



Expense Budget

Alameda County Employees' Retirement Association

Approved

2016

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Table of Contents

Section I

Letter From the CEO to The Board Of Retirement.....	3
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Section II

Budget Policies and Process	9
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Section III

Operating Expense Budget	15
Staffing	20
Staff Development.....	22
Professional Fees	26
Office Expense	28
Insurance	29
Member Services	30
Systems	31
Board Of Retirement.....	32
Depreciation.....	33

Section IV

Departmental Operating Expense Budgets	37
Administration Department.....	38
Benefits Department	41
Fiscal Services Department.....	44
Human Resources Department.....	46
Internal Audit Department.....	48
Investment Department	49
Legal Department.....	50
Prism Department (Project And Information Services Management)	52

Section V

Enterprise-Wide Projects.....	57
-------------------------------	----

Section VI

Administrative Budget.....	63
Operating and Administrative Expenses	67
2016 Department Weighted Average.....	68
2015 Department Weighted Average.....	68
Applied Factors	69

Section VII

Capital Asset Outlay Budget.....	75
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Section VIII

Portfolio Management Investment Expenses	79
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Appendix A

ACERA Three Year Business Plan Key Strategic Initiatives (Prioritized)

Appendix B

2016 ACERA Budget Change Proposal (ABCP)

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Section I

Letter From the CEO to The Board Of Retirement

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Section I

Letter From the CEO to The Board Of Retirement

Members of the Board of Retirement,

This letter provides you with highlights of the approved 2016 budget as well as a summary of 2015 accomplishments and 2016 goals. For 2016, the management team is striving to expand the three-year business plan into a strategic plan that will include clearer vision into the future and provide goals, objectives, and strategies for how the plan will be carried out. With that said, the 2016 Approved budget is predicated on top priorities determined as necessary to carry out ACERA's mission. Accordingly, the 2016 Operating Expense Budget (OEB) is another exercise in prudence, and staff looks forward to finalizing it with the Board.

KEY 2015 ACCOMPLISHMENTS

Benefits Department Enhancements | Created new Healthcare Unit, restructured Call Center, appointed Benefits Manager and two Assistant Benefits Managers, reviewed potential disability process outsourcing, streamlined 11 procedures, and established a documentation library. Collaborated with County on new employee/member seminars and enrollment process. Completed Request for Proposals (RFP) for retiree dental and vision plan carriers.

Early Retiree Exchange | Implemented medical coverage for out-of-service, area early retirees through a health exchange for 2016.

Web Enhancements | Developed and launched 1099(R) forms and monthly direct deposit pay statements to Web Member Services.

Financial Enhancements | Operationalized a quarterly cash flow analysis for the Operations Committee meetings using a rolling 12-month cash forecast to analyze cash outflow and conduct benefits and retirement pay trend analyses. Instituted an organizational-wide Business and Travel-Related Expense Policy.

New GASB Reporting | Implemented Government Accounting and Standards Board (GASB) 67 and 68 statement requirements to implement Net Pension Liability (NPL) financial reporting for the plan and participating employers. Received unmodified audit opinion free of material misstatements and recognized as GASB 67 compliant for the 2014 end-of-year financial reporting statements.

Portfolio Performance | Returned 3.6% gross year-to-date and 2.8% for the one-year period as of June 30, 2015 with a total market value of \$6.9 billion.

Investment Initiatives | Hired Callan Associates Inc. as real estate investment consultant. Committed over \$80 million to three PEARLS investments. Staff recommended and Board approved new target asset allocation in August. Successfully conducted education sessions for retiree associations. Completed majority of action items in 2015 Investment Committee workplan. Conducted education sessions on passive/active investment styles. Recruited two Investment Analysts.

Legal Initiatives | Filled vacant administrative specialist II and compliance officer positions. Initiated client satisfaction survey. Successfully resolved several outstanding lawsuits against ACERA. Developed error correction policy for board adoption.

Database Migration Initiative | Continued aggressive effort to complete migration of several critical operational processes from Microsoft Access into PensionGold, ACERA's Pension Administration System, decreasing process time and improving operational efficiencies.

Technology Improvement Plan | Conducted cross-organizational workgroup to identify, prioritize, and target key technology projects/initiatives to complete in 2015 and 2016.

Audits | For participating employer audit plan, established Best Practices Council to help participating employers develop policies and procedures to design, implement, and strengthen internal controls related to PEPRA legislation. Initiated three major internal audits related to accounts payable, security access, and retired death benefits.

Human Resources Initiatives | Facilitated CEO Succession committee process. Conducted nine recruitments. Conducted ergonomic, CPR/AED/First Aid, and safety training. Developed Benefits Department action plan based on late 2014 department workflow study. Developed Internal Audit Department action plan and task groups as part of the Benefits workflow analysis.

KEY GOALS FOR 2016

Early Retiree Exchange | Launch coverage for out-of-service area retirees through health exchange

Paper Resource Reduction | Phase out paper direct deposit advice statement unless payees opt in for paper. Allow retirees to opt out of paper 1099(R) forms through web member services.

Online and Communications Enhancements | Develop web video seminar segments and online counseling capability. Develop capability for electronic signatures for increased on-line process streamlining. Collaborate with County and employers to develop communication methods for retirement planning including deferred compensation.

Budget Administration | Procure, parallel test, and operationalize user-friendly budget software with enterprise-wide functionality that provides flexible analytics and reporting capability. Publish comprehensive budget procedures.

Fiscal Services Initiatives | Conduct RFP to hire external auditor. Operationalize the Interest Crediting and SRBR Funding Policy. Initiate GASB 74 & 75 county-wide taskforce team to implement new OPEB net pension liability reporting standards. Conduct RFP for a banking institution to provide a debit card solution for retirees without bank accounts to receive benefit payments. Implement cross-utilization training plan for fiscal services accounting staff.

Investments Initiatives | As approved by the Board: Implement the new Asset Allocation; recommend investments in all asset classes based on Board approved manager structures. Present updates for Investment Policies to the Board for approval and staff implementation. Monitor plan assets according to policy. Ensure optimal investment department staffing trainings and resources. Ensure efficiency and transparency in investment management.

Legal Initiatives | Implement recommendations from client satisfaction survey and develop a standard client education curriculum. Evaluate legal department records management system. Develop systems or processes for legal department workload management. Fully implement compliance officer duties. Oversee DSA litigation and complete PEPRA implementation.

Continue Database Migration Initiative | Continue migration of critical operational processes and data reporting currently processed using Microsoft Access databases into ACERA’s pension administration system and continue research on other viable solutions for pending processes.

Intranet Project | Initiate an ACERA Intranet Project to develop a browser-based environment to provide a central point for distribution and retrieval of agency and departmental documents, files, forms, and procedures for easy access by ACERA staff.

Pension Administration System Initiative (PAS) | Continue to streamline and document current operational processes in preparation for PAS project kickoff. Select oversight project management consultant.

OnBase Re-Engineering Plan | Continue efforts to re-engineer ACERA’s electronic document management system (OnBase) to resolve configuration issues, workflow improvements and enhancements, and system upgrade needs.

Internal Auditing Initiatives | Leverage audit technology to assist in performing complex audits. Develop a more comprehensive risk assessment process to address risks related to changes in business process and new laws and regulations. Continue to build expertise and optimize the employer audit process.

Human Resources Initiatives | Create an internship program for ACERA. Create organization-wide career development plan. Explore development of training modules for the retirement specialist series. Develop plan to address outdated job specifications.

2015 BUDGET

The 2015 approved budget is \$20,540,000. Based on the current amount of spending and staffs’ estimates of continued spending in 2015, the year-end forecast is determined to be \$18,826,000, which is \$1,714,000 less than the approved amount. This is mainly due to the vacant CEO and DCEO positions and the delay of projects such as the pension administration system and other software implementation to 2016.

2016 BASELINE AND APPROVED OPERATING EXPENSE BUDGET (OEB)

The starting point for the 2016 OEB is a “baseline” that reflects the anticipated costs of carrying out the level of services approved by the ACERA Board in the 2015 Budget. Staff was asked to request and justify additional funds with a formal ACERA Budget Change Proposal (ABCP) for any item affecting the 2016 baseline and Approved budget. Additional staff positions or changes in salaries for 2016 were requested and justified using a Personnel Change Request (PCR) form. Approvals for changes did not take place without careful review of cost impacts and on-going organizational needs. Reviews were conducted by the Fiscal Services Officer, Human Resource Officer (for PCRs), and Interim Chief Executive Officer before approvals were granted. With the addition of those items, the Approved 2016 budget is \$20,585,000, a \$45,000 increase (0.2% increase) over the 2015 approved budget of \$20,540,000. Consequently, the 2016 Approved budget is 9.3% greater than the 2015 forecast and 5.4% greater than the 2016 baseline.

2016 APPROVED INCREMENT BUDGET HIGHLIGHTS

This section highlights the incremental increase adjustments to the 2016 baseline. A complete review of the incremental increase adjustments can be found in Section III, on page 19.

Staffing:

The primary changes in staffing costs for 2016 are as follows:

- An increase in salaries for the hiring and refunding of five positions, cost-of-living adjustments, a five percent (5%) performance-driven merit increase for deep-class positions, and a \$205,000 increase in fringe benefits at a combined cost of \$580,000; and,
- An increase in temporary staffing at a cost of \$74,000.

Staff Development:

The primary change in Staff Development cost of \$44,000 for 2016 is as follow:

- An increase in staff development for professional training and development at a cost of \$44,000.

Professional Fees

The primary changes in Professional Fees cost of \$238,000 for 2016 are as follow:

- An increase in external audit and actuarial consulting expenses to implement GASB Statements 74 & 75 OPEB liability financial reporting requirements at a cost of \$76,000; and,
- An increase of \$150,000 for consulting services associated with Pension Administration System (PAS).

Member Services

The primary changes in Member Services cost of \$38,000 for 2016 are as follows:

- A review of managed medical for disability cases at a cost of \$8,000; and,
- An increase of \$30,000 in the health reimbursement account for early retiree health exchange expenses.

Systems

The primary changes in Technology costs of \$58,000 for the 2016 are as follow:

- An increase of \$58,000 in software maintenance and support.

The Senior Managers and I look forward to presenting our Approved budget to the Committee and to the Board of Retirement.

Respectfully submitted,



Kathy Foster
Interim Chief Executive Officer
October 7, 2015

Section II

Budget Policies and Process

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Section II

Budget Policies and Process

Budget Policies

ACERA's budget policy, practices, and guidelines are based on the County Employees Retirement Law of 1937 (CERL and/or the 1937 Act) and the ACERA Board of Retirement's Charter.

Legal Requirements

The California Constitution and Statute Section 31580.2(a) of the 1937 Act specifies that the Board of Retirement "shall annually adopt a budget covering the entire expense of administration of the retirement system which expense shall be charged against the earning of the retirement fund...."

As applied to ACERA, Section 31580.2 (a) also imposes a cap on administrative expenses. Administrative expenses incorporate the limits of Section 31580.2(a)(1) of the County Employees Act of 1937; whereby, administrative expenses are 'capped' at "Twenty-one hundredths of one percent (0.21%) of accrued actuarial liabilities of the retirement system". Pursuant to the applicable code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with business continuity planning (BCP), technology, SRBR and investment-related fees (including actuarial, banking, and legal). Excludable expenses also include a pro rata portion of overhead expense attributable to excludable activities.

ACERA prepares the budget on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and consistent with ACERA's audited financial statements.

Budget Amendments

Budget amounts may be amended, i.e., reallocated from one department to another or moved between categories at the discretion of the Chief Executive Officer, if such action does not increase or decrease the overall approved budget. Conversely, increases or decreases to the overall approved budget are only permitted with the approval of the Board of Retirement (the Board); consequently, action to increase or decrease the budget is introduced by staff at a budget committee meeting. If approved by committee, the recommended action(s) will go forward to the Board for approval.

Budget Process

The primary budget team consists of the Fiscal Services Officer, one of the Retirement Accountant III's and one of the Assistant Accounting Managers. Every April, the budget team meets with each department manager to establish requirements for the remainder of the current budget year. After which, a forecast is produced that culminates into the baseline for the subsequent budget year. It is the responsibility of the budget team to draft the budget through several review cycles. Once the senior management team agrees upon a budget, it is then Approved to the budget committee.

Section II: Budget Policies and Process

After the budget committee meeting, the senior management team presents the Approved budget to the Board at the annual off-site meeting. The Board's feedback, if any, is incorporated into the budget to produce the final version. Once finalized, the Committee recommends that the Budget be submitted to the Board for adoption.

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Section III

Operating Expense Budget

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Section III

Operating Expense Budget

The ACERA annual Operating Expense Budget (OEB) is a detailed plan established to estimate the anticipated expense of services and deferred project costs Approved to the ACERA Board. The OEB does not include the estimated Portfolio Management Investment Expenses reported in Section VIII or Member Benefits such as pension and other post-employment member benefits. The basic precept of the budget is that it supports the Three-Year Business Plan and provides the necessary resources to meet ACERA's baseline operating and mission critical expenses.

The methodology for the budget begins with the development of the baseline.

A baseline budget reflects the anticipated costs of carrying out the current level of services or activities as Approved by the ACERA Board. It includes an adjustment for normal cost increases for staffing salaries and office expenses.

Important assumptions in the 2016 Budget include:

- An annually-established average fringe benefit rate of 55% for the 2016 budget;
- A performance-driven merit increase process for the deep class employees which requires the approval of the Human Resource Officer, the Fiscal Services Officer and the Interim CEO before implementation;
- Review and adjust date of hire and/or funding estimates for the following positions:
 - Chief Deputy CEO in the third quarter (Q3) 2016 after the hiring of the CEO;
 - Re-funding three (3) prior positions; one each in Administration, Benefits and Legal;
 - Footnote funding of ten (10) Retirement Specialist IIIs self-initiated reclassifications to Retirement Analyst not funded as scheduled in 2015;
- Continued focus on increasing staff development for professional training and development for all staff levels;
- Carrying over Consultant expenses for planning enterprise-wide technology improvement plan at a cost of \$150,000;
- Engaging a consultant to provide a Request for Information/Proposal (RFI/RFP) pension expertise for a Pension Administration System (which may include a new system or the upgrade of Pension Gold); and,
- Conducting a RFP for a financial institution, external auditor, and a consulting actuary.

Approved 2016 BUDGET SUMMARY AND COMPARISON

Staff recommends a Approved 2016 budget of \$20,585,000 which is:

- \$45,000 or 0.2% greater than the 2015 approved budget of \$20,540,000;
- \$1,057,000 or 5.4% greater baseline budget of \$19,528,000; and,
- \$1,759,000 or 9.3% greater than the 2015 forecast of \$18,826,000.

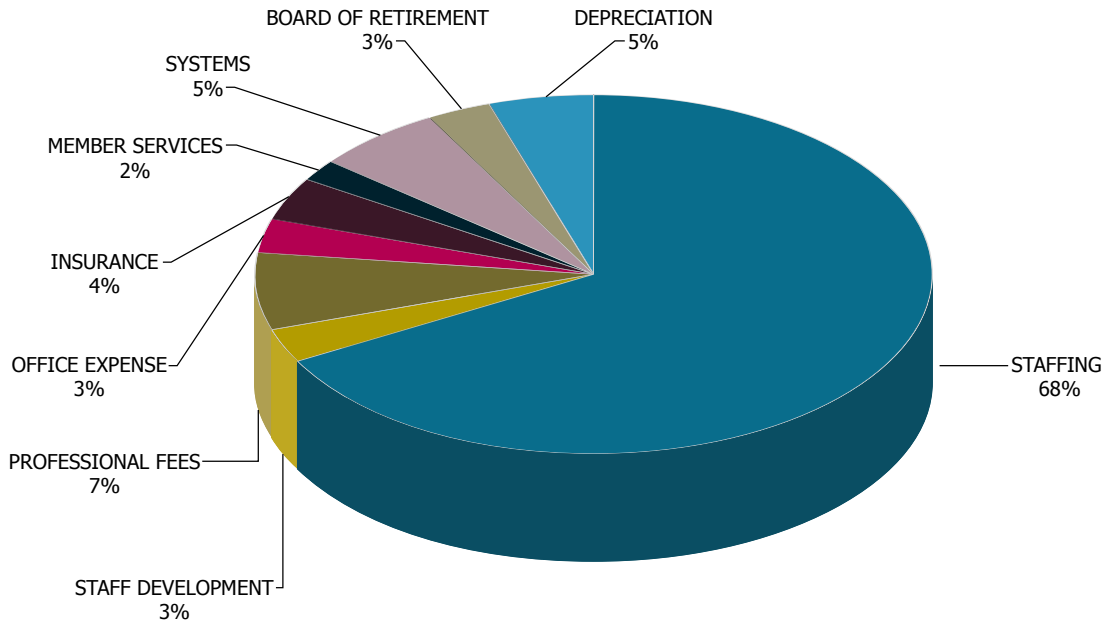
The 2016 administrative budget of \$11.6 million is \$6.2 million under the administrative cap of \$17.8 million. A year-over-year comparison reveals that the 2016 administrative budget of \$11.6 million is 0.1 million more than the 2015 administrative budget of \$11.5 million.

2016 Approved Operating Expense Budget (\$ in thousands)

	2015 Forecast	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change	Category % of Total Operating Expenses
Staffing	\$ 12,773	\$ 13,894	\$ 1,121	8.8%	67.5%
Staff Development	515	665	150	29.1%	3.2%
Professional Fees	1,245	1,456	211	16.9%	7.1%
Office Expense	563	546	(17)	-3.0%	2.7%
Insurance	758	790	32	4.2%	3.8%
Member Services	391	448	57	14.6%	2.2%
Systems	1,016	1,115	99	9.7%	5.4%
Board Of Retirement	444	550	106	23.9%	2.7%
Depreciation	1,121	1,121	-	0.0%	5.4%
OPERATING EXPENSES Total	\$ 18,826	\$ 20,585	\$ 1,759	9.3%	100.0%

2016 Proposed Budget

- STAFFING
- STAFF DEVELOPMENT
- PROFESSIONAL FEES
- OFFICE EXPENSE
- INSURANCE
- MEMBER SERVICES
- SYSTEMS
- BOARD OF RETIREMENT
- DEPRECIATION



Administrative Expense Budget Overview^{1,2} (\$ in thousands)	2016 Approved Budget	2016 Actuarial Budget	2016 Business Continuity Budget	2016 Investment Budget	2016 Legal Budget	2016 SRBR Budget	2016 Technology Budget	2016 Administrative Budget
STAFFING	\$ 13,894	\$ -	\$ (252)	\$ (2,425)	\$ (1,104)	\$ (661)	\$ -	\$ (9,452)
STAFF DEVELOPMENT	665	-	(9)	(171)	(126)	-	-	(359)
PROFESSIONAL FEES								
Actuarial Fees	287	(251)	-	-	-	(36)	-	-
Audit Fees	207	-	-	(52)	-	-	-	(155)
Consultant Fees	767	-	(2)	(21)	(9)	(252)	(396)	(87)
Legal Fees	195	-	-	-	(195)	-	-	-
Professional Fees Total	1,456	(251)	(2)	(73)	(204)	(288)	(396)	(242)
OFFICE EXPENSE								
Bank Charges & Misc. Admin	170	-	(3)	(29)	(14)	-	-	(124)
Building Expenses	40	-	(1)	(7)	(3)	-	-	(29)
Communications	118	-	(2)	(21)	(9)	-	-	(86)
Equipment Lease & Maint.	82	-	(2)	(14)	(7)	-	-	(59)
Minor Furniture & Equipment	23	-	-	(4)	(2)	-	-	(17)
Office Supplies & Maintenance	77	-	(1)	(14)	(6)	-	-	(56)
Printing & Postage	36	-	(1)	(6)	(3)	-	-	(26)
Office Expense Total	546	-	(10)	(95)	(44)	-	-	(397)
INSURANCE	790	-	(14)	(138)	(63)	-	-	(575)
MEMBER SERVICES								
Benefit Verification	4	-	-	-	-	-	-	(4)
Disability - Legal Arbitration & Transcripts	30	-	-	-	(30)	-	-	-
Disability - Medical Expense	150	-	-	-	-	-	-	(150)
Disability - Managed Medical Review Organization (MMRO)	8	-	-	-	-	-	-	(8)
Health Reimbursement Account (HRA)	75	-	-	-	-	(75)	-	-
Member Training & Education	27	-	-	-	-	-	-	(27)
Printing & Postage - Members	154	-	-	-	-	(77)	-	(77)
Member Services Total	448	-	-	-	(30)	(152)	-	(266)
SYSTEMS								
Business Continuity Expenses	149	-	(149)	-	-	-	-	-
Computer Maintenance	27	-	-	-	-	-	(27)	-
County Data Processing	87	-	-	-	-	-	(87)	-
Minor Computer Hardware	55	-	-	-	-	-	(55)	-
Software Maintenance & Support	797	-	-	-	(19)	-	(778)	-
Systems Total	1,115	-	(149)	-	(19)	-	(947)	-
BOARD OF RETIREMENT	550	-	-	(137)	(55)	(138)	-	(220)
DEPRECIATION	1,121	-	(422)	(31)	(14)	-	(525)	(129)
TOTAL OPERATING EXPENSE	\$ 20,585	\$ (251)	\$ (858)	\$ (3,070)	\$ (1,659)	\$ (1,239)	\$ (1,868)	\$ (11,640)

¹ All ACERA budget schedules with dollar amounts are rounded to the nearest thousand dollars. This may result in some rounding differences.

² See Section VI for detailed supporting schedules

Section III: Operating Expense Budget

Operating Expense Budget ¹	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING ^(p.#20)						
Salaries	\$ 8,773,000	\$ 7,595,000	\$ (1,178,000)	\$ 8,879,000	\$ 1,284,000	16.9%
Fringe Benefits	4,759,000	4,126,000	(633,000)	4,867,000	741,000	18.0%
Temporary Staff	287,000	1,052,000	765,000	148,000	(904,000)	-85.9%
Staffing Total	13,819,000	12,773,000	(1,046,000)	13,894,000	1,121,000	8.8%
STAFF DEVELOPMENT ^(p.#22)	580,000	515,000	(65,000)	665,000	150,000	29.1%
PROFESSIONAL FEES ^(p.#26)						
Actuarial Fees	260,000	273,000	13,000	287,000	14,000	5.1%
Audit Fees	163,000	163,000	-	207,000	44,000	27.0%
Consultant Fees	760,000	614,000	(146,000)	767,000	153,000	24.9%
Legal Fees	275,000	195,000	(80,000)	195,000	-	0.0%
Professional Fees Total	1,458,000	1,245,000	(213,000)	1,456,000	211,000	16.9%
OFFICE EXPENSE ^(p.#28)						
Bank Fees & Misc. Admin.	161,000	159,000	(2,000)	170,000	11,000	6.9%
Building Expenses	134,000	23,000	(111,000)	40,000	17,000	73.9%
Communications	134,000	155,000	21,000	118,000	(37,000)	-23.9%
Equipment Lease & Maint.	95,000	84,000	(11,000)	82,000	(2,000)	-2.4%
Minor Furniture & Equip.	21,000	24,000	3,000	23,000	(1,000)	-4.2%
Office Supplies & Maint.	86,000	82,000	(4,000)	77,000	(5,000)	-6.1%
Printing & Postage	46,000	36,000	(10,000)	36,000	-	0.0%
Office Expense Total	677,000	563,000	(114,000)	546,000	(17,000)	-3.0%
INSURANCE ^(p.#29)	797,000	758,000	(39,000)	790,000	32,000	4.2%
MEMBER SERVICES ^(p.#30)						
Benefit Verification	3,000	3,000	-	4,000	1,000	33.3%
Disability - Arbitration & Transcripts	75,000	25,000	(50,000)	30,000	5,000	20.0%
Disability - Medical Expense	88,000	130,000	42,000	150,000	20,000	15.4%
Disability - Managed Medical Review Organization (MMRO)	-	-	-	8,000	8,000	100.0%
Health Reimbursement Account	41,000	41,000	-	75,000	34,000	82.9%
Member Training & Education	28,000	27,000	(1,000)	27,000	-	0.0%
Printing & Postage - Members	165,000	165,000	-	154,000	(11,000)	-6.7%
Member Services Total	400,000	391,000	(9,000)	448,000	57,000	14.6%
SYSTEMS ^(p.#31)						
Business Continuity Expenses	143,000	132,000	(11,000)	149,000	17,000	12.9%
Computer Maintenance	27,000	27,000	-	27,000	-	0.0%
County Data Processing	87,000	87,000	-	87,000	-	0.0%
Minor Computer Hardware	55,000	55,000	-	55,000	-	0.0%
Software Maint./Support	832,000	715,000	(117,000)	797,000	82,000	11.5%
Systems Total	1,144,000	1,016,000	(128,000)	1,115,000	99,000	9.7%
BOARD OF RETIREMENT ^(p.#32)						
Board Conferences & Misc.	483,000	444,000	(39,000)	550,000	106,000	23.9%
Total Operating Expenses Before Depreciation	19,358,000	17,705,000	(1,653,000)	19,464,000	1,759,000	9.9%
DEPRECIATION ^(p.#33)	1,182,000	1,121,000	(61,000)	1,121,000	-	0.0%
TOTAL OPERATING EXPENSE	20,540,000	18,826,000	(1,714,000)	20,585,000	1,759,000	9.3%
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE	45,291,000	45,180,000	(111,000)	50,545,000	5,365,000	11.9%
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	\$ 65,831,000	\$ 64,006,000	\$ (1,825,000)	\$ 71,130,000	\$ 7,124,000	11.1%

¹ All ACERA budget schedules with dollar amounts are rounded to the nearest thousand dollars. This may result in some rounding differences.

Contingency Fund	\$ 177,000	\$ -	\$ (177,000)	\$ -	\$ -	0.0%
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Operating Expense Budget¹ 2016 Baseline vs. 2016 Increments (\$ in thousands)	2015 Forecast	2016 Baseline Budget	2016 Baseline Budget vs. 2015 Forecast Over/(Under)	2016 Baseline Budget vs. 2015 Forecast % of change	2016 Approved Increments	2016 Approved Budget (Baseline + Increments)	2016 Approved Budget vs. 2015 Forecast Over/ (Under)	2016 Approved Budget vs. 2015 Forecast % Change
STAFFING								
Salaries	\$ 7,595	\$ 8,504	\$ 909	12.0%	\$ 375	\$ 8,879	\$ 1,284	16.9%
Fringe Benefits	4,126	4,662	536	13.0%	205	4,867	741	18.0%
Temporary Staff	1,052	74	(978)	-93.0%	74	148	(904)	-85.9%
Staffing Total	12,773	13,240	467	3.7%	654	13,894	1,121	8.8%
STAFF DEVELOPMENT								
	515	621	106	20.6%	44	665	150	29.1%
PROFESSIONAL FEES								
Actuarial Fees	273	254	(19)	-7.0%	33	287	14	5.1%
Audit Fees	163	164	1	0.6%	43	207	44	27.0%
Consultant Fees	614	617	3	0.5%	150	767	153	24.9%
Legal Fees	195	195	-	0.0%	-	195	-	0.0%
Professional Fees Total	1,245	1,230	(15)	-1.2%	226	1,456	211	16.9%
OFFICE EXPENSE								
Bank Charges & Misc. Admin	159	155	(4)	-2.5%	15	170	11	6.9%
Building Expenses	23	40	17	73.9%	-	40	17	73.9%
Communications	155	118	(37)	-23.9%	-	118	(37)	-23.9%
Equipment Lease & Maint.	84	82	(2)	-2.4%	-	82	(2)	-2.4%
Minor Furniture & Equipment	24	23	(1)	-4.2%	-	23	(1)	-4.2%
Office Supplies & Maintenance	82	77	(5)	-6.1%	-	77	(5)	-6.1%
Printing & Postage	36	36	-	0.0%	-	36	-	0.0%
Office Expense Total	563	531	(32)	-5.7%	15	546	(17)	-3.0%
INSURANCE								
	758	790	32	4.2%		790	32	4.2%
MEMBER SERVICES								
Benefit Verification	3	4	1	33.3%	-	4	1	33.3%
Disability Arbitration	25	30	5	20.0%	-	30	5	20.0%
Disability - Medical Expense	130	150	20	15.4%	-	150	20	15.4%
Disability - Managed Medical Review Organization (MMRO)	-	-	-	-	8	8	8	100.0%
Health Reimb. Account (HRA)	41	45	4	9.8%	30	75	34	82.9%
Member Training & Education	27	27	-	0.0%	-	27	-	0.0%
Printing & Postage - Members	165	154	(11)	-6.7%	-	154	(11)	-6.7%
Member Services Total	391	410	19	4.9%	38	448	57	14.6%
SYSTEMS								
Business Continuity Expenses	132	149	17	12.9%	-	149	17	12.9%
Computer Maintenance	27	27	-	0.0%	-	27	-	0.0%
County Data Processing	87	87	-	0.0%	-	87	-	0.0%
Minor Computer Hardware	55	55	-	0.0%	-	55	-	0.0%
Software Maint. & Support	715	739	24	3.4%	58	797	82	11.5%
Systems Total	1,016	1,057	41	4.0%	58	1,115	99	9.7%
BOARD OF RETIREMENT								
Total Operating Expenses Before Depreciation	17,705	18,425	720	4.1%	1,039	19,464	1,759	9.9%
DEPRECIATION								
	1,121	1,115	(6)	-0.5%	6	1,121	-	0.0%
TOTAL OPERATING EXPENSE								
	18,826	19,540	714	3.8%	1,045	20,585	1,759	9.3%
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE								
	45,180	50,545	5,365	11.9%	-	50,545	5,365	11.9%
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES								
	\$ 64,006	\$ 70,085	\$ 6,079	9.5%	\$ 1,045	\$ 71,130	\$ 7,124	11.1%

¹ All ACERA budget schedules with dollar amounts are rounded to the nearest thousand dollars. This may result in some rounding differences.

STAFFING (p.#18)

Staffing expense includes Salary/Wages, Fringe Benefits, and Temporary Services¹.

Staffing by Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)
Administration	3	3	-	6	3
Benefits	39	37	(2)	39	2
Fiscal Services	16	15	(1)	14	(1)
Human Resources	3	3	-	3	-
Internal Audit	5	5	-	5	-
Investment	10	9	(1)	10	1
Legal	7	6	(1)	7	1
PRISM	13	11	(2)	11	-
STAFFING TOTAL	96	89	(7)	95	6

¹ Head count does not include temporary Retirement Specialist to cover fluctuations in head count.

Staffing	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Administration	\$ 427,000	\$ 242,000	\$ (185,000)	\$ 642,000	\$ 400,000	165.3%
Benefits	2,877,000	2,403,000	(474,000)	2,815,000	412,000	17.1%
Fiscal Services	1,473,000	1,308,000	(165,000)	1,339,000	31,000	2.4%
Human Resources	312,000	315,000	3,000	325,000	10,000	3.2%
Internal Audit	528,000	523,000	(5,000)	547,000	24,000	4.6%
Investments	1,092,000	953,000	(139,000)	1,131,000	178,000	18.7%
Legal	919,000	783,000	(136,000)	935,000	152,000	19.4%
PRISM	1,102,000	1,002,000	(100,000)	1,086,000	84,000	8.4%
Total Salaries	8,730,000	7,529,000	(1,201,000)	8,820,000	1,291,000	17.1%
Cafeteria Benefit Allowance	200,000	166,000	(34,000)	196,000	30,000	18.1%
Health and Dental	1,342,000	1,094,000	(248,000)	1,290,000	196,000	17.9%
Retirement Contributions	2,436,000	2,182,000	(254,000)	2,574,000	392,000	18.0%
Medicare and SDI	162,000	140,000	(22,000)	165,000	25,000	17.9%
Social Security	514,000	458,000	(56,000)	540,000	82,000	17.9%
Other Benefits (Life Insurance, Def. Comp. and Auto Allowance)	105,000	86,000	(19,000)	102,000	16,000	18.6%
Fringe Benefits	4,759,000	4,126,000	(633,000)	4,867,000	741,000	18.0%
Overtime	43,000	66,000	23,000	59,000	(7,000)	-10.6%
Temporary Staffing	287,000	1,052,000	765,000	148,000	(904,000)	-85.9%
STAFFING EXPENSES Total	\$ 13,819,000	\$ 12,773,000	\$ (1,046,000)	\$ 13,894,000	\$ 1,121,000	8.8%

**Staffing - Variance Narrative
2016 Approved Budget vs. 2015 Forecast**

	Variance Over/(Under)
• Net cost of vacant and re-funded positions including salary & fringe benefits offset by cost of temporary staff	\$ 479,000
• Merit increase for deep class employees, COLA and step increases including fringe benefits	172,000
• Salary Actions (out-of-class, vacation sell backs, and employees on leave) includes fringe benefits	453,000
• Savings on overtime including fringe benefits	(7,000)
• 0.49% increase in fringe benefit rate	24,000
Total Over/(Under)	\$ 1,121,000

**Staffing Expense - Variance Narrative
2015 Forecast vs. 2015 Budget**

	Variance Over/(Under)
• Net savings from vacant positions including salary & fringe benefits offset by cost of temporary staff	\$ (959,000)
• Salary actions (net of out of class, vacation sell backs, and saving from employees on leave, unbudgeted headcount) includes fringe benefits	(90,000)
• Savings on step, merit increase and COLA	(28,000)
• 0.75% decrease in fringe benefits	(4,000)
• Unbudgeted overtime including fringe benefits	35,000
Total Over/(Under)	\$ (1,046,000)

STAFF DEVELOPMENT *(p.#18)*

Staff Development includes education, training, professional dues, recruitment, and subscription expenses.

Staff Development	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
CONFERENCES/TRAININGS						
AMA	\$ 65,000	\$ 39,000	\$ (26,000)	\$ 68,000	\$ 29,000	74.4%
APPFA	4,000	4,000	-	4,000	-	0.0%
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	49,000	38,000	(11,000)	71,000	33,000	86.8%
CALPELRA	5,000	3,000	(2,000)	7,000	4,000	133.3%
County Computer Training	15,000	11,000	(4,000)	9,000	(2,000)	-18.2%
GFOA	23,000	28,000	5,000	15,000	(13,000)	-46.4%
GASB	5,000	3,000	(2,000)	-	(3,000)	-100.0%
IFEBP	10,000	4,000	(6,000)	30,000	26,000	650.0%
MILKEN	22,000	11,000	(11,000)	26,000	15,000	136.4%
PG User, Onbase, Sungard Conference	30,000	48,000	18,000	52,000	4,000	8.3%
SACRS	31,000	30,000	(1,000)	34,000	4,000	13.3%
Other ¹	176,000	116,000	(60,000)	170,000	54,000	46.6%
Sub-Total	435,000	335,000	(100,000)	486,000	151,000	45.1%
PROFESSIONAL DUES	62,000	75,000	13,000	105,000	30,000	40.0%
SUBSCRIPTIONS & DUES	56,000	58,000	2,000	52,000	(6,000)	-10.3%
RECRUITMENT EXPENSES	27,000	47,000	20,000	22,000	(25,000)	-53.2%
EXPENSES Total	\$ 580,000	\$ 515,000	\$ (65,000)	\$ 665,000	\$ 150,000	29.1%

¹ See pages 24-25 for detail listing of "Other" conferences/training by department for "2016 Approved Budget" column only.

**Staff Development - Variance Narrative
2016 Approved Budget vs. 2015 Forecast**

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Increase in trainings deferred from 2015 due to workload plus increase in training budget to accommodate 4th quarter 2015 and 2016 new hires	\$ 151,000
PROFESSIONAL DUES	
• Increase in professional dues to obtain member discount at conferences	30,000
SUBSCRIPTIONS	
• Decrease in subscriptions in Administration	(6,000)
RECRUITMENT	
• Recruitment for Chief Executive Officer in 2015 and delayed recruitment for Deputy Chief	(25,000)
Total Over/(Under)	\$ 150,000

**Staff Development - Variance Narrative
2015 Forecast vs. 2015 Budget**

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Decreased attendance at training and conferences such as AMA, CALAPRS, GFOA and MILKEN	\$ (100,000)
PROFESSIONAL DUES	
• Increased professional dues primarily in Legal and Benefits	13,000
SUBSCRIPTIONS	
	2,000
RECRUITMENT	
• Increased and reclassified recruitment expenses for CEO offset	20,000
Total Over/(Under)	\$ (65,000)

Section III: Operating Expense Budget

2016 Approved Budget: Break-downs for Other Training/Conferences					
	Administration	Benefits	Fiscal Services	Human Resources	Internal Audit
Association of Certified Fraud Examiners (ACFE)	\$ -	\$ -	\$ -	\$ -	\$ 500
AWI National Institute & AWI Conference	-	-	-	-	-
BCP Conference	-	3,000	-	-	-
Association of Government Accountants (AGA)	-	-	-	-	3,000
AICPA Training	-	-	-	-	3,000
CALCPA	-	-	-	-	2,000
Council of Institutional Investors	4,000	-	-	-	-
Disaster Recovery Journal Conference (DRJ)	-	-	-	-	-
IDEA Training	-	-	-	-	7,500
ISCEBS Annual Conference	-	3,000	-	-	-
ILPA	-	-	-	-	-
In-house training for ACERA staff	-	-	-	5,000	-
Institutional Investors	-	-	-	-	-
Investment Related	-	-	-	-	-
NAPPA	-	-	-	-	-
National Employment Law Council & NELI	-	-	-	-	-
NCPERS Conference	3,000	-	-	-	-
Public Pension HR Org Round Table	-	-	-	2,000	-
PRISM Conference	-	-	-	-	-
SALGBA	-	1,000	-	-	-
SharePoint Training	-	-	-	-	-
SHRM	-	-	-	3,000	-
IIA-GAM	-	-	-	-	3,000
IT Conference	-	-	-	-	-
SQL Training	-	-	-	-	-
State Bar of CA	-	-	-	-	-
Staff Development/Team Building	-	-	-	-	-
Miscellaneous Training/Conferences	2,000	5,000	5,000	7,000	2,000
Total Other Training/Conferences	\$ 9,000	\$ 12,000	\$ 5,000	\$ 17,000	\$ 21,000
American Management Association (AMA)	-	30,000	-	-	-
APPFA	-	-	-	-	4,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	14,000	35,000	10,000	-	3,000
CALPERLA	-	-	-	4,000	-
County Computer Training	1,000	3,000	2,000	-	1,000
GFOA	-	-	7,000	-	4,000
IFEBP	-	30,000	-	-	-
MILKEN	13,000	-	-	-	-
PG User, PG NUG, Onbase, Sungard Conference	-	10,000	8,000	-	-
SACRS	4,000	11,000	3,000	1,000	3,000
Other Training/Conferences (from above)	9,000	12,000	5,000	17,000	21,000
Total Training/Conferences	\$ 41,000	\$ 131,000	\$ 35,000	\$ 22,000	\$ 36,000
Professional Dues	23,000	36,000	11,000	4,000	5,000
Subscriptions & Dues (NCPERS, GFOA, CALAPRS; Lexis-Nexis, West, Thompson)	4,000	1,000	-	1,000	-
Recruitment Expenses	20,000	1,000	-	-	-
TOTAL	\$ 88,000	\$ 169,000	\$ 46,000	\$ 27,000	\$ 41,000

2016 Approved Budget: Break-downs for Other Training/Conferences						
	Investments	Legal	PRISM	Project	Total per training/conf.	
Association of Certified Fraud Examiners (ACFE)	\$ -	\$ -	\$ -	\$ -	\$ -	500
AWI National Institute & AWI Conference	-	1,000	-	-	-	1,000
BCP Conference	-	-	-	-	-	3,000
Association of Government Accountants (AGA)	-	-	-	-	-	3,000
AICPA Training	-	-	-	-	-	3,000
CALCPA	1,000	-	-	-	-	3,000
Council of Institutional Investors	-	-	-	-	-	4,000
Disaster Recovery Journal Conference (DRJ)	-	-	9,000	-	-	9,000
IDEA Training	-	-	-	-	-	7,500
ISCEBS Annual Conference	-	-	-	-	-	3,000
ILPA	16,000	-	-	-	-	16,000
In-house training for ACERA staff	-	-	-	-	-	5,000
Institutional Investors	5,000	-	-	-	-	5,000
Investment Related	-	5,000	-	-	-	5,000
NAPPA	-	5,000	-	-	-	5,000
National Employment Law Council & NELI	-	2,000	-	-	-	2,000
NCPERS Conference	-	-	-	-	-	3,000
Public Pension HR Org Round Table	-	-	-	-	-	2,000
PRISM Conference	-	-	2,000	-	-	2,000
SALGBA	-	-	-	-	-	1,000
SharePoint Training	-	-	-	8,000	-	8,000
SHRM	-	2,000	-	-	-	5,000
IIA-GAM	-	-	-	-	-	3,000
IT Conference	-	-	3,000	-	-	3,000
SQL Training	-	-	-	4,000	-	4,000
State Bar of CA	-	2,000	-	-	-	2,000
Staff Development/Team Building	-	-	25,000	-	-	25,000
Miscellaneous Training/Conferences	5,000	6,000	5,000	-	-	37,000
Total Other Training/Conferences	\$ 27,000	\$ 23,000	\$ 44,000	\$ 12,000	\$ -	170,000
American Management Association (AMA)	15,000	-	23,000	-	-	68,000
APPFA	-	-	-	-	-	4,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	5,000	3,000	1,000	-	-	71,000
CALPERLA	-	3,000	-	-	-	7,000
County Computer Training	-	1,000	1,000	-	-	9,000
GFOA	4,000	-	-	-	-	15,000
IFEBP	-	-	-	-	-	30,000
MILKEN	13,000	-	-	-	-	26,000
PG User, PG NUG, Onbase, Sungard Conference	-	-	34,000	-	-	52,000
SACRS	4,000	6,000	2,000	-	-	34,000
Other Training/Conferences (from above)	27,000	23,000	44,000	12,000	-	170,000
Total Training/Conferences	\$ 68,000	\$ 36,000	\$ 105,000	\$ 12,000	\$ -	486,000
Professional Dues	13,000	12,000	1,000	-	-	105,000
Subscriptions & Dues (NCPERS, GFOA, CALAPRS; Lexis-Nexis, West, Thompson)	3,000	39,000	4,000	-	-	52,000
Recruitment Expenses	1,000	-	-	-	-	22,000
TOTAL	\$ 85,000	\$ 87,000	\$ 110,000	\$ 12,000	\$ -	665,000

PROFESSIONAL FEES (p.#18)

This category excludes investment professional consultant and advisor expenses.

Professional Fees			2015 Forecast			2016 Approved	2016 Approved	% Change
	2015 Budget	2015 Forecast	2015 Budget Over/(Under)	vs. 2015 Forecast	2016 Approved Budget	Budget vs. 2015 Forecast Over/(Under)		
Actuarial Fees	\$ 260,000	\$ 273,000	\$ 13,000		\$ 287,000	\$ 14,000	5.1%	
Audit Fees	163,000	163,000	-		207,000	44,000	27.0%	
Consultant Fees	760,000	614,000	(146,000)		767,000	153,000	24.9%	
Legal Fees	275,000	195,000	(80,000)		195,000	-	0.0%	
Total Professional Fees	1,458,000	1,245,000	(213,000)		1,456,000	211,000	16.9%	
Consultant Fees								
Administration								
Integrated Solutions for Business Inc.	-	45,000	45,000		-	(45,000)	-100.0%	
Organizational Development & Project Management	26,000	-	(26,000)		-	-	0.0%	
Strategic Planning	79,000	-	(79,000)		-	-	0.0%	
Total Administration	105,000	45,000	(60,000)		-	(45,000)	-100.0%	
Benefits								
Benefit Cons./Open Enroll.	121,000	133,000	12,000		126,000	(7,000)	-5.3%	
County Retirees Medical	126,000	126,000	-		126,000	-	0.0%	
Total Benefits	247,000	259,000	12,000		252,000	(7,000)	-2.7%	
Fiscal Services								
Reporting System Consultant	10,000	12,000	2,000		-	(12,000)	-100.0%	
Total Fiscal Services	10,000	12,000	2,000		-	(12,000)	-100.0%	
Human Resources								
Alameda County HRS (LMS)	-	-	-		2,000	2,000	100.0%	
Lakeside Group (County Personnel)	80,000	77,000	(3,000)		80,000	3,000	3.9%	
Total Human Resources	80,000	77,000	(3,000)		82,000	5,000	6.5%	
Internal Audit								
IDEA Consulting - Audit Software	10,000	9,000	(1,000)		5,000	(4,000)	-44.4%	
Peer Review - Internal Audit Quality Assurance	7,000	7,000	-		7,000	-	0.0%	
Total Internal Audit	17,000	16,000	(1,000)		12,000	(4,000)	-25.0%	
PRISM								
ACERA Intranet	96,000	-	(96,000)		96,000	96,000	100.0%	
Budget Software	30,000	30,000	-		-	(30,000)	-100.0%	
Project Management Consulting	25,000	25,000	-		25,000	-	0.0%	
Technology Improvement Plan	150,000	150,000	-		150,000	-	0.0%	
Pension Administration System Upgrade Consultant					150,000	150,000	100.0%	
Total PRISM	301,000	205,000	(96,000)		421,000	216,000	105.4%	
Total Consultant Fees	760,000	614,000	(146,000)		767,000	153,000	24.9%	
Legal Fees								
Contingency Fees (Lexin-like)	50,000	-	(50,000)		-	-	0.0%	
Health Reform	15,000	-	(15,000)		-	-	0.0%	
Employment Litigation and Securities	35,000	20,000	(15,000)		20,000	-	0.0%	
Fiduciary	100,000	100,000	-		100,000	-	0.0%	
Pension Reform	20,000	20,000	-		20,000	-	0.0%	
Tax and Benefit Issues	55,000	55,000	-		55,000	-	0.0%	
Total Legal Fees	275,000	195,000	(80,000)		195,000	-	0.0%	
Actuarial Fees								
Actuarial Valuation	65,000	65,000	-		66,000	1,000	1.5%	
SRBR Valuation	35,000	35,000	-		36,000	1,000	2.9%	
Supplemental Consulting	115,000	108,000	(7,000)		152,000	44,000	40.7%	
GASB	45,000	65,000	20,000		33,000	(32,000)	-49.2%	
Total Actuarial Fees	\$ 260,000	\$ 273,000	\$ 13,000		\$ 287,000	\$ 14,000	5.1%	

**Professional Fees - Variance Narrative
2016 Approved Budget vs. 2015 Forecast**

	Variance Over/(Under)
ACTUARY¹	
• Increase in GASB 67/68 and preparation for GASB 74/75	\$ 14,000
AUDIT	
• Increase in GASB 67/68 and preparation for GASB 74/75	44,000
CONSULTANTS	
• Upgrade or replacement of Pension Administration System	150,000
• ACERA Intranet	96,000
• Implementation of budget software to be capitalized	(30,000)
• Decrease in operational consulting including Integrated Solutions workflow projects, benefits' consultant scope of work and deferral of IDEA audit software offset by slight increases in Human Resource contracts with County for Lakeside and LMS.	(63,000)
Sub-total	153,000
Total Over/(Under)	\$ 211,000

**Professional Fees - Variance Narrative
2015 Forecast vs. 2015 Budget**

	Variance Over/(Under)
ACTUARY¹	
• Unbudgeted contingency costs for additional preparation for in GASB 67 valuation offset by \$7K savings in benefits consulting ¹	\$ 13,000
LEGAL	
• Savings from contingencies, health reform and employment litigation and securities	(80,000)
CONSULTANTS	
• Additional work assigned to Integrated Solutions for Business, Inc. and Benefit Consultant	57,000
• Savings from Lakeside and Internal audit software offset by Management Reporter training for Great Plains upgrade	(2,000)
• Savings from deferred work on ACERA intranet	(96,000)
• Savings from deferred strategic plan and organizational development	(105,000)
Sub-total	(146,000)
Total Over/(Under)	\$ (213,000)

¹ Reflects Segal credit for GASB 67 valuation adjustments.

OFFICE EXPENSE (p.#18)

This category covers expenses such as building expenses, banking fees, telecommunications and office equipment.

Office Expense	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Bank Fees & Misc. Admin.	\$ 161,000	\$ 159,000	\$ (2,000)	\$ 170,000	\$ 11,000	6.9%
Building Expenses	134,000	23,000	(111,000)	40,000	17,000	73.9%
Communications	134,000	155,000	21,000	118,000	(37,000)	-23.9%
Equip. Leasing & Maint.	95,000	84,000	(11,000)	82,000	(2,000)	-2.4%
Minor Furniture & Equipment	21,000	24,000	3,000	23,000	(1,000)	-4.2%
Office Supplies & Maint.	86,000	82,000	(4,000)	77,000	(5,000)	-6.1%
Printing & Postage	46,000	36,000	(10,000)	36,000	-	0.0%
OFFICE EXPENSE Total	\$ 677,000	\$ 563,000	\$ (114,000)	\$ 546,000	\$ (17,000)	-3.0%

Office Expense - Variance Narrative 2016 Approved Budget vs. 2015 Forecast

	Variance Over/(Under)
BANK CHARGES & MISC. ADMINISTRATIVE	
• Increase in Banking fees due to expansion of services	\$ 15,000
• Savings from decrease in printing for CAFR	(4,000)
Sub-total	11,000
BUILDING EXPENSES	
• Increase of 5% in escalation fees	17,000
EQUIPMENT LEASING, MAINTENANCE & MINOR FURNITURE	
• Savings due to new copier contracts	(3,000)
OFFICE SUPPLIES AND MAINTENANCE	
• Office carpet cleaning completed	(5,000)
COMMUNICATIONS	
• ACERA contracting through State to receive lower landline rates	(37,000)
Total Over/(Under)	\$ (17,000)

Office Expense - Variance Narrative 2015 Forecast vs. 2015 Budget

	Variance Over/(Under)
BANK CHARGES & MISC. ADMINISTRATIVE	
• Saving from delay issuing the bank RFP offset by unbudgeted ICM security	\$ (2,000)
BUILDING EXPENSES	
• Renewal of lease resulted in new base year which reduced escalation fees	(111,000)
EQUIP. LEASING & MAINTENANCE	(11,000)
COMMUNICATIONS	
• Delay in ACERA contracting through State for lower landline rates	21,000
OFFICE SUPPLIES & MAINTENANCE	(1,000)
PRINTING AND POSTAGE	
• Savings from Reduced volumes	(10,000)
Total Over/(Under)	\$ (114,000)

INSURANCE (p.#18)

This category includes insurance premiums for business automobile, commercial, earthquake, fiduciary, criminal and cyber liability, risk management, umbrella, and workers' compensation.

Insurance			2015 Forecast	vs.	2016	2016 Approved	2015 Forecast	% Change
	2015 Budget	2015 Forecast	2015 Budget Over/(Under)	Approved Budget	Budget Over/(Under)			
Business Automobile	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ -	0.0%		
Commercial Package	28,000	26,000	(2,000)	27,000	1,000	3.8%		
Crime	9,000	8,000	(1,000)	9,000	1,000	12.5%		
Earthquake	31,000	28,000	(3,000)	30,000	2,000	7.1%		
Cyber Liability	-	7,000	7,000	15,000	8,000	114.3%		
Fiduciary Liability	200,000	182,000	(18,000)	190,000	8,000	4.4%		
Risk Management	295,000	283,000	(12,000)	290,000	7,000	2.5%		
Umbrella	10,000	9,000	(1,000)	10,000	1,000	11.1%		
Worker's Compensation	223,000	214,000	(9,000)	218,000	4,000	1.9%		
INSURANCE Total	\$ 797,000	\$ 758,000	\$ (39,000)	\$ 790,000	\$ 32,000	4.2%		

Insurance - Variance Narrative
2016 Approved Budget vs. 2015 Forecast

	Variance Over/(Under)
ARTHUR GALLAGHER	
• Rate increase in commercial, earthquake, foreign and fiduciary rates	\$ 13,000
• Addition of cyber liability insurance	8,000
Sub-Total	21,000
COUNTY RISK MANAGEMENT	
• Increase due to litigation claims	7,000
WORKER'S COMPENSATION	
• Increase in county cost allocation	4,000
Total Over/(Under)	\$ 32,000

Insurance - Variance Narrative
2015 Forecast vs. 2015 Budget

	Variance Over/(Under)
ARTHUR GALLAGHER	
• Savings in commercial package, earthquake, and fiduciary liability rates offset by addition of Cyber Liability cost	\$ (18,000)
COUNTY RISK MANAGEMENT	
• Savings due to reduction in the number of claims in litigation and worker's compensation	(21,000)
Total Over/(Under)	\$ (39,000)

MEMBER SERVICES *(p.#18)*

This category includes expenses for services provided to members, including health plans, enrollment, wellness seminars, communications, disability hearings and evaluations.

Member Services	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Benefit Verification	\$ 3,000	\$ 3,000	\$ -	\$ 4,000	\$ 1,000	33.3%
Disability - Legal Arbitration & Transcripts	75,000	25,000	(50,000)	30,000	5,000	20.0%
Disability - Medical Expense	88,000	130,000	42,000	150,000	20,000	15.4%
Disability - Managed Medical Review Organization (MMRO)	-	-	-	8,000	8,000	100.0%
Health Reimbursement Account (HRA)	41,000	41,000	-	75,000	34,000	82.9%
Member Training & Education	28,000	27,000	(1,000)	27,000	-	0.0%
Printing & Postage - Members	165,000	165,000	-	154,000	(11,000)	-6.7%
MEMBER SERVICES EXPENSE Total	\$ 400,000	\$ 391,000	\$ (9,000)	\$ 448,000	\$ 57,000	14.6%
Disability - Legal Contingency Fund	\$ 177,000	\$ -	\$ (177,000)	\$ -	\$ -	0.0%

**Member Services - Variance Narrative
2016 Approved Budget vs. 2015 Forecast**

	Variance Over/(Under)
DISABILITY - ARBITRATION	
• Increase in number of cases for 2016	\$ 5,000
DISABILITY - MEDICAL	
• Increase in number of cases for 2016	20,000
• Increase for investigation into outsourcing disability to Managed Medical Review Organization	8,000
Sub-total	33,000
HEALTH REIMBURSEMENT ACCOUNT (HRA)	
• Increase reflects expansion of medical exchange benefit to early retirees	34,000
PRINTING & POSTAGE - MEMBERS	
• Savings due to reduction in newsletters offset by minor increase in benefits verification	(10,000)
Total Over/(Under)	\$ 57,000

**Member Services - Variance Narrative
2015 Forecast vs. 2015 Budget**

	Variance Over/(Under)
DISABILITY - ARBITRATION	
• Decreased Arbitration case load	\$ (50,000)
DISABILITY - MEDICAL	
• Increased disability retirement applications	42,000
MEMBER TRAINING & EDUCATION	
• Decreased cost of healthfair	(1,000)
Total Over/(Under)	\$ (9,000)

SYSTEMS (p.#18)

This category includes the costs of business continuity planning, county data processing (payroll, etc.), software maintenance and support, and uncapitalized computer hardware and software.

Systems			2015 Forecast vs. 2015 Budget Over/(Under)		2016 Approved Budget vs. 2015 Forecast Over/(Under)		% Change
	2015 Budget	2015 Forecast	2015 Budget	2015 Forecast	2016 Approved Budget	2015 Forecast	
Business Continuity Expenses	\$ 143,000	\$ 132,000	\$ (11,000)	\$ 149,000	\$ 17,000		12.9%
Computer Maintenance	27,000	27,000	-	27,000	-		0.0%
County Data Processing	87,000	87,000	-	87,000	-		0.0%
Minor Computer Hardware	55,000	55,000	-	55,000	-		0.0%
Software Maintenance & Support	832,000	715,000	(117,000)	797,000	82,000		11.5%
SYSTEMS Total	\$ 1,144,000	\$ 1,016,000	\$ (128,000)	\$ 1,115,000	\$ 99,000		9.7%

Systems - Variance Narrative**2016 Approved Budget vs. 2015 Forecast**

Variance Over/(Under)

BUSINESS CONTINUITY

- Increase in the portion of technology improvement that impacts disaster recovery costs \$ 17,000

SOFTWARE, MAINTENANCE & SUPPORT

- Increase in software support for EDMS, newly acquired budget software and data migration 82,000

Total Over/(Under) \$ 99,000**Systems - Variance Narrative****2015 Forecast vs. 2015 Budget**

Variance Over/(Under)

BUSINESS CONTINUITY

- Delayed that portion of technology improvement that impacts disaster recovery costs \$ (11,000)

SOFTWARE, MAINTENANCE & SUPPORT

- Savings from delays in completion of data migration and purchase of budget software (117,000)

Total Over/(Under) \$ (128,000)

BOARD OF RETIREMENT *(p.#18)*

This category covers Board compensation and expenses for meetings, conferences and training, employer reimbursement (elected members only), and election expenses.

Board of Retirement	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Board Compensation	\$ 29,000	\$ 24,000	\$ (5,000)	\$ 22,000	\$ (2,000)	-8.3%
Board Conference and Training	131,000	121,000	(10,000)	143,000	22,000	18.2%
Board Elections	25,000	-	(25,000)	80,000	80,000	100.0%
Board Employer Reimbursement	261,000	267,000	6,000	276,000	9,000	3.4%
Board Miscellaneous Activities	32,000	29,000	(3,000)	26,000	(3,000)	-10.3%
Board Strategic Planning	5,000	3,000	(2,000)	3,000	-	0.0%
BOARD OF RETIREMENT Total	\$ 483,000	\$ 444,000	\$ (39,000)	\$ 550,000	\$ 106,000	23.9%

**Board of Retirement - Variance Narrative
2016 Approved Budget vs. 2015 Forecast**

	Variance Over/(Under)
• Increase cost of election reflects increase in number of seats to be filled	\$ 80,000
• Increase in conference expenses primarily due to escalating prices, i.e. Milken	22,000
• Increase in fringe benefits and COLA for employer reimbursement	9,000
• Savings in Board compensation and miscellaneous activities reflects decrease in attendance	(5,000)
Total Over/(Under)	\$ 106,000

**Board of Retirement - Variance Narrative
2015 Forecast vs. 2015 Budget**

	Variance Over/(Under)
• Increased fringe benefits and COLA for employer reimbursement	\$ 6,000
• Decreased meeting attendance reduced cost of Board compensation and Board miscellaneous activities	(8,000)
• Savings in cost of Offsite expense	(2,000)
• Savings from decrease in Milken attendance	(10,000)
• No Board election in 2015	(25,000)
Total Over/(Under)	\$ (39,000)

DEPRECIATION (p.#18)

Depreciation expense is the allocation of a capital asset cost over the asset's useful life.

Depreciation			2015 Forecast	vs.	2016	2016 Approved	2016 Approved	% Change
	2015	2015	2015 Budget	2015 Budget	Approved	Budget vs. 2015	Budget vs. 2015	
	Budget	Forecast	Over/(Under)		Budget	Forecast Over/	(Under)	
BCP	\$ 430,000	\$ 419,000	\$ (11,000)	\$	419,000	\$ -		0.0%
Computer Hardware	18,000	14,000	(4,000)		14,000	-		0.0%
Computer Software	132,000	98,000	(34,000)		95,000	(3,000)		-3.1%
EDMS Admin. Share	427,000	416,000	(11,000)		416,000	-		0.0%
Equipment	49,000	49,000	-		52,000	3,000		6.1%
Furniture	30,000	30,000	-		30,000	-		0.0%
Leasehold Improvements	96,000	95,000	(1,000)		95,000	-		0.0%
DEPRECIATION Total	\$ 1,182,000	\$ 1,121,000	\$ (61,000)	\$	1,121,000	\$ -		0.0%

Depreciation is computed using the straight-line method for most assets over the following estimated useful lives:

- Computer Hardware 5 years
- Computer Software 3 years
- Equipment 5 years
- Furniture 7 years
- Information System-Retirement 7 years
- Information System-Fiscal Services 5 years
- Disaster Recovery 5 years
- Leasehold Improvements 27.5 years
- EDMS 5 years

Depreciation - Variance Narrative
2016 Approved Budget vs. 2015 Forecast

	Variance Over/(Under)
• Increase due to addition of equipment	\$ 3,000
• Savings from budget software offset by full depreciation in computer software	(3,000)
Total Over/(Under)	\$ -

Depreciation - Variance Narrative
2015 Forecast vs. 2015 Budget

	Variance Over/(Under)
• Savings from delay in completing WMS added features	\$ (34,000)
• Savings from delay in completing EDMS workflows	(22,000)
• Savings from decrease in purchase of computer hardware and cost of leasehold improvements	(5,000)
Total Over/(Under)	\$ (61,000)

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Section IV

Departmental Operating Expense Budgets

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Section IV :

Departmental Operating Expense Budgets

ACERA operations are organized into eight departments: Administration, Benefits, Fiscal Services, Human Resources, Internal Audit, Investments, Legal, and Project and Information Services Management (PRISM).

Departments	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Administration (p.#38)	\$ 4,061,000	\$ 3,557,000	\$ (504,000)	\$ 4,265,000	\$ 708,000	19.9%
Benefits (p.#41)	5,653,000	5,771,000	118,000	5,911,000	140,000	2.4%
Fiscal Services (p.#44)	2,719,000	2,395,000	(324,000)	2,471,000	76,000	3.2%
Human Resources (p.#46)	587,000	591,000	4,000	631,000	40,000	6.8%
Internal Audit (p.#48)	878,000	871,000	(7,000)	901,000	30,000	3.4%
Investment (p.#49)	1,845,000	1,589,000	(256,000)	1,833,000	244,000	15.4%
Legal (p.#50)	1,980,000	1,607,000	(373,000)	1,776,000	169,000	10.5%
PRISM (p.#52)	2,189,000	2,093,000	(96,000)	2,238,000	145,000	6.9%
Total Depart. Expenses	19,912,000	18,474,000	(1,438,000)	20,026,000	1,552,000	8.4%
PROJECTS¹	628,000	352,000	(276,000)	559,000	207,000	58.8%
Total Depart. Exp. + Projects	\$20,540,000	\$18,826,000	\$(1,714,000)	\$20,585,000	\$ 1,759,000	9.3%
Contingency Fund	\$ 177,000	\$ -	\$ (177,000)	\$ -	\$ -	0.0%

¹ See Section V

ADMINISTRATION DEPARTMENT [\(p.#37\)](#)

The Administration Department is led by the Chief Executive Officer who plans, manages, and administers the business of the retirement system and coordinates external outreach with legislators and member organizations.

Administration Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 427,000	\$ 242,000	\$ (185,000)	\$ 642,000	\$ 400,000	165.3%
Fringe Benefits	274,000	137,000	(137,000)	377,000	240,000	175.2%
Temporary Staff	-	33,000	33,000	-	(33,000)	-100.0%
Staffing Total	701,000	412,000	(289,000)	1,019,000	607,000	147.3%
STAFF DEVELOPMENT	75,000	75,000	-	88,000	13,000	17.3%
PROFESSIONAL FEES						
Actuarial Fees	215,000	208,000	(7,000)	254,000	46,000	22.1%
Consultant Fees	-	45,000	45,000	-	(45,000)	-100.0%
Professional Fees Total	215,000	253,000	38,000	254,000	1,000	0.4%
OFFICE EXPENSE						
Miscellaneous Administrative	16,000	14,000	(2,000)	10,000	(4,000)	-28.6%
Building Expenses	134,000	23,000	(111,000)	40,000	17,000	73.9%
Communications	134,000	155,000	21,000	118,000	(37,000)	-23.9%
Equipment Lease & Maintenance	95,000	84,000	(11,000)	82,000	(2,000)	-2.4%
Minor Furniture & Equipment	21,000	24,000	3,000	3,000	(21,000)	-87.5%
Office Supplies & Maintenance	86,000	82,000	(4,000)	77,000	(5,000)	-6.1%
Printing & Postage	35,000	25,000	(10,000)	26,000	1,000	4.0%
Office Expense Total	521,000	407,000	(114,000)	356,000	(51,000)	-12.5%
INSURANCE	797,000	758,000	(39,000)	790,000	32,000	4.2%
SYSTEMS						
County Data Processing	87,000	87,000	-	87,000	-	0.0%
Systems Total	87,000	87,000	-	87,000	-	0.0%
BOARD OF RETIREMENT						
Board Conferences & Miscellaneous Activity	483,000	444,000	(39,000)	550,000	106,000	23.9%
TOTAL CONTROLLABLE EXPENSES	2,879,000	2,456,000	(423,000)	3,144,000	708,000	29.1%
DEPRECIATION						
Depreciation Expense	1,182,000	1,121,000	(61,000)	1,121,000	-	0.0%
GRAND TOTAL	\$ 4,061,000	\$ 3,557,000	\$ (504,000)	\$ 4,265,000	\$ 708,000	19.9%

Administration Department - Variance Narrative 2016 Approved Budget vs. 2015 Forecast

	Variance Over/(Under)
STAFFING	
• Full year pay for new Supply Clerk and Chief Executive officer offset by out of class pay for ACEO and 2015 pay for both prior and current CEO	\$ 311,000
• Fill Chief Deputy CEO/ACEO, transfer Administrative Specialist II from Fiscal Services, plus, out of class pay for Fiscal Service Officer January-June 2016	291,000
• Increased fringe benefit rate	22,000
• 2015 partial pay vs. 2016 full year pay for Clerk II and termination of temporary support	(17,000)
Sub-Total	607,000
STAFF DEVELOPMENT	
• Increased cost of Milken and increased attendance in other trainings/conferences	13,000
PROFESSIONAL FEES	
• Completion of Benefits workflows analysis	(45,000)
• GASB 67/68 valuations added to workload and preparation for GASB 74/75 ¹	46,000
Sub-Total	1,000
OFFICE EXPENSE	
Overall decrease in expenses	
• Building expenses expected to increase based upon property management estimate	17,000
• Slight increase in printing and postage	1,000
• Minor reductions in office maintenance/supplies; equipment leasing/ maintenance and miscellaneous administration	(11,000)
• Transfer ergonomic furniture purchase to Human Resources	(21,000)
• ACERA contracting through State to received lower communications rate	(37,000)
Sub-Total	(51,000)
INSURANCE	
Arthur Gallagher	
• Increase in commercial, earthquake, foreign & fiduciary policies	13,000
• Addition of cyber liability insurance	8,000
County Risk Management	
• Increase due to the claims in litigation (risk management)	7,000
• Increase in county cost allocation (workers' compensation)	4,000
Sub-Total	32,000
BOARD OF RETIREMENT	
• Election of five members in 2016	80,000
• Increase in conference costs primarily due to Milken	22,000
• Board Employer Reimbursement: Increase in fringe benefits and COLA	9,000
• Decrease in Board compensation and miscellaneous	(5,000)
Sub-Total	106,000
Total Over/(Under)	\$ 708,000

¹ Reflects Segal credit for GASB 67 valuation adjustments.

Section IV: Departmental Operating Expense Budgets

**Administration Department - Variance Narrative
2015 Forecast vs. 2015 Budget**

	Variance Over/(Under)
STAFFING	
• Increase due to transfer of Clerk II from PRISM including fringe benefits and hire of temporary staff	\$ 90,000
• Deferred hire of Chief Deputy CEO/ACEO and adjusted pay from turn over in Executive Secretary position	(116,000)
• Savings in fringe benefits rates	(263,000)
Sub-Total	(289,000)
PROFESSIONAL FEES	
• Savings in benefit consulting	7,000
• Higher cost for Benefits desk audit	45,000
Sub-Total	38,000
OFFICE EXPENSE	
• Savings in miscellaneous administrative expense	(2,000)
• Building expenses - decrease in escalation charges due to lower base cost from new lease agreement	(111,000)
Communications	
• Increased wireless charges, long distance, and email	21,000
Equip. Leasing & Maint.	(11,000)
Minor Furniture & Equipment	3,000
Office Supplies & Maint.	(4,000)
Printing and Postage	(10,000)
• Savings in reduction of newsletters	(10,000)
Sub-Total	(114,000)
INSURANCE	
Arthur Gallagher	
• Rate savings in commercial package, earthquake, and fiduciary liability policies	(18,000)
County Risk Management	
• Decreased number of claims in litigation, and worker's compensation being less than budgeted	(21,000)
Sub-Total	(39,000)
BOARD OF RETIREMENT	
• Board Compensation - reduced meeting attendance	(5,000)
• Board Miscellaneous Activities	1,000
• Board Conference and Training - savings in Miken and other conferences	(10,000)
• No Board Election in 2015	(25,000)
Sub-Total	(39,000)
DEPRECIATION EXPENSE	
• Deferred two workflows	(22,000)
• Decrease in purchasing for computer hardware and equipment	(5,000)
• Decrease in purchasing for computer software	(34,000)
Sub-Total	(61,000)
Total Over/(Under)	\$ (504,000)

Administration Department Professional Fees	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Consultant Fees						
Integrated Solutions for Business Inc.	\$ -	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)	-100.0%
Actuarial Fees						
Actuarial Valuation	65,000	65,000	-	66,000	1,000	1.5%
SRBR Valuation	35,000	35,000	-	36,000	1,000	2.9%
Supplemental Consulting	115,000	108,000	(7,000)	152,000	44,000	40.7%
Sub-Total	215,000	208,000	(7,000)	254,000	46,000	22.1%
ADMINISTRATION Total	\$ 215,000	\$ 253,000	\$ 38,000	\$ 254,000	\$ 1,000	0.4%

¹ Reflects Segal credit for GASB 67 valuation adjustments.

BENEFITS DEPARTMENT *(p.#37)*

The Benefits Department administers all benefit programs and provides multiple services to active, deferred and retired ACERA members.

Benefits Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 2,916,000	\$ 2,465,000	\$ (451,000)	\$ 2,870,000	\$ 405,000	16.4%
Fringe Benefits	1,555,000	1,398,000	(157,000)	1,564,000	166,000	11.9%
Temporary Staff	74,000	759,000	685,000	148,000	(611,000)	-80.5%
Staffing Total	4,545,000	4,622,000	77,000	4,582,000	(40,000)	-0.9%
STAFF DEVELOPMENT	91,000	86,000	(5,000)	169,000	83,000	96.5%
PROFESSIONAL FEES	247,000	259,000	12,000	252,000	(7,000)	-2.7%
MEMBER SERVICES						
Benefit Verification	3,000	3,000	-	4,000	1,000	33.3%
Disability - Medical Expense	88,000	130,000	42,000	150,000	20,000	15.4%
Disability - Managed Medical Review Organization (MMRO)	-	-	-	8,000	8,000	100.0%
Health Reimburs.Account (HRA)	41,000	41,000	-	75,000	34,000	82.9%
Member Training & Education	28,000	27,000	(1,000)	27,000	-	0.0%
Printing & Postage - Members	165,000	165,000	-	154,000	(11,000)	-6.7%
Member Services Total	325,000	366,000	41,000	418,000	52,000	14.2%
SYSTEMS						
Software Maint./Support	445,000	438,000	(7,000)	490,000	52,000	11.9%
Systems Total	445,000	438,000	(7,000)	490,000	52,000	11.9%
GRAND TOTAL	\$ 5,653,000	\$ 5,771,000	\$ 118,000	\$ 5,911,000	\$ 140,000	2.4%

Section IV: Departmental Operating Expense Budgets

**Benefits Department - Variance Narrative
2016 Approved Budget vs. 2015 Forecast**

Variance Over/(Under)

STAFFING

• Net cost of benefits management turnover: resignation of Benefits Manager and one Assistant Benefits Manager; hiring of Benefits Manager opened another Assistant Benefits Manager position (2015) and out-of-class pay to fill two vacant Assistant Benefits Manager positions (2015). Hiring of two new Assistant Benefit Managers mid 2016. All of these transactions include fringe benefits	\$	118,000
• Net cost of filling Benefits staff vacancies. The vacancies include one Administrative Specialist II filled out-of-class; 3 Retirement Specialist I's and 3 Retirement Support Specialists. All of which include fringe benefits and are offset by temporary support.		(269,000)
• Step, footnotes, promotions, merit increase for deep class employees, and COLA including fringe benefits		119,000
• Leave and vacation sell backs including fringe benefits and offset for temporary employees.		67,000
• Reduction in overtime		(7,000)
• Fringe benefit rate decrease		(68,000)
	Sub-Total	(40,000)

STAFF DEVELOPMENT

• Increase in attendance at AMA, CALAPERS, IFEBP, OnBase and Pension Gold		61,000
• Increase in professional dues for projects and added staff		25,000
• Reduced recruiting costs due to strong push to fill all vacancies in 2015		(3,000)
	Sub-Total	83,000

PROFESSIONAL FEES

• Reduction in Benefits consultant's scope of work		(7,000)
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MEMBER SERVICES

• Health Reimbursement Account (HRA) increase with the extension of the health care exchange to early retirees		34,000
• Medical disabilities expected to increase		20,000
• Cost of investigating outsourcing disability to Managed Medical Review Organization		8,000
• Printing and postage cost reduction due to WMS and reduction in newsletter offset by slight increase in cost of Life Status 360, LLC (benefits verification)		(10,000)
	Sub-Total	52,000

SYSTEMS

• Increase in EDMS workflows		50,000
• Web Member Services support		2,000
	Sub-Total	52,000

Total Over/(Under) \$ 140,000

**Benefits Department - Variance Narrative
2015 Forecast vs. 2015 Budget**

Variance Over/(Under)

STAFFING

• Net savings in benefits management turnover: resignation of Benefits Manager and one Assistant Benefits Manager; replacement of Benefits Manager with another Assistant Benefits Manager and out-of-class pay to fill two vacant Assistant Benefits Manager positions including fringe benefits.	\$	(341,000)
• Net cost of vacancies and employees on leave including fringe benefits offset by temporary staffing		357,000
• Unbudgeted overtime including fringe benefits		65,000
• Savings from step, merit increase and COLA		(4,000)
Sub-Total		77,000

STAFF DEVELOPMENT

• Decreased attendance due to delays in hiring and need for coverage		(9,000)
• Increased professional fees		4,000
Sub-Total		(5,000)

PROFESSIONAL FEES

• Increased Keenan professional fees		12,000
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MEMBER SERVICES

• Increased number of disability member cases		42,000
• Decreased cost of Social Security booklets		(1,000)
Sub-Total		41,000

SYSTEMS

• Decreased cost of software support due to Access database migration		(7,000)
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Total Over/(Under)	\$	118,000
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Benefits Department Professional Fees	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/ (Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Benefits Consultant/Open Enrollment	\$ 121,000	\$ 133,000	\$ 12,000	\$ 126,000	\$ (7,000)	-5.3%
County Retirees Medical (Benefit Consultant)	126,000	126,000	-	126,000	-	0.0%
BENEFITS Total	\$ 247,000	\$ 259,000	\$ 12,000	\$ 252,000	\$ (7,000)	-2.7%

FISCAL SERVICES DEPARTMENT *(p.#37)*

The Fiscal Services Department prepares Board reports, the Comprehensive Annual Financial Report (CAFR), the Popular Annual Financial Report (PAFR), and the annual budget. The Department accounts for cash contributions, benefits, payrolls, investments, fixed assets and miscellaneous expenditures.

Fiscal Services Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,473,000	\$ 1,308,000	\$ (165,000)	\$ 1,339,000	\$ 31,000	2.4%
Fringe Benefits	795,000	677,000	(118,000)	730,000	53,000	7.8%
Temporary Staff	60,000	28,000	(32,000)	-	(28,000)	-100.0%
Staffing Total	2,328,000	2,013,000	(315,000)	2,069,000	56,000	2.8%
STAFF DEVELOPMENT						
	68,000	60,000	(8,000)	46,000	(14,000)	-23.3%
PROFESSIONAL FEES						
Consultant Fees	10,000	12,000	2,000	-	(12,000)	-100.0%
External Audit	117,000	117,000	-	164,000	47,000	40.2%
Professional Fees Total	127,000	129,000	2,000	164,000	35,000	27.1%
OFFICE EXPENSE						
Bank Charges	145,000	145,000	-	160,000	15,000	10.3%
Printing	11,000	11,000	-	10,000	(1,000)	-9.1%
Office Expense Total	156,000	156,000	-	170,000	14,000	9.0%
SYSTEMS						
Software Maint./Support	40,000	37,000	(3,000)	22,000	(15,000)	-40.5%
Systems Total	40,000	37,000	(3,000)	22,000	(15,000)	-40.5%
GRAND TOTAL	\$ 2,719,000	\$ 2,395,000	\$ (324,000)	\$ 2,471,000	\$ 76,000	3.2%

Fiscal Services Department - Variance Narrative
2016 Approved Budget vs. 2015 Forecast

Variance Over/(Under)

STAFFING

- Step and COLA increases including fringe benefits \$ 36,000
- Increase in fringe benefit rate 32,000
- Net savings from out of class pay and vacation pay including fringe benefits. 11,000
- Net cost of hiring an Assistant Accounting Manager, filling the vacant Retirement Accountant II position offset by savings from temporary cost transferring Administrative Specialist II to Administration in 2016 and defunding Retirement Accountant I in 2015. Cost includes applicable fringe benefit rates (23,000)

Sub-Total 56,000**STAFF DEVELOPMENT**

- Increase in attendance at GFOA conference and classes due GASB 67 & 68 3,000
- Savings on professional dues and recruitment (17,000)

Sub-Total (14,000)**PROFESSIONAL FEES**

- Increase in audit fees for ongoing monitoring of GASB 67/68 and in preparation of GASB 74/75 47,000
- Savings in consulting for replacing the reporting system (12,000)

Sub-Total 35,000**OFFICE EXPENSE**

- Increase in Bank charges - new provider and upgrading services 15,000
- Decrease in CAFR printing (1,000)

Sub-Total 14,000**SYSTEMS**

**Fiscal Services Department - Variance Narrative
2016 Approved Budget vs. 2015 Forecast**

Variance Over/(Under)

• Savings from the result of Great Plains upgrade completed in 2015 and changed vendors	(15,000)
Total Over/(Under) \$	76,000

**Fiscal Services Department - Variance Narrative
2015 Forecast vs. 2015 Budget**

Variance Over/(Under)

STAFFING

• Net savings from step and COLA as well as vacation sellbacks and extension of FSO out of class pay including fringe benefits	\$ (3,000)
• Increased fringe benefit rate	(61,000)
• Net savings from delays in hiring Assistant Accounting Manager and Retirement Accountant II, defunding Retirement Accountant I including fringe benefits and hiring temporary staff	(251,000)
Sub-Total	(315,000)

STAFF DEVELOPMENT

• Reduced attendance at AMA, CalPRS offset by increased attendance at GFOA	(11,000)
• Increased professional fees	3,000
Sub-Total	(8,000)

PROFESSIONAL FEES

• Cost of consulting for replacing the reporting system in Microsoft Dynamics Great Plains	2,000
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SYSTEMS

• Decreased software and maintenance support of Microsoft Dynamics Great Plains	(3,000)
Total Over/(Under) \$	(324,000)

**Fiscal Services Department
Professional Fees**

	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
External Audit	\$ 117,000	\$ 117,000	\$ -	\$ 164,000	\$ 47,000	40.2%
Reporting System Consultant	10,000	12,000	2,000	-	(12,000)	-100.0%
FISCAL SERVICES Total	\$ 127,000	\$ 129,000	\$ 2,000	\$ 164,000	\$ 35,000	27.1%

HUMAN RESOURCES DEPARTMENT (p.#37)

The Human Resource Department handles personnel issues, training programs and management consultation.

Human Resources Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 312,000	\$ 315,000	\$ 3,000	\$ 325,000	\$ 10,000	3.2%
Fringe Benefits	168,000	184,000	16,000	177,000	(7,000)	-3.8%
Temporary Staff	-	-	-	-	-	0.0%
Staffing Total	480,000	499,000	19,000	502,000	3,000	0.6%
STAFF DEVELOPMENT	27,000	15,000	(12,000)	27,000	12,000	80.0%
PROFESSIONAL FEES	80,000	77,000	(3,000)	82,000	5,000	6.5%
OFFICE EXPENSE						
Ergo. Furniture & Equipment	-	-	-	20,000	20,000	100.0%
Office Expense Total	-	-	-	20,000	20,000	100.0%
GRAND TOTAL	\$ 587,000	\$ 591,000	\$ 4,000	\$ 631,000	\$ 40,000	6.8%

Human Resources Department - Variance Narrative 2016 Approved Budget vs. 2015 Forecast

	Variance Over/(Under)
STAFFING	
• Increase in net cost of merit increase, COLA, and vacation sell back including fringe benefits	\$ 15,500
• Decreased fringe benefit rate	(12,500)
Sub-total	3,000
STAFF DEVELOPMENT	
• Increased fees for CALPERLA	1,000
• In-house training for ACERA staff	11,000
Sub-total	12,000
PROFESSIONAL FEES	
• Increase in Lakeside contract	5,000
OFFICE EXPENSE	
• Minor furniture for ergonomics reclassified to Human Resources	20,000
Total Over/(Under)	\$ 40,000

Human Resources Department - Variance Narrative 2015 Forecast vs. 2015 Budget

	Variance Over/(Under)
STAFFING	
• Increased net cost or COLA and vacation sell back including fringe benefits	\$ 5,000
• Increased fringe benefit rate	14,000
Sub-total	19,000
STAFF DEVELOPMENT	
• Reduction in attendance	(12,000)
PROFESSIONAL FEES - Lakeside	(3,000)
Total Over/(Under)	\$ 4,000

Section IV: Departmental Operating Expense Budgets

	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/ (Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Alameda County HRS (LMS)	\$ -	\$ -	\$ -	2,000	\$ 2,000	100.0%
Consultant Fees - Lakeside Group	80,000	77,000	(3,000)	80,000	3,000	3.9%
Human Resources Total	\$ 80,000	\$ 77,000	\$ (3,000)	\$ 82,000	\$ 5,000	6.5%

INTERNAL AUDIT DEPARTMENT (p.#37)

The Internal Audit Department prepares an annual audit plan, conducts internal operational audits and employer audits, and provides periodic reports to the Board of Retirement Audit Committee.

Internal Audit Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 528,000	\$ 523,000	\$ (5,000)	\$ 547,000	\$ 24,000	4.6%
Fringe Benefits	285,000	282,000	(3,000)	298,000	16,000	5.7%
Staffing Total	813,000	805,000	(8,000)	845,000	40,000	5.0%
STAFF DEVELOPMENT	41,000	41,000	-	41,000	-	0.0%
PROFESSIONAL FEES	17,000	16,000	(1,000)	12,000	(4,000)	-25.0%
SYSTEMS						
Software Maint./Support	7,000	9,000	2,000	3,000	(6,000)	-66.7%
Systems Total	7,000	9,000	2,000	3,000	(6,000)	-66.7%
GRAND TOTAL	\$ 878,000	\$ 871,000	\$ (7,000)	\$ 901,000	\$ 30,000	3.4%

Internal Audit Department - Variance Narrative 2016 Approved Budget vs. 2015 Forecast

	Variance Over/(Under)
STAFFING	
• Net increase from COLA, and vacation sell back including fringe benefits	\$ 37,000
• Increase in fringe benefits	3,000
Sub-Total	40,000
PROFESSIONAL FEES	
• Savings from deferring IDEA Implementation	(4,000)
SYSTEMS	
• Savings from deferring IDEA software maintenance	(6,000)
Total Over/(Under)	\$ 30,000

Internal Audit Department - Variance Narrative 2015 Forecast vs. 2015 Budget

	Variance Over/(Under)
STAFFING	
• Net savings in COLA, and vacation sell back including fringe benefits	\$ (8,000)
PROFESSIONAL FEES	
• Savings in IDEA Consulting - Audit software	(1,000)
SYSTEMS	
• Higher implementation cost in Audit Software	2,000
Total Over/(Under)	\$ (7,000)

Internal Audit Department Professional Fees

	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
IDEA Consulting - Audit Software	\$ 10,000	\$ 9,000	\$ (1,000)	\$ 5,000	\$ (4,000)	-44.4%
Peer Review - Internal Audit Quality Assurance	7,000	7,000	-	7,000	-	0.0%
Internal Audit Total	\$ 17,000	\$ 16,000	\$ (1,000)	\$ 12,000	\$ (4,000)	-25.0%

INVESTMENT DEPARTMENT (p.#37)

The Investment Department oversees ACERA's investment program, recommending and implementing Board of Retirement Investment decisions.

Investment Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,092,000	\$ 953,000	\$ (139,000)	\$ 1,131,000	\$ 178,000	18.7%
Fringe Benefits	589,000	456,000	(133,000)	617,000	161,000	35.3%
Temporary	71,000	111,000	40,000	-	(111,000)	-100.0%
Staffing Total	1,752,000	1,520,000	(232,000)	1,748,000	228,000	15.0%
STAFF DEVELOPMENT	93,000	69,000	(24,000)	85,000	16,000	23.2%
GRAND TOTAL	\$ 1,845,000	\$ 1,589,000	\$ (256,000)	\$ 1,833,000	\$ 244,000	15.4%

Investment Department - Variance Narrative
2016 Approved Budget vs. 2015 Forecast

	Variance Over/(Under)
STAFFING	
• Net cost of hiring two Investment Analysts and adding one Administrative Support Specialist and vacation sellbacks including fringe benefits is offset by cost reduction in temporary staffing	\$ 118,000
• Merit increase and COLA including fringe benefits	69,000
• Increase in fringe benefit rate	41,000
Sub-Total	228,000
STAFF DEVELOPMENT	
• Increase in permanent staff will result in higher attendance at conference/trainings	16,000
Total Over/(Under)	\$ 244,000

Investment Department - Variance Narrative
2015 Forecast vs. 2015 Budget

	Variance Over/(Under)
STAFFING	
• Net savings due to vacancies of two Investment Analysts and one employee on leave offset by vacation sell and temporary staffing. Item includes all applicable fringe benefits.	\$ (174,000)
• Savings in fringe benefit rate	(58,000)
Sub-Total	(232,000)
STAFF DEVELOPMENT	
• Delay in transition of temporary staff to permanent reduced training/conference costs	(24,000)
Total Over/(Under)	\$ (256,000)

LEGAL DEPARTMENT [\(p.#37\)](#)

The Legal Department provides legal advice and assistance to the ACERA Board of Retirement and ACERA staff.

Legal Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 919,000	\$ 783,000	\$ (136,000)	\$ 935,000	\$ 152,000	19.4%
Fringe Benefits	497,000	401,000	(96,000)	510,000	109,000	27.2%
Temporary Staff/Misc.Staffing	82,000	81,000	(1,000)	-	(81,000)	-100.0%
Staffing Total	1,498,000	1,265,000	(233,000)	1,445,000	180,000	14.2%
STAFF DEVELOPMENT	113,000	103,000	(10,000)	87,000	(16,000)	-15.5%
PROFESSIONAL FEES	275,000	195,000	(80,000)	195,000	-	0.0%
DISABILITY ARBITRATION & TRANSCRIPTS	75,000	25,000	(50,000)	30,000	5,000	20.0%
SYSTEMS						
Software Maint./Support	19,000	19,000	-	19,000	-	0.0%
Systems Total	19,000	19,000	-	19,000	-	0.0%
GRAND TOTAL	\$ 1,980,000	\$ 1,607,000	\$ (373,000)	\$ 1,776,000	\$ 169,000	10.5%
Disability Legal Contingency Fund	\$ 177,000	\$ -	\$ (177,000)	\$ -	\$ -	0.0%

Legal Department - Variance Narrative		Variance Over/(Under)
2016 Approved Budget vs. 2015 Forecast		
STAFFING		
<ul style="list-style-type: none"> Filling Administrative Specialist II, Administrative Support Specialists and refunding Compliance Officer position as out-of-class offset by vacation sellback including fringe benefits and temporary staff 	\$	103,000
<ul style="list-style-type: none"> Step and COLA increases including fringe benefits 		26,000
<ul style="list-style-type: none"> Increased fringe benefit rate 		51,000
Sub-Total		180,000
STAFF DEVELOPMENT		
<ul style="list-style-type: none"> Reduction in undefined training, professional dues and declined purchase of offline service. 		(16,000)
DISABILITY-LEGAL TRANSCRIPTS		
<ul style="list-style-type: none"> Increase in number of cases 		5,000
Total Over/(Under)		\$ 169,000

**Legal Department - Variance Narrative
2015 Forecast vs. 2015 Budget**

Variance Over/(Under)

STAFFING

• Net savings due to deferred hiring of Administrative Specialist II at less than budgeted rate, deferred change in status from part-time to full-time for one attorney, one employee out on leave and refunding Compliance Officer position as out-of-class offset by vacation sell backs and temporary staff.	\$	(211,000)
• Decrease in fringe benefit rate		(22,000)
Sub-Total		(233,000)

STAFF DEVELOPMENT

• Chief Counsel restructured training to eliminate AMA and reduced undefined training and increased professional dues		(10,000)
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PROFESSIONAL FEES

• Savings in professional fees in Health reform, employment litigation, and contingency		(80,000)
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DISABILITY-LEGAL TRANSCRIPTS

• Decreased number of cases		(50,000)
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Total Over/(Under) \$ (373,000)

Legal Department Professional Fees	2015 Forecast		2015 Forecast vs. 2015 Budget Over/ (Under)	2016 Approved Budget vs. 2015 Forecast		% Change
	2015 Budget	Forecast		Approved Budget	2015 Forecast Over/(Under)	
Contingency Fees - Misc	\$ 50,000	\$ -	\$ (50,000)	\$ -	\$ -	0.0%
Employment Litigation and Securities	35,000	20,000	(15,000)	20,000	-	0.0%
Fiduciary	100,000	100,000	-	100,000	-	0.0%
Health Reform	15,000	-	(15,000)	-	-	0.0%
Pension Reform	20,000	20,000	-	20,000	-	0.0%
Tax and Benefit Issues	55,000	55,000	-	55,000	-	0.0%
Legal Total	\$ 275,000	\$ 195,000	\$ (80,000)	\$ 195,000	\$ -	0.0%

PRISM DEPARTMENT (Project and Information Services Management) [\(p.#37\)](#)

The PRISM Department assesses and solves operational problems in existing and new technology systems.

PRISM Department	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,106,000	\$ 1,006,000	\$ (100,000)	\$ 1,090,000	\$ 84,000	8.3%
Fringe Benefits	596,000	591,000	(5,000)	594,000	3,000	0.5%
Temporary Staff	-	40,000	40,000	-	(40,000)	-100.0%
Staffing Total	1,702,000	1,637,000	(65,000)	1,684,000	47,000	2.9%
STAFF DEVELOPMENT	55,000	55,000	-	110,000	55,000	100.0%
PROFESSIONAL SERVICES	25,000	25,000	-	25,000	-	0.0%
SYSTEMS						
Business Continuity Expenses	143,000	132,000	(11,000)	149,000	17,000	12.9%
Computer Maintenance	27,000	27,000	-	27,000	-	0.0%
Minor Computer Hardware	55,000	55,000	-	55,000	-	0.0%
Software Maint.& Support	182,000	162,000	(20,000)	188,000	26,000	16.0%
Systems Total	407,000	376,000	(31,000)	419,000	43,000	11.4%
GRAND TOTAL	\$ 2,189,000	\$ 2,093,000	\$ (96,000)	\$ 2,238,000	\$ 145,000	6.9%

**PRISM Department - Variance Narrative
2016 Approved Budget vs. 2015 Forecast**

	Variance Over/(Under)
STAFFING	
• Increases in Step, merit and COLA including fringe benefits	\$ 49,000
• Net increase in salaries due to hiring of Supply Clerk offset by temporary staff used in 2015	(40,000)
• Increase in fringe benefit rate	38,000
Sub-Total	47,000
STAFF DEVELOPMENT	
• Increase in training in American Management Association (AMA), OnBase and other technical trainings	55,000
SYSTEMS	
• Increase of BCP portion of support for additional OnBase modules	17,000
• Savings from deferring 2015 Technology Improvement and data migration project	26,000
Sub-Total	43,000
Total Over/(Under)	\$ 145,000

**PRISM Department - Variance Narrative
2015 Forecast vs. 2015 Budget**

	Variance Over/(Under)
STAFFING	
• Net savings due to vacation sellback, employees on leave and decision not to hire Technical Analyst offset by unbudgeted temporary staff	\$ (97,000)
• Savings on step, merit increase, and COLA	(3,000)
• Increased fringe benefit rate	35,000
Sub-Total	(65,000)
SYSTEMS	
• Reduction of computer hardware purchasing	(20,000)
• Savings on Business Continuity Expense and Computer Maintenance	(11,000)
Sub-Total	(31,000)
Total Over/(Under)	\$ (96,000)

PRISM Department Professional Fees			2015 Forecast vs. 2015 Budget Over/ (Under)		2016 Approved Budget vs. 2015 Forecast Over/ (Under)		% Change
	2015 Budget	2015 Forecast			2016 Approved Budget		
Project Management Consulting	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	0.0%
PRISM Total	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	0.0%

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Section V

Enterprise-wide Projects

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Section V

Enterprise-wide Projects

2015 Budgeted Projects	Project Mgmt/Org Development		Strategic Planning Project		Technology Enhancement		Technology Improvement Plan		Totals
	GASB								
Staff Development									
Fiscal Services	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5,000
PRISM	-	-	-	-	12,000	-	-	-	12,000
Professional Fees									
ACERA Intranet	-	-	-	-	96,000	-	-	-	96,000
Actuarial	45,000	-	-	-	-	-	-	-	45,000
Administration	-	26,000	79,000	-	-	-	-	-	105,000
Audit	46,000	-	-	-	-	-	-	-	46,000
Budget Software	-	-	-	-	30,000	-	-	-	30,000
Oversight Project Management Services	-	-	-	-	-	-	150,000	-	150,000
Systems									
ACERA Intranet	-	-	-	-	14,000	-	-	-	14,000
Access Database Migration	-	-	-	-	50,000	-	-	-	50,000
Budget Software	-	-	-	-	75,000	-	-	-	75,000
Totals	\$ 96,000	\$ 26,000	\$ 79,000	\$ 277,000	\$ 150,000	\$ 628,000			

2015 Projects Forecast	Technology Enhancement		Technology Improvement Plan		Totals
	GASB				
Staff Development					
Fiscal Services	\$ 3,000	\$ -	\$ -	\$ -	3,000
PRISM	-	8,000	-	-	8,000
Professional Fees					
Actuarial	65,000	-	-	-	65,000
Audit	46,000	-	-	-	46,000
Budget Software	-	30,000	-	-	30,000
Oversight Project Management Services	-	-	150,000	-	150,000
Systems					
Access Database Migration	-	50,000	-	-	50,000
Totals	\$114,000	\$ 88,000	\$ 150,000	\$ 352,000	

Section V: Enterprise-wide Projects

2016 Projects	Technology Improvement Plan			Totals
	GASB	Technology Enhancement		
Staff Development				
PRISM	\$ -	\$ 12,000	\$ -	\$ 12,000
Professional Fees				
ACERA Intranet	-	96,000	-	96,000
Actuarial	33,000	-	-	33,000
Audit	43,000	-	-	43,000
Pension System Consultant	-	-	150,000	150,000
Oversight Project Management Services	-	-	150,000	150,000
Systems				
Budget Software	-	75,000	-	75,000
Totals	\$ 76,000	\$ 183,000	\$ 300,000	\$ 559,000

Projects	2015 Forecast vs. 2015 Budget			2016 Approved Budget vs. 2015 Forecast			% Change
	2015 Budget	2015 Forecast	2015 Budget Over/(Under)	2016 Approved Budget	2015 Forecast Over/(Under)		
Staff Development	\$ 17,000	\$ 11,000	\$ (6,000)	\$ 12,000	\$ 1,000		9.1%
Professional Fees	472,000	291,000	(181,000)	472,000	181,000		62.2%
Systems	139,000	50,000	(89,000)	75,000	25,000		50.0%
Grand Total	\$ 628,000	\$ 352,000	\$ (276,000)	\$ 559,000	\$ 207,000		58.8%

Projects Professional Fees	2015 Forecast vs. 2015 Budget			2016 Approved Budget vs. 2015 Forecast			% Change
	2015 Budget	2015 Forecast	2015 Budget Over/(Under)	2016 Approved Budget	2015 Forecast Over/(Under)		
GASB	\$ 91,000	\$ 111,000	\$ 20,000	\$ 76,000	\$ (35,000)		-31.5%
Project Mgmt/Org Development	26,000	-	(26,000)	-	-		0.0%
Strategic Planning Project	79,000	-	(79,000)	-	-		0.0%
Technology Improvement Plan	150,000	150,000	-	300,000	150,000		100.0%
Technology Enhancement	126,000	30,000	(96,000)	96,000	66,000		220.0%
Grand Total	\$ 472,000	\$ 291,000	\$ (181,000)	\$ 472,000	\$ 181,000		62.2%

Projects System	2015 Forecast vs. 2015 Budget			2016 Approved Budget vs. 2015 Forecast			% Change
	2015 Budget	2015 Forecast	2015 Budget Over/(Under)	2016 Approved Budget	2015 Forecast Over/(Under)		
ACERA Intranet	\$ 14,000	\$ -	\$ (14,000)	\$ -	\$ -		0.0%
Access Database Migration	50,000	50,000	-	-	(50,000)		-100.0%
Budget Software	75,000	-	(75,000)	75,000	75,000		100.0%
Grand Total	\$ 139,000	\$ 50,000	\$ (89,000)	\$ 75,000	\$ 25,000		50.0%

Project -Variance Narrative		
2016 Approved Budget vs. 2015 Forecast		Variance Over/(Under)
GASB 67 & 68		
Staff Development	\$	(3,000)
Professional fees - Audit		(35,000)
	Sub-Total	(38,000)
TECHNOLOGY IMPROVEMENT PLAN (TIP)		
Professional fees-Pension System consultant		150,000
TECHNOLOGY ENHANCEMENT		
Staff Development		
PRISM		4,000
Professional fees:		
Budget Software		(30,000)
ACERA Intranet		96,000
System:		
Access Database Migration		(50,000)
Budget Software		75,000
	Sub-Total	95,000
Total Over/(Under)	\$	207,000

Project - Variance Narrative		
2015 Forecast vs. 2015 Approved Budget		Variance Over/(Under)
GASB 67 & 68		
Staff Development	\$	(2,000)
PROJECT MANAGEMENT/ORG. DEVELOPMENT		
Professional fees		(26,000)
STRATEGIC PLANNING		
Professional fees		(79,000)
TECHNOLOGY ENHANCEMENT		
Staff Development		(4,000)
Professional fees:		
ACERA Intranet		(96,000)
GASB 67 & 68		20,000
Systems Software		
ACERA Intranet		(14,000)
Budget Software		(75,000)
	Sub-Total	(169,000)
Total Over/(Under)	\$	(276,000)

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Section VI

Administrative Budget

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Section VI :

Administrative Budget

The Administrative Budget incorporates the limits of Section 31580.2 of the County Employees Act of 1937 whereby administrative expenses are “capped” at 0.21% of actuarially accrued liabilities. Pursuant to the relevant code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with actuarial fees, business continuity planning (BCP), investments, legal, SRBR, and technology. Excludable expenses also include a pro rata portion of overhead expense attributable to excludable activities. In the 2016 administrative budget, ACERA is \$6.2 million under the cap limit of \$17.8 million.

BCP EXPENSES BUDGET ALLOCATION	2015 Budget	2015 Forecast	2015 Forecast Over/(Under) 2015 Budget	2016 Approved Budget	2016 Approved Budget Over/(Under) 2015 Forecast
STAFFING	\$ 259,000	\$ 249,000	\$ (10,000)	\$ 252,000	\$ 3,000
STAFF DEVELOPMENT	7,000	7,000	-	9,000	2,000
PROFESSIONAL FEES					
Consultant Fees - Operations	4,000	3,000	(1,000)	2,000	(1,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	3,000	3,000	-	3,000	-
Building Expenses	2,000	1,000	(1,000)	1,000	-
Communications	2,000	3,000	1,000	2,000	(1,000)
Equipment Lease/Maintenance	2,000	1,000	(1,000)	2,000	1,000
Minor Furniture and Equipment	1,000	1,000	-	-	(1,000)
Office Supplies	2,000	1,000	(1,000)	1,000	-
Printing & Postage	1,000	1,000	-	1,000	-
Office Expense Total	13,000	11,000	(2,000)	10,000	(1,000)
INSURANCE	15,000	15,000	-	14,000	(1,000)
SYSTEMS					
Disaster Recovery & Business Continuity	143,000	132,000	(11,000)	149,000	17,000
DEPRECIATION					
Depreciation Expense - Technology	430,000	419,000	(11,000)	419,000	-
Depreciation Expense - Other	4,000	3,000	(1,000)	3,000	-
Depreciation Total	434,000	422,000	(12,000)	422,000	-
GRAND TOTAL	\$ 875,000	\$ 839,000	\$ (36,000)	\$ 858,000	\$ 19,000

Section VI: Administrative Budget

INVESTMENT EXPENSES BUDGET ALLOCATION	2015 Budget	2015 Forecast	2015 Forecast Over/(Under) 2015 Budget	2016 Approved Budget	2016 Approved Budget Over/(Under) 2015 Forecast
STAFFING					
Staffing - Direct	\$ 1,749,000	\$ 1,517,000	\$ (232,000)	\$ 1,745,000	\$ 228,000
Staffing - Indirect	628,000	505,000	(123,000)	680,000	175,000
Staffing Total	2,377,000	2,022,000	(355,000)	2,425,000	403,000
STAFF DEVELOPMENT	157,000	123,000	(34,000)	171,000	48,000
PROFESSIONAL FEES					
Consultant Fees - Operations	41,000	28,000	(13,000)	21,000	(7,000)
External Audit	41,000	41,000	-	52,000	11,000
Professional Fees Total	82,000	69,000	(13,000)	73,000	4,000
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	28,000	25,000	(3,000)	29,000	4,000
Building Expenses	23,000	4,000	(19,000)	7,000	3,000
Communications	23,000	24,000	1,000	21,000	(3,000)
Equipment Lease/Maintenance	16,000	13,000	(3,000)	14,000	1,000
Minor Furniture and Equipment	3,000	4,000	1,000	4,000	-
Office Supplies	15,000	13,000	(2,000)	14,000	1,000
Printing & Postage	8,000	6,000	(2,000)	6,000	-
Office Expense Total	116,000	89,000	(27,000)	95,000	6,000
INSURANCE	137,000	120,000	(17,000)	138,000	18,000
DEPRECIATION					
Depreciation Expense - Other	33,000	28,000	(5,000)	31,000	3,000
Depreciation Total	33,000	28,000	(5,000)	31,000	3,000
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	121,000	111,000	(10,000)	137,000	26,000
GRAND TOTAL	\$ 3,023,000	\$ 2,562,000	\$ (461,000)	\$ 3,070,000	\$ 508,000

LEGAL EXPENSES BUDGET ALLOCATION	2015 Budget	2015 Forecast	2015 Forecast Over/(Under) 2015 Budget	2016 Approved Budget	2016 Approved Budget Over/(Under) 2015 Forecast
STAFFING	\$ 1,187,000	\$ 994,000	\$ (193,000)	\$ 1,104,000	\$ 110,000
STAFF DEVELOPMENT	145,000	130,000	(15,000)	126,000	(4,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	21,000	14,000	(7,000)	9,000	(5,000)
Consultant Fees - Legal	275,000	195,000	(80,000)	195,000	-
Professional Fees Total	296,000	209,000	(87,000)	204,000	(5,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	13,000	13,000	-	14,000	1,000
Building Expenses	12,000	1,000	(11,000)	3,000	2,000
Communications	12,000	12,000	-	9,000	(3,000)
Equipment Lease/Maintenance	8,000	7,000	(1,000)	7,000	-
Minor Furniture and Equipment	2,000	1,000	(1,000)	2,000	1,000
Office Supplies	7,000	7,000	-	6,000	(1,000)
Printing & Postage	4,000	2,000	(2,000)	3,000	1,000
Office Expense Total	58,000	43,000	(15,000)	44,000	1,000
INSURANCE	68,000	59,000	(9,000)	63,000	4,000
MEMBER SERVICES					
Disability - Legal Arbitration & Transcripts	75,000	25,000	(50,000)	30,000	5,000
SYSTEMS					
Software Maintenance & Support	19,000	19,000	-	19,000	-
DEPRECIATION	16,000	14,000	(2,000)	14,000	-
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	49,000	45,000	(4,000)	55,000	10,000
GRAND TOTAL	\$ 1,913,000	\$ 1,538,000	\$ (375,000)	\$ 1,659,000	\$ 121,000

SRBR EXPENSES BUDGET ALLOCATION	2015 Budget	2015 Forecast	2015 Forecast Over/(Under) 2015 Budget	2016 Approved Budget	2016 Approved Budget Over/(Under) 2015 Forecast
STAFFING	\$ 711,000	\$ 575,000	\$ (136,000)	\$ 661,000	\$ 86,000
PROFESSIONAL FEES					
Actuarial - SRBR Valuation	35,000	35,000	-	36,000	1,000
Consultant Fees - SRBR	247,000	259,000	12,000	252,000	(7,000)
Professional Fees Total	282,000	294,000	12,000	288,000	(6,000)
MEMBER SERVICES					
Health Reimbursement Account (HRA)	41,000	41,000	-	75,000	34,000
Printing & Postage - Members	83,000	82,000	(1,000)	77,000	(5,000)
Member Services Total	124,000	123,000	(1,000)	152,000	29,000
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	120,000	111,000	(9,000)	138,000	27,000
GRAND TOTAL	\$ 1,237,000	\$ 1,103,000	\$ (134,000)	\$ 1,239,000	\$ 136,000

Section VI: Administrative Budget

TECHNOLOGY EXPENSES BUDGET ALLOCATION	2015 Budget	2015 Forecast	2015 Forecast Over/(Under) 2015 Budget	2016 Approved Budget	2016 Approved Budget Over/(Under) 2015 Forecast
PROFESSIONAL FEES					
Consultant Fees - Technology	\$ 276,000	\$ 180,000	\$ (96,000)	\$ 396,000	\$ 216,000
SYSTEMS					
Computer Hardware	55,000	55,000	-	55,000	-
Computer Maintenance	27,000	27,000	-	27,000	-
County Data Processing	87,000	87,000	-	87,000	-
Software Maintenance & Support	813,000	696,000	(117,000)	778,000	82,000
Systems Total	982,000	865,000	(117,000)	947,000	82,000
DEPRECIATION	559,000	528,000	(31,000)	525,000	(3,000)
GRAND TOTAL	\$ 1,817,000	\$ 1,573,000	\$ (244,000)	\$ 1,868,000	\$ 295,000

ADMINISTRATIVE EXPENSES BUDGET ALLOCATION	2015 Budget	2015 Forecast	2015 Forecast Over/(Under) 2015 Budget	2016 Approved Budget	2016 Approved Budget Over/(Under) 2015 Forecast
STAFFING	\$ 9,285,000	\$ 8,933,000	\$ (352,000)	\$ 9,452,000	\$ 519,000
STAFF DEVELOPMENT	271,000	255,000	(16,000)	359,000	104,000
PROFESSIONAL FEES					
Consultant Fees - Operations	171,000	130,000	(41,000)	87,000	(43,000)
External Audit	122,000	122,000	-	155,000	33,000
Professional Fees Total	293,000	252,000	(41,000)	242,000	(10,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	117,000	118,000	1,000	124,000	6,000
Building Expenses	97,000	17,000	(80,000)	29,000	12,000
Communications	97,000	116,000	19,000	86,000	(30,000)
Equipment Lease/Maintenance	69,000	63,000	(6,000)	59,000	(4,000)
Minor Furniture and Equipment	15,000	18,000	3,000	17,000	(1,000)
Office Supplies	62,000	61,000	(1,000)	56,000	(5,000)
Printing & Postage	33,000	27,000	(6,000)	26,000	(1,000)
Office Expense Total	490,000	420,000	(70,000)	397,000	(23,000)
INSURANCE	577,000	564,000	(13,000)	575,000	11,000
MEMBER SERVICES					
Benefit Verification	3,000	3,000	-	4,000	1,000
Members Medical Expense	88,000	130,000	42,000	150,000	20,000
Managed Medical Review Organization (MMRO)	-	-	-	8,000	8,000
Member Training & Education	28,000	27,000	(1,000)	27,000	-
Printing & Postage - Members	82,000	83,000	1,000	77,000	(6,000)
Member Services Total	201,000	243,000	42,000	266,000	23,000
DEPRECIATION	140,000	129,000	(11,000)	129,000	-
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	193,000	177,000	(16,000)	220,000	43,000
GRAND TOTAL	\$ 11,450,000	\$ 10,973,000	\$ (477,000)	\$ 11,640,000	\$ 667,000

OPERATING AND ADMINISTRATIVE EXPENSES

Operating Expenses	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)
EXPENSE CATEGORY					
Staffing	\$ 13,819	\$ 12,773	\$ (1,046)	\$ 13,894	\$ 1,121
Staff Development	580	515	(65)	665	150
Professional Fees	1,458	1,245	(213)	1,456	211
Office Expense	677	563	(114)	546	(17)
Insurance	797	758	(39)	790	32
Member Services	400	391	(9)	448	57
Systems	1,144	1,016	(128)	1,115	99
Board of Retirement	483	444	(39)	550	106
Depreciation	1,182	1,121	(61)	1,121	-
OPERATING EXPENSES	\$ 20,540	\$ 18,826	\$ (1,714)	\$ 20,585	\$ 1,759

Administrative Expenses	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)
EXCLUSIONS FROM OPERATING EXPENSE TO CALCULATE ADMINISTRATIVE EXPENSE					
Operating Expense (from above)	\$ 20,540	\$ 18,826	\$ (1,714)	\$ 20,585	\$ 1,759
Actuarial	(225)	(238)	(13)	(251)	(13)
Business Continuity ¹	(875)	(839)	36	(858)	(19)
Investment- Related ²	(3,023)	(2,562)	461	(3,070)	(508)
Legal- Related ³	(1,913)	(1,538)	375	(1,659)	(121)
SRBR ⁴	(1,237)	(1,103)	134	(1,239)	(136)
Technology ⁵	(1,817)	(1,573)	244	(1,868)	(295)
ADMINISTRATIVE EXPENSE	\$ 11,450	\$ 10,973	\$ (477)	\$ 11,640	\$ 667

1 **Business Continuity**— 2016 related costs include total direct costs (\$571K) for satellite phones, software support, and direct depreciation; 1.8% is added for both allocated staffing and other overhead expenses (\$287K).

2 **Investment**—2016 related expenses are composed of direct costs of Investment staff (\$1,745K), allocated staffing costs (\$680K), 25% of Board expenses (\$137K), 25% of audit expenses (\$52K) and 17.5% of other overhead costs (\$456K).

3 **Legal**—2016 related expenses include direct costs of Staffing (\$1,104K), Professional Legal fees (\$195K), Disability Arbitration Expenses (\$30K), 10% of Board expenses (\$55K), and 7.9% of other overhead costs (\$275K).

4 **SRBR**—2016 related expenses are composed of allocated staffing costs (\$661K), direct costs of Professional Fees (\$288K), Member Services (\$152K), and 25% of Board expenses (\$138K).

5 **Technology**—2016 related expenses include computer hardware, computer software, computer depreciation, and computer technology consulting services in support of these computer products.

Comparison of Administrative Expense to Limits (Section 31580.2)	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)
Total Actuarial Accrued Liabilities ⁶	\$ 7,782,442	\$ 7,782,442	\$ -	\$ 8,495,447	\$ 713,005
Limit on Expense	0.21%	0.21%	-	0.21%	-
Maximum Allowed	16,343	16,343	-	17,840	1,497
Administrative Expense	11,450	10,973	(477)	11,640	667
Over/(Under) Maximum	\$ (4,893)	\$ (5,370)	\$ (477)	\$ (6,200)	\$ (830)

6 — Based on total actuarial accrued liabilities for pension as of December 31, 2014; OPEB, and non-OPEB as of December 31, 2013 (December 31, 2014 is not yet available) for 2016 Budget and December 31, 2013 for 2015 budget (latest available actuarial valuation).

Section VI: Administrative Budget

2016 Allocation Percentages and Department Expense
 2016 Department Weighted Averages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
	Administration	11.1%	0.0%	1.4%	0.0%	0.0%	87.5%
STAFFING	Benefits	0.3%	0.0%	0.5%	10.5%	0.0%	88.7%
WAGES / SALARY	Fiscal Services	8.8%	0.0%	1.6%	8.6%	0.0%	81.0%
FRINGE BENEFITS	Human Resources	4.0%	0.0%	0.2%	0.0%	0.0%	95.8%
TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	99.8%	0.0%	0.2%	0.0%	0.0%	0.0%
	Legal	23.1%	76.4%	0.5%	0.0%	0.0%	0.0%
	PRISM	0.9%	0.0%	10.2%	0.0%	0.0%	88.9%
Total Staffing Factors		17.5%	7.9%	1.8%	4.8%	0.0%	68.0%

2015 Allocation Percentages and Department Expense
 2015 Department Weighted Averages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
	Administration	14.2%	0.0%	1.6%	0.0%	0.0%	84.2%
STAFFING	Benefits	0.1%	0.0%	0.6%	11.8%	0.0%	87.5%
WAGES / SALARY	Fiscal Services	7.9%	0.0%	1.5%	7.6%	0.0%	83.0%
FRINGE BENEFITS	Human Resources	4.0%	0.0%	0.2%	0.0%	0.0%	95.8%
TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	99.8%	0.0%	0.2%	0.0%	0.0%	0.0%
	Legal	20.4%	79.2%	0.4%	0.0%	0.0%	0.0%
	PRISM	0.8%	0.0%	10.3%	0.0%	0.0%	88.9%
Total Staffing Factors		17.2%	8.6%	1.9%	5.1%	0.0%	67.2%

2016 Applied Allocation Factors							
Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
PROFESSIONAL FEES	Actuarial - SRBR	n/a	n/a	n/a	100.0%	0.0%	n/a
	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations - Technology Consultant	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Operations Consulting	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
MEMBER SERVICES	Benefit Verification	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability Arbitration and Transcripts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Disability Member Medical Expense	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability - Managed Medical Review Organization (MMRO)	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Health Reimbursement Account (HRA)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	Member Training & Education	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Printing & Postage - Members	0.0%	0.0%	0.0%	50.0%	0.0%	50.0%
OFFICE EXPENSE	Bank Charges	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Communications	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Computer & Equipment Maintenance	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Equipment / Furniture Lease	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Minor Equipment	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Office Maintenance	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Office Supplies	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Postage	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Printing	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
INSURANCE	Insurance	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
SYSTEMS	Computer Hardware & Software	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	County Data Processing	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Disaster Recovery	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Software Maintenance & Support-BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support-Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
DEPRECIATION	Depreciation	17.5%	7.9%	1.8%	0.0%	0.0%	72.8%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
BOARD OF RETIREMENT	Compensation	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Conferences & Training	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Election Expenses	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Employer Reimbursement	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Miscellaneous Activities	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Strategic Planning / Workshop	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%

Section VI: Administrative Budget

2015 Applied Allocation Factors							
Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
PROFESSIONAL FEES	Actuarial - SRBR	n/a	n/a	n/a	100.0%	0.0%	n/a
	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations - Technology Consultant	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Operations Consulting	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
MEMBER SERVICES	Benefit Verification	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability Arbitration and Transcripts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Disability Member Medical Expense	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Member Training & Education	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Printing & Postage - Members	0.0%	0.0%	0.0%	50.0%	0.0%	50.0%
OFFICE EXPENSE	Bank Charges	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Communications	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Computer & Equipment Maintenance	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Equipment / Furniture Lease	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Minor Equipment	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Office Maintenance	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Office Supplies	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Postage	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Printing	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
INSURANCE SYSTEMS	Insurance	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Computer Hardware & Software	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	County Data Processing	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Disaster Recovery	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Software Maintenance & Support-BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support-Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
DEPRECIATION	Depreciation	17.2%	8.6%	1.9%	0.0%	0.0%	72.3%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
BOARD OF RETIREMENT	Compensation	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Conferences & Training	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Election Expenses	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Employer Reimbursement	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Miscellaneous Activities	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Strategic Planning / Workshop	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%

2016 Approved Staffing Allocation Matrix

	INVESTMENTS	LEGAL	BCP	SRBR
ADMINISTRATION				
CEO	20%	-	2%	-
Chief Deputy CEO/ACEO	15%	-	3%	-
BENEFITS				
Assistant CEO	3%	-	1%	30%
Retirement Benefits Manager	-	-	5%	-
Administrative Specialist II	-	-	-	30%
Communications Manager	3%	-	-	30%
Graphic Designer	-	-	-	30%
Retirement Benefits Assistant Manager	-	-	2%	-
Retirement Benefits Assistant Manager	-	-	2%	-
Retirement Benefits Assistant Manager	-	-	2%	25%
Retirement Benefits Assistant Manager	-	-	2%	90%
Retirement Specialist III - Health Care	-	-	-	90%
Retirement Specialist I - Health Care	-	-	-	90%
FISCAL SERVICES				
Fiscal Services Officer	5%	-	2%	-
Assistant Accounting Manager	10%	-	-	-
Assistant Accounting Manager	-	-	5%	-
Finance Services Specialist II	-	-	1%	-
Finance Services Specialist II	-	-	-	85%
Retirement Accountant III	-	-	2%	25%
Retirement Accountant III	-	-	1%	-
Retirement Accountant III	25%	-	2%	-
Retirement Accountant II	-	-	2%	-
Retirement Accountant II	-	-	1%	25%
Retirement Accountant II	-	-	1%	-
Retirement Accountant II	-	-	2%	-
Retirement Accountant II	90%	-	2%	-
HUMAN RESOURCES:				
Human Resources Officer	5%	-	-	-
Human Resources Specialist	5%	-	-	-
Administrative Support Specialist	-	-	1%	-
INVESTMENTS:				
Chief Investment Officer	100%	-	-	-
Senior Investment Officer	100%	-	-	-
Investment Officer	100%	-	-	-
Investment Analyst	99%	-	1%	-
Investment Analyst	99%	-	1%	-
All other investment staff	100%	-	-	-
LEGAL:				
Chief Counsel	20%	78%	2%	-
Associate Counsel	80%	20%	-	-
Associate Counsel	-	100%	-	-
Associate Counsel	-	100%	-	-
All other legal staff	15%	85%	-	-
PRISM:				
PRISM Manager	-	-	10%	-
Administrative Specialist II	-	-	5%	-
Computer and Network System Analyst	5%	-	20%	-
Computer and Network System Specialist	2%	-	15%	-
Computer and Network System Specialist	1%	-	10%	-
Communications Systems Coordinator	-	-	30%	-
Retirement System Program Analyst	-	-	3%	-
Retirement System Program Analyst	-	-	3%	-
Retirement System Program Analyst	-	-	3%	-

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Section VII

Capital Asset Outlay Budget

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Section VII :

Capital Asset Outlay Budget

The Capital Asset Outlay Budget develops anticipated funding needs for items or projects that exceed a purchase cost of \$5,000.

Capital Asset Outlay 2015 - 2016

Statement of Capital Asset Outlay — 2015 Forecast and 2016 Approved Budget							
	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change	
EDMS¹							
EDMS Workflows	\$ 44,000	\$ -	\$ (44,000)	\$ -	\$ -	0.0%	
Sub-Total	44,000	-	(44,000)	-	-	0.0%	
Computer Hardware							
Computer Hardware	20,000	20,000	-	20,000	-	0.0%	
Sub-Total	20,000	20,000	-	20,000	-	0.0%	
Computer Software							
Web member Services Enhancements	50,000	50,000	-	25,000	(25,000)	-50.0%	
Sub-Total	50,000	50,000	-	25,000	(25,000)	-50.0%	
Leasehold Improvement							
12th FL Scanning Room	-	7,000	7,000	-	(7,000)	-100.0%	
Sub-Total	-	7,000	7,000	-	(7,000)	-100.0%	
Office Equipment							
Generator Curb Barrier	-	35,000	35,000	-	(35,000)	-100.0%	
Sub-Total	-	35,000	35,000	-	(35,000)	-100.0%	
System							
Retirement System Upgrade	-	-	-	2,500,000	2,500,000	100.0%	
Sub-Total	-	-	-	2,500,000	2,500,000	100.0%	
Capital Outlay Total	\$ 114,000	\$ 112,000	\$ (2,000)	\$ 2,545,000	\$ 2,433,000	2172.3%	

¹ The EDMS accomplishes disaster recovery and business improvement objectives. As a result, EDMS depreciation expense will be allocated 50%/50% to BCP and technology in calculating administrative expenses.

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Section VIII

Portfolio Management Investment Expenses

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Section VIII:

Portfolio Management Investment Expenses

Portfolio Management Investment Expenses include the cost of independent professionals whose contractual fees are negotiated based on the value of assets under management. Known contractual fees are listed and a five percent annual increase is assumed for all other terms.

Portfolio Management Investment Expenses	2015 Budget	2015 Forecast	2015 Forecast vs. 2015 Budget Over/(Under)	2016 Approved Budget	2016 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
Consultant Fees	\$ 1,527,000	\$ 1,416,000	\$ (111,000)	\$ 1,517,000	\$ 101,000	7.1%
Custodian Bank Fees	661,000	661,000	-	665,000	4,000	0.6%
Investment Manager Fees	43,103,000	43,103,000	-	48,363,000	5,260,000	12.2%
Total Portfolio Management Investment Expenses	\$ 45,291,000	\$ 45,180,000	\$ (111,000)	\$ 50,545,000	\$ 5,365,000	11.9%

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Appendix A

ACERA Three Year Business Plan Key Initiatives (Prioritized)

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Appendix B

2016 ACERA Budget Change Proposal (ABCP) and Personnel Change Request (PCR)

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Appendix B

2016 ACERA Budget Change Proposal (ABCP)

Department	ABCP Description	Totals
Benefits	Disability Application outsourcing to Managed Medical Review Organization (MMO)	\$ 7,500
Benefits	EDMS Workflows/Upgrade	50,000
Benefits	WMS Modification	25,000
Internal Audit	IDEA Audit Software	3,000
PRISM/Benefits	Pension Administration System (PAS) Upgrade Consultant	150,000
PRISM/Benefits	Pension Administration System (PAS) Upgrade (to be capitalized)	-
ABCP Total		\$ 235,500

2016 Personnel Change Request (PCR)

Department	PCR Description	Totals
Administration	Supply Clerk II	\$ 71,000
Benefits	Temporary Staff	74,000
Benefits	Administrative Specialist II (work out of class)	6,000
Benefits	Overtime for Benefits	55,000
Benefits	Footnotes for RSIIIs	28,000
Benefits	Work out of class for Assistant Benefit Manager	3,000
Investment	Administrative Support Specialist	102,000
Legal	Administrative Support Specialist	88,000
PRISM	Footnotes for one Computer and Network System Specialist and one Retirement System Program Analyst	20,000
PRISM	Overtime for Scanning Unit	4,000
PCR Total		\$ 451,000

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