 1	18,226

The membership numbers show that the gap between the active and retired members is closing. There is a 1.55 to 1 ratio between the active members and the retirees and beneficiaries. This is of great concern to the System because of potential decrease in contributions if there is a mass exodus of employees from the system without immediate replacements.

BENEFIT PAYMENTS

As reflected in the chart above, the number of retirees and beneficiaries continues to increase which results in benefit payments steadily increasing. In 1991 benefit payments were

approaching \$55 million, while for fiscal years 2007, 2008 and the 9 months of 2009, benefit payments were \$158.9 million, \$161.7 million and \$127.3 million respectively.

Of the 7,141 retirees and beneficiaries in the System, 6,009 retirees or 84% are residents of the Virgin Islands. With the projected benefit payments approaching \$180 million this represents a significant infusion of cash that impacts the economy of the Territory annually.

COST OF LIVING ADJUSTMENT (COLA) AND ANNUAL BONUS

On July 15, 2009, 5,744 retirees were paid their annual 1.5% (COLA) totaling \$75,353 (annualized amount \$1,808,472). The COLA was paid to those retirees who are age 60 and have been receiving a service annuity for at least 1 year.

In accordance with Bill No. 28-0020 (Act No. 7070) which was passed by the Legislature on May 29, 2009 and signed into law by the Governor on June 24, 2009 provided for the Virgin Islands Lottery to make an annual payment to the GERS by July 15th of not less than \$2,270,000 to be paid by September 30th as a bonus to annuitants and pensioners who are not less than 60 years of age, and have been receiving a service annuity for at least 1 year, and is eligible to receive a cost of living increase by July 15 of the year in which the bonus payment is made. On July 31st, we received the check from the V.I. Lottery in the amount of \$2,270,000. Therefore, on or before September 30 2009, 5,744 retirees will receive \$395.19.

CONTRIBUTIONS

The current combined contribution rate is 25.5% of total payroll. The current combined rates are not sufficient to meet the 43% of payroll cost of the System, which is the amount necessary to maintain the operations of the retirement benefit structure on an actuarial reserve basis, as mandated by the provisions of the Virgin Islands Code. To meet the full actuarial costs,

the contribution rates must be increased so that in total, the System would have to receive additional contributions of 17.5%, in order to meet the 43% of payroll cost of the System.

The outstanding employer's contributions (excluding delinquency fee and interest) due to the GERS from the central government and other government agencies for fiscal year 2009 through June 30, 2009) are as follows:

	Regular	3%	Total
Central Government	\$ -	\$ -	\$ -
Instrumentalities	-	1,497,278	1,497,278
Total	\$ -	\$1,497,278	\$1,497,278

The contributions due from the Central Government are current to date. The contributions due from the instrumentalities are current except for the V.I. Water and Power Authority, the University of the Virgin Islands and other instrumentalities which owe the additional 3% (14.5% to 17.5%) in the amount of \$916,190, \$450,497 and \$130,591 respectively.

ACTUARIAL VALUATION INFORMATION

Title 3, Chapter 27, Section 718 (a) of the Virgin Islands Code mandates that the Employees Retirement System of the Government of the Virgin Islands be financed on an "actuarial reserve basis." An "actuarial reserve basis" generally means that the retirement benefits are funded during employees active years of employment so that by the time they retire, the benefits would have been fully funded in advance of their retirement date. The actuarial valuation, which is conducted by the System's Actuary, determines the contribution rate necessary to meet the cost of benefits being accrued and a corresponding amount to pay down a portion of the unfunded liabilities.

The most recent actuarial valuation estimate as of September 30, 2006 was determined by The Segal Company. The Actuary will be issuing a certified actuarial valuation report as of

September 30, 2006 very shortly. The System's estimated unfunded accrued liability (UAL) based on the last actuarial valuation at September 30, 2006 is estimated to be \$1,237 million. The estimate as of September 30, 2006 shows that the current statutory employer and employee contribution rates are not sufficient to meet the cost of funding the System on an actuarial reserve basis, as required by law. The UAL is estimated to be \$1,543 million at September 30, 2008 and \$1,638 million at June 30, 2009.

HEALTH OF THE SYSTEM

From 1959 through 1989, there was no substantial payment of annuities because, for the most part, few members were not eligible to retire. There were no deficits, and contributions and investment returns exceeded the benefits paid out.

Since 1996 the GERS has not been in good health and its health continues to deteriorate. This is the year that the System went from a positive net cash flow to a negative net cash flow, where benefits and expenses exceeded contributions. This trend has continued up to today which results in approximately \$60 million negative cash flow annually. Without a significant cash infusion and or increases in the contribution rates, our Actuary has predicted that the System will run out of assets in the next 14-19 years. The Actuary has also predicted that in the next 14-19 years the benefits payments and expenses will exceed 50% of payroll and increasing each year thereafter. What the GERS is experiencing is not unique. This is typical of any "mature system". However, for the plan sponsor to continue to delay addressing the root causes of the problems facing the System will cause the following:

- The unfunded liability to increase
- Benefits payments to the retirees to continue to exceed the contributions received by approximately \$60 million - \$80 million annually.

- The actual employer contributions not keeping pace with the annual employer required contributions.
- Actuarially required amounts increasing in future years to make up for current and prior years' contribution deficits.
- The unfunded actuarial liabilities of the plan continuing to increase significantly over time.
- A continual decrease in the "funding ratio", (the amount that measures the progress being made towards the funding of benefits accruing from year to year).

GERS SUMMIT

On July 1, 2009, the Governor hosted a summit the objective being to engage serious discourse on the problems of the GERS that have been lingering for many years. On July 7, 2009 a follow up meeting was held with the Governor and his senior staff, the Senate President, the Division of Personnel and the GERS. The decision made at this meeting is that the implementation of the Reform Act and Tier II will go forward with an effective date of January 1, 2010. Within the next 30 – 45 days, the System will be proposing amendments to the Reform Act and Tier II, and recommending new legislation to decrease the unfunded liability and prevent a mass exodus of employees retiring at the end of the year, because of the implementation of the Reform Act on January 1, 2010 as it relates to the payment of contributions on excess annual and sick leave for credited service after December 31, 2009.

INVESTMENTS

The investment fund portfolio is managed with the specific goal to grow the assets to meet the System's pension liability and ensure a reliable cash flow that provides for the funding requirements of near-term pension obligations. To achieve these goals, the Board allocates the Fund's assets to a variety of asset types and strategies in consultation with the Investment Consultant. Generally, equity investments are included for their long-term return and growth

characteristics, and fixed income assets are added for their ability to control investments risk and provide for a reliable cash flow that meets the System's funding requirements. The Fund's successful long-term performance confirms the importance of asset diversification and controlling investment risk within each asset class.

Because of the volatility in the market, over the past 21 months the System's portfolio *value* decreased from a high of \$1,312 million at October 1, 2007 to a low of \$1,019 million at June 30, 2009, a decrease in value of approximately \$293 million. This is not unique for the GERS. Every institutional investor experienced significant declines in the value of their portfolio. The System has experienced this type of volatility in the past. Between 2000 and 2002, there was a reduction of approximately \$200 million in the portfolio *value*. On the other hand, between 2002 and 2006 the portfolio *value* increased by \$340.5 million.

We are committed to a disciplined investment strategy that focuses on long-term results. We are presently reviewing proposals to invest locally in a few non-traditional and alternative investment projects. We are exploring potential alternative investment opportunities within the Virgin Islands and the region with expected rate of return that far exceeds our benchmark of 8%.

The System's investment fund is presently managed by 14 investment managers. A schedule of the Investment Fund which includes all of the funds invested with the various investment managers is presented as Exhibit A.

LOANS

In addition to providing regular retirement benefits, the System also provides personal, auto, land and mortgage loans to qualified members and retirees. The loan portfolio brings in revenues to the System of approximately \$10 million annually in interest income. We are proud to provide this service to our members some who would not be able to obtain credit to better

their standard of living if this service was not available to them. The number of loans granted for fiscal year 2009 through June 30, 2009 as shown below:

<u>Loan Category</u>	<u>Units</u>	<u>Dollar Value</u>
Personal Loans	4,353	\$82,586,105
Auto Loans	3	49,060
Mortgage Loans	4	391,000
Land Loans	1	29,700
Retiree Loans	307	2,932,975

The total loan portfolio as of June 30, 2009 is \$128,816,407 and is presented as Exhibit B.

REAL ESTATE

(A) GERS Complexes

The System owns the GERS Complex on St. Thomas, which is the location of the GERS' principal place of business. The tenants are the Division of Personnel, the Department of Justice, Rescare (Job Corp) and First Bank. GERS also owns an additional 2.9 acres located at Parcels No. 5 and 6 Estate Orange Grove, St. Croix, which houses the St Croix Branch Office operations and the Casino Control Commission. The tenants with outstanding rents and electricity as of June 30, 2009 are as follows:

	Rent	Electricity	Late Charges	Total
Division of Personnel	\$407,952	\$122,272	*	\$530,224
Department of Justice	<u>324,379</u>	<u>371,498</u>	<u>167,647</u>	<u>863,524</u>
	<u>\$732,331</u>	<u>\$493,770</u>	<u>\$167,647</u>	<u>\$1,393,748</u>

*(Forgiven during negotiations)

The construction of the new St. Croix Complex is underway with a scheduled completion date of February 2010. The new complex will house a 22,000 square foot two-story building which will augment the existing facilities now located on the site.

In late 2006, the System purchased 120 acres of land at Estates Hoffman and Nullyberg on St. Thomas. This purchase was made primarily as an additional real estate investment for our members. Our Architect has done a conceptual drawing on the best comprehensive use for this land, and has engaged consultants to conduct environmental studies, in addition to, marketing and feasibility studies for best use, in preparation for request for zoning change. The Development Committee is presently reviewing different options for use of this property.

(B) Havensight Shopping Mall

The Havensight Shopping Mall, a premier tourist destination commercial shopping center in St. Thomas, is the gem of the Caribbean and has been one of the best investments for the System. This property was purchased on June 30, 1993, for \$32 million. In November 2006, the mall was appraised at \$80 million. An appraisal is presently being performed to determine a more current appraised value. In prior years, we have received approximately \$3.7 million in net dividend payments from the mall. However, we are mindful of the potential loss in dividend payments in fiscal years 2009 and 2010 due to the 25% reduction in rents to the tenants. The dividends received from the Havensight Mall are a vital component of our overall budget. The Board will continue to discuss with WICO the steps that may be needed to protect this vital investment. We encourage the members of the System to visit and patronize the businesses renting in this facility that is **PROUDLY OWNED BY THE GOVERNMENT EMPLOYEES RETIREMENT SYSTEM.**

TECHNOLOGY UPGRADE

We are in the 16th month of a 39 month implementation of a comprehensive retirement system software solution known as V3. The objective of this software implementation is to merge the GERS' current benefits and loan administration systems into a state-of-the-art, web-based, business solution that provides the technology foundation to enable and sustain the business agility of the GERS in addition to being fully integrated with the central government and other government instrumentalities that interface with the GERS.

The project consists of three rollouts (phases):

- Rollout 1: Digital Conversion of GERS' member files
- Rollout 2: V3 Imaging and Line of Business Implementation
- Rollout 3: V3 Self-Service Implementation

We are currently in the Rollout 2 phase.

When the software is fully implemented, customer service to retirees, active government personnel and the public-at-large will be greatly enhanced through the ability of V3 to facilitate electronic, web-based transactions and communications.

Other expected results of this upgrade are:

- Online loan applications and payments
- Ability for members to estimate benefit calculations
- Improved ability of GERS to produce member statements
- Improved data quality and security
- Digitized member data for improved access, retrieval and protection
- Greatly reduced processing time for requested services
- Improved identification of receivables from government agencies
- Improved work flow tracking and processes

ANNUAL FINANCIAL AUDIT

The System's most recent audited financial statements by Bert Smith & Company are as of September 30, 2007. The auditors have completed the fieldwork for the audit of the financial

statements for the year ended September 30, 2008. These financial statements are expected to be issued by September 15, 2009.

We are mindful of the amount of repeat findings. As a professional accountant and a former auditor, I do not take these finding lightly. We are vigorously addressing those issues that are low hanging fruits that can be corrected in real time. This accounts for approximately 50% of the findings. The other 50% of the findings will go away when the new financial system is implemented.

PROJECTED GOALS AND OUTCOMES FOR FISCAL YEAR 2010

- To develop a comprehensive long range Strategic Plan for the System.
- To decrease the period of time to issue the annual certified financial statements and the annual report.
- To complete the recalculation of retiree's annuity payments.
- To improve on the timeliness of processing member benefits.
- To provide timely and accurate information to our members.
- To continue to promote direct deposit for retiree's annuity payments.
- To provide members with educational services in Estate Planning and Financial Services to assist them with planning and managing their retirement.
- To develop a coordinated communications effort to include production of a system quarterly newsletter and workshops concerning GERS' benefits and processes.
- To continue to provide system-wide customer service training in order to decrease the number of complaints reported by the members.
- To continue to improve on the technology infrastructure to support the internal and external operations.
- To complete the elevator refurbishing project, install a public announcement (PA) system for emergency purposes and develop a refurbishing plan to address energy saving measures in our buildings.

- To continue the implementation of the new loans and benefits software which will improve the delivery of services to the members of the System.
- To procure a new accounting system software that will be integrated with the new benefits and loans software.
- To continue to increase oversight of the investment managers performance.
- To begin the implementation of Act No. 6794 (The Retirement System Reform Act of 2005) and amendments Act No. 6905 and Act No. 6917.

REFORM ACT/TIER II AND RECOMMENDATIONS

As indicated earlier in my presentation, the System will go forward with the implementation of the Reform Act and Tier II on January 1, 2010. In order to slow the increase in the unfunded liability, we will be recommending new legislation and amendments to existing legislation as follows:

NEW LEGISLATION

We are aware that approximately 900 employees will be eligible for retirement at December 31, 2009. If these employees were to leave government service in mass, this would result in approximately an \$11.5 million reduction in the contribution base of the GERS. Therefore, we are proposing the introduction of a **Deferred Retirement Option Program (DROP)** that would be limited to those employees who are eligible to retire as of December 31, 2009, and have excess annual and sick leave that can be credited to their years of service through December 31, 2009. The DROP provides an employee with an alternative method of payment of their retirement benefits for a specified and limited period. Under the proposed DROP, the employee will have to select a participation period between 2 – 5 years. The employee will continue to work and receive the same salary as if they did not retire. At December 31, 2009, the employee will stop earning service credit toward a future benefit. Their retirement benefit will be calculated from the time the DROP period begins which will be

January 1, 2010. Their monthly retirement benefits will begin to accumulate in a Trust Fund earning monthly interest equivalent to an annual rate to be determined by the System. Upon the expiration of the participation period selected by the employee (i.e. 2 years), the employee will leave government service and receive a lump sum payment of their monthly annuity payments that were accumulated for 2 years plus interest, and thereafter continue to receive their regular monthly annuity payments. The purpose of our proposal is to continue to maintain the contribution base until the central government can develop and implement a succession plan. It is our intent that this option will be extended to the semi-autonomous and autonomous agencies.

AMENDMENT TO EXISTING LEGISLATION

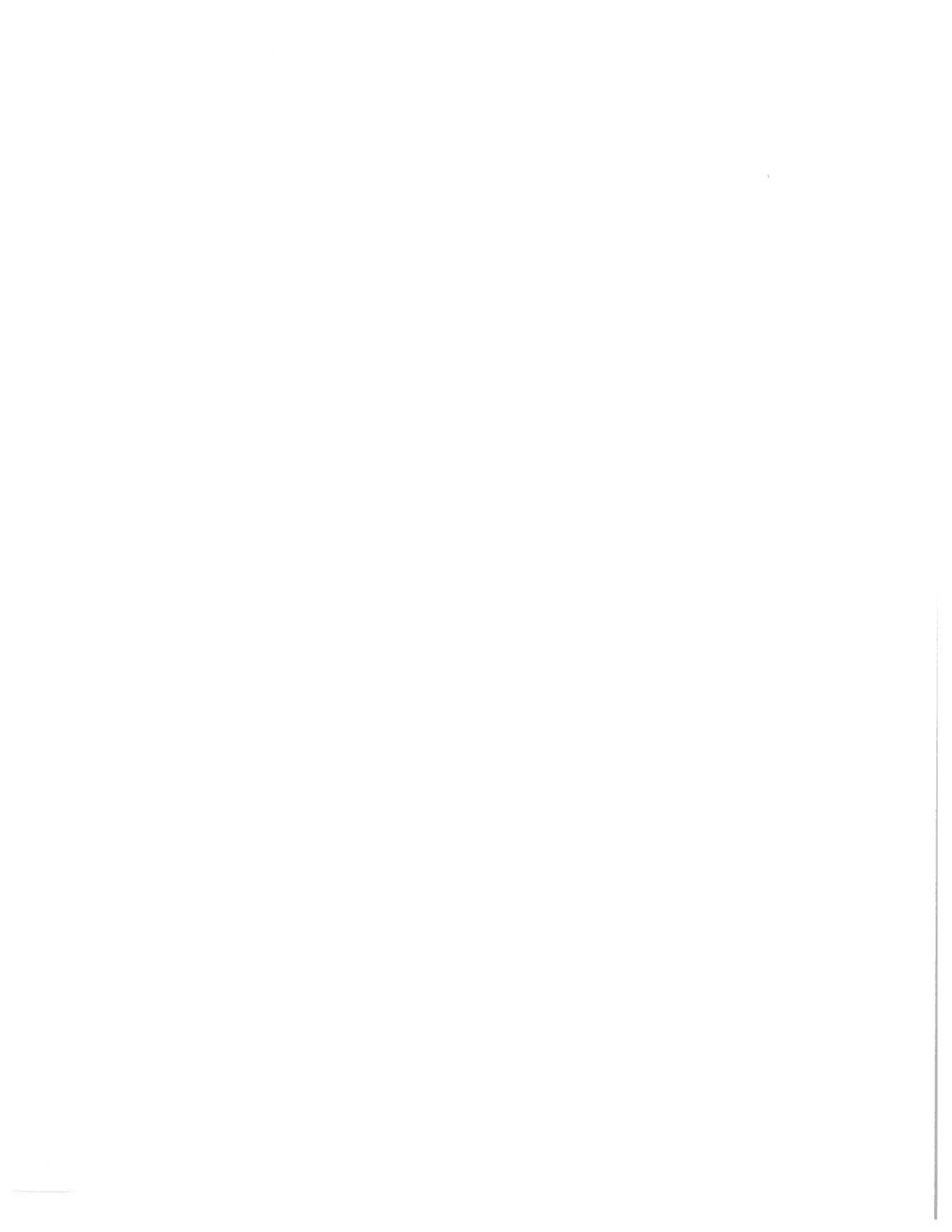
We will be proposing an increase in the compensation cap from \$65,000 to mirror the annual social security cap. The present social security cap is \$106,000. Based on approximately 1,200 employees that are earning in excess of \$65,000, the annual increase in the expected annual employer and employee contributions will be approximately \$2.6 million. Both proposals are being reviewed by our Actuary.

SUMMARY

The objective of the System is to fund the Plan to meet long-term benefits promised to its members and retirees. Not funding the Plan on an actuarial reserve basis creates significant problems for the System. The lack of a consistent funding plan places a strain on the System's investments to meet future pension benefit obligations. Therefore, adequate funding of the Plan is vital for the future survival of the Plan for the benefit of the members, retirees and the beneficiaries.

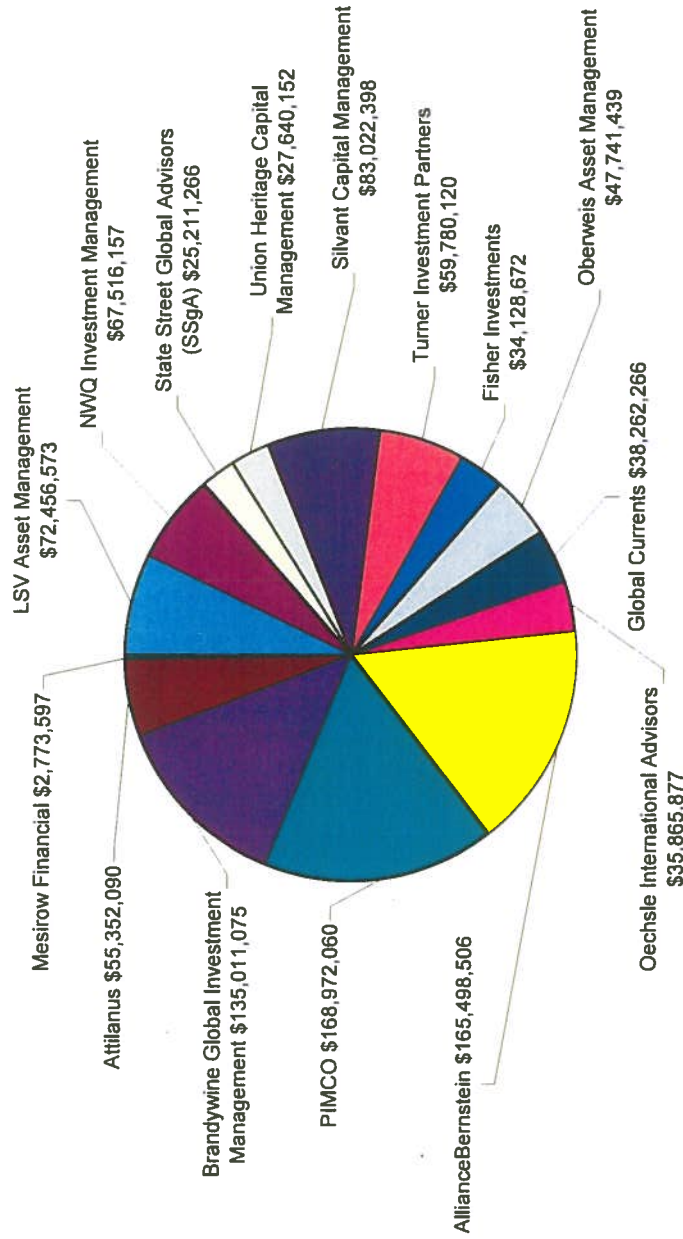
On September 2nd, 3rd, and 4th, the Board of Trustees and staff will meet with all of our investment managers to review their performance. We invite members of this Committee and the general public to attend.

Mr. Chairman, this concludes my presentation. We are prepared to respond to any questions the Committee on Appropriations and Budget may have on the operations of the GERS.

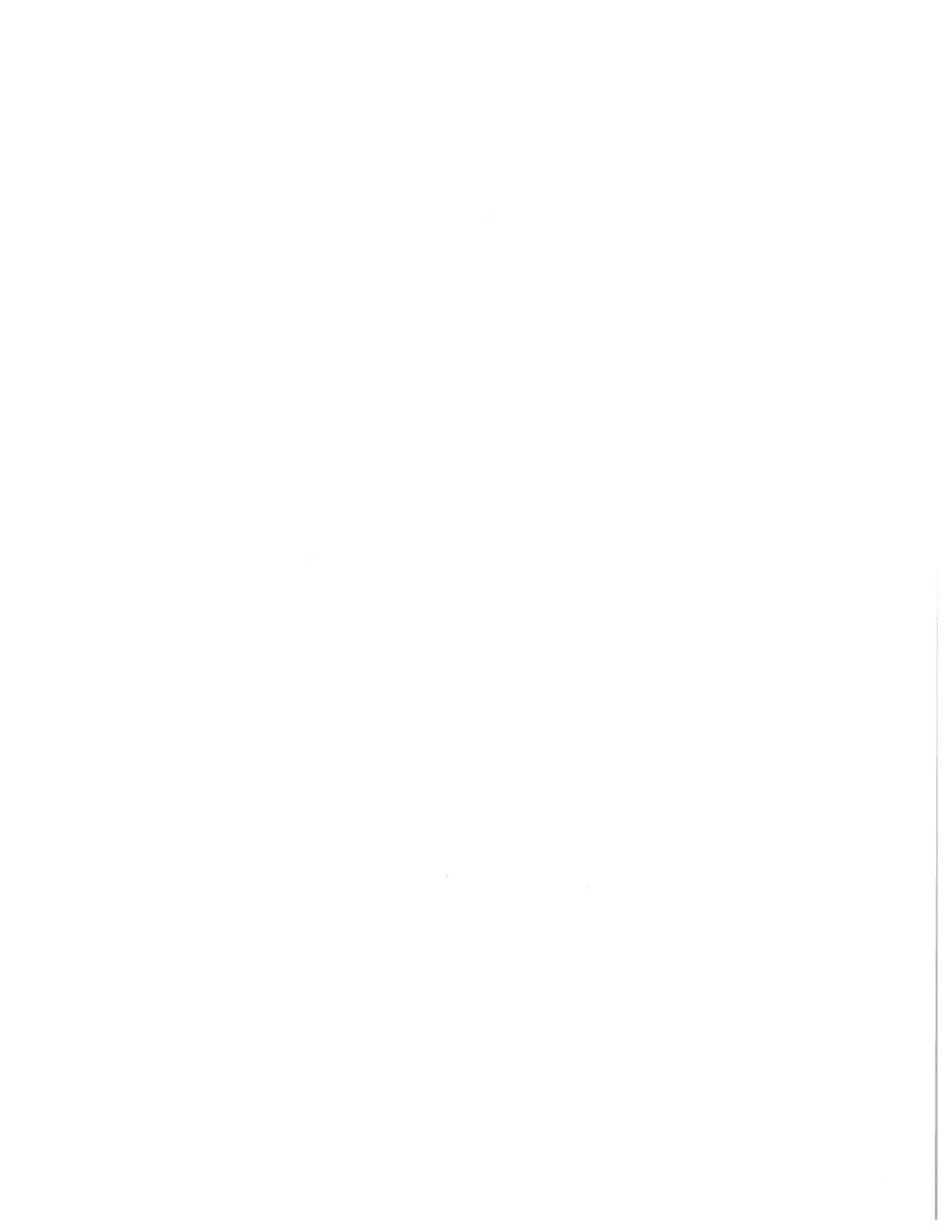


**Investment Manager Asset Allocation
As of June 30, 2009**

Total Fund: \$1,019,232,249

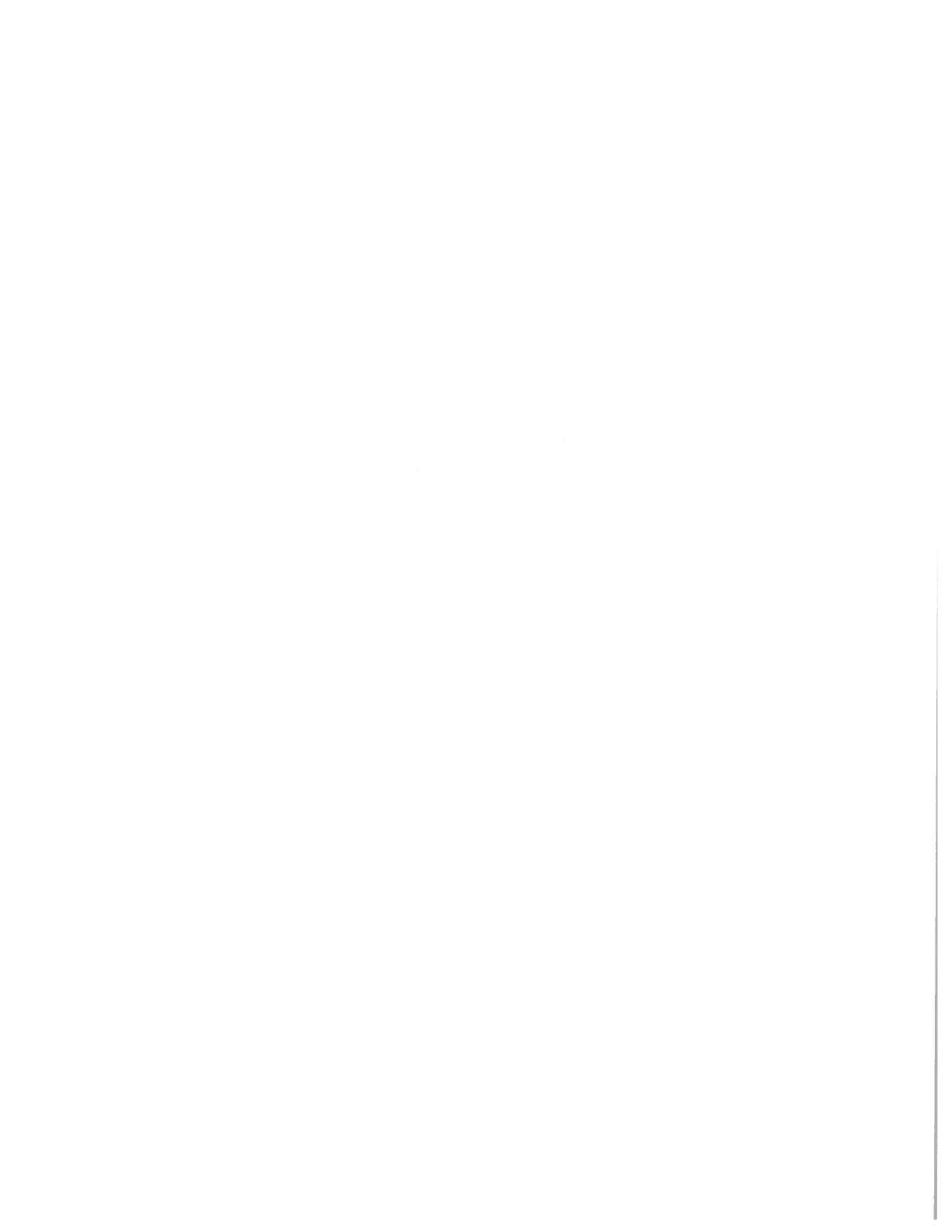


Large Cap Growth	Large Cap Value	Large Cap Core	Small Cap Value	Small Cap (Micro Cap) Growth	International Equity	Core Fixed Income	International Fixed Income	Alternatives
Silvant Capital Management	LSV Asset Management	SSgA	Fisher Investments	Oberweis Asset Management	Global Currents	AllianceBernstein	Brandywine Global Investment Management	Attilanus
Turner Investment Partners	NWQ Investment Management	Union Heritage Capital Management	-	-	Oechsle International Advisors	PIMCO	-	Mesirow Financial



GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LOAN PORTFOLIO
 As of JUNE 30, 2009

Loan Category	Interest Rates	As of June 30, 2009	
		Number	Amount
Personal Loans	8%	5,584	\$97,423,379
Auto Loans	8.75%	49	\$340,054
Land	8%	36	\$919,231
1 st Priority Mortgage	8%	429	\$10,888,485
2 nd Priority Mortgage	9%	5	\$72,835
Retirees	8%	1,733	\$19,172,423
Total Loan Portfolio		7,836	\$128,816,407



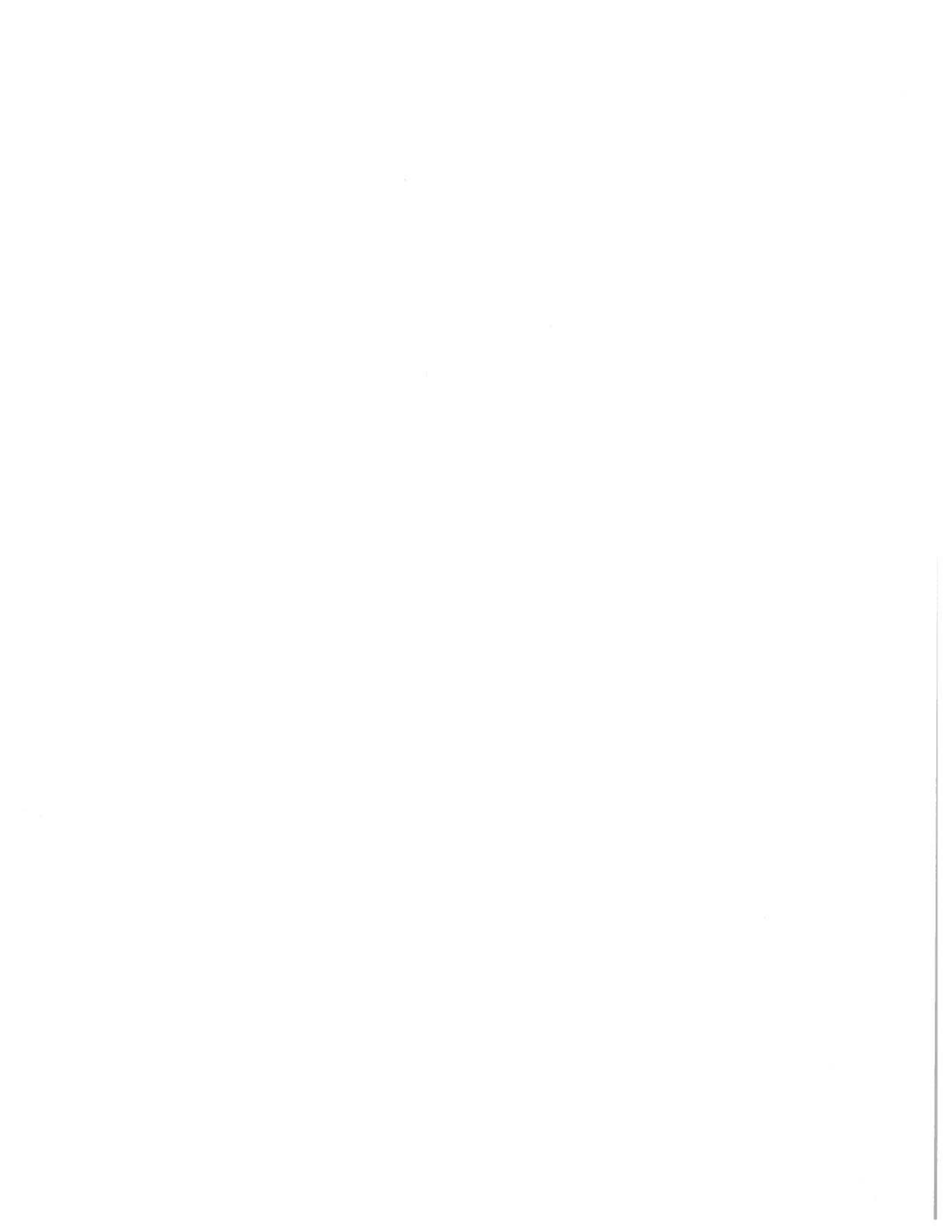
GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

Statement of Cash Flows Month Ending June 30, 2009

	June-09	June-08	YTD Fiscal 2009	YTD Fiscal 2008
Beginning Balance			(35,482,079)	(46,612,129)
Receipts from collections				
Loan Repayment	3,579,276	3,291,872	26,608,525	26,397,440
Rent from Tenants/Utilities	120,762	74,158	873,192	1,396,619
WICO Dividends	845,657.88	-	2,344,420	2,791,638
Employer Retirement Contributions	6,073,938	5,141,924	68,501,340	50,318,334
Employee Retirement Contributions	2,986,598	2,800,591	27,715,382	26,394,109
Parking Facility	2,451	2,354	24,774	26,277
Commission Recapture	-	8,141	36,517	53,674
Miscellaneous *	26,951	15,912	435,829	3,433,324
Total Cash Available	13,635,633	11,334,951	126,539,979	110,811,415
Disbursements				
Annuity Payments	14,560,076	13,640,178	129,190,839	126,704,390
Administrative Expenses **	1,041,229	1,140,320	9,792,257	9,952,511
Personal Loans	2,837,992	2,089,823	22,172,645	22,049,385
Mortgage Loans	189,340	50,712	976,844	994,842
Retiree Loans	336,999	134,287	2,853,714	1,391,223
Auto Loans	635	142	37,730	83,103
Land Loans	-	-	898	750
Refund of Contributions	312,392	207,108	2,640,161	2,174,958
Total Disbursements	19,278,664		167,665,089	163,351,162
Net Receipts	(5,643,031)	11,334,952	(41,125,110)	(52,539,747)
Cash Surplus/(Deficit)			(41,125,110)	(35,277,177)

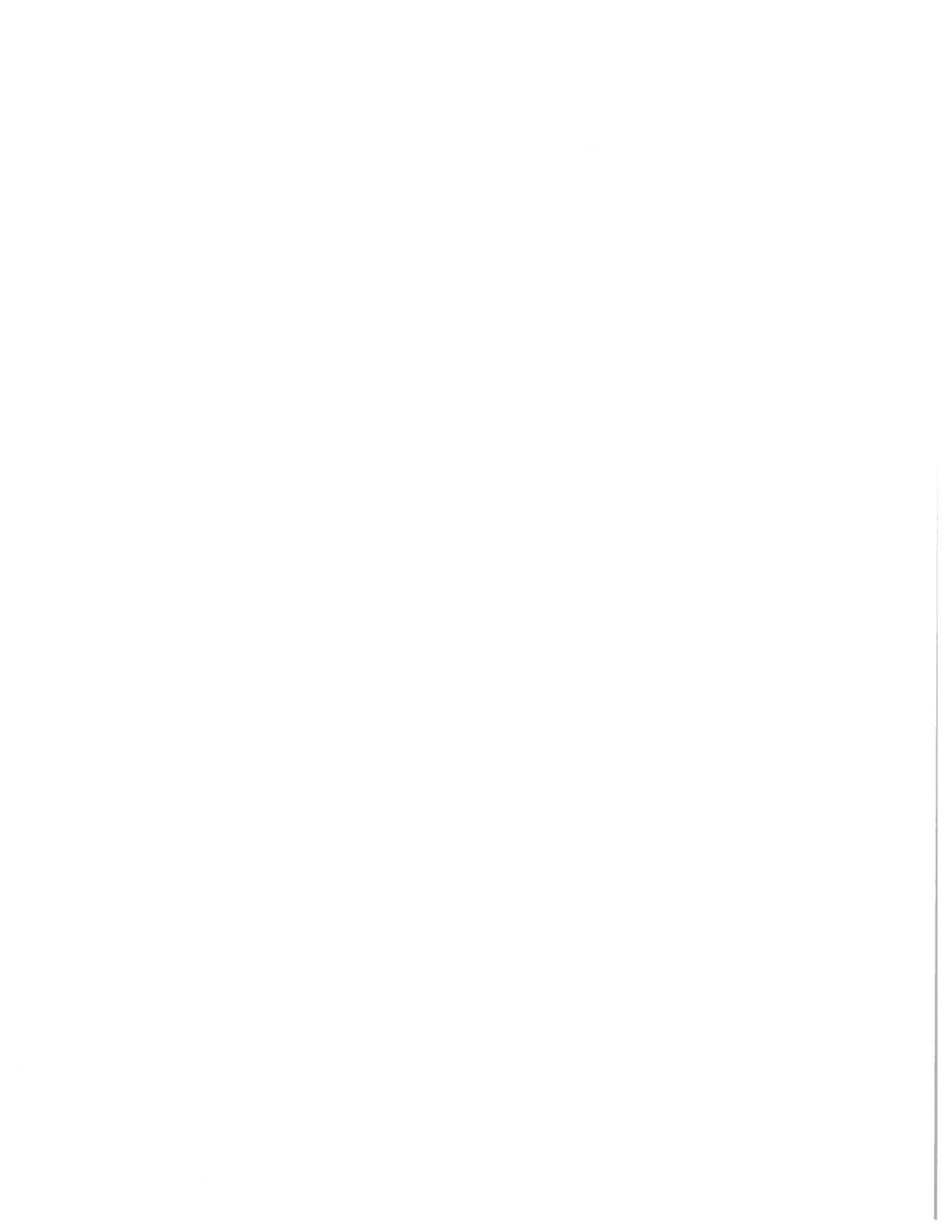
* Please see "Attachment 1" for details

** Please see "Attachment 2" for details



GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
Schedule of Budget vs Actual
(By Account)
Fiscal Year 2009

Description	Budget FY 2009	Actual YTD 10/01/08 - 6/31/09	Budget Variance
Personnel Services	5,334,340.00	3,550,660.68	1,783,679.32
Fringe Benefits	1,739,036.00	1,082,813.27	656,222.73
Payroll Cost (Subtotal)	7,073,376.00	4,633,473.95	2,439,902.05
Capital Outlay	2,920,805.00	1,377,753.03	1,543,051.97
Material, Supplies & Parts	371,835.00	75,506.60	296,328.40
Equipment	127,968.00		127,968.00
Repair & Maintenance	351,931.00	212,707.35	139,223.65
Utilities	720,000.00	473,869.14	246,130.86
Communication	228,850.00	147,014.93	81,835.07
Travel	425,672.00	196,628.72	229,043.28
Training	270,049.00	78,163.78	191,885.22
Professional Services	1,736,487.00	1,031,441.95	705,045.05
Insurance		222,694.41	(222,694.41)
Other Services & Charges	399,713.00	246,465.64	153,247.36
Other Operating Expenses (Subto	4,632,505.00	2,684,492.52	1,948,012.48
Total Operating Expenses	14,626,686.00	8,695,719.50	5,930,966.50
Team GERS Technology Plan	2,168,531.00	1,097,717.82	1,070,813.18
Total Expenses	16,795,217.00	9,793,437.32	7,001,779.68



GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

ADMINISTRATIVE EXPENSES
October 1, 2008 - June 30, 2009

Description	10/01/08 - 6/30/09
Salaries & Wages	\$ 3,550,660
Fringe Benefits	1,082,813
Professional Services	2,129,160
Actuarial Services - Segal	86,552
Investment Advisory Services - Segal	180,000
Legal Fees	124,708
Bert Smith and Company	138,000
Buck Consultants	4,075
ADP - Payroll Processing	203,587
Miscellaneous Personnel & Consulting Services	130,669
Accounting Services	8,100
Medical Service/Consulting	2,975
Stenographic Services	16,982
Security Services	135,794
Team GERS	1,097,718
	<u>\$ 2,129,160</u>
Maintenance and Repairs	219,505
Supplies	68,709
Insurance	222,694
Property and Casualty/General Liability	111,562
Directors and Officers/General Liability	103,793
Travel Policy	-
Vehicles	7,340
	<u>\$ 222,694.41</u>
Utilities	473,869
Other Operating Expenses	668,273
Advertising	18,985
Board Stipend	12,450
Catering	24,447
Communication	147,015
Equipment Rental	3,650
Miscellaneous Services	186,934
Training	78,164
Travel	196,629
	<u>668,273</u>
Capital Expenditures	1,377,753
Total	\$ <u>9,793,437</u>