

Approved Expense Budget

Alameda County Employees' Retirement Association

2017



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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,

It is my pleasure to present the Approved 2017 budget, along with the revised 2016-2018 business plan. As you well know, 2016 has been a year of transition and learning. In the face of new leadership and key team member transitions, ACERA has continued to fulfill its mission and move forward on important initiatives. With that said, the Approved 2017 budget has been predicated on priorities determined as necessary to carry out ACERA's mission. These priorities will center on developing a culture and infrastructure of accountability and cost effectiveness, to make for a more transparent organization moving forward. That is, one that is focused on its values and a vision of exceeding customer expectations, of engaging team members, and of developing supportive leadership. To that end, we look forward to finalizing this budget with the Board.

KEY 2016 ACCOMPLISHMENTS

Benefits Enhancements | Implemented the "Opt In to Paper" for ACERA retiree direct deposit statements; Conducted a Medicare Part B Reimbursement Plan outreach for eligible members; Completed implementation and launch of medical coverage option for out-of-service area, early retirees through a health exchange; Completed transition of medical coverage for retirees under Kaiser multi-site contracts; Initiated a search for a medical advisor to ACERA's Board of Retirement and disability claims management services; Initiated an Under and Overpayment of Benefits and Contributions Policy, including development of a quarterly reporting of overpayments to Board; Maintained call center service levels despite staff shortages and turnover; Updated and documented over 20 benefits procedures and established a documentation library.

Financial Enhancements | Operationalized the Interest Crediting and SRBR Funding Policy; Initiated a Governmental Accounting Standards Board (GASB) 74 & 75 project to implement OPEB net pension liability reporting requirements; Conducted a search for an external audit firm; Implemented a cloud-based budget software program; Initiated a management process for maintaining department procedures.

Technology Enhancements | Developed a change control procedure for making modifications to ACERA's computing environment; Contracted with a new OnBase-support provider and completed a system assessment in preparation of an upgrade plan; Conducted project management training to assist staff in implementing a standardized project management approach; Initiated an internal website project to enhance enterprise-wide document management; Continued the migration of critical business processes from Microsoft Access to Pension Gold.

Portfolio Performance | Portfolio Performance as of June 30, 2016, the total fund returned 1.5% (gross), and -1.6% for the one-year trailing period. The value of the total fund was \$6.7 billion.

Investment Initiatives | The Board adopted the amended manager structure for both U.S. Equity and the International Equity asset classes; During the last 12 months, staff conducted meetings with over 60 investment managers/service vendors as a part of ACERA's IPSI Program; Staff presented training on multiple investment disciplines to ACERA senior leaders and other staff members spanning across all departmental boundaries; Attended

quarterly REAC Board Meetings to update board members and other attendees on the performance of the ACERA total fund.

Human Resources Initiatives | Conducted 13 recruitments; Acquired management of the ergonomic purchasing and subsidy process; Initiated an employee onboarding plan with core curriculum for all new leaders and team members; Conducted overview sessions for newly assigned managers on the topics of FMLA, ADA, reasonable accommodation and performance evaluations; Provided workforce training in Ergonomic, Workplace Violence Prevention, Performance Management, Project Essentials, Stress Management, Conflict Resolution, Creating Positive Relationships, The Art of Forgiveness, Business Writing, and Business Communication.

HIGHLIGHTS OF 2016-2018 BUSINESS PLAN

The 2016-2018 business plan included in the budget document lists initiatives that are linked to goals in the strategic plan. These initiatives will be managed as projects – with an assigned project owner and manager and an approved project plan with timelines and deliverables. Monthly project oversight meetings will be held starting in 2017 to receive status reports and balance timelines and resources as necessary. Highlights of some of the upcoming business initiatives are listed below.

- Identify, prioritize and document Benefits Department procedures in current state;
- Review Benefits Department procedures for areas in need of improvements and efficiencies;
- Create an onboarding plan for new ACERA employees and for all new ACERA leaders;
- Develop training plans and materials for all operational positions;
- Create career development policy and guidelines;
- Implement process improvement methodology for the organization;
- Implement ACERA-wide project management methodology;
- Establish ACERA key performance indicators;
- Establish a baseline for customer service performance, measures to enhance or improve customer service, and standards for evaluation of customer service;
- Perform retention analysis for positions with high turnover;
- Continue to enhance Web Member Services and expand access and self-service utilization;
- Analyze and explore methods in which to improve retirement counseling;
- Create a comprehensive budget management procedure to facilitate and expedite departmental level tracking and reporting requirements, and process and project management;
- Implement Government Accounting Standards Board (GASB) Statements No. 74 & 75, Other Post-Employment Benefits (OPEB) net pension liability (NPL) reporting standards;
- Conduct investment advisor search;
- Expand communication tools and outreach programs to assist and educate Participating Employers;
- Develop intranet to support collaboration, communication and information needs;
- Upgrade and re-engineer Electronic Document Management System;
- Perform business case analysis for upgrade/replacement of ACERA's pension administration system;
- Migrate databases to business applications allowing for efficiency of use and support; and,
- Cybersecurity Initiative.

2016 BUDGET

The 2016 approved budget is \$20,585,000. Based on the current amount of spending and staff estimates of continued spending in 2016, the year-end forecast is determined to be \$19,903,000, which is \$682,000 less than the approved budget amount. This decrease in expenses is mainly due to vacant positions.

BASELINE AND Approved 2017 OPERATING EXPENSE BUDGET (OEB)

The starting point for the 2017 OEB is a “baseline” that reflects the anticipated costs of carrying out the level of services approved by the ACERA Board in the 2016 Budget. Staff was asked to request and justify additional funds with a formal ACERA Budget Change Proposal (ABCP) for any item affecting the baseline and Approved 2017 budget. Additional staff positions or changes in salaries for 2017 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 Chief Executive Officer, Human Resource Officer (for PCRs), and Fiscal Services Officer before approvals were granted. With the addition of those items, the Approved 2017 budget is \$21,406,000. This is \$821,000 or 4.0% higher than the 2016 approved budget of \$20,585,000. Furthermore, the Approved 2017 budget is 7.6% greater than the 2016 forecast of \$19,903,000, and \$460,000 or 2.2% higher than the 2017 baseline of \$20,946,000.

Approved 2017 BUDGET HIGHLIGHTS

This section highlights the Approved increase adjustments to the 2017 forecast to baseline. A complete review of the incremental increase adjustments can be found in Section III.

Staffing:

The primary changes in staffing costs for 2017 are as follows:

An increase in salaries for the full funding of the ACEO position, full funding of multiple positions assumed to be filled in 2017- primarily in the Benefits unit, cost-of-living adjustments, step increases, and five percent (5%) performance-driven merit increase for deep-class positions. Temporary staffing costs are estimated to decrease by \$549,000 as positions are filled permanently. The total 2017 increase for staffing is \$1,548,000.

Staff Development:

The primary change in Staff Development increased cost of \$65,000 for 2017 is due to increased costs in the Approved for onboarding plans and agency wide process improvement methodology training.

Professional Fees

The primary change in Professional Fees for 2017 is a savings of \$147,000, primarily due to a savings in consultant fees.

Member Services

The primary change in Member Services increased cost of \$80,000 for 2017 is due to increased disability and Health Reimbursement Account costs.

Systems

The primary change in Technology costs for 2017 is an increase of \$165,000 for budget software data migration and EDMS upgrade.

The senior managers and I look forward to presenting our Approved 2017 operating expense budget to the committee and to the Board of Retirement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dave Nelsen", with a long horizontal flourish extending to the right.

Dave Nelsen
Chief Executive Officer

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

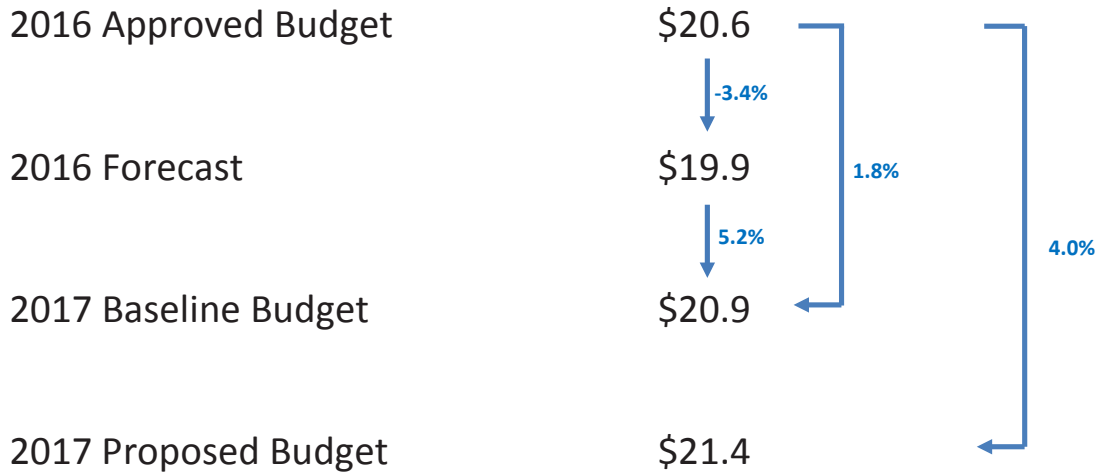
Budget amounts may be amended, i.e., reallocated from one department to another or moved between categories at the discretion of the Chief Executive Officer, if such action does not increase or decrease the overall Approved budget. Conversely, increases or decreases to the overall Approved budget are 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 Assistant Accounting Manager and one Retirement Accountant III. 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.

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.

ACERA 2017 Budget Process¹



1. The starting point for the proposed 2017 Operating Expense Budget (budget) was to develop a “baseline” budget that reflected the anticipated costs of maintaining the level of services approved by ACERA’s Board of Retirement in the 2016 budget. Accomplishing that, the 2017 baseline budget is \$20.9 million, an increase of 1.8% over the approved 2016 budget.
2. Key to developing the 2017 proposed budget was accurate estimates in the baseline budget and to only include incremental expenditures that would achieve the following objectives: a) allow vacant staff positions to be filled to determined levels; b) fund projects that directly support strategic goals and business plan initiatives; and, c) fund new programs or projects mandated by state legislation or by the Board of Retirement. Completing those objectives, the 2017 proposed budget is \$21.4 million, an increase of 4.0% over the approved 2016 budget.

¹ Rounding to tenths of millions may impact percentages. Percentages in this document are based on rounding to nearest dollar, as is done in the budget document.

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Section III

Operating Expense Budget

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Section III

Operating Expense Budget

The purpose of the annual Operating Expense Budget (OEB) is to forecast the necessary resources required to meet ACERA's administrative and operating expenses. The OEB provides detailed estimates of anticipated annual expenditures for staffing and staff development, professional fees, office expenses, insurance, member services, systems, board of retirement expenses, capital costs, and are subject to approval by ACERA's Board of Retirement. The OEB does not include estimated expenditures for payment of portfolio management investment expenses reported in Section VIII or payment of member benefits such as pension and Other Post-Employment Benefits (OPEB). Lastly, the OEB functions as a tool for decision making and is a means to monitor business performance.

The annual Approved OEB is derived from a baseline budgeting accounting methodology; whereby, current spending levels are rolled into a "baseline". The overarching assumption of baseline budgeting is that it uses current spending levels as the baseline for establishing future funding requirements and assumes the future budget will equal the current budget items times established growth, inflation, and other spending cost increase adjustments.

Important assumptions in the 2017 Budget include:

- Salary step increase of 5% for step classifications; an across-the-board merit increase of up to 5% for staff in deep-class positions, and an across-the-board 2% cost-of-living allowance increase for unrepresented staff (if authorized);
- An average annual fringe benefit rate of 56.0% (includes all current job classifications assigned to ACERA);
- Fully staff and/or fund all the vacant retirement support specialist and administrative specialist positions, and recruit and hire:
 - Assistant CEO in the second quarter (Q2) 2017;
 - PRISM Manager in the second quarter (Q2) 2017; and,
 - Compliance Officer in the second quarter (Q2) 2017.
- Continue to focus on professional training and staff development for all staffing levels;
- Continue to upgrade technology and information system (EDMS and web member services);
- Continue the database migration from Microsoft Access into Pension Gold; and,
- Restricted funding access for the business plan project initiatives until a formal project charter has been approved.

Approved 2017 BUDGET SUMMARY AND COMPARISON

Staff recommends a Approved 2017 budget of \$21,406,000 which is:

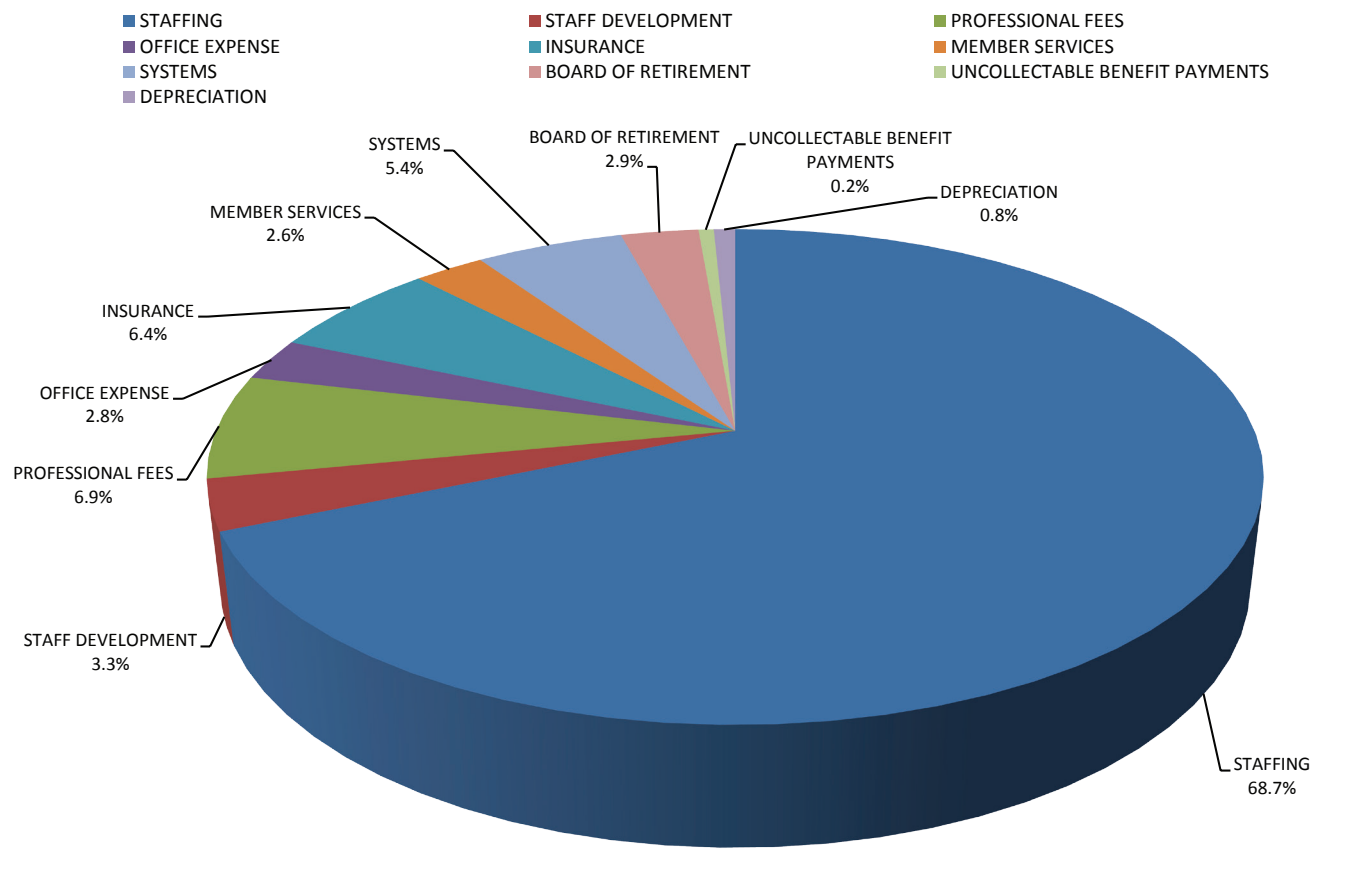
- \$821,000 or 4.0% greater than the approved 2016 budget of \$20,585,000;
- \$460,000 or 2.2% greater than the 2017 baseline budget of \$20,946,000; and,
- \$1,503,000 or 7.6% greater than the 2016 forecast of \$19,903,000.

The 2017 administrative budget of \$12.8 million is \$5.8 million under the administrative cap of \$18.6 million. A year-over-year comparison reveals that the 2017 administrative budget is \$1.2 million higher than the 2016 administrative budget of \$11.6 million. Therefore, approximately \$8.6 million was excluded for the annual operating expense budget of \$21.4 million (see Section VI for administrative budget and allocation schedules).

2017 Approved Operating Expense Budget (\$ in thousands)

	2016 Forecast	2017 Proposed Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change	Category % of Total Operating Expenses
Staffing	\$ 13,163	\$ 14,711	\$ 1,548	11.8%	68.7%
Staff Development	647	712	65	10.1%	3.3%
Professional Fees	1,614	1,467	(147)	-9.1%	6.9%
Office Expense	558	595	37	6.6%	2.8%
Insurance	1,037	1,366	329	31.7%	6.4%
Member Services	474	554	80	16.8%	2.6%
Systems	999	1,164	165	16.5%	5.4%
Board Of Retirement	590	614	24	4.0%	2.9%
Uncollectable Benefit Payments	200	54	(146)	-73.0%	0.2%
Depreciation	621	169	(452)	-72.8%	0.8%
OPERATING EXPENSES Total	\$ 19,903	\$ 21,406	\$ 1,503	7.6%	100.0%

2017 Proposed Budget



Administrative Expense Budget Overview^{1,2} (\$ in thousands)	2017 Approved Budget	2017 Actuarial Budget	2017 Business Continuity Budget	2017 Investment Budget	2017 Legal Budget	2017 SRBR Budget	2017 Technology Budget	2017 Administrative Budget
STAFFING	\$ 14,711	\$ -	\$ (253)	\$ (2,412)	\$ (1,136)	\$ (784)	\$ -	\$ (10,126)
STAFF DEVELOPMENT	712	-	(23)	(172)	(139)	-	-	(378)
PROFESSIONAL FEES								
Actuarial Fees	410	(372)	-	-	-	(38)	-	-
Audit Fees	185	-	-	(46)	-	-	-	(139)
Consultant Fees	585	-	(2)	(21)	(13)	(302)	(150)	(97)
Legal Fees	287	-	-	-	(287)	-	-	-
Professional Fees Total	1,467	(372)	(2)	(67)	(300)	(340)	(150)	(236)
OFFICE EXPENSE								
Bank Charges & Misc. Admin	157	-	(3)	(25)	(15)	-	-	(114)
Building Expenses	34	-	(1)	(5)	(3)	-	-	(25)
Communications	160	-	(3)	(25)	(16)	-	-	(116)
Equipment Lease & Maint.	89	-	(2)	(14)	(8)	-	-	(65)
Minor Furniture & Equipment	30	-	-	(5)	(3)	-	-	(22)
Office Supplies & Maintenance	83	-	(2)	(13)	(8)	-	-	(60)
Printing & Postage	42	-	(1)	(7)	(4)	-	-	(30)
Office Expense Total	595	-	(12)	(94)	(57)	-	-	(432)
INSURANCE	1,366	-	(25)	(215)	(130)	-	-	(996)
MEMBER SERVICES								
Benefit Verification	4	-	-	-	-	-	-	(4)
Disability - Legal Arbitration & Transcripts	90	-	-	-	(90)	-	-	-
Disability - Medical Expense	184	-	-	-	-	-	-	(184)
Disability Claims Management	33	-	-	-	-	-	-	(33)
Health Reimbursement Account (HRA)	64	-	-	-	-	(64)	-	-
Member Training & Education	25	-	-	-	-	-	-	(25)
Printing & Postage - Members	154	-	-	-	-	(77)	-	(77)
Member Services Total	554	-	-	-	(90)	(141)	-	(323)
SYSTEMS								
Business Continuity Expenses	121	-	(121)	-	-	-	-	-
Computer Hardware & Maintenance	50	-	-	-	-	-	(50)	-
County Data Processing	92	-	-	-	-	-	(92)	-
Software Maintenance & Support	901	-	-	-	(19)	-	(882)	-
Systems Total	1,164	-	(121)	-	(19)	-	(1,024)	-
BOARD OF RETIREMENT	614	-	-	(154)	(61)	(153)	-	(246)
UNCOLLECTABLE BENEFIT PAYMENTS	54	-	-	-	-	(54)	-	-
DEPRECIATION	169	-	(16)	(20)	(12)	-	(28)	(93)
TOTAL OPERATING EXPENSE	\$ 21,406	\$ (372)	\$ (452)	\$ (3,134)	\$ (1,944)	\$ (1,472)	\$ (1,202)	\$ (12,830)

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

² See Section VI for detailed supporting schedules

Section III: Operating Expense Budget
(TOC p# III)

Operating Expense Budget ¹	2016 Budget	2016 Forecast²	2016 Budget vs. 2016 Forecast Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
STAFFING (p.#20)						
Salaries	\$ 8,843,000	\$ 7,965,000	\$ (878,000)	\$ 9,336,000	\$ 1,371,000	17.2%
Fringe Benefits	4,848,000	4,463,000	(385,000)	5,189,000	726,000	16.3%
Temporary Staff	148,000	735,000	587,000	186,000	(549,000)	-74.7%
Staffing Total	13,839,000	13,163,000	(676,000)	14,711,000	1,548,000	11.8%
STAFF DEVELOPMENT (p.#22)						
	665,000	647,000	(18,000)	712,000	65,000	10.0%
PROFESSIONAL FEES (p.#26)						
Actuarial Fees	287,000	337,000	50,000	410,000	73,000	21.7%
Audit Fees	207,000	208,000	1,000	185,000	(23,000)	-11.1%
Consultant Fees	767,000	775,000	8,000	585,000	(190,000)	-24.5%
Legal Fees	195,000	294,000	99,000	287,000	(7,000)	-2.4%
Professional Fees Total	1,456,000	1,614,000	158,000	1,467,000	(147,000)	-9.1%
OFFICE EXPENSE (p.#28)						
Bank Charges	160,000	129,000	(31,000)	132,000	3,000	2.3%
Misc. Administrative Expenses	10,000	12,000	2,000	25,000	13,000	108.3%
Building Expenses	40,000	24,000	(16,000)	34,000	10,000	41.7%
Communications	118,000	171,000	53,000	160,000	(11,000)	-6.4%
Equipment Lease & Maint.	82,000	81,000	(1,000)	89,000	8,000	9.9%
Minor Furniture & Equip.	23,000	23,000	-	30,000	7,000	30.4%
Office Supplies & Maint.	77,000	77,000	-	83,000	6,000	7.8%
Printing & Postage	36,000	41,000	5,000	42,000	1,000	2.4%
Office Expense Total	546,000	558,000	12,000	595,000	37,000	6.6%
INSURANCE (p.#29)						
	790,000	1,037,000	247,000	1,366,000	329,000	31.7%
MEMBER SERVICES (p.#30)						
Benefit Verification	4,000	4,000	-	4,000	-	0.0%
Disability - Arbitration & Transcripts	30,000	94,000	64,000	90,000	(4,000)	-4.3%
Disability - Medical Expense	150,000	151,000	1,000	184,000	33,000	21.9%
Disability Claims Management	8,000	8,000	-	33,000	25,000	312.5%
Health Reimbursement Account	75,000	45,000	(30,000)	64,000	19,000	42.2%
Member Training & Education	27,000	27,000	-	25,000	(2,000)	-7.4%
Printing & Postage - Members	154,000	145,000	(9,000)	154,000	9,000	6.2%
Member Services Total	448,000	474,000	26,000	554,000	80,000	16.9%
SYSTEMS (p.#31)						
Business Continuity Expenses	149,000	114,000	(35,000)	121,000	7,000	6.1%
Computer Maintenance	27,000	26,000	(1,000)	18,000	(8,000)	-30.8%
County Data Processing	87,000	91,000	4,000	92,000	1,000	1.1%
Minor Computer Hardware	55,000	40,000	(15,000)	32,000	(8,000)	-20.0%
Software License & Maintenance	797,000	728,000	(69,000)	901,000	173,000	23.8%
Systems Total	1,115,000	999,000	(116,000)	1,164,000	165,000	16.5%
BOARD OF RETIREMENT (p.#32)						
	605,000	590,000	(15,000)	614,000	24,000	4.1%
UNCOLLECTABLE BENEFITS						
PAYMENTS (p.#34)						
	-	200,000	200,000	54,000	(146,000)	-73.0%
Total Operating Expenses Before Depreciation	19,464,000	19,282,000	(182,000)	21,237,000	1,955,000	10.1%
DEPRECIATION (p.#33)						
	1,121,000	621,000	(500,000)	169,000	(452,000)	-72.8%
TOTAL OPERATING EXPENSE	20,585,000	19,903,000	(682,000)	21,406,000	1,503,000	7.6%
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE	50,545,000	46,993,000	(3,552,000)	48,254,000	1,261,000	2.7%
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	\$ 71,130,000	\$ 66,896,000	\$ (4,234,000)	\$ 69,660,000	\$ 2,764,000	4.1%

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

² Budget does not reflect mid year transfers among budget line items.

Operating Expense Budget ¹ 2017 Baseline vs. 2017 Increments (\$ in thousands)	2016 Forecast	2017 Baseline Budget	2017 Baseline Budget vs. 2016 Forecast Over/(Under)	2017 Baseline Budget vs. 2016 Forecast % of change	2017 Approved Increments	2017 Approved Budget (Baseline + Increments)	2017 Approved Budget vs. 2016 Forecast Over/ (Under)	2017 Proposed Budget vs. 2016 Forecast % Change
STAFFING								
Salaries	\$ 7,965	\$ 9,322	\$ 1,357	17.0%	\$ 14	\$ 9,336	\$ 1,371	17.2%
Fringe Benefits	4,463	5,097	634	14.2%	92	5,189	726	16.3%
Temporary Staff	735	180	(555)	-75.5%	6	186	(549)	-74.7%
Staffing Total	13,163	14,599	1,436	10.9%	112	14,711	1,548	11.8%
STAFF DEVELOPMENT	647	681	34	5.3%	31	712	65	10.0%
PROFESSIONAL FEES								
Actuarial Fees	337	392	55	16.3%	18	410	73	21.7%
Audit Fees	208	185	(23)	-11.1%	-	185	(23)	-11.1%
Consultant Fees	775	535	(240)	-31.0%	50	585	(190)	-24.5%
Legal Fees	294	287	(7)	-2.4%	-	287	(7)	-2.4%
Professional Fees Total	1,614	1,399	(215)	-13.3%	68	1,467	(147)	-9.1%
OFFICE EXPENSE								
Bank Charges	129	132	3	2.3%	-	132	3	2.3%
Misc. Administrative Expenses	12	10	(2)	-16.7%	15	25	13	108.3%
Building Expenses	24	34	10	41.7%	-	34	10	41.7%
Communications	171	160	(11)	-6.4%	-	160	(11)	-6.4%
Equipment Lease & Maint.	81	89	8	9.9%	-	89	8	9.9%
Minor Furniture & Equipment	23	30	7	30.4%	-	30	7	30.4%
Office Supplies & Maint.	77	83	6	7.8%	-	83	6	7.8%
Printing & Postage	41	42	1	2.4%	-	42	1	2.4%
Office Expense Total	558	580	22	3.9%	15	595	37	6.6%
INSURANCE	1,037	1,366	329	31.7%	-	1,366	329	31.7%
MEMBER SERVICES								
Benefit Verification	4	4	-	0.0%	-	4	-	0.0%
Disability Arbitr. & Transcripts	94	90	(4)	-4.3%	-	90	(4)	-4.3%
Disability - Medical Expense	151	184	33	21.9%	-	184	33	21.9%
Disability Claims Management	8	25	17	212.5%	8	33	25	312.5%
Health Reimb. Account (HRA)	45	64	19	42.2%	-	64	19	42.2%
Member Training & Education	27	25	(2)	-7.4%	-	25	(2)	-7.4%
Printing & Postage - Members	145	154	9	6.2%	-	154	9	6.2%
Member Services Total	474	546	72	15.2%	8	554	80	16.9%
SYSTEMS								
Business Continuity Expenses	114	122	8	7.0%	(1)	121	7	6.1%
Computer Maintenance	26	19	(7)	-26.9%	(1)	18	(8)	-30.8%
County Data Processing	91	92	1	1.1%	-	92	1	1.1%
Minor Computer Hardware	40	33	(7)	-17.5%	(1)	32	(8)	-20.0%
Software License & Maint.	728	721	(7)	-1.0%	180	901	173	23.8%
Systems Total	999	987	(12)	-1.2%	177	1,164	165	16.5%
BOARD OF RETIREMENT								
Board Conf. & Misc. Activities	590	565	(25)	-4.2%	49	614	24	4.1%
Board of Retirement Total	590	565	(25)	-4.2%	49	614	24	4.1%
UNCOLLECTABLE BENEFIT PAYMENTS								
Total Operating Expenses Before Depreciation	19,282	20,777	1,495	7.8%	460	21,237	1,955	10.1%
DEPRECIATION	621	169	(452)	-72.8%	-	169	(452)	-72.8%
TOTAL OPERATING EXPENSE	19,903	20,946	1,043	5.2%	460	21,406	1,503	7.6%
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE	46,993	48,254	1,261	2.7%	-	48,254	1,261	2.7%
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	\$ 66,896	\$ 69,200	\$ 2,304	3.4%	\$ 460	\$ 69,660	\$ 2,764	4.1%

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

STAFFING (p.#18)

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

Staffing by Department	2016 Budget	2016 Forecast	2016 Forecast	2017 Approved Budget	2017 Approved Budget
			vs. 2016 Budget Over/(Under)		vs. 2016 Forecast Over/(Under)
Administration	7	6	(1)	7	1
Benefits	39	39	0	39	0
Fiscal Services	14	14	0	14	0
Human Resources	3	3	0	3	0
Internal Audit	4	3	(1)	4	1
Investments	10	10	0	10	0
Legal	7	7	0	8	1
PRISM	11	9	(2)	11	2
STAFFING TOTAL	95	91	(4)	96	5

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

Staffing	2016 Budget	2016 Forecast ¹	2016 Forecast	2017 Approved Budget	2017 Approved Budget	% Change
			vs. 2016 Budget Over/(Under)		vs. 2016 Forecast Over/(Under)	
Administration	\$ 670,000	\$ 492,000	\$ (178,000)	\$ 748,000	\$ 256,000	52.0%
Benefits	2,815,000	2,383,000	(432,000)	3,020,000	637,000	26.7%
Fiscal Services	1,339,000	1,340,000	1,000	1,381,000	41,000	3.1%
Human Resources	325,000	320,000	(5,000)	333,000	13,000	4.1%
Internal Audit	483,000	406,000	(77,000)	473,000	67,000	16.5%
Investments	1,131,000	1,085,000	(46,000)	1,184,000	99,000	9.1%
Legal	935,000	925,000	(10,000)	1,027,000	102,000	11.0%
PRISM	1,086,000	935,000	(151,000)	1,095,000	160,000	17.1%
Total Salaries	8,784,000	7,886,000	(898,000)	9,261,000	1,375,000	17.4%
Cafeteria Benefit Allowance	196,000	157,000	(39,000)	183,000	26,000	16.6%
Health and Dental	1,290,000	1,240,000	(50,000)	1,441,000	201,000	16.2%
Retirement Contributions	2,555,000	2,382,000	(173,000)	2,769,000	387,000	16.2%
Medicare and SDI	165,000	145,000	(20,000)	169,000	24,000	16.6%
Social Security	540,000	470,000	(70,000)	547,000	77,000	16.4%
Other Benefits (Life Insurance, Def. Comp. and Auto Allowance)	102,000	69,000	(33,000)	80,000	11,000	15.9%
Fringe Benefits	4,848,000	4,463,000	(385,000)	5,189,000	726,000	16.3%
Overtime	59,000	79,000	20,000	75,000	(4,000)	-5.1%
Temporary Staffing	148,000	735,000	587,000	186,000	(549,000)	-74.7%
STAFFING EXPENSES Total	\$ 13,839,000	\$ 13,163,000	\$ (676,000)	\$ 14,711,000	\$ 1,548,000	11.8%

¹ Budget does not reflect mid year transfers among budget line items.

**Staffing - Variance Narrative
2017 Approved Budget vs. 2016 Forecast**

		Variance Over/(Under)
• Increase in salaries due to hiring new ACEO, Administrative Support Specialist (Investments) filling open positions (Chief Counsel and Manager, PRISM, 2 Administrative Specialist II. Internal Auditor)	\$	1,131,000
• Merit increase for deep class employees, less 4% COLA for SEIU and Attorneys) and net step increases, Footnotes for Benefits Retirement Specialists, etc.		239,000
• Salary Actions (out-of-class, vacation sell backs, and employees on leave) includes fringe benefits; additional temporaries		193,000
• Decrease in fringe benefit rate		(15,000)
Total Over/(Under) \$		1,548,000

**Staffing Expense - Variance Narrative
2016 Forecast vs. 2016 Budget**

		Variance Over/(Under)
• Net savings from vacant positions including salary & fringe benefits offset by cost of temporary staff	\$	(976,000)
• Increase on step, merit increase and COLA		11,000
• Salary actions (net of out of class, vacation sell backs, and saving from employees on leave, unbudgeted headcount) includes fringe benefits		(27,000)
• Increase in fringe benefits		296,000
• Unbudgeted overtime including fringe benefits		20,000
Total Over/(Under) \$		(676,000)

STAFF DEVELOPMENT (p.#18)

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

Staff Development	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
CONFERENCES/TRAININGS						
American Management Association (AMA)	\$ 68,000	\$ 46,000	\$ (22,000)	\$ 67,000	\$ 21,000	45.7%
Adaptive	-	8,000	8,000	17,000	9,000	112.5%
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	71,000	54,000	(17,000)	54,000	-	0.0%
CALPERLA	7,000	7,000	-	12,000	5,000	71.4%
Cyber-Security	-	-	-	14,000	14,000	100.0%
Disaster Recovery Journal Conference (DRJ)	9,000	6,000	(3,000)	12,000	6,000	100.0%
GFOA	15,000	13,000	(2,000)	30,000	17,000	130.8%
IFEBP	30,000	35,000	5,000	39,000	4,000	11.4%
ILPA	16,000	9,000	(7,000)	23,000	14,000	155.6%
Improvement Methodology	-	5,000	5,000	17,000	12,000	240.0%
Institutional Investors	5,000	9,000	4,000	5,000	(4,000)	-44.4%
Investment Related	5,000	7,000	2,000	6,000	(1,000)	-14.3%
MILKEN	26,000	12,000	(14,000)	28,000	16,000	133.3%
PG User, Onbase, Sungard Conference	52,000	52,000	-	50,000	(2,000)	-3.8%
SACRS	34,000	38,000	4,000	62,000	24,000	63.2%
Staff Development/Team Building	25,000	25,000	-	25,000	-	0.0%
Misc.	123,000	99,000	(24,000)	123,000	24,000	24.2%
Sub-Total	486,000	425,000	(61,000)	584,000	159,000	37.4%
PROFESSIONAL DUES & SUBSCRIPTIONS	105,000	138,000	33,000	126,000	(12,000)	-8.7%
RECRUITMENT EXPENSES	22,000	84,000	62,000	2,000	(82,000)	-97.6%
STAFF DEVELOPMENT EXPENSES Total	\$ 613,000	\$ 647,000	\$ 34,000	\$ 712,000	\$ 65,000	10.0%

**Staff Development - Variance Narrative
2017 Approved Budget vs. 2016 Forecast**

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Increase in training result of higher attendance at SACRS, IFEBP, GFOA, Cyber-Security, and Milken	\$ 122,000
Sub-total	122,000
PROFESSIONAL FEES & SUBSCRIPTIONS	
• Increase in professional dues to obtain member discount at conferences	25,000
Sub-total	25,000
RECRUITMENT	
• 2016 Recruitment for Assistant Chief Executive Officer and Chief Counsel offset by fees for Chief Executive Officer	(82,000)
Sub-total	(82,000)
Total Over/(Under) \$	65,000

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

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Decreased attendance at training and conferences such as SHRM, CALAPRS, GFOA and MILKEN	\$ (61,000)
Sub-total	(61,000)
PROFESSIONAL FEES & SUBSCRIPTIONS	
• Decrease in subscriptions and professional dues primarily in Fiscal Services and Legal	(19,000)
Sub-total	(19,000)
RECRUITMENT	
• Increase to cover recruitment of Chief Deputy Executive Officer or ACEO and Chief Counsel	62,000
Sub-total	62,000
Total Over/(Under) \$	(18,000)

Section III: Operating Expense Budget
(TOC p# III)

2017 Approved Budget: Break-downs for Other Training/Conferences						
	Administration	Benefits	Fiscal Services	Human Resources	Internal Audit	
Adaptive	\$ -	\$ -	\$ 17,000	\$ -	\$ -	-
Association of Certified Fraud Examiners (ACFE)	-	-	-	-	-	1,000
BCP Conference	-	3,000	-	-	-	-
Association of Government Accountants (AGA)	-	-	-	-	-	1,000
AICPA Training	-	-	-	-	-	2,000
CALCPA	-	-	-	-	-	1,000
Cyber Security	-	-	-	-	-	-
Disaster Recovery Journal Conference (DRJ)	-	-	-	-	-	-
Disability Management Employer Coalition	-	-	-	2,000	-	-
IIA	-	-	-	-	-	5,000
IDEA Training	-	-	-	-	-	5,000
Improvement Methodology	-	-	-	-	-	-
ISCEBS Annual Conference	-	3,000	-	-	-	-
ILPA	-	-	-	-	-	-
Institutional Investors	-	-	-	-	-	-
Investment Related	-	-	-	-	-	-
NAPPA	-	-	-	-	-	-
National Employment Law Council & NELI	-	-	-	-	-	-
NCPERS Conference	3,000	5,000	-	-	-	-
NASRA Winter & Annual Convergence	6,000	-	-	-	-	-
Performance Management	-	-	-	3,000	-	-
PRISM Conference	-	-	-	-	-	-
SALGBA	-	1,000	-	-	-	-
SHRM	-	-	-	2,000	-	-
IT Conference	-	-	-	-	-	-
State Bar of CA	-	-	-	-	-	-
Staff Development/Team Building	-	-	-	-	-	-
Miscellaneous Training/Conferences	8,000	2,000	8,000	17,000	-	-
Total Other Training/Conferences	17,000	14,000	25,000	24,000	15,000	
American Management Association (AMA)	-	19,000	6,000	-	-	-
APPFA	-	-	-	-	-	3,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	14,000	14,000	12,000	-	-	3,000
CALPERLA	-	-	-	8,000	-	-
County Computer Training	-	4,000	-	-	-	1,000
GFOA	-	-	24,000	-	-	2,000
IFEBP	-	39,000	-	-	-	-
MILKEN	15,000	-	-	-	-	-
PG User, PG NUG, Onbase, Sungard Conference	-	13,000	12,000	-	-	-
SACRS	9,000	24,000	8,000	1,000	-	3,000
Other Training/Conferences (from above)	17,000	14,000	25,000	24,000	-	15,000
Total Training/Conferences	55,000	127,000	87,000	33,000	27,000	
Professional Dues & Subscriptions	34,000	3,000	9,000	6,000	5,000	
Recruitment Expenses	-	2,000	-	-	-	
TOTAL	\$ 89,000	\$ 132,000	\$ 96,000	\$ 39,000	\$ 32,000	

2017 Approved Budget: Break-downs for Other Training/Conferences

Section III: Operating Expense Budget
(TOC p# III)

	Investments	Legal	PRISM	Project	Total per training/conf.
Adaptive	\$ -	\$ -	\$ -	\$ -	\$ 17,000
Association of Certified Fraud Examiners (ACFE)	-	-	-	-	1,000
BCP Conference	-	-	-	-	3,000
Association of Government Accountants (AGA)	-	-	-	-	1,000
AICPA Training	-	-	-	-	2,000
CALCPA	-	-	-	-	1,000
Cyber Security	-	-	-	14,000	14,000
Disaster Recovery Journal Conference (DRJ)	-	-	12,000	-	12,000
Disability Management Employer Coalition	-	-	-	-	2,000
IIA	-	-	-	-	5,000
IDEA Training	-	-	-	-	5,000
Improvement Methodology	-	-	-	17,000	17,000
ISCEBS Annual Conference	-	-	-	-	3,000
ILPA	23,000	-	-	-	23,000
Institutional Investors	5,000	-	-	-	5,000
Investment Related	-	6,000	-	-	6,000
NAPPA	-	5,000	-	-	5,000
National Employment Law Council & NELI	-	4,000	-	-	4,000
NCPERS Conference	-	-	-	-	8,000
NASRA Winter & Annual Convergence	-	-	-	-	6,000
Performance Management	-	-	-	-	3,000
PRISM Conference	-	-	3,000	-	3,000
SALGBA	-	-	-	-	1,000
SHRM	-	2,000	-	-	4,000
IT Conference	-	-	4,000	-	4,000
State Bar of CA	-	2,000	-	-	2,000
Staff Development/Team Building	-	-	25,000	-	25,000
Miscellaneous Training/Conferences	9,000	4,000	2,000	-	50,000
Total Other Training/Conferences	37,000	23,000	46,000	31,000	232,000
American Management Association (AMA)	17,000	-	25,000	-	67,000
APPFA	-	-	-	-	3,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	6,000	4,000	1,000	-	54,000
CALPERLA	-	4,000	-	-	12,000
County Computer Training	-	-	2,000	-	7,000
GFOA	4,000	-	-	-	30,000
IFEBP	-	-	-	-	39,000
MILKEN	13,000	-	-	-	28,000
PG User, PG NUG, Onbase, Sungard Conference	-	-	25,000	-	50,000
SACRS	6,000	5,000	6,000	-	62,000
Other Training/Conferences (from above)	37,000	23,000	46,000	31,000	232,000
Total Training/Conferences	83,000	36,000	105,000	31,000	584,000
Professional Dues & Subscriptions	11,000	56,000	2,000	-	126,000
Recruitment Expenses	-	-	-	-	2,000
TOTAL	\$ 94,000	\$ 92,000	\$ 107,000	\$ 31,000	\$ 712,000

PROFESSIONAL FEES (p.#18)

This category excludes investment professional consultant and advisor expenses.

Professional Fees			2016 Forecast vs.		2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast		% Change
	2016 Budget	2016 Forecast ¹	2016 Budget Over/(Under)	2016 Budget Over/(Under)		Forecast Over/(Under)	Forecast Over/(Under)	
Actuarial Fees	\$ 287,000	\$ 337,000	\$ 50,000	\$ 410,000	\$ 73,000		21.7%	
Audit Fees	207,000	208,000	1,000	185,000	(23,000)		-11.1%	
Consultant Fees	767,000	775,000	8,000	585,000	(190,000)		-24.5%	
Legal Fees	195,000	294,000	99,000	287,000	(7,000)		-2.4%	
TOTAL PROFESSIONAL FEES	\$ 1,456,000	\$ 1,614,000	\$ 158,000	\$ 1,467,000	\$ (147,000)		-9.1%	
Consultant Fees								
Administration								
Consultant Fees - Project mgmt./Org. Development	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)		-100.0%	
Contingency Fees	-	20,000	20,000	31,000	11,000		55.0%	
Total Administration	-	21,000	21,000	31,000	10,000		47.6%	
Benefits								
Benefit Cons./Open Enroll.	126,000	126,000	-	126,000	-		0.0%	
County Retirees Medical	126,000	126,000	-	126,000	-		0.0%	
Consultant Fees	-	49,000	49,000	50,000	1,000		2.0%	
Total Benefits	252,000	301,000	49,000	302,000	1,000		0.3%	
Human Resources								
Alameda County HRS (LMS)	2,000	-	(2,000)	-	-		0.0%	
Lakeside Group (County Personnel)	80,000	77,000	(3,000)	77,000	-		0.0%	
Total Human Resources	82,000	77,000	(5,000)	77,000	-		0.0%	
Internal Audit								
IDEA Consulting	5,000	5,000	-	-	(5,000)		-100.0%	
Peer Review - Internal Audit Quality Assurance	7,000	7,000	-	-	(7,000)		-100.0%	
Total Internal Audit	12,000	12,000	-	-	(12,000)		-100.0%	
PRISM								
Pension Administration System	150,000	50,000	(100,000)	100,000	50,000		100.0%	
Project Management Consulting	25,000	25,000	-	25,000	-		0.0%	
Technology Improvement Plan	150,000	150,000	-	-	(150,000)		-100.0%	
Technology Enhancement	96,000	96,000	-	-	(96,000)		-100.0%	
Website Enhancements	-	43,000	43,000	50,000	7,000		16.3%	
Total PRISM	421,000	364,000	(57,000)	175,000	(189,000)		-51.9%	
Total Consultant Fees	\$ 767,000	\$ 775,000	\$ 8,000	\$ 585,000	\$ (190,000)		-24.5%	
Audit Fees								
Audit Fees	\$ 164,000	\$ 164,000	\$ -	\$ 145,000	\$ (19,000)		-11.6%	
GASB 74 & 75	43,000	44,000	1,000	40,000	(4,000)		-9.1%	
Total Audit Fees	\$ 207,000	\$ 208,000	\$ 1,000	\$ 185,000	\$ (23,000)		-11.1%	
Legal Fees								
Contingency Fees	\$ -	\$ 48,000	\$ 48,000	\$ -	\$ (48,000)		-100.0%	
Employment Litigation and Securities	20,000	67,000	47,000	66,000	(1,000)		-1.5%	
Fiduciary	100,000	109,000	9,000	161,000	52,000		47.7%	
Pension Reform	20,000	7,000	(13,000)	-	(7,000)		-100.0%	
Tax and Benefit Issues	55,000	63,000	8,000	60,000	(3,000)		-4.8%	
Total Legal Fees	\$ 195,000	\$ 294,000	\$ 99,000	\$ 287,000	\$ (7,000)		-2.4%	
Actuarial Fees								
Actuarial Valuation	\$ 66,000	\$ 69,000	\$ 3,000	\$ 76,000	\$ 7,000		10.1%	
SRBR Valuation	36,000	37,000	1,000	38,000	1,000		2.7%	
Supplemental Consulting	152,000	148,000	(4,000)	196,000	48,000		32.4%	
GASB 67 & 68	-	50,000	50,000	50,000	-		0.0%	
GASB 74 & 75	33,000	33,000	-	50,000	17,000		51.5%	
Total Actuarial Fees	\$ 287,000	\$ 337,000	\$ 50,000	\$ 410,000	\$ 73,000		21.7%	

¹ Budget does not reflect mid year transfers among budget line items.

**Professional Fees - Variance Narrative
2017 Approved Budget vs. 2016 Forecast**

	Variance Over/(Under)
ACTUARIAL¹	
• Supplemental consulting	\$ 48,000
• GASB 74/75 implementation	17,000
• Increases in Actuarial Valuation	8,000
Sub-total	73,000
AUDIT	
• Decrease on GASB 74&75 consulting fees	(4,000)
• Decrease from audit RFP to 2016 audit actual	(19,000)
Sub-total	(23,000)
CONSULTANTS	
• Completion of Project Management, Intranet, and implementation of Internal Audit software	(258,000)
• Initiate Pension Administration System cost analysis	50,000
• Expand Clarity contract for Core Values	11,000
• Expand Website Services	7,000
Sub-total	(190,000)
LEGAL FEES	
• Decrease in pension reform legal fees	(7,000)
Sub-total	(7,000)
Total Over/(Under)	\$ (147,000)

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

	Variance Over/(Under)
ACTUARIAL AND AUDIT	
• Post 2016 budget negotiation of GASB 67/68 valuation resulted in budget overage	\$ 50,000
• Slight increase in GASB 74/75 consulting	1,000
Sub-total	51,000
LEGAL	
• Court ordered payment of member's legal fees and increased employment investigations and litigations	99,000
Sub-total	99,000
CONSULTANTS	
• Technology Enhancement projects realigned to meet strategic business goals: upgrade of EDMS, Website enhancement, expansion of Web Member Services, pension administration system business case analysis	13,000
• Savings from Lakeside and Learning Management System	(5,000)
Sub-total	8,000
Total Over/(Under)	\$ 158,000

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	2016 Budget	2016 Forecast ¹	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Bank Charges	\$ 160,000	\$ 129,000	\$ (31,000)	\$ 132,000	\$ 3,000	2.3%
Misc. Administrative Expenses	10,000	12,000	2,000	25,000	13,000	108.3%
Building Expenses	40,000	24,000	(16,000)	34,000	10,000	41.7%
Communications	118,000	171,000	53,000	160,000	(11,000)	-6.4%
Equip. Leasing & Maint.	82,000	81,000	(1,000)	89,000	8,000	9.9%
Minor Furniture & Equipment	23,000	23,000	-	30,000	7,000	30.4%
Office Supplies & Maint.	77,000	77,000	-	83,000	6,000	7.8%
Printing & Postage	36,000	41,000	5,000	42,000	1,000	2.4%
OFFICE EXPENSE Total	\$ 546,000	\$ 558,000	\$ 12,000	\$ 595,000	\$ 37,000	6.6%

¹ Budget does not reflect mid year transfers among budget line items.

Office Expense - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
BANK CHARGES & MISC. ADMINISTRATIVE	
• Increase in Bank fees and Miscellaneous Administrative expenses primarily the result of minor increase in banking fees and cost of implementing on-boarding process for new senior management employees	\$ 16,000
Sub-total	16,000
BUILDING AND OFFICE MAINTENANCE	
• Increase expected in building escalation fees and office maintenance	16,000
Sub-total	16,000
EQUIPMENT AND FURNITURE LEASE & MAINTENANCE	
• Increase in spending for ergonomics furniture and equipment as well as obsolescence of office equipment	15,000
Sub-total	15,000
PRINTING & POSTAGE	
• Slight increase in printing & postage	1,000
Sub-total	1,000
COMMUNICATIONS	
• ACERA contracting with State of California to receive lower landline rates	(11,000)
Sub-total	(11,000)
Total Over/(Under)	\$ 37,000

Office Expense - Variance Narrative 2016 Forecast vs. 2016 Budget

	Variance Over/(Under)
BANK CHARGES & MISC. ADMINISTRATIVE	
• Deferred purchase of new banking services e.g. change in credit card type, issuance of p-cards offset by cost of installation of building lobby display for Board of Retirement announcements required by Brown Act	\$ (29,000)
BUILDING EXPENSES	
• Increased occupancy of building has resulted in reduced share of building costs	(16,000)
COMMUNICATIONS & EQUIPMENT LEASE & MAINTENANCE	
• State of California did not begin crediting ACERA for land line costs until August and full payment for prior year not expected until Q1 2017	52,000
PRINTING AND POSTAGE	
• Slight increase in volume	5,000
Total Over/(Under)	\$ 12,000

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	2016 Forecast vs. 2016 Budget		2017 Approved Budget vs. 2016 Forecast		% Change	
	2016 Budget	2016 Forecast ¹	2016 Budget Over/(Under)	2017 Approved Budget Over/(Under)		
Business Automobile	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	0.0%	
Commercial Package	27,000	25,000	(2,000)	17,000	-32.0%	
Crime	9,000	8,000	(1,000)	8,000	0.0%	
Earthquake	30,000	28,000	(2,000)	29,000	5.8%	
Cyber Liability	15,000	13,000	(2,000)	13,000	0.0%	
Fiduciary Liability	190,000	173,000	(17,000)	163,000	-5.7%	
Risk Management	290,000	544,000	254,000	764,000	40.4%	
Umbrella	10,000	8,000	(2,000)	8,000	0.0%	
Worker's Compensation	218,000	237,000	19,000	363,000	53.2%	
INSURANCE Total	\$ 790,000	\$ 1,037,000	\$ 247,000	\$ 1,366,000	\$ 329,000	31.7%

¹ Budget does not reflect mid year transfers among budget line items.

Insurance - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

Variance Over/(Under)

ARTHUR GALLAGHER

Premiums remained flat in all insurance types except:

- Decrease in Commercial and Fiduciary Liability
- Slight increase in Earthquake

\$ (18,000)
1,000

Sub-Total (17,000)

COUNTY RISK MANAGEMENT

- Growing claims resulted in unprecedented increase in employment practice liability premiums

220,000

Sub-Total 220,000

WORKER'S COMPENSATION

- Increase in workers compensation claims increased premiums

126,000

Sub-Total 126,000

Total Over/(Under) \$ 329,000

Insurance - Variance Narrative 2016 Forecast vs. 2016 Budget

Variance Over/(Under)

ARTHUR GALLAGHER

- Savings in all areas except auto which remained flat; primary savings in fiduciary liability (\$17K)

\$ (26,000)

COUNTY RISK MANAGEMENT

- Slight increase in workers compensation
- Highest increase in employment practice liability premiums

19,000

254,000

Total Over/(Under) \$ 247,000

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	2016 Budget	2016 Forecast ¹	2016 Forecast vs. Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Benefit Verification	\$ 4,000	\$ 4,000	\$ -	\$ 4,000	\$ -	0.0%
Disability - Arbitration & Transcripts	30,000	94,000	64,000	90,000	(4,000)	-4.3%
Disability - Medical Expense	150,000	151,000	1,000	184,000	33,000	21.9%
Disability Claims Management	8,000	8,000	-	33,000	25,000	312.5%
Health Reimbursement Account (HRA)	75,000	45,000	(30,000)	64,000	19,000	42.2%
Member Training & Education	27,000	27,000	-	25,000	(2,000)	-7.4%
Printing and Postage - Members	154,000	145,000	(9,000)	154,000	9,000	6.2%
MEMBER SERVICES EXPENSE Total	\$ 448,000	\$ 474,000	\$ 26,000	\$ 554,000	\$ 80,000	16.9%

¹ Budget does not reflect mid year transfers among budget line items.

Member Services - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
DISABILITY - MEDICAL	
• Increase in number of cases for 2017	\$ 33,000
• Increase due to implementation of processes for Disability Claims Management	25,000
Sub-total	58,000
HEALTH REIMBURSEMENT ACCOUNT (HRA)	
• Increase reflects expansion of health insurance exchange to early retirees	19,000
Sub-total	19,000
PRINTING & POSTAGE - MEMBERS & MEMBER TRAINING & EDUCATION	
• Increase in newsletters offset by minor decreases in member training	7,000
Sub-total	7,000
DISABILITY - ARBITRATION	
• Decrease in number of cases for 2017	(4,000)
Sub-total	(4,000)
Total Over/(Under)	\$ 80,000

Member Services - Variance Narrative 2016 Forecast vs. 2016 Budget

	Variance Over/(Under)
DISABILITY - ARBITRATION	
• Increased number of disability appeals requested	\$ 64,000
Sub-total	64,000
DISABILITY - MEDICAL EXPENSE	
• Slight increase in number of medical reviews	1,000
Sub-total	1,000
HEALTH REIMBURSEMENT ACCOUNT (HRA)	
• Decrease due to less than expected applications to health insurance exchange by early retirees	(30,000)
Sub-total	(30,000)
POSTAGE & PRINTING - MEMBERS	
• Reduction in the number of envelop stuffers and newsletters	(9,000)
Sub-total	(9,000)
Total Over/(Under)	\$ 26,000

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	2016 Forecast vs. 2016 Budget			2017 Approved Budget vs. 2016 Forecast		% Change
	2016 Budget	2016 Forecast ¹	2016 Budget Over/(Under)	2017 Approved Budget	2016 Forecast Over/(Under)	
Business Continuity Expenses	\$ 149,000	\$ 114,000	\$ (35,000)	\$ 121,000	\$ 7,000	6.1%
Computer Maintenance	27,000	26,000	(1,000)	18,000	(8,000)	-30.8%
County Data Processing	87,000	91,000	4,000	92,000	1,000	1.1%
Minor Computer Hardware	55,000	40,000	(15,000)	32,000	(8,000)	-20.0%
Software License & Maintenance	797,000	728,000	(69,000)	901,000	173,000	23.8%
SYSTEMS Total	\$ 1,115,000	\$ 999,000	\$ (116,000)	\$ 1,164,000	\$ 165,000	16.5%

¹ Budget does not reflect mid year transfers among budget line items.

Systems - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

Variance Over/(Under)

SOFTWARE LICENSE & MAINTENANCE

- Emphasis on pursuing technology solutions for data migration, expansion of Web Site services, etc. \$ 173,000

Sub Total 173,000

BUSINESS CONTINUITY EXPENSES

- Portion of increase in technology solutions applicable to BCP 7,000
- Slight increase in County Data Processing 1,000

Sub Total 8,000

COMPUTER MAINTENANCE & HARDWARE

- Savings from shift in purchase of minor computer hardware for technology projects to hardware for day-to-day operations (16,000)

Sub Total (16,000)

Total Over/(Under) \$ 165,000

Systems - Variance Narrative 2016 Forecast vs. 2016 Budget

Variance Over/(Under)

COUNTY DATA PROCESSING

- Increase in County information processing fees \$ 4,000

Sub Total 4,000

BUSINESS CONTINUITY

- Slight savings in BCP facility fees (1,000)
- EDMS 90% fully depreciated (50% shared by Administration through BCP) (34,000)

Sub Total (35,000)

COMPUTER MAINTENANCE & HARDWARE

- Unfilled positions resulted in reduced purchase and maintenance of computers (16,000)

Sub Total (16,000)

SOFTWARE LICENSE & MAINTENANCE

- Savings from delays in completion of data migration and purchase of budget software (69,000)

Sub Total (69,000)

Total Over/(Under) \$ (116,000)

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	2016 Budget	2016 Forecast¹	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Board Compensation	\$ 22,000	\$ 27,000	\$ 5,000	\$ 27,000	\$ -	0.0%
Board Conference and Training	143,000	75,000	(68,000)	147,000	72,000	96.0%
Board Elections	80,000	80,000	-	-	(80,000)	-100.0%
Board Employer Reimbursement	331,000	361,000	30,000	390,000	29,000	8.0%
Board Miscellaneous Activities	26,000	39,000	13,000	44,000	5,000	12.8%
Board Strategic Planning	3,000	8,000	5,000	6,000	(2,000)	-25.0%
BOARD OF RETIREMENT Total	\$ 605,000	\$ 590,000	\$ (15,000)	\$ 614,000	\$ 24,000	4.1%

¹ Budget does not reflect mid year transfers among budget line items.

**Board of Retirement - Variance Narrative
2017 Approved Budget vs. 2016 Forecast**

	Variance Over/(Under)
• Potential incoming new trustees require larger training fund	\$ 72,000
• Increase in fringe benefits and COLA for employer reimbursement	29,000
• Increase in Misc. Activities and Postage	5,000
• Reduced cost of speaker(s) at 2017 Offsite	(2,000)
• No board election in 2017 results in savings	(80,000)
Total Over/(Under)	\$ 24,000

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

	Variance Over/(Under)
• Significant increases in Employer Reimbursement for elected trustees due to raises, promotions and COLA	\$ 30,000
• Slight increase in Trustee attendance, Board Miscellaneous Activities and postage	18,000
• Increase in Offsite expense result of actuarial presentation	5,000
• Savings from decrease in attendance at Milken and other conferences	(68,000)
Total Over/(Under)	\$ (15,000)

DEPRECIATION (p.#18)

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

Depreciation			2016 Forecast			2017 Approved	2017 Approved	% Change
	2016 Budget	2016 Forecast ¹	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	
BCP	\$ 419,000	\$ 221,000	\$ (198,000)	\$ 14,000	\$ (207,000)	\$ 14,000	\$ (207,000)	-93.7%
Computer Hardware	14,000	8,000	(6,000)	6,000	(2,000)	6,000	(2,000)	-25.0%
Computer Software	95,000	27,000	(68,000)	9,000	(18,000)	9,000	(18,000)	-66.7%
EDMS Admin. Share	416,000	220,000	(196,000)	13,000	(207,000)	13,000	(207,000)	-94.1%
Equipment	52,000	48,000	(4,000)	30,000	(18,000)	30,000	(18,000)	-37.5%
Furniture	30,000	2,000	(28,000)	2,000	-	2,000	-	0.0%
Leasehold Improvements	95,000	95,000	-	95,000	-	95,000	-	0.0%
DEPRECIATION Total	\$ 1,121,000	\$ 621,000	\$ (500,000)	\$ 169,000	\$ (452,000)	\$ 169,000	\$ (452,000)	-72.8%

¹ Budget does not reflect mid year transfers among budget line items.

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 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
• Decrease the result of fully depreciated EDMS system	\$ (414,000)
• Additional cost reduction from fully depreciated computer hardware, software and office equipment	(38,000)
Total Over/(Under)	\$ (452,000)

Depreciation - Variance Narrative 2016 Forecast vs. 2016 Budget

	Variance Over/(Under)
• Increase from 2016 addition of computer hardware and WMS enhancements	\$ 6,000
• Savings from fully depreciated assets in EDMS, Computer Software, etc.	(506,000)
Total Over/(Under)	\$ (500,000)

UNCOLLECTABLE BENEFIT PAYMENTS (p.#18)

After the adoption of the new Discharge of Uncollectible Accounts Receivable policy and Board of Retirement authorization, the first round of uncollectible accounts receivable balance to be discharged is approximately \$200,000. This balance is mainly comprised of benefit overpayments due to death. The uncollectible balances to be discharged are related to transactions dating from 1996 through 2012. Subsequent discharges of uncollectible balances will only include one year's worth of transactions, after passage of a four-year period from which collection efforts have been exhausted and the receivable has been declared uncollectible.

Uncollectable Benefit Payments	2016 Budget	2016 Forecast ¹	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
UNCOLLECTABLE BENEFIT PAYMENTS Total	\$ -	\$ 200,000	\$ 200,000	\$ 54,000	\$ (146,000)	-73.0%

Uncollectable Benefit Payments - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
• Decrease in spending the result of reduction in forecasted uncollectable benefit payments	\$ (146,000)
Total Over/(Under)	\$ (146,000)

Uncollectable Benefit Payments - Variance Narrative 2016 Forecast vs. 2016 Budget

	Variance Over/(Under)
• Increase in spending the result of forecast for uncollectable benefit payment expense due to new write off	\$ 200,000
Total Over/(Under)	\$ 200,000

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	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Administration (p.#38)	\$ 4,360,000	\$ 4,157,000	\$ (203,000)	\$ 4,359,000	\$ 202,000	4.9%
Benefits (p.#42)	5,911,000	5,868,000	(43,000)	6,649,000	781,000	13.3%
Fiscal Services (p.#46)	2,471,000	2,462,000	(9,000)	2,616,000	154,000	6.3%
Human Resources (p.#48)	631,000	618,000	(13,000)	640,000	22,000	3.6%
Internal Audit (p.#50)	802,000	697,000	(105,000)	724,000	27,000	3.9%
Investment (p.#52)	1,833,000	1,739,000	(94,000)	1,834,000	95,000	5.5%
Legal (p.#54)	1,776,000	1,849,000	73,000	1,946,000	97,000	5.2%
PRISM (p.#56)	2,242,000	1,945,000	(297,000)	2,175,000	230,000	11.8%
Total Depart. Expenses	20,026,000	19,335,000	(691,000)	20,943,000	1,608,000	8.3%
PROJECTS¹	559,000	568,000	9,000	463,000	(105,000)	-18.5%
Total Depart. Exp. + Projects	\$ 20,585,000	\$ 19,903,000	\$ (682,000)	\$ 21,406,000	\$ 1,503,000	7.6%

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	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 670,000	\$ 492,000	\$ (178,000)	\$ 748,000	\$ 256,000	52.0%
Fringe Benefits	393,000	305,000	(88,000)	412,000	107,000	35.1%
Temporary Staff	-	19,000	19,000	-	(19,000)	-100.0%
Staffing Total	1,063,000	816,000	(247,000)	1,160,000	344,000	42.2%
STAFF DEVELOPMENT						
	84,000	82,000	(2,000)	89,000	7,000	8.5%
PROFESSIONAL FEES						
Actuarial Fees	254,000	304,000	50,000	360,000	56,000	18.4%
Consultant Fees	-	21,000	21,000	31,000	10,000	47.6%
Professional Fees Total	254,000	325,000	71,000	391,000	66,000	20.3%
OFFICE EXPENSE						
Miscellaneous Administrative	10,000	12,000	2,000	25,000	13,000	108.3%
Building Expenses	40,000	24,000	(16,000)	34,000	10,000	41.7%
Communications	118,000	171,000	53,000	160,000	(11,000)	-6.4%
Equipment Lease & Maintenance	82,000	81,000	(1,000)	89,000	8,000	9.9%
Minor Furniture & Equipment	3,000	3,000	-	5,000	2,000	66.7%
Office Supplies & Maintenance	77,000	77,000	-	83,000	6,000	7.8%
Printing & Postage	26,000	27,000	1,000	28,000	1,000	3.7%
Office Expense Total	356,000	395,000	39,000	424,000	29,000	7.3%
INSURANCE						
	790,000	1,037,000	247,000	1,366,000	329,000	31.7%
SYSTEMS						
County Data Processing	87,000	91,000	4,000	92,000	1,000	1.1%
Systems Total	87,000	91,000	4,000	92,000	1,000	1.1%
BOARD OF RETIREMENT						
Board Conferences & Miscellaneous Activity	605,000	590,000	(15,000)	614,000	24,000	4.1%
UNCOLLECTABLE BENEFIT PAYMENTS						
	-	200,000	200,000	54,000	(146,000)	-73.0%
TOTAL CONTROLLABLE EXPENSES	3,239,000	3,536,000	297,000	4,190,000	654,000	18.5%
DEPRECIATION						
Depreciation Expense	1,121,000	621,000	(500,000)	169,000	(452,000)	-72.8%
GRAND TOTAL	\$ 4,360,000	\$ 4,157,000	\$ (203,000)	\$ 4,359,000	\$ 202,000	4.9%

**Administration Department - Variance Narrative
2017 Approved Budget vs. 2016 Forecast**

	Variance Over/(Under)
STAFFING	
• Full year pay for new CEO, new ACEO, new Supply Clerk and Admin. Spec. II including fringe benefits offset by replacement of temporary supply clerk	\$ 336,000
• Merit increases, steps, vacation sell backs, etc.	27,000
• Decrease in fringe benefit rates	(19,000)
Sub-Total	344,000
STAFF DEVELOPMENT	
• All recruitment fees paid in 2016	(42,000)
• Net increase in training and conference	38,000
• Increase in Professional fees (CalPers, SACRS, etc.,)	11,000
Sub-Total	7,000
PROFESSIONAL FEES	
• Increase in actuarial fees due to GASB 67 and 74	56,000
• Consulting fees for Strategic business plan goals (Core Values)	10,000
Sub-Total	66,000
OFFICE EXPENSE	
• Decrease in Communications due to California N3 program	(11,000)
• Increase in Miscellaneous Administration expenses due to initiation of onboarding project with minor purchases in materials and potential increase in service rates offset by minor reduction in other fees.	13,000
• Other increases included office supplies and maintenance, equipment maintenance and leasing, and miscellaneous building expenses.	27,000
Sub-Total	29,000
INSURANCE	
Arthur Gallagher	
• Premiums remained flat in all insurance types except:	
• Decrease in Commercial and Fiduciary Liability	(18,000)
• Increase in Earthquake	1,000
County Risk Management	
• Increase in workers compensation claims increased premiums	126,000
• Increase claims generated increase in employment practice liability premiums	220,000
Sub-Total	329,000
SYSTEMS	
• Increase in County IT charges	1,000
Sub-Total	1,000
BOARD OF RETIREMENT	
• No election scheduled for 2017	(80,000)
• Decline in costs for Strategic Planning	(2,000)
• Board Employer Reimbursement: Increase in fringe benefits and COLA	29,000
• Increase in compensation, postage and miscellaneous activities	5,000
• Increase in conference/training due to potential for new trustees	72,000
Sub-Total	24,000
UNCOLLECTABLE BENEFIT PAYMENTS	
• Write off of uncollectable benefit payments which are five years or older	(146,000)
Sub-Total	(146,000)
DEPRECIATION EXPENSE	
• Decrease of depreciation of EDMS	(415,000)
• Full depreciation of equipment for 12th floor build out	(19,000)
• Full depreciation of hardware and software upgrades	(18,000)
Sub-Total	(452,000)
Total Over/(Under)	\$ 202,000

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

Variance Over/(Under)

STAFFING

• Delays in hiring CEO and Supply Clerk and retirement of Administrative Specialist II (includes fringe benefits and offset of temporary staff)	\$ (582,000)
• Increase in fringed benefit rate	335,000
Sub-Total	(247,000)

STAFF DEVELOPMENT

• Decrease in attendance at Milken and other senior management conferences and trainings	(24,000)
• Increase in recruitment fees for ACEO in Q1 2017	22,000
Sub-Total	(2,000)

PROFESSIONAL FEES

• Increased actuarial fees as a result of early preparation for GASB 74/75 (\$33,000) and expected increased in supplemental counseling (\$17,000)	50,000
• Additional charges for Clarity Consulting (Core Values)	21,000
Sub-Total	71,000

OFFICE EXPENSE

• Decrease in building expenses is a result of increase building occupancy and reduction of ACERA's portion of expenses	(16,000)
• Increase in communications expenses result of delay in implementing California utility relief program for government agencies. Payments were received but not until 3Q 2016.	55,000
Sub-Total	39,000

INSURANCE

• Decrease in fiduciary liability premiums	(27,000)
• Increase in workers compensation and employment practice liability premiums raised insurance rates	274,000
Sub-Total	247,000

SYSTEMS

• County Information Processing increased due to additional usage and costs.	4,000
Sub-Total	4,000

BOARD OF RETIREMENT

• Board Conference and Training - fewer Trustees attended Milken and other conferences than planned	(68,000)
• Board Elected Employer Reimbursement due to increases in merit, COLA	30,000
• Board Postage/Printing and Miscellaneous increases	13,000
• Board Compensation - increase in meeting attendance	5,000
• Board Offsite increase due to actuarial presentation	5,000
Sub-Total	(15,000)

UNCOLLECTABLE BENEFIT PAYMENTS

• Amortization of uncollectable over payments to members as they age to the four-year limit	200,000
Sub-Total	200,000

DEPRECIATION EXPENSE

• EDMS 90% fully depreciated	(394,000)
• All computer software fully depreciated including	(68,000)
• 50% of computer hardware and some office equipment fully depreciated	(28,000)
• Increase in depreciation due expanded WMS features and others.	(10,000)
Sub-Total	(500,000)

Total Over/(Under) \$ (203,000)

Administration Department Professional Fees	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Consultant Fees						
Contingency Fees	\$ -	\$ 20,000	\$ 20,000	\$ 31,000	\$ 11,000	55.0%
Project Mgmt./Org. Development	-	1,000	1,000	-	(1,000)	-100.0%
Sub-Total	-	21,000	21,000	31,000	10,000	47.6%
Actuarial Fees						
Actuarial Valuation	66,000	69,000	3,000	76,000	7,000	10.1%
GASB	-	50,000	50,000	50,000	-	0.0%
SRBR Valuation	36,000	37,000	1,000	38,000	1,000	2.7%
Supplemental Consulting	152,000	148,000	(4,000)	196,000	48,000	32.4%
Sub-Total	254,000	304,000	50,000	360,000	56,000	18.4%
ADMINISTRATION Total	\$ 254,000	\$ 325,000	\$ 71,000	\$ 391,000	\$ 66,000	20.3%

Administration Department Staffing¹	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)
Administrative Assistant	\$ 64,000	\$ 65,000	\$ 1,000	\$ 67,000	\$ 2,000
Administrative Specialist II	82,000	28,000	(54,000)	84,000	56,000
Administrative Support Specialist	-	44,000	44,000	-	(44,000)
Chief Deputy CEO/ACEO	106,000	8,000	(98,000)	156,000	148,000
Chief Executive Officer	234,000	178,000	(56,000)	247,000	69,000
Clerk II	47,000	47,000	-	49,000	2,000
Executive Secretary	91,000	93,000	2,000	101,000	8,000
Supply Clerk II	46,000	29,000	(17,000)	44,000	15,000
Sub-total Salaries¹	670,000	492,000	(178,000)	748,000	256,000
Fringe Benefits	393,000	305,000	(88,000)	412,000	107,000
Temporary Staff	-	19,000	19,000	-	(19,000)
ADMINISTRATION Total	\$ 1,063,000	\$ 816,000	\$ (247,000)	\$ 1,160,000	\$ 344,000

¹Sub-Total salaries include base salary, work out of class, footnotes and vacation sell back.

BENEFITS DEPARTMENT *(p.#37)*

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

Benefits Department	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 2,870,000	\$ 2,458,000	\$ (412,000)	\$ 3,095,000	\$ 637,000	25.9%
Fringe Benefits	1,564,000	1,582,000	18,000	2,044,000	462,000	29.2%
Temporary Staff	148,000	592,000	444,000	180,000	(412,000)	-69.6%
Staffing Total	4,582,000	4,632,000	50,000	5,319,000	687,000	14.8%
STAFF DEVELOPMENT	169,000	144,000	(25,000)	132,000	(12,000)	-8.3%
PROFESSIONAL FEES	252,000	301,000	49,000	302,000	1,000	0.3%
MEMBER SERVICES						
Benefit Verification	4,000	4,000	-	4,000	-	0.0%
Disability - Medical Expense	150,000	151,000	1,000	184,000	33,000	21.9%
Disability Claims Management	8,000	8,000	-	33,000	25,000	312.5%
Health Reimburs.Account (HRA)	75,000	45,000	(30,000)	64,000	19,000	42.2%
Member Training & Education	27,000	27,000	-	25,000	(2,000)	-7.4%
Printing & Postage - Members	154,000	145,000	(9,000)	154,000	9,000	6.2%
Member Services Total	418,000	380,000	(38,000)	464,000	84,000	22.1%
SYSTEMS						
Software Maint./Support	490,000	411,000	(79,000)	432,000	21,000	5.1%
Systems Total	490,000	411,000	(79,000)	432,000	21,000	5.1%
GRAND TOTAL	\$ 5,911,000	\$ 5,868,000	\$ (43,000)	\$ 6,649,000	\$ 781,000	13.3%

**Benefits Department - Variance Narrative
2017 Approved Budget vs. 2016 Forecast**

	Variance Over/(Under)
STAFFING	
• Increase due to hiring for unfilled positions including fringe benefits	\$ 400,000
• Increases due to Merit, Footnotes, COLA, Steps and Promotions including fringe benefits and vacations sell back	226,000
• Increase in fringe benefits	61,000
Sub-Total	687,000
STAFF DEVELOPMENT	
• Decreased attendance at AMA by Staff	(16,000)
• Increase in training for new Benefits Manager	26,000
• Reduction in AMA Passport program	(22,000)
Sub-Total	(12,000)
PROFESSIONAL FEES	
• Increase in Benefits consultant's scope of work	1,000
Sub-Total	1,000
MEMBER SERVICES	
• Health Reimbursement Account (HRA) increase with the extension of the health care exchange to early retirees	19,000
• Medical disabilities expected to increase	33,000
• Disability Claims Management Implementation	25,000
• Increase due to increase in number of newsletters from two to three.	7,000
Sub-Total	84,000
SYSTEMS	
• Increase in LRS workflows and program enhancements	21,000
Sub-Total	21,000
Total Over/(Under)	\$ 781,000

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

Variance Over/(Under)

STAFFING

• High attrition in Retirement Specialist and Retirement Support Specialist positions resulted in an average shortage of six employees throughout the first nine months of 2016	\$	5,000
• Increase in fringe benefits		9,000
• Merit Increases		16,000
• Unbudgeted overtime		20,000
	Sub-Total	50,000

STAFF DEVELOPMENT

• Decrease attendance due to delays in hiring and need for coverage		(25,000)
	Sub-Total	(25,000)

PROFESSIONAL FEES

• Increase in Graphic Artist consultant fees		49,000
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MEMBER SERVICES

• Slight increase in medical cases		1,000
• Decrease in HRA reimbursements due to less than estimated early retirees applying to exchange		(30,000)
• Decrease in newsletters		(9,000)
	Sub-Total	(38,000)

SYSTEMS

• LRS modifications and EDMS workflows deferred		(79,000)
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Total Over/(Under) \$ (43,000)

Benefits Department Professional Fees		2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Benefits Consultant/Open Enrollment	\$	126,000	\$ 126,000	\$ -	\$ 126,000	\$ -	0.0%
County Retirees Medical (Benefit Consultant)		126,000	126,000	-	126,000	-	0.0%
Graphic Artist consultant fees		-	49,000	49,000	50,000	1,000	2.0%
BENEFITS Total	\$	252,000	\$ 301,000	\$ 49,000	\$ 302,000	\$ 1,000	0.3%

Benefits Department Staffing ¹			2016 Forecast vs.		2017 Approved Budget vs.	
	2016 Budget	2016 Forecast	2016 Budget Over/(Under)	2017 Approved Budget	2016 Forecast Over/(Under)	2017 Approved Budget vs. 2016 Forecast Over/(Under)
Assist. CEO	\$ 189,000	\$ 185,000	\$ (4,000)	\$ 213,000	\$ 28,000	
Administrative Specialist II	71,000	72,000	1,000	76,000	4,000	
Administrative Specialist II	4,000	3,000	(1,000)	84,000	81,000	
Administrative Support Specialist	66,000	56,000	(10,000)	1,000	(55,000)	
Administrative Support Specialist	65,000	64,000	(1,000)	68,000	4,000	
Communications Manager	87,000	87,000	-	89,000	2,000	
Graphic Artist	75,000	28,000	(47,000)	77,000	49,000	
Retirement Assistant Benefits Manager	55,000	56,000	1,000	94,000	38,000	
Retirement Assistant Benefits Manager	106,000	103,000	(3,000)	106,000	3,000	
Retirement Assistant Benefits Manager	55,000	59,000	4,000	108,000	49,000	
Retirement Assistant Benefits Manager	116,000	114,000	(2,000)	122,000	8,000	
Retirement Benefits Manager	132,000	125,000	(7,000)	140,000	15,000	
Retirement Specialist II	48,000	44,000	(4,000)	52,000	8,000	
Retirement Specialist II	48,000	44,000	(4,000)	52,000	8,000	
Retirement Specialist II	53,000	57,000	4,000	62,000	5,000	
Retirement Specialist II	62,000	62,000	-	65,000	3,000	
Retirement Specialist III	76,000	76,000	-	79,000	3,000	
Retirement Specialist III	76,000	76,000	-	79,000	3,000	
Retirement Specialist III	76,000	76,000	-	79,000	3,000	
Retirement Specialist III	78,000	79,000	1,000	79,000	-	
Retirement Specialist III	76,000	78,000	2,000	83,000	5,000	
Retirement Specialist III	76,000	76,000	-	79,000	3,000	
Retirement Specialist III	76,000	78,000	2,000	79,000	1,000	
Retirement Specialist III	76,000	76,000	-	79,000	3,000	
Retirement Specialist III	76,000	76,000	-	79,000	3,000	
Retirement Specialist III	74,000	76,000	2,000	79,000	3,000	
Retirement Specialist III	76,000	76,000	-	79,000	3,000	
Retirement Specialist I	48,000	15,000	(33,000)	56,000	41,000	
Retirement Specialist I	56,000	27,000	(29,000)	56,000	29,000	
Retirement Specialist I	56,000	18,000	(38,000)	56,000	38,000	
Retirement Specialist I	78,000	39,000	(39,000)	56,000	17,000	
Retirement Specialist I	76,000	15,000	(61,000)	56,000	41,000	
Retirement Specialist I	76,000	15,000	(61,000)	56,000	41,000	
Retirement Specialist I	48,000	15,000	(33,000)	56,000	41,000	
Retirement Support Specialist	52,000	52,000	-	54,000	2,000	
Retirement Support Specialist	45,000	34,000	(11,000)	48,000	14,000	
Retirement Support Specialist	52,000	52,000	-	54,000	2,000	
Retirement Support Specialist	52,000	51,000	(1,000)	54,000	3,000	
Retirement Support Specialist	45,000	27,000	(18,000)	54,000	27,000	
Retirement Support Specialist	45,000	14,000	(31,000)	54,000	40,000	
Footnotes	18,000	7,000	(11,000)	28,000	21,000	
Sub-total Salaries¹	2,815,000	2,383,000	(432,000)	3,020,000	637,000	
Fringe Benefits	1,564,000	1,582,000	18,000	2,044,000	462,000	
Temporary Staff	148,000	592,000	444,000	180,000	(412,000)	
Overtime	55,000	75,000	20,000	75,000	-	
BENEFITS Total	\$ 4,582,000	\$ 4,632,000	\$ 50,000	\$ 5,319,000	\$ 687,000	

¹Total salaries include base salary, work out of class, footnotes and vacation sell back.

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	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2015 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,339,000	\$ 1,340,000	\$ 1,000	\$ 1,381,000	\$ 41,000	3.1%
Fringe Benefits	730,000	743,000	13,000	769,000	26,000	3.5%
Staffing Total	2,069,000	2,083,000	14,000	2,150,000	67,000	3.2%
STAFF DEVELOPMENT						
	46,000	45,000	(1,000)	96,000	51,000	113.3%
PROFESSIONAL FEES						
External Audit	164,000	164,000	-	145,000	(19,000)	-11.6%
Professional Fees Total	164,000	164,000	-	145,000	(19,000)	-11.6%
OFFICE EXPENSE						
Bank Charges	160,000	129,000	(31,000)	132,000	3,000	2.3%
Printing	10,000	14,000	4,000	14,000	-	0.0%
Office Expense Total	170,000	143,000	(27,000)	146,000	3,000	2.1%
SYSTEMS						
Software Maint./Support	22,000	27,000	5,000	79,000	52,000	192.6%
Systems Total	22,000	27,000	5,000	79,000	52,000	192.6%
GRAND TOTAL	\$ 2,471,000	\$ 2,462,000	\$ (9,000)	\$ 2,616,000	\$ 154,000	6.3%

Fiscal Services Department - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
STAFFING	
• Continuation of FSO out-of-class for ACEO position and increase in vacation sell back	\$ 41,000
• Increase in Fringe Benefit rates	26,000
Sub-Total	67,000
STAFF DEVELOPMENT	
• Staff did not attend 2016 GFOA annual conference due to Toronto location; conference added back in 2017	24,000
• Additional education on new budget software to convert cash forecasting from excel spreadsheets to Adaptive	12,000
• Additional training for senior management in budgeting and strategic planning	15,000
Sub-Total	51,000
PROFESSIONAL FEES	
• Decrease from audit RFP to 2016 audit actual	(19,000)
Sub-Total	(19,000)
OFFICE EXPENSE	
• Savings in bank fees offset with increased printing	3,000
Sub-Total	3,000
SYSTEMS	
• Addition of new Budget Software fees and maintenace for three-year contract	52,000
Sub-Total	52,000
Total Over/(Under)	\$ 154,000

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

	Variance Over/(Under)
STAFFING	
• Rounding in salaries	\$ 1,000
• Increase in Fringe Benefits rates	13,000
Sub-Total	14,000
STAFF DEVELOPMENT	
• Decrease in professional fees	(1,000)
Sub-Total	(1,000)
OFFICE EXPENSE	
• Decrease in Bank fees	(31,000)
• Increase in printing charges	4,000
Sub-Total	(27,000)
SYSTEMS	
• Additional work on new GP management reporting system	5,000
Sub-Total	5,000
Total Over/(Under)	\$ (9,000)

Fiscal Services Department Professional Fees	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
External Audit	\$ 164,000	\$164,000	\$ -	\$ 145,000	\$ (19,000)	-11.6%
FISCAL SERVICES Total	\$ 164,000	\$164,000	\$ -	\$ 145,000	\$ (19,000)	-11.6%

Fiscal Services Department Staffing¹	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)
Administrative Assistant	\$ 65,000	\$ 65,000	\$ -	\$ 67,000	\$ 2,000
Financial Services Specialist II	82,000	84,000	2,000	84,000	-
Financial Services Specialist II	82,000	82,000	-	84,000	2,000
Fiscal Services Officer	155,000	155,000	-	158,000	3,000
Retirement Accountant II	81,000	82,000	1,000	90,000	8,000
Retirement Accountant II	89,000	90,000	1,000	93,000	3,000
Retirement Accountant II	86,000	85,000	(1,000)	90,000	5,000
Retirement Accountant II	81,000	78,000	(3,000)	85,000	7,000
Retirement Accountant II	89,000	90,000	1,000	93,000	3,000
Retirement Accountant III	97,000	96,000	(1,000)	98,000	2,000
Retirement Accountant III	97,000	98,000	1,000	100,000	2,000
Retirement Accountant III	97,000	96,000	(1,000)	101,000	5,000
Retirement Assistant Accounting Manager	125,000	125,000	-	128,000	3,000
Retirement Assistant Accounting Manager	113,000	114,000	1,000	110,000	(5,000)
Sub-total Salaries¹	1,339,000	1,340,000	1,000	1,381,000	41,000
Fringe Benefits	730,000	743,000	13,000	769,000	26,000
Temporary Staff	-	-	-	-	-
FISCAL SERVICES Total	\$ 2,069,000	\$ 2,083,000	\$ 14,000	\$ 2,150,000	\$ 67,000

¹ Sub-Total salaries include base salary, work out of class, footnotes and vacation sell back.

HUMAN RESOURCES DEPARTMENT (p.#37)

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

Human Resources Department	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 325,000	\$ 320,000	\$ (5,000)	\$ 333,000	\$ 13,000	4.1%
Fringe Benefits	177,000	170,000	(7,000)	166,000	(4,000)	-2.4%
Temporary Staff	-	-	-	-	-	0.0%
Staffing Total	502,000	490,000	(12,000)	499,000	9,000	1.8%
STAFF DEVELOPMENT	27,000	31,000	4,000	39,000	8,000	25.8%
PROFESSIONAL FEES	82,000	77,000	(5,000)	77,000	-	0.0%
OFFICE EXPENSE						
Ergo. Furniture & Equipment	20,000	20,000	-	25,000	5,000	25.0%
Office Expense Total	20,000	20,000	-	25,000	5,000	25.0%
GRAND TOTAL	\$ 631,000	\$ 618,000	\$ (13,000)	\$ 640,000	\$ 22,000	3.6%

Human Resources Department - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
STAFFING	
• Increase in net cost vacation sell back including fringe benefits	\$ 13,000
• Change in fringe benefit rate	(4,000)
Sub-total	9,000
STAFF DEVELOPMENT	
• Increase in-house training for ACERA staff	8,000
Sub-total	8,000
OFFICE EXPENSE	
• Increase in forergonomics furniture	5,000
Sub-total	5,000
Total Over/(Under)	\$ 22,000

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

	Variance Over/(Under)
STAFFING	
• Decrease in net cost or COLA and vacation sell back including fringe benefits	\$ (5,000)
• Change in fringe benefit rate	(7,000)
Sub-total	(12,000)
STAFF DEVELOPMENT	
• Added all ACERA in house training	4,000
Sub-total	4,000
PROFESSIONAL FEES	
• LMS implementation delay	(5,000)
Sub-total	(5,000)
Total Over/(Under)	\$ (13,000)

Human Resources Department Professional Fees	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Alameda County HRS (LMS)	\$ 2,000	\$ -	\$ (2,000)	\$ -	\$ -	0.0%
Consultant Fees - Lakeside Group	80,000	77,000	(3,000)	77,000	-	0.0%
Human Resources Total	\$ 82,000	\$ 77,000	\$ (5,000)	\$ 77,000	\$ -	0.0%

Human Resources Department Staffing¹	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)
Administrative Support Specialist	\$ 66,000	\$ 66,000	\$ -	\$ 68,000	\$ 2,000
Human Resources Officer	156,000	152,000	(4,000)	158,000	6,000
Human Resources Specialist	103,000	102,000	(1,000)	107,000	5,000
Sub-total Salaries¹	325,000	320,000	(5,000)	333,000	13,000
Fringe Benefits	177,000	170,000	(7,000)	166,000	(4,000)
Temporary Staff	-	-	-	-	-
HUMAN RESOURCES Total	\$ 502,000	\$ 490,000	\$ (12,000)	\$ 499,000	\$ 9,000

¹Sub-Total salaries include base salary, work out of class, footnotes and vacation sell back.

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	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 483,000	\$ 406,000	\$ (77,000)	\$ 473,000	\$ 67,000	16.5%
Fringe Benefits	263,000	206,000	(57,000)	217,000	11,000	5.3%
Temporary Staff	-	31,000	31,000	-	(31,000)	-100.0%
Staffing Total	746,000	643,000	(103,000)	690,000	47,000	-7.3%
STAFF DEVELOPMENT	41,000	38,000	(3,000)	32,000	(6,000)	-15.8%
PROFESSIONAL FEES	12,000	12,000	-	-	(12,000)	-100.0%
SYSTEMS						
Software Maint./Support	3,000	4,000	1,000	2,000	(2,000)	-50.0%
Systems Total	3,000	4,000	1,000	2,000	(2,000)	-50.0%
GRAND TOTAL	\$ 802,000	\$ 697,000	\$ (105,000)	\$ 724,000	\$ 27,000	3.9%

Internal Audit Department - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
STAFFING	
• Replace internal auditor transferred out-of-class to cover vacant Assist. Retirement Acct. Mgr.	\$ 51,000
• Vacation sell backs including Fringe Benefits	8,000
• Merit Increase	6,000
• Increase in Fringe Benefit rate	(18,000)
Sub-Total	47,000
STAFF DEVELOPMENT	
• Decrease in senior staff conferences	(6,000)
Sub-Total	(6,000)
PROFESSIONAL FEES	
• Completion of Ideal software implementation	(12,000)
Sub-Total	(12,000)
SYSTEMS	
• Decrease in software maintenance fees	(2,000)
Sub-Total	(2,000)
Total Over/(Under)	\$ 27,000

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

	Variance Over/(Under)
STAFFING	
• Internal auditor transferred out-of-class to cover vacancy in Fiscal Services, offset by temporary	\$ (40,000)
• Decrease in Fringe Benefit	(63,000)
Sub-Total	(103,000)
PROFESSIONAL FEES	
• Decrease in IDEA consulting fees	(3,000)
Sub-Total	(3,000)
SYSTEMS	
• Increase in cost of software	1,000
Sub-Total	1,000
Total Over/(Under)	\$ (105,000)

Internal Audit Department Professional Fees	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
IDEA Consulting - Audit Software	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ (5,000)	-100.0%
Peer Review - Internal Audit Quality Assurance	7,000	7,000	-	-	(7,000)	-100.0%
Internal Audit Total	\$ 12,000	\$ 12,000	\$ -	\$ -	\$ (12,000)	-100.0%

Internal Audit Department Staffing¹	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)
Chief Internal Auditor	\$ 143,000	\$ 141,000	\$ (2,000)	\$ 149,000	\$ 8,000
Internal Auditor	102,000	100,000	(2,000)	106,000	6,000
Internal Auditor	105,000	37,000	(68,000)	83,000	46,000
Retirement Assistant Accounting Manager	133,000	128,000	(5,000)	135,000	7,000
Sub-total Salaries¹	483,000	406,000	(77,000)	473,000	67,000
Fringe Benefits	263,000	206,000	(57,000)	217,000	11,000
Temporary Staff	-	31,000	31,000	-	(31,000)
INTERNAL AUDIT Total	\$ 746,000	\$ 643,000	\$ (103,000)	\$ 690,000	\$ 47,000

¹Sub-Total salaries include base salary, work out of class, footnotes and vacation sell back.

INVESTMENT DEPARTMENT (p.#37)

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

Investment Department	2016 Budget	2016 Forecast	2016 Forecast vs. Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,131,000	\$ 1,085,000	\$ (46,000)	\$ 1,184,000	\$ 99,000	9.1%
Fringe Benefits	617,000	523,000	(94,000)	556,000	33,000	6.3%
Temporary	-	37,000	37,000	-	(37,000)	-100.0%
Staffing Total	1,748,000	1,645,000	(103,000)	1,740,000	95,000	5.8%
STAFF DEVELOPMENT	85,000	94,000	9,000	94,000	-	0.0%
GRAND TOTAL	\$ 1,833,000	\$ 1,739,000	\$ (94,000)	\$ 1,834,000	\$ 95,000	5.5%

Investment Department - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
STAFFING	
• Net cost of full year hiring of Investment Analysts and adding Administrative Support Specialist instead of second Investment Analyst at mid year. Offset by cost reduction in temporary staffing	\$ 33,000
• Merit increases and vacation sellbacks	55,000
• Increase in fringe benefit rate	7,000
Sub-Total	95,000
Total Over/(Under)	\$ 95,000

Investment Department - Variance Narrative 2016 Forecast vs. 2016 Budget

	Variance Over/(Under)
STAFFING	
• Hiring Administrative Support Specialist offset by temporary costs and merit increases	\$ (11,000)
• Decrease in fringe benefit rate	(92,000)
Sub-Total	(103,000)
STAFF DEVELOPMENT	
• Increase in training	9,000
Total Over/(Under)	\$ (94,000)

Investment Department Staffing			2016 Forecast vs. 2016 Budget Over/(Under)		2017 Approved Budget vs. 2016 Forecast Over/(Under)	
	2016 Budget	2016 Forecast			2017 Approved Budget	
Administrative Specialist II	\$ 84,000	\$ 87,000	\$ 3,000	\$	88,000	\$ 1,000
Administrative Support Specialist	66,000	23,000	(43,000)		68,000	45,000
Chief Investment Officer	212,000	220,000	8,000		224,000	4,000
Investment Analyst	98,000	97,000	(1,000)		101,000	4,000
Investment Analyst	98,000	96,000	(2,000)		101,000	5,000
Investment Analyst	81,000	84,000	3,000		91,000	7,000
Investment Analyst	81,000	84,000	3,000		89,000	5,000
Investment Officer	128,000	127,000	(1,000)		135,000	8,000
Investment Officer	126,000	119,000	(7,000)		127,000	8,000
Sr. Investment Officer	157,000	148,000	(9,000)		160,000	12,000
Sub-total Salaries¹	1,131,000	1,085,000	(46,000)		1,184,000	99,000
Fringe Benefits	617,000	523,000	(94,000)		556,000	33,000
Temporary Staff	-	37,000	37,000		-	(37,000)
INVESTMENT Total	\$ 1,748,000	\$ 1,645,000	\$ (103,000)	\$	\$ 1,740,000	\$ 95,000

¹Sub-Total salaries include base salary, work out of class, footnotes and vacation sell back.

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

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

Legal Department	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 935,000	\$ 925,000	\$ (10,000)	\$ 1,027,000	\$ 102,000	11.0%
Fringe Benefits	510,000	397,000	(113,000)	431,000	34,000	8.6%
Temporary Staff/Misc.Staffing	-	17,000	17,000	-	(17,000)	-100.0%
Staffing Total	1,445,000	1,339,000	(106,000)	1,458,000	119,000	8.9%
STAFF DEVELOPMENT	87,000	103,000	16,000	92,000	(11,000)	-10.7%
PROFESSIONAL FEES	195,000	294,000	99,000	287,000	(7,000)	-2.4%
DISABILITY ARBITRATION & TRANSCRIPTS	30,000	94,000	64,000	90,000	(4,000)	-4.3%
SYSTEMS						
Software Maint./Support	19,000	19,000	-	19,000	-	0.0%
Systems Total	19,000	19,000	-	19,000	-	0.0%
GRAND TOTAL	\$ 1,776,000	\$ 1,849,000	\$ 73,000	\$ 1,946,000	\$ 97,000	5.2%

Legal Department - Variance Narrative 2017 Approved Budget vs. 2016 Forecast

	Variance Over/(Under)
STAFFING	
• Filling Chief Counsel position, merit increase and vacation sell back	\$ 119,000
• Merit increase	20,000
• Change in fringe benefit rate	(20,000)
Sub-Total	119,000
STAFF DEVELOPMENT	
• Slight increase in training and conference	4,000
• Increase in professional dues and subscriptions	10,000
• Reduction in recruitment costs	(25,000)
Sub-Total	(11,000)
PROFESSIONAL FEES	
• Increase in fiduciary, tax and employment litigation offset by reduction in contingency	(7,000)
Sub-Total	(7,000)
DISABILITY-LEGAL TRANSCRIPTS	
• Number of cases expected to increase compared to prior year	(4,000)
Sub-Total	(4,000)
Total Over/(Under)	\$ 97,000

**Legal Department - Variance Narrative
2016 Forecast vs. 2016 Budget**

Variance Over/(Under)

STAFFING

• Addition of Administrative Support Specialist position and resignation of chief counsel and merit increases	\$	7,000
• Decrease in fringe benefit rate		(113,000)
Sub-Total		(106,000)

STAFF DEVELOPMENT

• Reduction in training due to attrition; savings from professional fees. These items offset by recruitment fees for new Chief Counsel.		16,000
Sub-Total		16,000

PROFESSIONAL FEES

• Costs of Neeley case: court order to pay member's legal fees plus the cost of ACERA counsel		58,000
• Additional cost of investigations and litigation		41,000
Sub-Total		99,000

DISABILITY-LEGAL TRANSCRIPTS

• Escalation of number of cases sent to Arbitration		64,000
Sub-Total		64,000

Total Over/(Under) \$ 73,000

**Legal Department
Professional Fees**

	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Contingency Fees - Misc	\$ -	\$ 48,000	\$ 48,000	\$ -	\$ (48,000)	-100.0%
Employment Litigation and Securities	20,000	67,000	47,000	66,000	(1,000)	-1.5%
Fiduciary	100,000	109,000	9,000	161,000	52,000	47.7%
Pension Reform	20,000	7,000	(13,000)	-	(7,000)	-100.0%
Tax and Benefit Issues	55,000	63,000	8,000	60,000	(3,000)	-4.8%
Legal Total	\$ 195,000	\$ 294,000	\$ 99,000	\$ 287,000	\$ (7,000)	-2.4%

**Legal Department
Staffing**

	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)
Administrative Specialist II	\$ 69,000	\$ 72,000	\$ 3,000	\$ 77,000	\$ 5,000
Administrative Support Specialist	63,000	63,000	-	69,000	6,000
Administrative Support Specialist	57,000	43,000	(14,000)	61,000	18,000
Associate Counsel	186,000	186,000	-	189,000	3,000
Associate Counsel	156,000	157,000	1,000	163,000	6,000
Associate Counsel	178,000	179,000	1,000	179,000	-
Chief Counsel	219,000	218,000	(1,000)	219,000	1,000
Compliance Officer	7,000	7,000	-	70,000	63,000
Sub-total Salaries¹	935,000	925,000	(10,000)	1,027,000	102,000
Fringe Benefits	510,000	397,000	(113,000)	431,000	34,000
Temporary Staff	-	17,000	17,000	-	(17,000)
LEGAL Total	\$ 1,445,000	\$ 1,339,000	\$ (106,000)	\$ 1,458,000	\$ 119,000

¹Sub-Total salaries include base salary, work out of class, footnotes and vacation sell back.

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

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

PRISM Department	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,090,000	\$ 939,000	\$ (151,000)	\$ 1,095,000	\$ 156,000	16.6%
Fringe Benefits	594,000	536,000	(58,000)	594,000	58,000	10.8%
Temporary Staff	-	40,000	40,000	6,000	(34,000)	-85.0%
Staffing Total	1,684,000	1,515,000	(169,000)	1,695,000	180,000	11.9%
STAFF DEVELOPMENT	114,000	93,000	(21,000)	107,000	14,000	15.1%
PROFESSIONAL SERVICES	25,000	25,000	-	25,000	-	0.0%
SYSTEMS						
Business Continuity Expenses	149,000	114,000	(35,000)	121,000	7,000	6.1%
Computer Maintenance	27,000	26,000	(1,000)	18,000	(8,000)	-30.8%
Minor Computer Hardware	55,000	20,000	(35,000)	32,000	12,000	60.0%
Software Maint.& Support	188,000	152,000	(36,000)	177,000	25,000	16.4%
Systems Total	419,000	312,000	(107,000)	348,000	36,000	11.5%
GRAND TOTAL	\$ 2,242,000	\$ 1,945,000	\$ (297,000)	\$ 2,175,000	\$ 230,000	11.8%

**PRISM Department - Variance Narrative
2017 Approved Budget vs. 2016 Forecast**

	Variance Over/(Under)
STAFFING	
• Net increase in salaries due to hiring Administrative Specialist II and PRISM Manager, promotions, etc.	\$ 192,000
• Merit increases, footnotes, vacation sell backs, etc.	34,000
• Decrease in fringe benefits	(46,000)
Sub-Total	180,000
STAFF DEVELOPMENT	
• Increase in senior manager conferences and training due to full hiring	14,000
Sub-Total	14,000
SYSTEMS	
• Increase of BCP portion of support for additional OnBase modules	7,000
• Filling positions reduced cost of computer maintenance and hardware purchases	4,000
• Increase in software maintenace due to strategic goals	25,000
Sub-Total	36,000
Total Over/(Under)	\$ 230,000

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

	Variance Over/(Under)
STAFFING	
• Decrease from retirement of PRISM Manager and Administrative Specialist II leave	\$ (31,000)
• Decrease in fringe benefit rate	(116,000)
• Deferred merit increase	(22,000)
Sub-Total	(169,000)
STAFF DEVELOPMENT	
• Decrease in headcount resulted in reduced attendance at conferences and trainings	(21,000)
Sub-Total	(21,000)
SYSTEMS	
• Change in vendors for EDMS (50% to Disaster recovery)	(35,000)
• Change in vendors for EDMS (50% to PRISM)	(36,000)
• Reduction in computer maintenance and hardware purchases	(36,000)
Sub-Total	(107,000)
Total Over/(Under)	\$ (297,000)

PRISM Department Professional Fees	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Project Management Consulting	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -	0.0%
PRISM Total	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -	0.0%

PRISM Department Staffing¹	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)
Administrative Specialist II	\$ 75,000	\$ 36,000	\$ (39,000)	\$ 80,000	\$ 44,000
Communications System Coordinator	106,000	108,000	2,000	104,000	(4,000)
Computer and Network System Analyst	133,000	126,000	(7,000)	134,000	8,000
Computer and Network System Specialist	80,000	77,000	(3,000)	82,000	5,000
Project and Information Manager	147,000	57,000	(90,000)	111,000	54,000
Retirement Support Specialist	50,000	51,000	1,000	54,000	3,000
Retirement Support Specialist	52,000	51,000	(1,000)	54,000	3,000
Retirement System Program Analyst	105,000	99,000	(6,000)	123,000	24,000
Retirement System Program Analyst	110,000	111,000	1,000	119,000	8,000
Retirement System Program Analyst	120,000	115,000	(5,000)	123,000	8,000
Retirement System Program Analyst	108,000	104,000	(4,000)	111,000	7,000
Sub-total Salaries¹	1,086,000	935,000	(151,000)	1,095,000	160,000
Fringe Benefits	594,000	536,000	(58,000)	594,000	58,000
Temporary Staff	-	40,000	40,000	6,000	(34,000)
Overtime	4,000	4,000	-	-	(4,000)
PRISM Total	\$ 1,684,000	\$ 1,515,000	\$ (169,000)	\$ 1,695,000	\$ 180,000

¹Sub-Total salaries include base salary, work out of class, footnotes and vacation sell back.

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Section V

Enterprise-wide Projects

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Section V

Enterprise-wide Projects

2016 Budgeted Projects	GASB		Technology Enhancement		Technology Improvement Plan		Totals
Staff Development	\$	-	\$	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

2016 Projects Forecast (\$ in thousands)	GASB		Improvement Methodology		Pension Administration System		Technology Enhancement		Technology Improvement Plan		Website Enhancements		Totals
Staff Development	\$	-	\$	5	\$	-	\$	12	\$	-	\$	-	\$ 17
Professional Fees													
GASB 74 & 75 - Actuarial		33		-		-		-		-		-	33
GASB 74 & 75 - Audit		44		-		-		-		-		-	44
ACERA Intranet		-		-		-		96		-		-	96
Pension System Consultant		-		-		50		-		-		-	50
Oversight Project Management Services		-		-		-		-		150		-	150
Website Enhancements		-		-		-		-		-		43	43
Systems													
Budget Software		-		-		-		90		-		-	90
Database Migration		-		-		-		20		-		-	20
EDMS Upgrade		-		-		-		25		-		-	25
Totals	\$	77	\$	5	\$	50	\$	243	\$	150	\$	43	\$ 568

Section V: Enterprise-wide Projects
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2017 Budgeted Projects¹ (\$ in thousands)	Cyber-Security		Database Migration		GASB		Improvement Methodology		Pension Administration System		Technology Enhancement		Web Member Services		Website Enhancements		Totals	
Staff Development	\$	14	\$	-	\$	-	\$	17	\$	-	\$	-	\$	-	\$	-	\$	31
Professional Fees																		
GASB 74 & 75 - Actuarial		-		-		50		-		-		-		-		-		50
GASB 74 & 75 - Audit		-		-		40		-		-		-		-		-		40
Pension Administration System		-		-		-		-		100		-		-		-		100
Website Enhancement		-		-		-		-		-		-		-		50		50
System																		
Budget Software		-		-		-		-		-		12		-		-		12
Database Migration		-		110		-		-		-		-		-		-		110
EDMS Upgrade		-		-		-		-		-		60		-		-		60
Web Member Services		-		-		-		-		-		-		10		-		10
Totals	\$	14	\$	110	\$	90	\$	17	\$	100	\$	72	\$	10	\$	50	\$	463

¹ Restricted funding access for the business plan project initiatives until a formal project charter has been approved.

Projects	2016 Budget		2016 Forecast		2016 Forecast vs. 2016 Budget Over/(Under)		2017 Approved Budget		2017 Approved Budget vs. 2016 Forecast Over/(Under)		% Change
Staff Development	\$	12,000	\$	17,000	\$	5,000	\$	31,000	\$	14,000	82.4%
Professional Fees		472,000		416,000		(56,000)		240,000		(176,000)	-42.3%
Systems		75,000		135,000		60,000		192,000		57,000	42.2%
Grand Total	\$	559,000	\$	568,000	\$	9,000	\$	463,000	\$	(105,000)	-18.5%

Projects Professional Fees	2016 Budget		2016 Forecast		2016 Forecast vs. 2016 Budget Over/(Under)		2017 Approved Budget		2017 Approved Budget vs. 2016 Forecast Over/(Under)		% Change
GASB	\$	76,000	\$	77,000	\$	1,000	\$	90,000	\$	13,000	16.9%
Pension Administration System		150,000		50,000		(100,000)		100,000		50,000	100.0%
Technology Enhancement		96,000		96,000		-		-		(96,000)	-100.0%
Technology Improvement Plan		150,000		150,000		-		-		(150,000)	-100.0%
Website Enhancement		-		43,000		43,000		50,000		7,000	16.3%
Grand Total	\$	472,000	\$	416,000	\$	(56,000)	\$	240,000	\$	(176,000)	-42.3%

Projects System	2016 Budget		2016 Forecast		2016 Forecast vs. 2016 Budget Over/(Under)		2017 Approved Budget		2017 Approved Budget vs. 2016 Forecast Over/(Under)		% Change
Budget Software	\$	75,000	\$	90,000	\$	15,000	\$	12,000	\$	(78,000)	-86.7%
Database Migration		-		20,000		20,000		110,000		90,000	450.0%
EDMS Upgrade		-		25,000		25,000		60,000		35,000	140.0%
Web Member Services		-		-		-		10,000		10,000	100.0%
Grand Total	\$	75,000	\$	135,000	\$	60,000	\$	192,000	\$	57,000	42.2%

Project -Variance Narrative 2017 Approved Budget vs. 2016 Forecast		Variance Over/(Under)
STAFF DEVELOPMENT		
Cybersecurity	\$	14,000
Process Improvement Methodology		12,000
Tehcnology Enhancement-Share Point & SQL		(12,000)
Sub-Total		14,000
PROFESSIONAL FEES		
GASB 74 & 75		
Actuarial		17,000
Audit		(4,000)
Pension Admin. Sys. cost analysis		50,000
Web Site Enhancement		7,000
ACERA Intranet		(96,000)
Oversight Project Management		(150,000)
Sub-Total		(176,000)
System		
Budget Software		(78,000)
Database Migration		90,000
EDMS Upgrade		35,000
Web Member Services		10,000
Sub-Total		57,000
Total Over/(Under)	\$	(105,000)

Project - Variance Narrative 2016 Forecast vs. 2016 Approved Budget		Variance Over/(Under)
STAFF DEVELOPMENT		
Process Improvement Methodology	\$	5,000
Sub-Total		5,000
PROFESSIONAL FEES		
GASB 74 & 75		
Audit Fees		1,000
Pension Admin. Sys. cost analysis		(100,000)
Website Enhancement		43,000
Sub-Total		(56,000)
SYSTEMS		
Budget Software		15,000
Database Migration		20,000
EDMS Upgrade		25,000
Sub-Total		60,000
Total Over/(Under)	\$	9,000

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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 2017 administrative budget, ACERA is \$5.8 million under the cap limit of \$18.6 million.

BCP EXPENSES BUDGET ALLOCATION	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Approved Budget	2017 Approved Budget Over/(Under) 2016 Forecast
STAFFING	\$ 252,000	\$ 232,000	\$ (20,000)	\$ 253,000	\$ 21,000
STAFF DEVELOPMENT	9,000	8,000	(1,000)	23,000	15,000
PROFESSIONAL FEES					
Consultant Fees - Operations	2,000	2,000	-	2,000	-
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	3,000	2,000	(1,000)	3,000	1,000
Building Expenses	1,000	-	(1,000)	1,000	1,000
Communications	2,000	3,000	1,000	3,000	-
Equipment Lease/Maintenance	2,000	2,000	-	2,000	-
Minor Furniture and Equipment	-	-	-	-	-
Office Supplies	1,000	2,000	1,000	2,000	-
Printing & Postage	1,000	1,000	-	1,000	-
Office Expense Total	10,000	10,000	-	12,000	2,000
INSURANCE	14,000	19,000	5,000	25,000	6,000
SYSTEMS					
Disaster Recovery & Business Continuity	149,000	114,000	(35,000)	121,000	7,000
DEPRECIATION					
Depreciation Expense - Technology	419,000	222,000	(197,000)	14,000	(208,000)
Depreciation Expense - Other	3,000	2,000	(1,000)	2,000	-
Depreciation Total	422,000	224,000	(198,000)	16,000	(208,000)
GRAND TOTAL	\$ 858,000	\$ 609,000	\$ (249,000)	\$ 452,000	\$ (157,000)

Section VI: Administrative Budget
(TOC p# III)

INVESTMENT EXPENSES BUDGET ALLOCATION	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Approved Budget	2017 Approved Budget Over/(Under) 2016 Forecast
STAFFING					
Staffing - Direct	\$ 1,745,000	\$ 1,643,000	\$ (102,000)	\$ 1,737,000	\$ 94,000
Staffing - Indirect	680,000	632,000	(48,000)	675,000	43,000
Staffing Total	2,425,000	2,275,000	(150,000)	2,412,000	137,000
STAFF DEVELOPMENT	171,000	173,000	2,000	172,000	(1,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	21,000	24,000	3,000	21,000	(3,000)
External Audit	52,000	52,000	-	46,000	(6,000)
Professional Fees Total	73,000	76,000	3,000	67,000	(9,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	29,000	25,000	(4,000)	25,000	-
Building Expenses	7,000	4,000	(3,000)	5,000	1,000
Communications	21,000	30,000	9,000	25,000	(5,000)
Equipment Lease/Maintenance	14,000	14,000	-	14,000	-
Minor Furniture and Equipment	4,000	4,000	-	5,000	1,000
Office Supplies	14,000	13,000	(1,000)	13,000	-
Printing & Postage	6,000	7,000	1,000	7,000	-
Office Expense Total	95,000	97,000	2,000	94,000	(3,000)
INSURANCE	138,000	181,000	43,000	215,000	34,000
DEPRECIATION					
Depreciation Expense - Other	31,000	25,000	(6,000)	20,000	(5,000)
Depreciation Total	31,000	25,000	(6,000)	20,000	(5,000)
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	137,000	148,000	11,000	154,000	6,000
GRAND TOTAL	\$ 3,070,000	\$ 2,975,000	\$ (95,000)	\$ 3,134,000	\$ 159,000

LEGAL EXPENSES BUDGET ALLOCATION	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Approved Budget	2017 Approved Budget Over/(Under) 2016 Forecast
STAFFING	\$ 1,104,000	\$ 1,023,000	\$ (81,000)	\$ 1,136,000	\$ 113,000
STAFF DEVELOPMENT	126,000	139,000	13,000	139,000	-
PROFESSIONAL FEES					
Consultant Fees - Operations	9,000	11,000	2,000	13,000	2,000
Consultant Fees - Legal	195,000	294,000	99,000	287,000	(7,000)
Professional Fees Total	204,000	305,000	101,000	300,000	(5,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	14,000	11,000	(3,000)	15,000	4,000
Building Expenses	3,000	2,000	(1,000)	3,000	1,000
Communications	9,000	14,000	5,000	16,000	2,000
Equipment Lease/Maintenance	7,000	6,000	(1,000)	8,000	2,000
Minor Furniture and Equipment	2,000	2,000	-	3,000	1,000
Office Supplies	6,000	6,000	-	8,000	2,000
Printing & Postage	3,000	3,000	-	4,000	1,000
Office Expense Total	44,000	44,000	-	57,000	13,000
INSURANCE	63,000	82,000	19,000	130,000	48,000
MEMBER SERVICES					
Disability - Legal Arbitration & Transcripts	30,000	94,000	64,000	90,000	(4,000)
SYSTEMS					
Software Maintenance & Support	19,000	19,000	-	19,000	-
DEPRECIATION	14,000	11,000	(3,000)	12,000	1,000
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	55,000	59,000	4,000	61,000	2,000
GRAND TOTAL	\$ 1,659,000	\$ 1,776,000	\$ 117,000	\$ 1,944,000	\$ 168,000

SRBR EXPENSES BUDGET ALLOCATION	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Approved Budget	2017 Approved Budget Over/(Under) 2016 Forecast
STAFFING	\$ 661,000	\$ 667,000	\$ 6,000	\$ 784,000	\$ 117,000
PROFESSIONAL FEES					
Actuarial - SRBR Valuation	36,000	37,000	1,000	38,000	1,000
Consultant Fees - SRBR	252,000	301,000	49,000	302,000	1,000
Professional Fees Total	288,000	338,000	50,000	340,000	2,000
MEMBER SERVICES					
Health Reimbursement Account (HRA)	75,000	45,000	(30,000)	64,000	19,000
Printing & Postage - Members	77,000	73,000	(4,000)	77,000	4,000
Member Services Total	152,000	118,000	(34,000)	141,000	23,000
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	138,000	147,000	10,000	153,000	6,000
UNCOLLECTABLE BENEFIT PAYMENTS	-	200,000	200,000	54,000	(146,000)
GRAND TOTAL	\$ 1,239,000	\$ 1,470,000	\$ 231,000	\$ 1,472,000	\$ 2,000

Section VI: Administrative Budget
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TECHNOLOGY EXPENSES BUDGET ALLOCATION	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Approved Budget	2017 Approved Budget Over/(Under) 2016 Forecast
PROFESSIONAL FEES					
Consultant Fees - Technology	\$ 396,000	\$ 339,000	\$ (57,000)	\$ 150,000	\$ (189,000)
SYSTEMS					
Computer Hardware & Maintenance	82,000	66,000	(16,000)	50,000	(16,000)
County Data Processing	87,000	91,000	4,000	92,000	1,000
Software Maintenance & Support	778,000	709,000	(69,000)	882,000	173,000
Systems Total	947,000	866,000	(81,000)	1,024,000	158,000
DEPRECIATION	525,000	255,000	(270,000)	28,000	(227,000)
GRAND TOTAL	\$ 1,868,000	\$ 1,460,000	\$ (408,000)	\$ 1,202,000	\$ (258,000)

ADMINISTRATIVE EXPENSES BUDGET ALLOCATION	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Approved Budget	2017 Approved Budget Over/(Under) 2016 Forecast
STAFFING	\$ 9,397,000	\$ 8,966,000	\$ (431,000)	\$ 10,126,000	\$ 1,160,000
STAFF DEVELOPMENT	359,000	327,000	(32,000)	378,000	51,000
PROFESSIONAL FEES					
Consultant Fees - Operations	87,000	98,000	11,000	97,000	(1,000)
External Audit	155,000	156,000	1,000	139,000	(17,000)
Professional Fees Total	242,000	254,000	12,000	236,000	(18,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	124,000	103,000	(21,000)	114,000	11,000
Building Expenses	29,000	18,000	(11,000)	25,000	7,000
Communications	86,000	124,000	38,000	116,000	(8,000)
Equipment Lease/Maintenance	59,000	59,000	-	65,000	6,000
Minor Furniture and Equipment	17,000	17,000	-	22,000	5,000
Office Supplies	56,000	56,000	-	60,000	4,000
Printing & Postage	26,000	30,000	4,000	30,000	-
Office Expense Total	397,000	407,000	10,000	432,000	25,000
INSURANCE	575,000	755,000	180,000	996,000	241,000
MEMBER SERVICES					
Benefit Verification	4,000	4,000	-	4,000	-
Members Medical Expense	150,000	151,000	1,000	184,000	33,000
Disability Claims Management	8,000	8,000	-	33,000	25,000
Member Training & Education	27,000	27,000	-	25,000	(2,000)
Printing & Postage - Members	77,000	72,000	(5,000)	77,000	5,000
Member Services Total	266,000	262,000	(4,000)	323,000	61,000
DEPRECIATION	129,000	106,000	(23,000)	93,000	(13,000)
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	275,000	236,000	(39,000)	246,000	10,000
GRAND TOTAL	\$ 11,640,000	\$ 11,313,000	\$ (327,000)	\$ 12,830,000	\$ 1,517,000

OPERATING AND ADMINISTRATIVE EXPENSES

Operating Expenses	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Proposed Budget	2017 Approved Budget Over/(Under) 2016 Forecast
EXPENSE CATEGORY					
Staffing	\$ 13,839	\$ 13,163	\$ (676)	\$ 14,711	\$ 1,548
Staff Development	665	647	(18)	712	65
Professional Fees	1,456	1,614	158	1,467	(147)
Office Expense	546	558	12	595	37
Insurance	790	1,037	247	1,366	329
Member Services	448	474	26	554	80
Systems	1,115	999	(116)	1,164	165
Board of Retirement	605	590	(15)	614	24
Uncollectable Benefit Payments	-	200	200	54	(146)
Depreciation	1,121	621	(500)	169	(452)
Operating Expenses	\$ 20,585	\$ 19,903	\$ (682)	\$ 21,406	\$ 1,503

Administrative Expenses	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Proposed Budget	2017 Approved Budget Over/(Under) 2016 Forecast
EXCLUSIONS FROM OPERATING EXPENSE TO CALCULATE ADMINISTRATIVE EXPENSE					
Operating Expense (from above)	\$ 20,585	\$ 19,903	\$ (682)	\$ 21,406	\$ 1,503
Actuarial	(251)	(300)	(49)	(372)	(72)
Business Continuity ¹	(858)	(609)	249	(452)	157
Investment- Related ²	(3,070)	(2,975)	95	(3,134)	(159)
Legal- Related ³	(1,659)	(1,776)	(117)	(1,944)	(168)
SRBR ⁴	(1,239)	(1,470)	(231)	(1,472)	(2)
Technology ⁵	(1,868)	(1,460)	408	(1,202)	258
ADMINISTRATIVE EXPENSE	\$ 11,640	\$ 11,313	\$ (327)	\$ 12,830	\$ 1,517

1 **Business Continuity**—2017 related costs include total direct costs (\$135K) for satellite phones, software support, and direct depreciation; 1.7% is added for both allocated staffing and other overhead expenses (\$317K).

2 **Investment**—2017 related expenses are composed of direct costs of Investment staff (\$1,737K), allocated staffing costs (\$675K), 25% of Board expenses (\$154K), 25% of audit expenses (\$46K) and 16.4% of other overhead costs (\$522K).

3 **Legal**—2017 related expenses include direct costs of Staffing (\$1,136K), Professional Legal fees (\$287K), Disability Arbitration Expenses (\$90K), 10% of Board expenses (\$61K), and 7.7% of other overhead costs (\$370K).

4 **SRBR**—2017 related expenses are composed of allocated staffing costs (\$784K), direct costs of Professional Fees (\$340K), Member Services and Uncollectable Benefit Payments (\$195K), and 25% of Board expenses (\$153K).

5 **Technology**—2017 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)	2016 Budget	2016 Forecast	2016 Forecast Over/(Under) 2016 Budget	2017 Proposed Budget	2017 Approved Budget Over/(Under) 2016 Forecast
Total Actuarial Accrued Liabilities ⁶	\$ 8,495,447	\$ 8,495,447	\$ -	\$ 8,860,453	\$ 365,006
Limit on Expense	0.21%	0.21%	-	0.21%	-
Maximum Allowed	17,840	17,840	-	18,607	767
Administrative Expense	11,640	11,313	(327)	12,830	1,517
Over/(Under) Maximum	\$ (6,200)	\$ (6,527)	\$ (327)	\$ (5,777)	\$ 750

6 Based on total actuarial accrued liabilities for pension as of December 31, 2015; OPEB, and non-OPEB as of December 31, 2014 (December 31, 2015 is not yet available) for 2017 Budget and December 31, 2014 for 2016 budget (latest available actuarial valuation).

2017 DEPARTMENT WEIGHED AVERAGE

2017 Allocation Percentages and Department Expense 2017 Department Weighted Averages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFFING	Administration	9.7%	0.0%	1.4%	0.0%	0.0%	88.9%
	Benefits	0.3%	0.0%	0.5%	11.7%	0.0%	87.5%
WAGES / SALARY	Fiscal Services	9.5%	0.0%	1.7%	8.0%	0.0%	80.8%
FRINGE BENEFITS	Human Resources	2.4%	0.0%	0.2%	0.0%	0.0%	97.4%
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	21.7%	77.9%	0.4%	0.0%	0.0%	0.0%
	PRISM	0.9%	0.0%	9.7%	0.0%	0.0%	89.4%
Total Staffing Factors		16.4%	7.7%	1.7%	5.4%	0.0%	68.8%

2016 DEPARTMENT WEIGHED AVERAGE

2016 Allocation Percentages and Department Expense 2016 Department Weighted Averages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFFING	Administration	11.1%	0.0%	1.4%	0.0%	0.0%	87.5%
	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%

APPLIED FACTORS

2017 Applied Allocation Factors							
Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
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	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	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 Claims Management	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 & Misc. Admin.	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Building Expenses	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Communications	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Communications - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Equipment Lease & Maintenance	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Minor Furniture & Equipment	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Office Maintenance & Supplies	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Printing & Postage	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
INSURANCE	Insurance	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
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 - Other	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	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
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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 Claims Management	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 - Other	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%

2017 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	5%	-	-	30%
Graphic Designer	-	-	-	30%
Retirement Benefits Assistant Manager	-	-	2%	-
Retirement Benefits Assistant Manager	-	-	2%	90%
Retirement Benefits Assistant Manager	-	-	2%	25%
Retirement Benefits Assistant Manager	-	-	2%	-
Retirement Specialist III - Health Care	-	-	-	90%
Retirement Support Specialist - Health Care	-	-	-	90%
FISCAL SERVICES				
Fiscal Services Officer	5%	-	3%	-
Assistant Accounting Manager	5%	-	-	-
Assistant Accounting Manager	10%	-	5%	-
Finance Services Specialist II	-	-	1%	-
Finance Services Specialist II	-	-	1%	70%
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	3%	-	-	-
Human Resources Specialist	3%	-	-	-
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 2016 - 2017

Statement of Capital Asset Outlay — 2016 Forecast and 2017 Approved Budget							
	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change	
Computer Hardware							
Computer Hardware	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ (20,000)	-100.0%	
Sub-Total	20,000	20,000	-	-	(20,000)	-100.0%	
Computer Software							
Web member Services Enhance- ments	25,000	25,000	-	-	(25,000)	-100.0%	
Sub-Total	25,000	25,000	-	-	(25,000)	-100.0%	
System							
Retirement System Upgrade	2,500,000	-	(2,500,000)	-	-	0.0%	
Sub-Total	2,500,000	-	(2,500,000)	-	-	0.0%	
Capital Outlay Total	\$ 2,545,000	\$ 45,000	\$(2,545,000)	\$ -	\$ (45,000)	-100.0%	

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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	2016 Budget	2016 Forecast	2016 Forecast vs. 2016 Budget Over/(Under)	2017 Approved Budget	2017 Approved Budget vs. 2016 Forecast Over/(Under)	% Change
Consultant Fees	\$ 6,228,000	\$ 1,372,000	\$ (4,856,000)	\$ 1,736,000	\$ 364,000	26.5%
Custodian Bank Fees	665,000	583,000	(82,000)	600,000	17,000	2.9%
Investment Manager Fees	43,563,000	44,705,000	1,142,000	45,530,000	825,000	1.8%
Other Investment Expenses	89,000	333,000	244,000	388,000	55,000	16.5%
Total Portfolio Management Investment Expenses	\$ 50,545,000	\$ 46,993,000	\$(3,552,000)	\$ 48,254,000	\$ 1,261,000	2.7%

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Appendix A

ACERA Three Year Business Plan Key Strategic Initiatives (Prioritized)

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ACERA BUSINESS PLAN INITIATIVES: 2016 to 2018

What Is the Business Plan?

- Significant efforts directly supporting ACERA Strategic Goals
 - Are in addition to regular work
 - Often cross divisional
 - Often critical or required to accomplish
- Many came from Core Values efforts
- Will be presented to the Board in October

INITIATIVE	Assigned To	Timeline
GOAL #1: Prudent Investment Practices		
<ul style="list-style-type: none"> • Provide education sessions related to Environmental, Social and Governance Investing; Portable Alpha; and Smart Beta 	<i>Betty</i>	Q4 2016
<ul style="list-style-type: none"> • Evaluate Risk/Reward Analysis for total fund and individual asset classes 	<i>Betty</i>	2017
<ul style="list-style-type: none"> • Conduct investment advisor search 	<i>Betty</i>	Q4 2016
GOAL #2: Maintain an Efficient, Compliant and Professional Plan Administration		
<ul style="list-style-type: none"> • Identify, prioritize and document Benefits Department procedures in current state 	<i>Sandra</i>	2016/2017
<ul style="list-style-type: none"> • Review Benefits Department procedures for areas in need of improvements and efficiencies 	<i>Sandra</i>	2017
<ul style="list-style-type: none"> • Publish a comprehensive budget management procedure to facilitate and expedite departmental level tracking and reporting requirements, and process and project management 	<i>Margo</i>	2017
<ul style="list-style-type: none"> • Develop training plans and materials for all operational positions 	<i>Kathy</i>	2016/2017
<ul style="list-style-type: none"> • Implement new financial reporting Government Accounting Standards Board (GASB) Statements No. 74 & 75, Other Post-Employment Benefits (OPEB) net pension liability (NPL) reporting standards 	<i>Margo</i>	2017



INITIATIVE	Assigned To	Timeline
GOAL #2: Maintain and Efficient, Compliant and Professional Plan Administration		
<ul style="list-style-type: none"> Develop a series on Legal Guiding Opinions for use by staff in a wide area of Benefits operations including : administrative appeals; PEPRA interpretations; reciprocity; service retirement & separate account/domestic relations order procedures 	<i>Legal Department</i>	2016
<ul style="list-style-type: none"> Complete work in association with special tax counsel on 2016 IRS Tax Compliance Letter, including implementation of any reforms recommended by IRS 	<i>Legal Department</i>	2016
<ul style="list-style-type: none"> Implement process improvement methodology for the organization 	<i>Margo</i>	2017
<ul style="list-style-type: none"> Identify needs and develop internal operational measures to ensure support and resources are readily available to ACERA employees 	<i>Margo</i>	2017
<ul style="list-style-type: none"> Establish ACERA key performance indicators 	<i>Margo</i>	2017
GOAL #3: Comprehensive Organizational Development		
<ul style="list-style-type: none"> Create onboarding plan for new ACERA employees 	<i>Vicki</i>	2016
<ul style="list-style-type: none"> Create onboarding plan for new ACERA leaders 	<i>Vicki</i>	2016
<ul style="list-style-type: none"> Create career development policy and guidelines 	<i>Vicki</i>	2017
<ul style="list-style-type: none"> Perform retention analysis for positions with high turnover 	<i>Vicki</i>	2017
<ul style="list-style-type: none"> Launch and incorporate core values into all areas of the organization 	<i>Dave</i>	2016
<ul style="list-style-type: none"> Implement ACERA-wide project management methodology 	<i>Vicki</i>	2016/2017



ACERA BUSINESS PLAN INITIATIVES: 2016 to 2018

INITIATIVE	Assigned To	Timeline
GOAL #4: Superior Customer Service Delivery		
<ul style="list-style-type: none"> Continue to enhance website 	<i>Mike</i>	2016/2017
<ul style="list-style-type: none"> Continue to enhance Web Member Services and expand access and self-service utilization 	<i>Kathy</i>	2016/2017
<ul style="list-style-type: none"> Analyze and explore methods in which to improve retirement counseling 	<i>Sandra</i>	2016/2017
<ul style="list-style-type: none"> Establish a baseline for customer service performance, measures to enhance or improve customer service, and standards for evaluation of customer service 	<i>Kathy</i>	2017
<ul style="list-style-type: none"> Expand communication tools and out-reach programs to assist and educate Participating Employers 	<i>Margo</i>	2016
<ul style="list-style-type: none"> Update current disaster recovery plan 	<i>Harsh</i>	2017
GOAL #5: Maximize Technology		
<ul style="list-style-type: none"> Develop intranet to support collaboration, communication and information needs 	<i>Kathy</i>	2016
<ul style="list-style-type: none"> Implement an enterprise-wide budget software solution 	<i>Margo</i>	2016
<ul style="list-style-type: none"> Upgrade and re-engineer Electronic Document Management System 	<i>Kathy</i>	2016
<ul style="list-style-type: none"> Perform business case analysis for upgrade/replacement of ACERA's pension administration system 	<i>Kathy</i>	2017
<ul style="list-style-type: none"> Migrate databases to business applications allowing for efficiency of use and support 	<i>Kathy</i>	2016
<ul style="list-style-type: none"> Cybersecurity Initiative 	<i>Kathy</i>	2016/2017

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Appendix B

2016 ACERA Budget Change Proposal (ABCP)

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Appendix B

2017 ACERA Budget Change Proposal (ABCP)		
Department	ABCP Description	Totals
Benefits	Medical Advisor & Disability Claims Management Services	\$ 25,000
Benefits	Website Enhancement (Goal 4-1)	\$ 50,000
Benefits	Web Member Services Expansion	\$ 10,000
Benefits	Migrate Databases to Business Application (Goal 5-5)	\$ 110,000
PRISM	EDMS Upgrade (Goal 5-3)	\$ 60,000
PRISM	Pension Administration System Upgrade/Replacement Business Case Analysis (Goal 5-4)	\$ 100,000
PRISM	Cybersecurity Initiative (Goal 5-6)	\$ 14,000
ABCP Total		\$ 369,000