

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
OVERVIEW OF OPERATIONS**



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

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Charlotte Amalie, St. Thomas USVI

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
Overview of Operations – Fiscal Year 2010

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GOVERNMENT EMPLOYEES RETIREMENT SYSTEM OVERVIEW OF OPERATIONS

Good afternoon, Honorable Senator Carlton 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 of GERS. Mr. Chairman, before I begin my presentation I would like to extend my appreciation to you and the Committee for approving my request for rescheduling our appearance before this Committee. The extension was needed in order to adequately prepare and respond to the requirements that were requested. This report is a compilation of nine months of activity covering the periods from October 1, 2009 through June 30, 2010 of fiscal year 2010.

INTRODUCTION

As you know, GERS was enacted by the Third Legislature of the Virgin Islands on June 24, 1959 by Act 479 created the Employees Retirement System as a ***defined benefit pension plan***. (hereinafter the "System") On October 1, 1959, the System started operations and employees began contributing to the plan immediately thereafter.

The statutory mandate of GERS is to enroll employees into the System within thirty (30) days of service, as a condition of their employment. The objective of 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. In my opinion, the **GERS has met this mandate**. GERS has never missed an annuity payment to any retiree enrolled in the

System. However, for the System to continue to meet its statutory obligations to its members, it must be actuarially funded.

HUMAN RESOURCES

The System is approaching its 51st year of operation. I would like to thank all of our employees both past and present for a job well done. I give thanks and recognition to the employees who have been working nights and on weekends assisting with the technology upgrades, and their direct involvement in the implementation of the new technology and systems in benefits, loans, accounting, payroll and records management.

The System is proud to have a well educated and well informed workforce. The business of administering pensions is a specialized area and requires unique skill sets. As part of their professional development, the System provides specialized training and a generous college tuition reimbursement program.

As of June 30, 2010, of the 85 full time employees:

18 employees or 21% holds master degrees

45 employees or 53% holds bachelor degrees only

10 employees or 12% holds associate degrees only

There are also three CPAs and one attorney on staff.

Of the 85 fulltime employees, 63 hold a bachelor degree or above. 72 are located in the St. Thomas district and 13 in the St. Croix district. 62 are females and 23 are males.

ACCOMPLISHMENTS

- Implemented the Reform Act of 2005 with the exception of Tier II, the Committee on Medical Review and the Supplemental Contribution Program.

- Completed and issued the Certified Audited Financial Statements for Fiscal Year 2009 on August 13, 2010.
- Redesigned and launched the new website on March 31, 2010. The website address is www.usvigiers.com.
- Re-established the quarterly newsletter.
- Completed the St. Croix office complex, which will be dedicated on October 1, 2010.
- Participated in two sponsored town hall meetings and GERS hosted three town hall meetings in Fiscal Year 2010. We will resume the series of town hall meetings in October.
- Made two local investments – Seaborne Airlines and Carambola Beach Resorts.
- Completed the refurbishment of the elevators and installed energy savings lighting in the St. Thomas office complex.

MEMBERSHIP

A snapshot of the overall membership in the System from fiscal year 1982 through June 30, 2010 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		11,122	7,050	1.58 to 1	18,172
2009		11,085	7,134	1.55 to 1	18,219
2010	9 months	10,819	7,516	1.44 to 1	18,335

The membership numbers show that the gap is rapidly decreasing. There is a 1.44 to 1 ratio between the active members and the retirees for the nine month period ending June 30, 2010.

BENEFIT PAYMENTS

As presented in the chart above, the number of retirees and beneficiaries continues to increase and the benefit payments continue to rise. In 1991, benefit payments were approximately \$55 million, while for fiscal years (see below):

Fiscal Year	Benefit Payments
2007	\$158.9 million
2008	\$170.1 million
2009	\$177.6 million
9 mos for FY 2010	\$141.0 million

Of the 7,516 retirees and beneficiaries receiving annuity payments annually, 6,356 or 85% are Virgin Island residents. With the projected benefit payments approaching \$180 million annually, this represents a significant infusion of cash that impacts the economy of the Territory.

Cost of Living Adjustment/Annual Bonus

On July 15, 2010, 5,997 retirees were paid their annual cost of living adjustment (COLA). The COLA was paid to those retirees who are age 60 and older and have been receiving a service annuity for at least 1 year. In addition, Bill No. 28-0020 (Act No. 7080) provides for the Virgin Islands Lottery to make an annual payment to the GERS by July 15th of not less than \$2,270,000.00 to be paid by September 15th. The bonus is given to annuitants and pensioners who are 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. The \$2,270,000.00 was received on August 3, 2010 from the V.I. Lottery for the 2010 annual bonus payments, and payments were distributed to 5,964 retirees on August 23, 2010.

CONTRIBUTIONS

The current combined contribution rate is 25.5% of total payroll. It comprises of 8% employee’s regular and 17.5% employer. The current combined rates are not sufficient to meet the 43% of payroll cost of the System. This 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 rate would have to be increased by 17.5%.

The outstanding employer’s contributions (excluding delinquency fee and interest) due to GERS from the central government and other government agencies for fiscal year 2010 through June 30, 2010) are as follows:

Agency	Regular	3%	Total
Central Government	\$ -	\$	\$
Water and Power Authority	1,003,769	916,190	1,919,959
EDA		29,738	29,738
VIHFA		17,335	17,335
IDC		2,048	2,048
Total Contribution Due	\$ 1,003,769	\$ 965,311	\$1,969,080

The contributions due from the Central Government are current. The V.I. Water and Power Authority owe \$1.920 million in outstanding contributions as of June 30, 2010. \$1 million at the current 17.5% rate and another \$920 thousand for the additional 3% for the increase from 14.5% to 17.5%. The other instrumentalities owe \$49 thousand for the additional 3% increase from 14.5% to 17.5%, for a total amount outstanding of \$1,969,080.

We are aware that the Plan Sponsor has requested a 3% reduction (from 17.5% to 14.5%) in its required contributions to the fund as a cost savings measure in the Executive Budget for Fiscal Year 2011. The System is opposed to any reduction in contributions. Based on the Actuary's Report the 3% reduction in employer contributions would result in a decrease of approximately \$14.2 million (\$82.6 for 17.5% less \$68.4 for 14.5%). In addition to the \$14.2 million loss of contributions, there will also be a loss of expected investment income. The Actuary has estimated that by September 30, 2024, the total projected loss of employer contributions and expected investment income would total \$40 million. This gap will further erode the System's cash flow and force the System to draw down additional funds from its investments, thereby increasing the unfunded liability.

We have been unable to determine whether the Plan Sponsor's intention is to suspend its payment for fiscal year 2011 or to make a retroactive payment to the fund in fiscal year 2012.

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 certified actuarial valuation is as of September 30, 2006. One of our goals for fiscal year 2010 was to complete the actuarial valuation as of September 30, 2009. We

have not completed the valuation because of problems encountered in obtaining the data from various stakeholders.

The Segal Company (our Actuary) determined the System's unfunded accrued liability (UAL) to be \$1.3 billion at September 30, 2006. The actuarial valuation 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 at September 30, 2009 and at June 30, 2010(see below):

	FY 2009	FY 2010 (estimate)
	September 30, 2009	June 30, 2010
Actuarial accrued liability	\$ 2.9 billion	\$ 2.8 billion
Total assets	1.5 billion	1.5 billion
Unfunded actuarial liability	\$ 1.4 billion	\$ 1.3 billion

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 GERS is experiencing is not unique. This is typical of any "mature system". However, for the Plan Sponsor to request a reduction in the required contribution payments and continue to delay addressing the root causes of the problems facing the System is an oversight as it will result in the following:

- The unfunded liability to increase.
- Benefits payments to the retirees will continue to exceed the contributions received by approximately \$55 million - \$60 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).

REFORM ACT of 2005 – Act No. 6794, Bill No. 26-0071

Bill No. 26-0071, Act No. 6794 known as the Reform Act of 2005 was implemented on January 1, 2010 with the exception of Tier II, the Committee on Medical Review and the Supplemental Contribution Program. As required by law, on January 29, 2010, we submitted the implementation plan to the Legislature which included recommended revisions and amendments to the law. Some of the major recommended amendments and additions to the statute are:

Amendments:

- Per diem basis and contractual employees who work exclusively for the government at least 40 hours per week may be included as a member and receive service credits by paying the required contributions.
- Exclusion of the cost of living annuity, bonuses or adjustments for the specific purpose of the compensation ceiling of \$65,000.
- Increase the contribution rate from 11% to 15% for members of the Judiciary and Legislature as recommended by the Actuary
- Increase mortgage loans to \$350,000.

- Increase new automobile loans to \$40,000.
- Ability for retirees to refinance existing personal loans.

Addition:

- Purchase of additional service credits.

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.

The last two years will be remembered as the most volatile in the history of the market. The System has stayed the course with its disciplined investment long-term strategy. Since our last overview before this body, the value of the portfolio has decreased by \$ 20.9 million. As of June 30, 2010, the value of the portfolio was \$999 million.

The System will continue its commitment to a disciplined investment strategy that focuses on long-term results. The System's investment fund is presently managed by 15 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.

In December 2009 the System invested in two local companies (Seaborne Airlines and Carambola Beach Resorts), which are categorized as Alternative Investments – Other Situations. Title 3, Section 12, Chapter 27 gives the Board of Trustees the authorization to invest in an Alternative Investment Program.

Seaborne Virgin Islands, Inc.

A loan in the amount of \$3,300,000 was closed on December 4, 2009 after 6 months of due diligence. The term of the loan is 5 years. The transaction consisted of two tranches, 1). a first lien term loan for \$1,300,000 of which the proceeds were used to replace Seaborne's existing credit facility. The interest rate shall not be less than 8.25% per annum or exceed 12.25% per annum. The initial coupon for this loan was 8.25%. 2). a senior secured convertible mezzanine loan for \$2,000,000 to conduct the needed overhaul and maintenance of the airplanes. The interest rate is 14.5%. The collateral for the loans includes all of the real and personal property of Seaborne Virgin Islands, Inc. and the unconditional guarantee of Coastal Airways, Inc. the parent company of Seaborne, secured by all of the issued and outstanding common capital stock of Seaborne Virgin Islands, Inc. GERS has a voting seat on the Board. All of the proceeds of the loans were disbursed.

Carambola Beach Resorts

A loan in the amount of \$15,000,000 was closed on December 8, 2009 after 5 months of due diligence. The term of the loan is 5 years. The interest rate is 10.5%. The initial funding was \$8,242,592 which was used to purchase existing bank loan documents and judgments, payment of bonafide priority liens against the property and closing costs. A total of \$10,305,135 has been

disbursed to date, to continue the renovation of the property in order to obtain the Marriott flagship status. It is expected that the Marriott flagship will become official in early September 2010. The collateral for the loan includes the primary collateral consisting of all land and buildings of Carambola Beach Resort. GERS has a voting seat on the Board.

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 able to them. There are 8,375 loans in the portfolio as shown below:

<u>Loan Category</u>	<u>Interest Rate</u>	<u>Units</u>	<u>Dollar Value</u>
Personal Loans	8%	6,020	\$99,730,788
Auto Loans	8.75%	23	204,480
Land	8%	35	1,045,723
1 st Priority Mortgage	8%	330	9,320,157
2 nd Priority Mortgage	9%	5	60,467
Retiree Loans	8%	1,962	24,332,708

The total loan portfolio is \$ 134,694,323.

REAL ESTATE

(A) GERS Complexes

The System owns the GERS Complex on St. Thomas, which is the official headquarters of the GERS. 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 Estate Orange Grove Parcel No. 5 which was the home of the St Croix Branch Office operations and Parcel No. 6 which is rented to the Casino Control Commission. We are proud to report that the new Executive Office Complex has been completed and opened for business on July 26, 2010. The dedication of the building and open house is planned for October 1st, the 51st anniversary of the System. All members in St. Croix are invited to attend.

(B) In late 2006, the System purchased 120 acres of land at Estates Hoffman and Nullyberg on St. Thomas. The Development Committee is presently looking at various options for the development of the property.

(C) 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. However, the property was appraised at \$66.6 million in December 2009. This decrease of \$13.4 million or 17% in value is very troubling to us. Our appraiser cited the following reasons for the decline in the value of the mall:

- Reduction in potential annual rental income because of vacant offices as well as reduction in rental income of several rental units under new and renegotiated contracts.
- Annual CPI adjustments clauses in leases between 2006 and 2009 not enforced.
- Rent concessions of 25% due to rent reduction in 2009.
- The deterioration in the global market during the past three years, increased competition from surrounding properties as well as reduction in potential cruise ship visitors during the past three years at the WICO dock.

- Significantly high expenses to operate the mall when compared to comparable properties.

Net dividend payments received from mall operations:

	Fiscal Year	Fiscal Year	6 months
	2008	2009	March 31, 2010
Net dividend payments	\$3.4 million	\$2.7 million	\$1.8 million
To date, no dividends were received for the quarter ending June 30, 2010.			

We are mindful of the potential loss in dividend payments in fiscal years 2009 and 2010 so far due to the increased competition from the new Crown Bay development, and the 25% reduction in rents to the tenants. The dividends received from the Havensight Mall are a vital component of our overall budget.

Other Potential Local Investments

The Board has set up a Committee to explore the possibility of investing in a supermarket chain in the territory. Consultants have been engaged to conduct the necessary research and feasibility studies. This phase has not been completed.

The Board has also entertained the purchase of approximately 170 acres of prime property on the east end of St. Croix. An appraisal of the property has been completed. The Board will make a decision very shortly on the purchase of this property and potential development opportunities.

TECHNOLOGY UPGRADE

Comprehensive Retirement Software Solution – V3

We are in the 31st month of a 39 months 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. This technology provides the foundation to enable and sustain the business agility of the GERS in addition to being fully integrated with the central government and the 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

The project is on schedule and 76% completed based on the Project Plan. 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
- Ability of GERS to produce member statements as required by law.
- 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

Website

GERS launched its upgraded website on March 31, 2010. The System's website moved from a non-interactive site to a fully interactive site. The site is an added form by which the System communicates with its members. The state-of-the-art site keeps the members informed of the legislative changes within the System. The site provides online forms for all of its services being offered by the System. It also enables a member to calculate estimated loans and annuity payments. The site provides investment and financial information both on a monthly and quarterly basis. Through the new interactive site members have the opportunity to sign up for an electronic copy of the system's quarterly newsletter. GERS has entered the phase whereby it has given its members information about the retirement system at their finger tips.

ANNUAL FINANCIAL AUDIT

The System's most recent certified audited financial statements by Bert Smith & Company are as of September 30, 2009. The audited financial report was issued on August 13, 2010. All stakeholders including members of this body should have received a copy of the financial statements. We are proud of this accomplishment. The System is now up to date in the issuance of its audited financial statements. Our goal is to complete the Fiscal Year 2010 financial audit by February 2011. I would be remised if I did not thank the entire GERS Team with special recognition to the accounting staff for this significant accomplishment.

PROJECTED GOALS AND OUTCOMES FOR FISCAL YEAR 2011

- Implement Tier II and Committee on Medical Review portions of 2005 Reform Act.
- Conduct the orientation process for new retiree trustees.

- Implement the new benefits and loans software.
- Begin the implementation process of new financial management system.
- Begin the process to bring annuity payroll in-house.
- Begin the recalculation of the retroactive annuity project.
- Begin to provide members with educational services in Estate Planning and Financial Services.
- Continue to provide system-wide customer service training.
- Continue to address energy saving measures in all of our buildings.
- Lease rental space in the new executive office in St. Croix.
- Renovate and lease the existing buildings in St. Croix.
- Conduct the election process for retirees to the Board.
- Issue the Fiscal Year 2010 certified audited financial statements four months after the close of the year.

SUMMARY

A great part of the future of the Government Employees Retirement System will depend on whether the Government of the Virgin Islands (Plan Sponsor) funds the contributions to the System based on an actuarial reserve basis, by infusing a significant amount of cash into the System through a combination of floating Pension Obligation Bonds and/or making substantial lump sum payments to the System. Until real funding is identified, established and consistently maintained, the Plan Sponsor's inability to pay the Normal Annual Cost will continue to cause the unfunded liability to escalate. By not funding the Plan on an actuarial reserve basis creates significant problems for the System. The consequences of not increasing the contribution rates to the actuarially required amounts can result in:

- Having to increase the actuarially required contribution rates in future years to make

up for the shortfall in the current and future years' contribution deficits.

- A continual decrease in the funding ratio, which measures the progress being made towards the funding of benefits accruing from year to year.
- The benefit security to participants and the System's ability to pay the promised benefits will be at risk, with the long-term viability of the System being in jeopardy.
- The unfunded actuarial liabilities of the Plan continuing to increase.

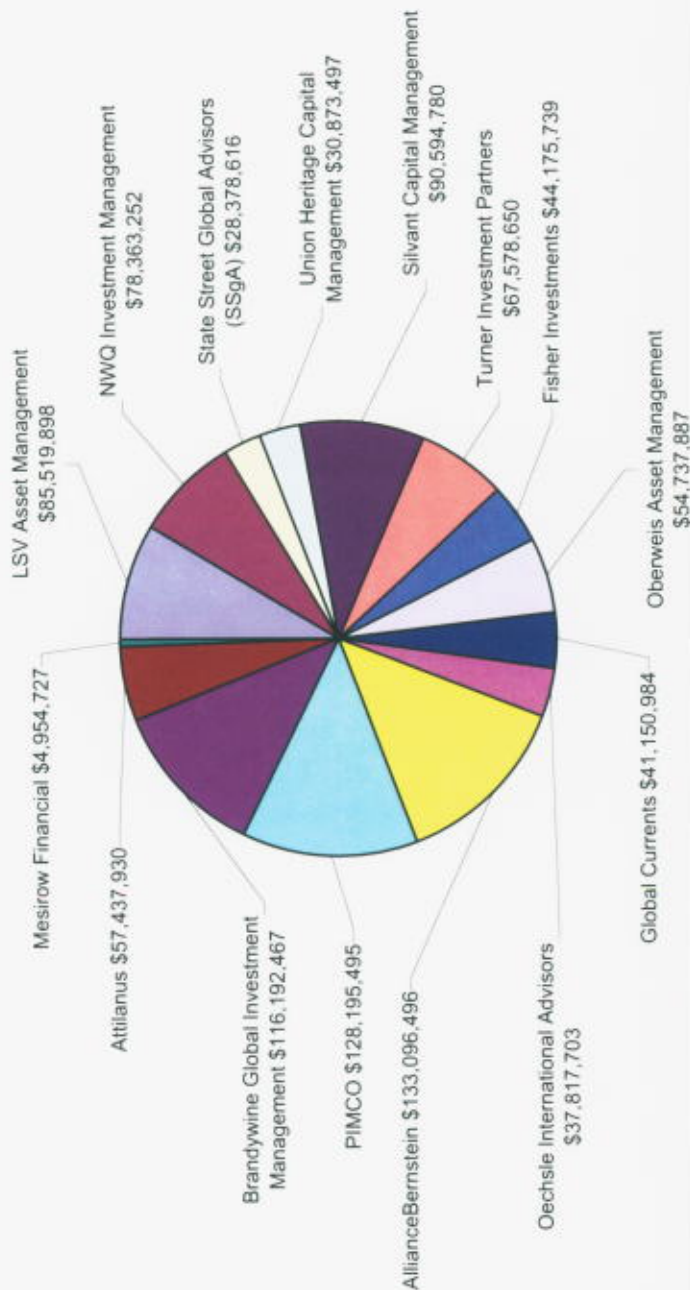
The lack of a consistent funding plan places a strain on the System's resources to meet future pension benefit obligations. Therefore, adequate funding of the Plan is vital for the future survival of the Plan for the benefit of the members, retirees and the beneficiaries. The objective of the System is to fund the Plan to meet long-term benefits promised to its members and retirees by making adequate employer and employee contributions.

On September 1st, 2nd, and 3rd, the Board of Trustees will meet at the new GERS Complex on St. Croix to hear presentations from all of our investment managers on their performance. We invite the 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 may have on the operations of the GERS.

**Investment Manager Asset Allocation
As of June 30, 2010**

Total Fund: \$999,068,120



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

Statement of Cash Flows
Month Ending June 30, 2010

	June-10	June-09	YTD Fiscal 2010	YTD Fiscal 2009
Beginning Balance	(62,183,741)	(35,483,313)		
Receipts from collections				
Loan Repayment	2,930,682	3,579,276	26,131,220	26,608,525
Rent from Tenants/Utilities	401,327	120,762	1,666,568	873,192
WICO Dividends	-	845,658	2,698,359	2,344,420
Employer Retirement Contributions	6,311,785	6,073,938	53,963,501	68,501,340
Employee Retirement Contributions	3,212,163	2,986,598	27,157,431	27,715,382
Parking Facility	2,724	2,451	24,933	24,774
Commission Recapture	-	-	25,603	36,517
Miscellaneous	23,905	26,951	673,517	435,829
Total Cash Available	12,882,586	13,635,633	112,341,131	126,539,979
Disbursements				
Annuity Payments	15,897,487	14,560,076	139,602,044	129,190,839
Administrative Expenses	1,493,406	1,041,229	16,075,238	9,793,491
Personal Loans	2,182,641	2,837,992	20,819,972	22,172,645
Mortgage Loans	110,339	189,340	952,334	976,844
Retiree Loans	211,420	336,999	2,196,345	2,853,714
Auto Loans	412.16	635.05	54,825	37,730
Land Loans	-	-	657	898
Refund of Contributions	258,170	312,392	2,094,745	2,640,161
Total Disbursements	20,153,875	19,278,664	181,796,161	167,666,324
Net Receipts	(7,271,289)	(5,643,031)	(69,455,029)	(41,126,344)
Cash Surplus/(Deficit)	(69,455,029)	(41,126,344)		

GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
 Schedule of Budget vs Actual
 (By Account)
 Fiscal Year 2010

Description	Approved Budget FY 2009	Proposed Budget FY 2010	Actual YTD 10/01/09 - 06/30/10	Budget Variance
Personnel Services	5,338,461	6,865,675	3,977,263	2,888,412
Fringe Benefits	1,747,071	2,073,147	1,179,279	893,868
Payroll Cost (Subtotal)	7,085,532	8,938,822	5,156,542.28	3,782,280
Material, Supplies & Parts	371,835	293,352	169,771	123,581
Equipment	127,968	74,127	4,463	69,664
Repair & Maintenance	351,931	159,600	140,666	18,934
Utilities	720,000	720,000	548,834	171,166
Communication	228,850	235,220	135,710	99,510
Travel	425,672	459,651	292,052	167,599
Training	270,049	263,142	119,046	144,096
Professional Services	1,736,487	1,751,665	1,512,223	239,442
Insurance	-	716,450	184,714	531,736
Other Services & Charges	399,713	598,539	267,059	331,480
Total Operating Expenses	11,718,037	14,210,568	8,531,080	5,679,488
<u>Capital Expenditures</u>	<u>2,920,805</u>	<u>5,150,849</u>	<u>6,490,398</u>	<u>(1,339,549)</u>
Capital Outlay				
Team GERS Technology Plan	2,168,531	2,282,520	1,053,307	1,229,213
Total Capital Expenditures	5,089,336	7,433,369	7,543,706	(110,337)
Total Expenses	16,807,373	21,643,937	16,074,786	5,569,151

EMPLOYEES RETIREMENT SYSTEM

Administrative Expenses
October 1, 2009 - June 30, 2010

Description	10/1/09 - 06/30/10	
Salaries & Wages		3,977,263
Fringe Benefits		1,179,279
Professional Services		1,489,028
Actuarial Services - Segal	67,780	
Investment Advisory Services - Segal	209,185	
Legal Fees	192,152	
Bert Smith and Company	138,000	
Buck Consultants	36,675	
ADP - Payroll Processing	279,809	
Miscellaneous Personnel & Consulting Services	396,657	
Accounting Services	8,100	
Medical Service/Consulting	4,813	
Stenographic Services	18,445	
Security Services	137,411	
	<u>1,489,028</u>	
Team GERS		1,053,307
Maintenance and Repairs		140,666
Supplies		174,235
Insurance		184,714
Property and Casualty/General Liability	-	
Directors and Officers/General Liability	103,793	
Travel Policy	-	
Vehicles	2,323	
Other Insurance	78,598	
	<u>184,714</u>	
Utilities		548,834
Other Operating Expenses		837,062
Advertising	86,452	
Board Stipend	12,375	
Catering	23,195	
Communication	135,710	
Equipment Rental	43,798	
Miscellaneous Services	136,808	
Training	119,046	
Travel	279,677	
	<u>837,062</u>	
Capital Expenditures		<u>6,490,398</u>
Total		<u>16,074,786</u>