Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

OPERATIONS COMMITTEE/BOARD MEETING NOTICE and AGENDA

ACERA MISSION:
To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Thursday, November 19, 2026
1:00 p.m.

LOCATION AND TELECONFERENCE	COMMITTEE MEMBERS	
ACERA **C.G. "BUD" QUIST BOARD ROOM** **475 14TH STREET, 10TH FLOOR** **OAKLAND, CALIFORNIA 94612-1900** **MAIN LINE: 510.628.3000** **FAX: 510.268.9574** **The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.** **https://zoom.us/join** **Call-In Number: 1 699 900 6833** **Meeting ID: 879 6337 8479** **Password: 699406** **For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193**	**KELLIE SIMON, CHAIR**	**ELECTED GENERAL**
	OPHELIA BASGAL, VICE CHAIR	**APPOINTED**
	ROSS CLIPPINGER	**ELECTED SAFETY**
	SCOTT FORD	**ELECTED GENERAL**
	STEVEN WILKINSON	**APPOINTED**

The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Safety Member and an Elected General member, are absent.

This is a meeting of the Operations Committee if a quorum of the Operations Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Operations Committee and the Board if a quorum of each attends.

Board and Committee agendas and minutes and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure) are posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

Public comments are limited to four (4) minutes per person in total. The order of the items on the agenda is subject to change without notice.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours prior to the meeting at accommodation@acera.org or at 510-628-3000.

OPERATIONS COMMITTEE/BOARD MEETING

Call to Order: 1:00 p.m.

Roll Call

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

1. **Discussion and possible motion to approve an RFI for Medical Advisor and Disability Claims Management Services.**

   - Sandra Dueñas-Cuevas

   Recommendation

   Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board authorize the issuance of an RFI for Medical Advisor and Disability Claims Management Services to determine if new service providers have emerged in the industry space that will meet the business needs of the organization.

2. **Discussion and possible motion to approve the proposed 2027 ACERA Operating Expense Budget.**

   -David Nelsen

   Recommendation

   Staff recommends that the Operations Committee recommend to the Board of Retirement that the Board approve the proposed 2027 ACERA Operation Expense Budget.

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

None

Trustee Remarks

Future Discussion Items

Establishment of Next Meeting Date

T.B.D.

Adjournment

MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: November 19, 2026

TO: Members of the Operations Committee

FROM: Sandra Dueñas-Cuevas, Benefits Manager

CC: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Medical Advisor & Disability Claims Management Services RFI**

ACERA plans to release a Request for Information on February 1, 2027, to identify qualified service providers who could potentially provide both Medical Advisor and Disability Claims Management services.

Managed Medical Review Organization (MMRO) has provided these services to ACERA since May of 2017. During this period, the average time required to present disability retirement recommendations to the Board has. decreased from approximately one year to less than five months. This improvement has increased confidence among staff, trustees, and members' in the timeliness and effectiveness of the disability application process. Staff believe the current service model has been successful and continues to meet ACERA's operational needs.

In accordance with the ACERA's Service Provider Policy, Staff is recommending the Board to issue a Request for Information (RFI) for Medical Advisor and Disability Claims Management. An RFI will allow ACERA to determine if there are other service providers that offer a more efficient, cost-effective and member support platform in the process of claims management and medical advisory.

As part of the preliminary research, ACERA contacted twenty-seven peer retirement systems to identify providers currently used to administer their disability retirement process. Although the response rates were limited, several other providers were identified. It was noted that several retirement systems utilize multiple service providers to administer different aspects of their disability retirement process based on their organization structure and operational needs

The RFI will allow ACERA to evaluate available service options, including providers capable of delivering both medical advisory and disability claims management services. Newly identified providers, along with those previously considered, will be invited to respond.

While staff remain confident in the effectiveness of the current service model, conducting an RFI will provide an opportunity to assess developments in the industry, identify potential improvements, and ensure ACERA continues to receive services that best meet the needs of the organization and its members.
Recommendation

Staff recommend that the Operations Committee recommend to the Board of Retirement that the Board authorize the issuance of an RFI for Medical Advisor and Disability Claims Management Services to determine if new service providers have emerged in the industry space that will meet the business needs of the organization.

Attachments: Proposed RFI Timeline

Medical Advisor and Disability Claims Management Services

Request for Information Timeline

ACTION	TARGET DATE	RESPONSIBILITY
Create RFI and Cover Letter	January 18	Staff
Send RFI & Cover Letter to Service Providers	February 1	Staff
Questions, Clarification and Comments Deadline	February 15	Service Provider
Due Date for Information Submission	March 1	Service Provider
Review submitted Information	March 3	Staff
Notify Finalists	March 8	Staff
Check Service Provider References	March 10	Staff
Service Provider Interviews	March 15	Staff
Recommendation from Operations Committee to Board of Retirement	April 7	Staff
Notify Finalists of Service Provider Selection	April 9	Staff
Negotiate Contract	April 12	Staff/Service Provider
Send Termination Letter to Current Consultant (if applicable)	April 19	Staff
Send Provider of Record Letter to Stakeholders	April 26	Staff
New Provider meets with Staff to review plans and outline service expectations (if applicable)	May 3	Staff/Service Provider
CONTRACT EFFECTIVE DATE:	**June 1, 2027**	

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MEMORANDUM TO THE OPERATIONS COMMITTEE

DATE: November 19, 2026

TO: Members of the Operations Committee

FROM: Dave Nelsen, Chief Executive Officer DS DN

SUBJECT: Presentation of 2027 ACERA Budget Proposal

Executive Summary

Included is the 2027 ACERA Budget Proposal. I look forward to presenting the budget in detail at the Operations Committee.

The Proposed Operating Expense Budget is $29,048,000, which is a 4.2% increase from the Approved Operating Expense Budget of $27,874,000. The highlights of the proposal are as follows:

- Staffing Costs: Increase of 3.9% from 2026 Approved Budget.
- Staff Development: Increase of 3.4% from 2026 Approved Budget.
- Professional Fees: Decrease of 3.3% from 2026 Approved Budget.
- Office Expenses: Decrease of 2.0% from 2026 Approved Budget.
- Insurance: Increase of 16.9% from 2026 Approved Budget.
- Member Services: Increase of 0.7% from 2026 Approved Budget.
- Systems: Increase of 8.6% from 2026 Approved Budget.
- Board of Retirement: Increase of 9.9% from 2026 Approved Budget.
- Uncollectible Benefit Payments: Increase of 372.0% from 2026 Approved Budget.
- Depreciation: Increase of 4.2% from 2026 Approved Budget.
- Contingency Fund Reserve of $479,000.

The 2027 proposed budget increases salary and fringe benefit expenses relative to the 2026 forecast, factoring in a 4% COLA, 5% step and merit increases, and longevity pay. While there were vacancies during 2026, it was determined that the organization still had a need for those positions, so we were unable to eliminate any FTE for this proposed budget. Our budgeted FTE count remains the same.

Variance Analysis

As noted in the 2027 Proposed Expense Budget Summary (Section III, page 18), ten expense items experienced net changes exceeding $15,000. These items are summarized in the table on page 2, which outlines each description, page reference, net change, percentage variance, and the corresponding explanation.

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2027 Expense Line Items with a Net Change > $15,000				
	Expense Line Items	**Net Change**	**Percentage**	**Cause of Variance (COV)**
1	*Staffing* (Cited on pg. 20)	$1,891,000	9.8%	• Increase in salaries from COLA, merit and step increases, longevity pay and temporary staffing; offset by decreases in overtime and adjustment for unexpected staff vacancies
2	*Insurance* (Cited on pg. 28)	$74,000	10.6%	• Increase in worker's compensation premium in 2027
3	*Member Training & Education* (Cited on pg. 29)	$15,000	55.6%	• Increase in member training and education cost
4	*Printing & Postage - Members* (Cited on pg. 29)	$15,000	8.0%	• Increase in printing and postage for open enrollment and 1099R
5	*Business Continuity Expenses* (Cited on pg. 30)	$34,000	12.1%	• Increase in business continuity expenses due to higher costs for EDMS storage and AWS
6	*County Data Processing* (Cited on pg. 30)	$25,000	15.4%	• Increase due to higher costs
7	*Software License & Maintenance* (Cited on pg. 30)	$49,000	5.5%	• Increase in costs for the pension administration, OnBase, and accounting system
8	*Board of Retirement* (Cited on pg. 31)	$121,000	20.1%	• Increase in board of retirement due to board election and increase in conference/training
9	*Depreciation* (Cited on pg. 32)	$46,000	2.2%	• Capitalization of Accounting System projects in 2027
10	*Uncollectible Benefit Payments* (Cited on pg. 33)	$77,000	187.8%	• Expect a higher write-off in 2027



ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

2027 PROPOSED EXPENSE BUDGET

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Section I

Letter from the CEO to the Board of Retirement

Section I

Letter from the CEO to the Board of Retirement

Members of the Board of Retirement,

I'm pleased to present the 2027 budget, reflecting ACERA's commitment to prudent financial management and exceptional service for our members. This budget emphasizes transparency, accountability, and technological advancement, aligned with our strategic objectives to bolster funded status, navigate transitions, optimize operations, and amplify member services. Building on the strong investment performance of 2025 and our continued focus on innovation and sustainable growth, ACERA is positioned to achieve our goals and continue advancing the interests of our members. With the Board's collaboration, we launch a year poised for success and the fulfillment of our shared vision.

KEY 2026 ACCOMPLISHMENTS

Benefits Initiatives

- MMA Equalization: Increased the Monthly Medical Allowance (MMA) for retirees enrolled in the Via Benefits Medicare Exchange to coincide with MMA of retirees enrolled in the Group Plans effective with the 2027 Healthcare plan year.
- MMA Increase: Increased the Monthly Medical Allowance (MMA) for the 2027 plan year by 3.75%.
- Expansion of Non-Medicare Retiree Medical Plan Options: Expanded healthcare choice for non-Medicare retirees beginning in 2027 by introducing voluntary access to individual marketplace health plans through Via Benefits, giving members greater coverage flexibility while retaining their existing group plan options.
- Educational Videos: Completed a project to develop 10 short member educational videos covering the questions members most frequently contact ACERA about.
- Health Fair: Organized and executed ACERA's second hybrid health fair, featuring a live conference center event and seamless streaming of wellness presentations via Zoom.
- One Pass: Promoted Kaiser Permanente's One Pass free-gym membership program to Medicare participants.
- Wellness Email Campaign: Conducted a refreshed annual email wellness campaign for retirees, delivering newly curated wellness messages from ACERA's insurance carriers.
- DocuSign: Continued launching member forms in DocuSign.
- Automated service retirement COLA adjustments to improve retirement payroll processing.
- Developed real-time salary pay item reporting to optimize monitoring of employer compensation updates.

Administration Initiatives

- Business Plan: Developed and executed the 2026 Business Plan, advancing eight key strategic initiatives: CEM administrative benchmarking, HR workflow optimization, Microsoft 365 cloud-based accounting system, Investment Committee Materials (ICM) visibility enhancements, Benefits workforce training program development, digital content accessibility, Information Risk Management Framework (IRMF 2.0) implementation, and member experience research and development.
- Board Election: Conducted election for the Board of Retirement for five seats. Trustee Ross Clippinger and Trustee Elizabeth Rogers ran unopposed and were re-elected. Kathy Foster ran unopposed and was elected. Trustee Scott Ford was elected after a competitive race.

- LAFCO Addition: Facilitated actuarial analysis and Board of Retirement review of a request for addition of the Alameda County Local Agency Formation Commission (LAFCO) as an ACERA participating employer. Following LAFCO's Board approval, ACERA began employer onboarding activities.
- External Audit: Earned an unmodified audit opinion from our external auditor, affirming ACERA's robust financial controls and procedures.
- Benefit Certification Audit: Performed a Benefit Certification Audit resulting in stronger fraud prevention controls to protect ACERA members.
- Divorce Accounts Payment Processes Audit: Completed a Divorce Accounts Payment Processes Audit that verified accurate distributions, confirmed timing and benefit parameters, and established enhanced Legal review protocols for complex legacy cases.
- Intranet: Continued customizing ACERA's SharePoint intranet site.
- Implemented new GASB pronouncements by integrating GASB Statement No. 102, Certain Risk Disclosures, GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets, into ACERA's accounting practices, ensuring compliance and enhancing financial reporting accuracy.
- Financial Reporting & Compliance: Completed the annual evaluation and adoption of the GASB 67 (pension) and GASB 74 (OPEB) actuarial valuations and addendums as of December 31, 2025, ensuring continued financial disclosure compliance for ACERA and its participating employers.
- ACFR and PAFR Award: Received Certificate of Achievement for Excellence in Financial Reporting for 2024 Annual Comprehensive Financial Report (ACFR) and Popular Annual Financial Report (PAFR) from Government Financial Officers Association (GFOA).

Investment Initiatives

- New Commitments: In the previous 12 months (September 2025 to August 2026), ACERA expanded the Total Fund's investment in 14 privately placed funds worth approximately $600 million.
- Global Equity Manager Search: Approved the Minimum Qualifications and Scoring Matrix for ACERA's Global Equity Manager Search – Public Equities and initiated search.
- Education Sessions: Provided Board education sessions on Public Equity Active Extension Strategies and Co-Investments, supporting informed decision-making in alignment with ACERA's Investment Policy.
- Asset Allocation Review: Completed an Asset Allocation review, incorporating an updated report that the Total Fund's projected 10-year risk-adjusted return was lowered to 6.0% from the previously projected 6.8%.
- Adopted New Asset Allocation Portfolio Rebalancing Methodology: Developed and adopted a modernized, band-based asset allocation portfolio rebalancing methodology to align portfolio management with best industry practices and ACERA's updated target asset allocation.
- Adopted a New Public Equity structure following a comprehensive three-part review, integrating global mandates to enhance diversification and return potential while simplifying manager allocations to lower average fees and strengthening risk management through improved performance clarity.
- Public Equity Manager Terminations: Terminated TCW, Aristotle, and Capital Group as Public Equity managers as a result of the newly adopted Public Equity structure, streamlining the portfolio to align with updated risk management and diversification objectives.
- Custody Contract Extension: Extended the State Street Bank and Trust Company custody contract for up to three years to 2030, initiating a Request for Information (RFI) process in 2027 and transitioned localized account and client servicing to the Sacramento office.

- Clearwater Onboarding: Completed the onboarding of ACERA's financial and accounting data to the Clearwater platform, established system connections, and completed multiple staff trainings, improving record keeping, financial tracking, accounting reconciliations, and automated processes for the investment team.
- Private Equity Investment Plan review: Reviewed the progress of 2025 Private Equity investments, including pacing across the various Private Equity sub-asset classes.
- Private Credit Investment Plan review: Reviewed the 2025 Private Credit Investment Plan by comparing projected and actual investment activity, including the shortfall in Direct Lending commitments relative to plan, and assessed the related portfolio positioning and potential Total Fund impact.

Portfolio Performance

- As of June 30, 2026, ACERA's Total Fund returned 8.60% (net) YTD. The value of the Total Fund was $15.1 billion (per NEPC performance report as of 06/30/2026).

BUSINESS INITIATIVES

ACERA's strategic plan focuses on four key goals: bolstering funded status, navigating transitions, optimizing operations, and amplifying member services:

- Goal 1: Improve funded status while maintaining an appropriate risk posture in the area of investments.
- Goal 2: Manage internal and external people transitions at all levels.
- Goal 3: Modernize technology and optimize processes and operations.
- Goal 4: Implement cost-effective member service improvements and expanded communications.

ACERA's leadership team executes a business plan to work toward meeting the strategic plan goals through key projects. Highlights of ongoing projects are:

1. Participate in CEM Administrative Benchmarking Initiative: Conduct a peer intelligence assessment across ACERA's pension fund activities, customer journeys, self-service portals, and staffing models to evaluate cost-effectiveness and service delivery.
2. Optimize HR Department Workflows: Assess and select a cloud-based HR tool to enhance scalability, storage, and file availability, improving applicant tracking, onboarding efficiency, and HR disaster recovery processes.
3. Advance Microsoft 365 Cloud-Based Accounting System: Progress through the User Acceptance Testing (UAT) phase—including requirement analysis, test scenario execution, and data preparation—to confirm business objectives for full accounting system deployment.
4. Enhance Investment Committee Materials Visibility: Research and implement user-experience enhancements for Investment Committee Materials, streamlining BoardEffect navigation and optimizing internal IPSI reporting processes for Trustees.
5. Develop Benefits Workforce Training Program: Design a comprehensive 57-module curriculum spanning 13 core work areas to standardize staff training across benefit processing, retirement readiness, and account management operations.
6. Advance Digital Content Accessibility: Execute a multi-phase accessibility initiative meeting ADA and WCAG 2.1 AA standards across public-facing and internal web systems, conducting audits and implementing core template fixes with site vendors.
7. Initiate 2027 Member Experience Research & Development: Evaluate CEM survey data and peer portal capabilities to identify secure access enhancements, high-risk transaction protections, and future portal service improvements.
8. Implement Information Risk Management Framework (IRMF 2.0): Build a unified governance model and Quality Assurance life cycle across strategic projects, standardizing critical process documentation, centralizing knowledge repositories, and mitigating operational single points of failure

BASELINE AND PROPOSED 2027 OPERATING EXPENSE BUDGET (OEB)

The starting point for the 2027 OEB is a "baseline" that reflects the anticipated costs of carrying out the same level of services proposed by the ACERA Board in the 2026 Budget. Staff were required to request and justify additional funds with a formal Budget Change Proposal (BCP) for any item affecting the 2027 baseline and proposed 2027 budget. Additional staff positions or changes in salaries for 2027 were requested and justified using a Personnel Change Request (PCR) form. Approval of the changes did not take place without careful review of cost impacts and on-going organizational needs. Reviews were conducted by the Chief Executive Officer, Assistant Chief Executive Officer-Operations, and Fiscal Services Officer before approvals were granted. With the addition of those items, the proposed 2027 budget is $29.1 million. This is $1.2 million or 4.2% more than the 2026 approved budget of $27.9 million. It is also $0.7 million or (2.6%) less than the 2027 baseline budget of $29.8 million.

The reasons for the budget differences will be explained below.

PROPOSED 2027 BUDGET HIGHLIGHTS

This section highlights the proposed adjustments to the 2027 proposed budget from the 2026 approved budget. A complete review of the differences can be found in Section III.

Staffing

The primary changes in Staffing costs for 2027 are as follows:

Consistent with previous year budget, the 2027 budget factors in assumption for cost-of-living adjustments (COLAs), step increases, and a 5% merit increase for eligible deep-class positions. We continually apply a 5% reduction across-the-board to account for unanticipated staff vacancies throughout the year. The net increase in staffing for 2027, compared to the 2026 approved budget is $0.8 million, or a net increase of 3.9%. This increase incorporates the 4% County granted COLA, a 5% step increases for eligible employees, and the implementation of the County granted longevity pay.

Staff Development

Staff Development costs see a slight inflationary increase for 2027 compared to the 2026 budget. In the 2027 Budget, $129,000 has been reallocated from this category into Contingency Fund to cover additional training needs throughout the year.

Professional Fees

The 2027 budget includes a $0.04 million, or (3.3%) reduction in Professional Fees. This decrease is mainly attributed by consultant fees wrapping up for projects completed in 2026.

The senior managers and I look forward to presenting our proposed 2027 operating expense budget to the committee and to the Board of Retirement.

Respectfully submitted,



Dave Nelsen
Chief Executive Officer

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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 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, § 31580.2(a) also imposes a cap on administrative expenses. Administrative expenses incorporate the limits of § 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), the Supplemental Retiree Benefits Reserve (SRBR) used to pay Other Postretirement Benefits (OPEB and non-OPEB), technology, actuarial, legal related expenses, and investment-related expenses. Excludable expenses also include the pro rata portion of overhead expense attributable to excludable activities.

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

Budget Amendments

Budget line item 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 the overall proposed budget. Conversely, increases to the overall proposed budget are only permitted with the approval of the Board of Retirement (the Board). There are two ways in which the budget can be increased: The first way is through committee action and board approval. The second way is with a contingency budget that is accepted when the budget is put forth for approval during the annual budget cycle. A contingency budget is useful for current unknown expenses that arise from an event such as legislation, natural disasters, an action by the Board of Supervisors, or a release of new project; where the event may or will occur but the timing is in question.

Budget Process

ACERA's budget is developed with WorkdayAdaptive Planning budget software. This flexible budgeting software is a cloud-based program that enables department management and staff to access organizational expense forecasts from any location. It also enables users to view current year actuals, as well as expense forecasts; moreover, users can input and change expense forecast variables to easily prepare "what if" scenarios. These user-friendly features

reduce, and in some cases eliminates, time previously spent converting department provided information into the budget format and circulating the information for review and approval.

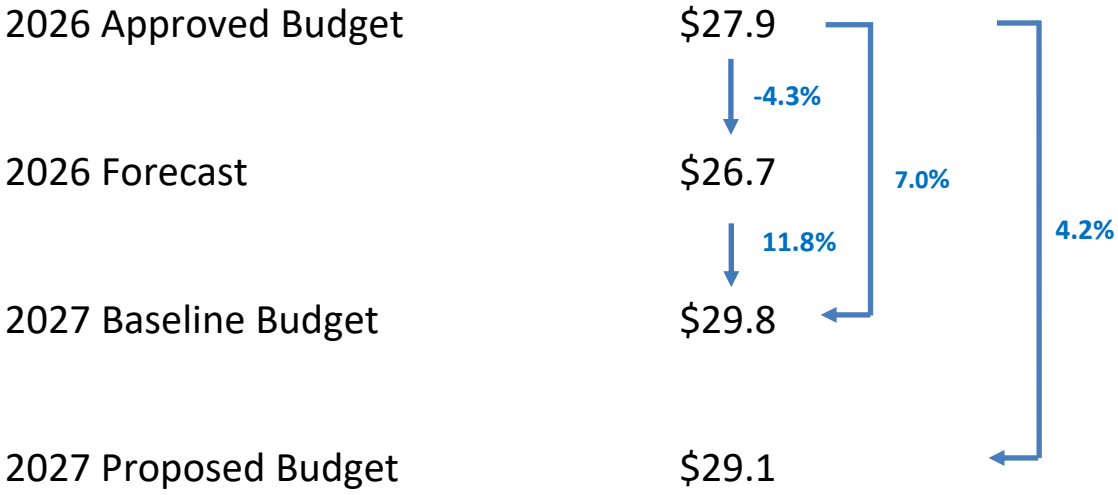
While the Fiscal Services Department Budget Team (budget team) is responsible for the preparation of the budget timeline, ACERA's Senior Leadership Team (SLT) is responsible for establishing business plan initiatives, in detail as to time and cost before the budget process begins, and is responsible for setting budget assumptions for the various expense categories.

It is the responsibility of the budget team to develop the baseline budget once the forecast has been completed. Upon completion of the baseline, department staff and management begin entering information into the budget worksheets. When that step is completed, the budget team prepares the administrative budget based upon SLT prepared time allocations. Throughout the budget preparation process, the budget team now has the ability to monitor the budget progress by using the process tracker and workflows developed in Adaptive Insights. Nevertheless, the budget team continues to be available to meet with department staff and management to answer questions or to strategize the best way to present budget items or develop costs.

Once the proposed budget and the administrative budget are complete, the budget team pulls the information from Adaptive through Office Connect software into InDesign (the budget publishing software). The budget team is responsible for preparing the variance analyses, updating changes to the budget, and for reviewing the budget document for submission to the Board of Retirement.

The Chief Executive Officer present the proposed budget to committee and at a future date to the Board. If committee members request changes to the budget, those changes are made and re-presented at the discretion of the committee. The Board's feedback is incorporated into the budget for final approval.

2027 Budget Process[1]



1. The starting point for the 2027 proposed expenses budget was to develop a "baseline" budget that reflected the anticipated costs of maintaining the same level of services approved by ACERA's Board of Retirement in the 2026 budget. To that end, the 2027 baseline budget is $29.8 million, an increase of 7.0% from the approved 2026 budget.

2. Key to developing the 2027 proposed budget was more accurately estimating the forecast by including only incremental expenditures needed to achieve business objectives. But more importantly, it was setting assumptions that guided and prioritized expenditures yet achieved the following objectives: a) allowed the necessary vacant staff positions to be filled; b) funded projects that directly support strategic goals and business plan initiatives; and c) funded new programs or projects mandated by state legislation, the Board of Retirement, or management. Following the agreed criteria resulted in a 2027 Proposed Budget of $29.1 million which is $1.2 million or 4.2% increase from the approved 2026 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

Section III

Operating Expense Budget

The annual Operating Expense Budget (OEB) is designed to forecast and document the resources needed to cover ACERA's operating costs. It provides a detailed breakdown of the expected expenditures on staffing, staff development, professional fees, office expenses, insurance, member services, systems, board of retirement related costs, uncollectible benefit payments, and capital costs and is contingent on approval by ACERA's Board of Retirement. The OEB does not include estimated expenditures for payment of portfolio management investment expenses reported in Section VII or payment of member benefits such as Pension and Other Post-Employment Benefits (OPEB). In addition to serving as a financial planning tool, the OEB is also an essential decision-making resource that helps monitor and assess ACERA's business performance throughout the year.

The baseline budgeting methodology used for the annual proposed Operating Expenditure Budget (OEB) starts with the current spending levels as the baseline. This approach assumes that future funding requirements will be based on the previous year's budget, with adjustments for factors such as growth, inflation, increased costs, and any new expenditures. Essentially, it projects that the upcoming budget will be similar to the current one, with added increments to account for changes in these areas.

The following is a review of the 2027 budget assumptions for each major expense category and the corresponding results:

Staffing and Salary Assumptions

- Merit increase of 5% for eligible deep class employees;
- Cost of living adjustment and associated fringe benefit increase of 4%;
- 5% reduction for unexpected vacancies;
- Filling all current vacancies with:
  - Hire deep-class employees at 80% of the top salary range; and,
  - Hire step-class employees at an average salary of Step 3.

Result: Staffing expenses realized a 3.9% net increase compared to the 2026 budget; and a 9.8% net increase compared to the 2026 forecast.

Staffing Development Assumptions

- Training, conferences and certifications experience a 5.4% increase over the 2026 budget;
- Professional dues and subscriptions experience a (2.3%) decrease over the 2026 budget.

Result: Staff development expenses realized a 3.4% net increase compared to the 2026 budget; and a 1.4% net increase compared to the 2026 forecast.

Professional Fees Assumptions

- Actuarial Fees— actuarial valuations, SRBR valuations, GASB 67/68 and GASB 74/75, and reporting requirement for ASOP #51 were calculated using the actual contracts price, and other actuarial consulting services were estimated at contracted hourly rate;
- Auditor Fees—Annual audit, GASB 67/68 and GASB 74/75 schedules were calculated using the actual contracts price, other auditing services were estimated at contracted hourly rate;

- Other Consultant Fees—Consultant services were calculated using the actual contract price or estimated cost.

Result: Professional fees realized a (3.3%) net decrease compared to the 2026 budget; and a (3.0%) net decrease compared to the 2026 forecast.

Office Expenses Assumptions

- Banking expenses experience a 1.4% increase over the 2026 budget;
- Miscellaneous Administrative expenses experience no change over the 2026 budget;
- Building Operation expenses experience a (11.7%) decrease over the 2026 budget;
- Communication expenses experience a (11.3%) decrease over the 2026 budget;
- Equipment Lease and Maintenance expenses experience a 5.3% increase over the 2026 budget;
- Minor Furniture and Equipment expenses experience a 20.0% increase over the 2026 budget;
- Office Supplies and Maintenance expenses experience a 15.8% increase over the 2026 budget;
- Printing and Postage expenses experience no change over the 2026 budget.

Result: Office expenses realized a (2.0%) net decrease compared to the 2026 budget; and a 6.3% net increase compared to the 2026 forecast.

Insurance Assumption

- Commercial Insurance expenses experience a (2.1%) decrease over the 2026 budget;
- Cyber Liability Insurance expenses experience a (26.8%) decrease over the 2026 budget;
- Fiduciary Liability Insurance expenses experience a 4.5% increase over the 2026 budget;
- The County Risk Management expenses experience a 0.5% increase over the 2026 budget;
- Worker's Compensation Insurance expenses experience an 82.7% increase over the 2026 budget.

Result: Insurance expenses realized a 16.9% net increase compared to the 2026 budget; and a 10.6% net increase compared to the 2026 forecast.

Member Services Assumptions

- Benefit Verification expenses experience a 14.3% increase over the 2026 budget;
- Disability Arbitration and Transcript expenses experience a 20.0% increase over the 2026 budget;
- Disability Medical and Claim Management expenses experience a (16.4%) decrease over the 2026 budget;
- Health Reimbursement Accounts (HRA) expenses experience no change over the 2026 budget;
- Member Training and Education expenses experience a 50.0% increase over the 2026 budget;
- Printing and Postage expenses experience a 5.2% increase over the 2026 budget;
- Virtual Call Center expenses experience a 7.9% increase over the 2026 budget.

Result: Member Services expenses realized a 0.7% net increase compared to the 2026 budget; and an 8.2% net increase compared to the 2026 forecast.

Systems Assumptions

- Business Continuity expenses experience a 6.8% increase over the 2026 budget;
- County Data Processing expenses experience a 19.1% increase over the 2026 budget;
- Minor Computer Hardware expenses experience no change over the 2026 budget;
- Software License and Maintenance expenses experience a 7.9% increase over the 2026 budget.

Result: Systems expenses realized an 8.6% net increase compared to the 2026 budget; and an 8.5% net increase compared to the 2026 forecast.

Board of Retirement Assumptions

- Training and conferences expenses changed as outlined in the Board's policy;
- Voluntary Employer Reimbursement changed as outlined in the Board's policy;
- Trustee stipend is $100 per meeting based on committee and board meetings.

Result: Board of Retirement expenses realized a 9.9% net increase compared to the 2026 budget; and a 20.1% net increase compared to the 2026 forecast.

Uncollectible Benefit Payments Assumption

- Uncollectible Benefit Payments expenses were based on the accounts receivable write-off.

Result: Uncollectible Benefit Payments expenses realized a 372.0% increase compared to the 2026 budget; and a 187.8% increase compared to the 2026 forecast.

Depreciation Assumption

- Depreciation expenses are based on the current capitalized assets.

Result: Depreciation expense realized a 1.3% net increase compared to the 2026 budget; and an 8.9% net increase compared to the 2026 forecast.

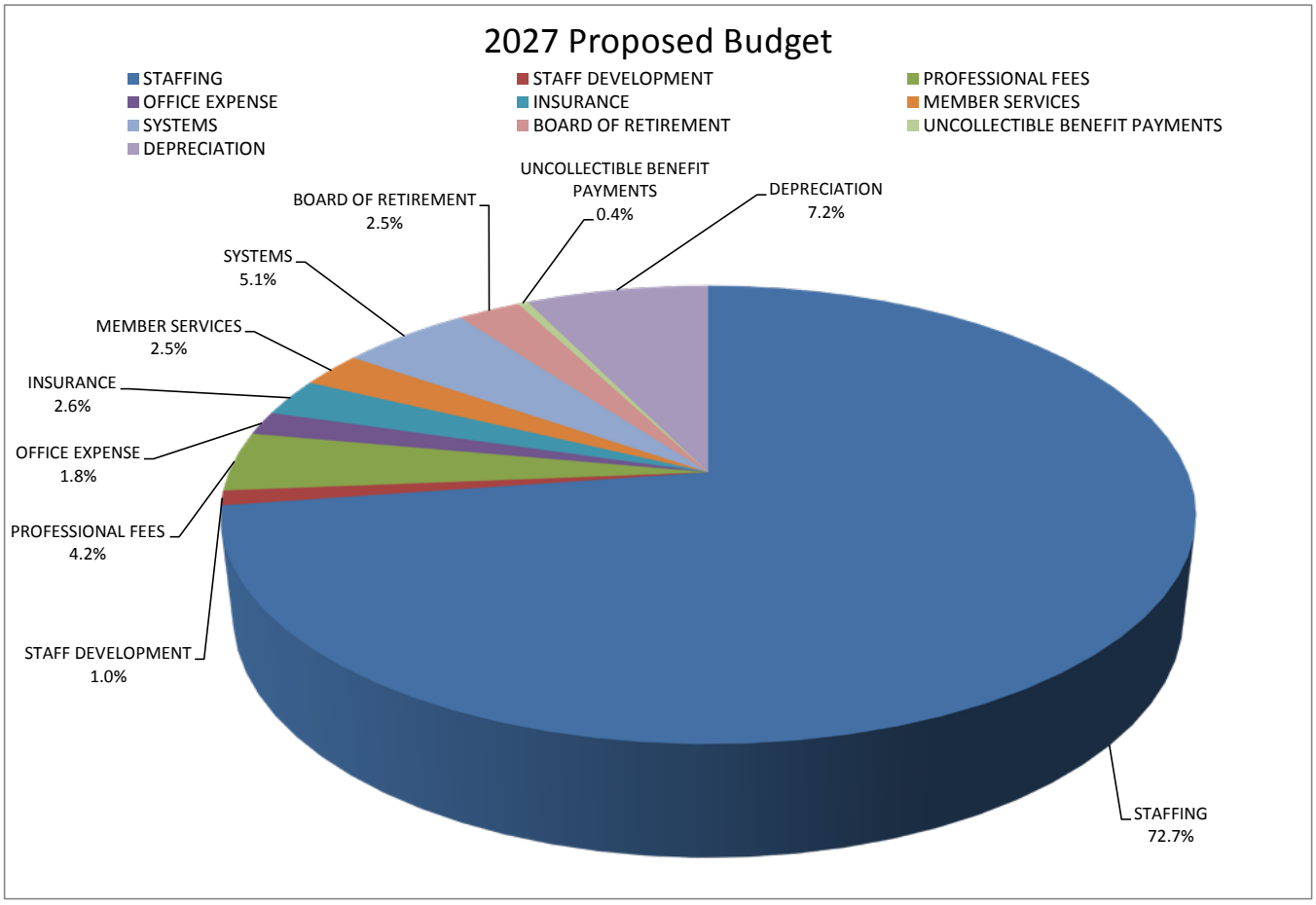
Proposed 2027 BUDGET SUMMARY AND COMPARISON

Staff recommends a proposed 2027 budget of $29.1 million which is:

- $1.2 million or 4.2% higher than the approved 2026 budget of $27.9 million;
- $0.7 million or (2.6%) less than the 2027 baseline budget of $29.8 million; and,
- $2.4 million or 8.9% higher than the 2026 forecast of $26.7 million.

The 2027 administrative budget of $16.4 million, which is $14.1 million below the administrative cap of $30.5 million. A year-over-year comparison reveals that the 2027 administrative budget is $0.7 million higher than the 2026 administrative budget of $15.7 million. Additionally, approximately $12.7 million was excluded from the annual operating expense budget of $29.1 million (see Section V for administrative budget and allocation schedules).

2027 Proposed Operating Expense Budget ($ in thousands)	2026 Forecast	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change	Category % of Total Operating Expenses
Staffing	$ 19,218	$ 21,109	$ 1,891	9.8%	72.7%
Staff Development	296	300	4	1.4%	1.0%
Professional Fees	1,251	1,214	(37)	-3.0%	4.2%
Office Expense	458	487	29	6.3%	1.8%
Insurance	695	769	74	10.6%	2.6%
Member Services	670	725	55	8.2%	2.5%
Systems	1,381	1,498	117	8.5%	5.1%
Board Of Retirement	602	723	121	20.1%	2.5%
Uncollectible Benefit Payments	41	118	77	187.8%	0.4%
Depreciation	2,059	2,105	46	2.2%	7.2%
OPERATING EXPENSES TOTAL	**$ 26,671**	**$ 29,048**	**$ 2,377**	**8.9%**	**100.0%**



Operating Expense Budget[1]	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
STAFFING (p#20)						
Salaries	$ 14,006,000	$ 13,625,000	$ (381,000)	$ 14,632,000	$ 1,007,000	7.4%
Fringe Benefits	7,097,000	6,295,000	(802,000)	7,174,000	879,000	14.0%
Temporary Staff	260,000	348,000	88,000	389,000	41,000	11.8%
5% Adjustment for Unexpected Vacancies	(1,050,000)	(1,050,000)	-	(1,086,000)	(36,000)	3.4%
Staffing Total	**20,313,000**	**19,218,000**	**(1,095,000)**	**21,109,000**	**1,891,000**	**9.8%**
STAFF DEVELOPMENT (p#21)	**290,000**	**296,000**	**6,000**	**300,000**	**4,000**	**1.4%**
PROFESSIONAL FEES (p#25)						
Actuarial Fees	550,000	549,000	(1,000)	512,000	(37,000)	-6.7%
Audit Fees	147,000	147,000	-	164,000	17,000	11.6%
Consultant Fees	458,000	455,000	(3,000)	438,000	(17,000)	-3.7%
Legal Fees	100,000	100,000	-	100,000	-	0.0%
Professional Fees Total	**1,255,000**	**1,251,000**	**(4,000)**	**1,214,000**	**(37,000)**	**-3.0%**
OFFICE EXPENSE (p#27)						
Bank Charges	72,000	71,000	(1,000)	73,000	2,000	2.8%
Misc. Administrative Expenses	3,000	2,000	(1,000)	3,000	1,000	50.0%
Building Expenses	163,000	135,000	(28,000)	144,000	9,000	6.7%
Communications	71,000	60,000	(11,000)	63,000	3,000	5.0%
Equipment Lease & Maint.	95,000	102,000	7,000	100,000	(2,000)	-2.0%
Minor Furniture & Equip.	10,000	9,000	(1,000)	12,000	3,000	33.3%
Office Supplies & Maint.	57,000	56,000	(1,000)	66,000	10,000	17.9%
Printing & Postage	26,000	23,000	(3,000)	26,000	3,000	13.0%
Office Expense Total	**497,000**	**458,000**	**(39,000)**	**487,000**	**29,000**	**6.3%**
INSURANCE (p#28)	**658,000**	**695,000**	**37,000**	**769,000**	**74,000**	**10.6%**
MEMBER SERVICES (p#29)						
Benefit Verification	7,000	7,000	-	8,000	1,000	14.3%
Disability - Arbitration & Transcripts	60,000	60,000	-	72,000	12,000	20.0%
Disability - Medical Expense	225,000	179,000	(46,000)	188,000	9,000	5.0%
Disability Claims Management	47,000	47,000	-	47,000	-	0.0%
Health Reimbursement Account	97,000	97,000	-	97,000	-	0.0%
Member Training & Education	28,000	27,000	(1,000)	42,000	15,000	55.6%
Printing & Postage - Members	193,000	188,000	(5,000)	203,000	15,000	8.0%
Virtual Call Center	63,000	65,000	2,000	68,000	3,000	4.6%
Member Services Total	**720,000**	**670,000**	**(50,000)**	**725,000**	**55,000**	**8.2%**
SYSTEMS (p#30)						
Business Continuity Expenses	296,000	282,000	(14,000)	316,000	34,000	12.1%
County Data Processing	157,000	162,000	5,000	187,000	25,000	15.4%
Minor Computer Hardware	50,000	41,000	(9,000)	50,000	9,000	22.0%
Software License & Maintenance	876,000	896,000	20,000	945,000	49,000	5.5%
Systems Total	**1,379,000**	**1,381,000**	**2,000**	**1,498,000**	**117,000**	**8.5%**
BOARD OF RETIREMENT (p#31)						
Board Conferences & Misc. Activities	**658,000**	**602,000**	**(56,000)**	**723,000**	**121,000**	**20.1%**
UNCOLLECTIBLE BENEFITS PAYMENTS (p#33)	**25,000**	**41,000**	**16,000**	**118,000**	**77,000**	**187.8%**
Total Operating Expenses Before Depreciation	**25,795,000**	**24,612,000**	**(1,183,000)**	**26,943,000**	**2,331,000**	**9.5%**
DEPRECIATION (p#32)	**2,079,000**	**2,059,000**	**(20,000)**	**2,105,000**	**46,000**	**2.2%**
TOTAL OPERATING EXPENSE	**27,874,000**	**26,671,000**	**(1,203,000)**	**29,048,000**	**2,377,000**	**8.9%**
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE	**87,156,000**	**75,117,000**	**(12,039,000)**	**84,375,000**	**9,258,000**	**12.3%**
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	**115,030,000**	**101,788,000**	**(13,242,000)**	**113,423,000**	**11,635,000**	**11.4%**

[1] Budget schedules amounts are rounded to the nearest thousand.

CONTINGENCY FUND	**$ 260,000**	**$ -**	**$ (260,000)**	**$ 479,000**	**$ 479,000**	**100.0%**

Operating Expense Budget 2027 Baseline vs. 2027 Increments ($ in thousands)	2026 Forecast	2027 Baseline	2027 Baseline vs. 2026 Forecast Over/ (Under)	2027 Baseline vs. 2026 Forecast % Of Change	2027 Proposed Increments	2027 Proposed Budget (Baseline + Increments)	2027 Proposed Budget (Baseline + Increments) vs. 2026 Forecast Over/ (Under)	% Change
STAFFING								
Salaries	$ 13,625	$ 14,418	$ 793	5.8%	$ 214	$ 14,632	$ 1,007	7.4%
Fringe Benefits	6,295	7,082	787	12.5%	92	7,174	879	14.0%
Temporary Staff	348	389	41	11.8%	-	389	41	11.8%
5% Adjustment for Unexpected Vacancies	(1,050)	-	1,050	0.0%	(1,086)	(1,086)	(36)	3.4%
Staffing Total	**19,218**	**21,889**	**2,671**	**13.9%**	**(780)**	**21,109**	**1,891**	**9.8%**
STAFF DEVELOPMENT	**296**	**429**	**133**	**44.9%**	**(129)**	**300**	**4**	**1.4%**
PROFESSIONAL FEES								
Actuarial Fees	549	512	(37)	-6.7%	-	512	(37)	-6.7%
Audit Fees	147	164	17	11.6%	-	164	17	11.6%
Consultant Fees	455	438	(17)	-3.7%	-	438	(17)	-3.7%
Legal Fees	100	100	-	0.0%	-	100	-	0.0%
Professional Fees Total	**1,251**	**1,214**	**(37)**	**-3.0%**	**-**	**1,214**	**(37)**	**-3.0%**
OFFICE EXPENSE								
Bank Charges	71	73	2	2.8%	-	73	2	2.8%
Miscellaneous Administrative Expenses	2	3	1	50.0%	-	3	1	50.0%
Building Expenses	135	140	5	3.7%	4	144	9	6.7%
Communications	60	63	3	5.0%	-	63	3	5.0%
Equipment Lease & Maint.	102	99	(3)	-2.9%	1	100	(2)	-2.0%
Minor Furniture & Equipment	9	12	3	33.3%	-	12	3	33.3%
Office Supplies & Maint.	56	63	7	12.5%	3	66	10	17.9%
Printing & Postage	23	26	3	13.0%	-	26	3	13.0%
Office Expense Total	**458**	**479**	**21**	**4.6%**	**8**	**487**	**29**	**6.3%**
INSURANCE	**695**	**769**	**74**	**10.6%**	**-**	**769**	**74**	**10.6%**
MEMBER SERVICES								
Benefit Verification	7	8	1	14.3%	-	8	1	14.3%
Disability Arbitr. & Transcripts	60	72	12	20.0%	-	72	12	20.0%
Disability - Medical Expense	179	188	9	5.0%	-	188	9	5.0%
Disability - Managed Medical Review Organization (MMRO)	47	47	-	0.0%	-	47	-	0.0%
Health Reimb. Account (HRA)	97	97	-	0.0%	-	97	-	0.0%
Member Training & Education	27	28	1	3.7%	14	42	15	55.6%
Printing & Postage - Members	188	197	9	4.8%	6	203	15	8.0%
Virtual Call Center	65	68	3	4.6%	-	68	3	4.6%
Member Services Total	**670**	**705**	**35**	**5.2%**	**20**	**725**	**55**	**8.2%**
SYSTEMS								
Business Continuity Expenses	282	309	27	9.6%	7	316	34	12.1%
County Data Processing	162	187	25	15.4%	-	187	25	15.4%
Minor Computer Hardware	41	50	9	22.0%	-	50	9	22.0%
Software License & Maint.	896	911	15	1.7%	34	945	49	5.5%
Systems Total	**1,381**	**1,457**	**76**	**5.5%**	**41**	**1,498**	**117**	**8.5%**
BOARD OF RETIREMENT								
Board Conferences & Misc. Activities	**602**	**663**	**61**	**10.1%**	**60**	**723**	**121**	**20.1%**
UNCOLLECTIBLE BENEFIT PAYMENTS	**41**	**118**	**77**	**187.8%**	**-**	**118**	**77**	**187.8%**
Total Operating Expenses Before Depreciation	**24,612**	**27,723**	**3,111**	**12.6%**	**(780)**	**26,943**	**2,331**	**9.5%**
DEPRECIATION	**2,059**	**2,105**	**46**	**2.2%**	**-**	**2,105**	**46**	**2.2%**
TOTAL OPERATING EXPENSE	**26,671**	**29,828**	**3,157**	**11.8%**	**(780)**	**29,048**	**2,377**	**8.9%**
TOTAL PORTFOLIO MANAGE-MENT INVESTMENT EXPENSE	**75,117**	**79,370**	**4,253**	**5.7%**	**5,005**	**84,375**	**9,258**	**12.3%**
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	**$ 101,788**	**$ 109,198**	**$ 7,410**	**7.3%**	**$ 4,225**	**$ 113,423**	**$ 11,635**	**11.4%**

STAFFING

Staffing expense includes salaries, fringe benefits, and temporary services[1].

Headcount by Department	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)
Administration	7	6	(1)	7	1
Benefits	42	41	(1)	42	1
Fiscal Services	12	12	-	12	-
Human Resources	3	3	-	3	-
Internal Audit	3	3	-	3	-
Investments	9	9	-	9	-
Legal	4	4	-	4	-
PRISM	8	8	-	8	-
HEADCOUNT TOTAL	**88**	**86**	**(2)**	**88**	**2**

[1] Headcount does not include temporary Retirement Technician to cover fluctuations in headcount.

Staffing	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Administration	$ 1,350,000	$ 1,300,000	$ (50,000)	$ 1,388,000	$ 88,000	6.8%
Benefits	5,534,000	5,336,000	(198,000)	5,781,000	445,000	8.3%
Fiscal Services	1,698,000	1,587,000	(111,000)	1,771,000	184,000	11.6%
Human Resources	521,000	521,000	-	544,000	23,000	4.4%
Internal Audit	586,000	587,000	1,000	614,000	27,000	4.6%
Investments	1,908,000	1,884,000	(24,000)	2,011,000	127,000	6.7%
Legal	918,000	891,000	(27,000)	956,000	65,000	7.3%
PRISM	1,403,000	1,399,000	(4,000)	1,477,000	78,000	5.6%
Total Salaries	**13,918,000**	**13,505,000**	**(413,000)**	**14,542,000**	**1,037,000**	**7.7%**
Health and Dental	2,361,000	2,094,000	(267,000)	2,505,000	411,000	19.6%
Retirement Contributions	3,219,000	2,855,000	(364,000)	3,120,000	265,000	9.3%
Medicare and SDI	290,000	257,000	(33,000)	315,000	58,000	22.6%
Social Security	815,000	723,000	(92,000)	856,000	133,000	18.4%
Other Benefits (Life Insurance, Def. Comp. and Auto Allowance)	412,000	366,000	(46,000)	378,000	12,000	3.3%
Total Fringe Benefits	**7,097,000**	**6,295,000**	**(802,000)**	**7,174,000**	**879,000**	**14.0%**
Overtime	**88,000**	**120,000**	**32,000**	**90,000**	**(30,000)**	**-25.0%**
Temporary Staffing	**260,000**	**348,000**	**88,000**	**389,000**	**41,000**	**11.8%**
5% Adjustment for Unexpected Vacancies	**(1,050,000)**	**(1,050,000)**	**-**	**(1,086,000)**	**(36,000)**	**3.4%**
STAFFING EXPENSES TOTAL	**$ 20,313,000**	**$ 19,218,000**	**$ (1,095,000)**	**$ 21,109,000**	**$ 1,891,000**	**9.8%**

Staffing - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 1,037,000
• Increase in 2027 projected fringe benefits	879,000
• Decrease in 2027 overtime expense	(30,000)
• Increase in 2027 temporary staff expense	41,000
• 5% adjustment for unexpected staff vacancies	(36,000)
Total Over/(Under)	**$ 1,891,000**

Staffing - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
• Decrease from vacant positions	$ (413,000)
• Decrease in 2026 projected fringe benefits rate	(802,000)
• Increase in overtime expense	32,000
• Increase in 2026 temporary staff expense	88,000
Total Over/(Under)	**$ (1,095,000)**

STAFF DEVELOPMENT

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

Staff Development	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
CONFERENCES/TRAININGS						
Adaptive	$ 4,000	$ 8,000	$ 4,000	$ 4,000	$ (4,000)	-50.0%
American Management Association (AMA)	2,000	1,000	(1,000)	2,000	1,000	100.0%
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	24,000	36,000	12,000	20,000	(16,000)	-44.4%
CALPERLA	2,000	4,000	2,000	2,000	(2,000)	-50.0%
Cyber-Security	3,000	2,000	(1,000)	3,000	1,000	50.0%
GFOA	12,000	8,000	(4,000)	12,000	4,000	50.0%
IFEBP	14,000	12,000	(2,000)	14,000	2,000	16.7%
ILPA	6,000	5,000	(1,000)	5,000	-	0.0%
NAPPA	8,000	3,000	(5,000)	5,000	2,000	66.7%
PG User and Onbase Conference	31,000	26,000	(5,000)	28,000	2,000	7.7%
SACRS	26,000	32,000	6,000	37,000	5,000	15.6%
Technology Related Trainings	3,000	2,000	(1,000)	3,000	1,000	50.0%
Miscellaneous	67,000	68,000	1,000	78,000	10,000	14.7%
Subtotal	**202,000**	**207,000**	**5,000**	**213,000**	**6,000**	**2.9%**
PROFESSIONAL DUES & SUBSCRIPTIONS	**88,000**	**87,000**	**(1,000)**	**86,000**	**(1,000)**	**-1.1%**
RECRUITMENT EXPENSES	**-**	**2,000**	**2,000**	**1,000**	**(1,000)**	**-50.0%**
STAFF DEVELOPMENT EXPENSES TOTAL	**$ 290,000**	**$ 296,000**	**$ 6,000**	**$ 300,000**	**$ 4,000**	**1.4%**

Staff Development - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast		**Variance Over/(Under)**
CONFERENCE/TRAINING		
• Expected an increase cost in conference and training		$ 6,000
	Subtotal	**6,000**
PROFESSIONAL FEES & SUBSCRIPTIONS		
• Decrease in professional dues and subscriptions		(1,000)
	Subtotal	**(1,000)**
RECRUITMENT		
• Decrease in recruitment expenses		(1,000)
	Subtotal	**(1,000)**
	Total Over/(Under)	**$ 4,000**

Staff Development - Variance Narrative 2026 Forecast vs. 2026 Budget		**Variance Over/(Under)**
CONFERENCE/TRAINING		
• Increase in conference and training		$ 5,000
	Subtotal	**5,000**
PROFESSIONAL FEES & SUBSCRIPTIONS		
• Decrease due to cancelled subscriptions		(1,000)
	Subtotal	**(1,000)**
RECRUITMENT		
• Increase in recruitment expenses		2,000
	Subtotal	**2,000**
	Total Over/(Under)	**$ 6,000**

2027 Proposed Budget: Breakdowns for Miscellaneous Trainings/Conferences

	Administration	Benefits	Fiscal Services	Human Resources	Internal Audit
Association of Certified Fraud Examiners (ACFE)	$ -	$ -	$ -	$ -	$ 3,000
Association OF Public Pension Fund Auditors (APPFA)	-	-	-	-	3,000
Computer Training/County	-	1,000	1,000	-	-
CSDA Conference	3,000	-	-	-	-
Disaster Recovery Journal Conference (DRJ)	-	-	-	-	-
IDEA Training	-	-	-	-	6,000
LMS (Alameda County HRS)	-	-	-	3,000	-
Microsoft Dynamic Business Central	-	-	6,000	-	-
NASRA Winter & Annual Conference	2,000	-	-	-	-
Miscellaneous Trainings/Conferences	3,000	14,000	2,000	5,000	7,000
Total Other Trainings/Conferences	**8,000**	**15,000**	**9,000**	**8,000**	**19,000**
Adaptive	-	-	4,000	-	-
American Management Association (AMA)	-	2,000	-	-	-
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	4,000	12,000	2,000	-	-
CALPERLA	-	-	-	2,000	-
Cybersecurity	-	-	-	-	-
GFOA	-	-	12,000	-	
IFEBP	3,000	11,000	-	-	-
ILPA	-	-	-	-	-
NAPPA	-	-	-	-	-
PG User and Onbase Conference	1,000	14,000	-	-	-
SACRS	9,000	9,000	2,000	2,000	3,000
Technology Related Trainings	-	-	-	-	-
Other Trainings/Conferences (from above)	8,000	15,000	9,000	8,000	19,000
Total Trainings/Conferences	**25,000**	**63,000**	**29,000**	**12,000**	**22,000**
Professional Dues & Subscriptions	**30,000**	**3,000**	**3,000**	**2,000**	**6,000**
Recruitment Expenses	**-**	**-**	**-**	**-**	**-**
Total	**$ 55,000**	**$ 66,000**	**$ 32,000**	**$ 14,000**	**$ 28,000**

2027 Proposed Budget: Breakdowns for Miscellaneous Trainings/Conferences

	Investments	Legal	PRISM	Total
American Institute of Certified Public Accountants (AICPA)	$ -	$ -	$ -	$ 3,000
Association of Certified Fraud Examiners (ACFE)	-	-	-	3,000
Association OF Public Pension Fund Auditors (APPFA)	-	-	-	2,000
Computer Training/County	2,000	-	-	5,000
CSDA Conference	-	-	3,000	3,000
IDEA Training	-	-	-	6,000
Investment Related	-	-	-	3,000
LMS (Alameda County HRS)	-	-	-	6,000
Microsoft Dynamic Business Central	-	-	-	2,000
NASRA Winter & Annual Conference	6,000	5,000	3,000	45,000
Total Other Trainings/Conferences	**8,000**	**5,000**	**6,000**	**78,000**
Adaptive	-	-	-	4,000
American Management Association (AMA)	-	-	-	2,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	1,000	-	1,000	20,000
CALPERLA	-	-	-	2,000
Cybersecurity	-	-	3,000	3,000
GFOA	-	-	-	12,000
IFEBP	-	-	-	14,000
ILPA	2,000	3,000	-	5,000
NAPPA	-	5,000	-	5,000
PG User and Onbase Conference	-	-	13,000	28,000
SACRS	5,000	4,000	3,000	37,000
Technology Related Trainings	-	-	3,000	3,000
Other Trainings/Conferences (from above)	8,000	5,000	6,000	78,000
Total Trainings/Conferences	**16,000**	**17,000**	**29,000**	**213,000**
Professional Dues & Subscriptions	**22,000**	**20,000**	**-**	**86,000**
Recruitment Expenses	**1,000**	**-**	**-**	**1,000**
Total	**$ 39,000**	**$ 37,000**	**$ 29,000**	**$ 300,000**

PROFESSIONAL FEES

This category excludes investment professional consultant and advisor expenses.

Professional Fees	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)	% Change
Actuarial Fees	$ 550,000	$ 549,000	$ (1,000)	$ 512,000	$ (37,000)	-6.7%
Audit Fees	147,000	147,000	-	164,000	17,000	11.6%
Consultant Fees	458,000	455,000	(3,000)	438,000	(17,000)	-3.7%
Legal Fees	100,000	100,000	-	100,000	-	0.0%
Total Professional Fees	**1,255,000**	**1,251,000**	**(4,000)**	**1,214,000**	**(37,000)**	**-3.0%**
Actuarial Fees						
Actuarial Valuation	92,500	92,000	(500)	95,000	3,000	3.3%
ASOP #51, Risk Report	35,000	35,000	-	35,000	-	0.0%
GASB 67 & 68	56,500	57,000	500	58,000	1,000	1.8%
GASB 74 & 75	17,000	17,000	-	18,000	1,000	5.9%
SRBR Valuation	47,000	47,000	-	48,000	1,000	2.1%
Supplemental Consulting	258,000	257,000	(1,000)	258,000	1,000	0.4%
Triennial Experience Study	44,000	44,000	-	-	(44,000)	-100.0%
Total Actuarial Fees	**550,000**	**549,000**	**(1,000)**	**512,000**	**(37,000)**	**-6.7%**
Audit Fees						
Audit Fees	123,000	123,000	-	140,000	17,000	13.8%
GASB 67 & 68	12,000	12,000	-	12,000	-	0.0%
GASB 74 & 75	12,000	12,000	-	12,000	-	0.0%
Total Audit Fees	**147,000**	**147,000**	**-**	**164,000**	**17,000**	**11.6%**
Consultant Fees						
Administration						
CEM Benchmark	35,000	35,000	-	-	(35,000)	-100.0%
Total Administration	**35,000**	**35,000**	**-**	**-**	**(35,000)**	**-100.0%**
Benefits						
Benefit Cons./Open Enroll.	144,000	141,000	(3,000)	149,000	8,000	5.7%
County Retirees Medical	126,000	126,000	-	130,000	4,000	3.2%
Total Benefits	**270,000**	**267,000**	**(3,000)**	**279,000**	**12,000**	**4.5%**
Human Resources						
Lakeside Group (County Personnel)	153,000	153,000	-	159,000	6,000	3.9%
Total Human Resources	**153,000**	**153,000**	**-**	**159,000**	**6,000**	**3.9%**
Total Consultant Fees	**458,000**	**455,000**	**(3,000)**	**438,000**	**(17,000)**	**-3.7%**
Legal Fees						
Fiduciary, Tax and Benefit Issues, and Misc. Legal Advice	100,000	100,000	-	100,000	-	0.0%
Total Legal Fees	**$ 100,000**	**$ 100,000**	**$ -**	**$ 100,000**	**$ -**	**0.0%**

Professional Fees - Variance Narrative
2027 Proposed Budget vs. 2026 Forecast

		Variance Over/(Under)
ACTUARIAL		
• Increase in actuarial valuation, GASB, and SRBR valuation costs	$	6,000
• Increase in supplemental consulting fees		1,000
• Decrease due to completion of Triennial Experience Study		(44,000)
Subtotal		**(37,000)**
AUDIT		
• Increase in external audit fees		17,000
Subtotal		**17,000**
CONSULTANTS		
• Decrease due to completion of CEM Benchmark project		(35,000)
• Increase in contract fees		18,000
Subtotal		**(17,000)**
Total Over/(Under)	**$**	**(37,000)**

Professional Fees - Variance Narrative
2026 Forecast vs. 2026 Budget

		Variance Over/(Under)
ACTUARIAL		
• Decrease in supplemental consulting fees	$	(1,000)
Subtotal		**(1,000)**
CONSULTANTS		
• Decrease in contract fees		(3,000)
Subtotal		**(3,000)**
Total Over/(Under)	**$**	**(4,000)**

OFFICE EXPENSE

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

Office Expense	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)	% Change
Bank Charges	$ 72,000	$ 71,000	$ (1,000)	$ 73,000	$ 2,000	2.8%
Misc. Administrative Expenses	3,000	2,000	(1,000)	3,000	1,000	50.0%
Building Expenses	163,000	135,000	(28,000)	144,000	9,000	6.7%
Communications	71,000	60,000	(11,000)	63,000	3,000	5.0%
Equip. Leasing & Maint.	95,000	102,000	7,000	100,000	(2,000)	-2.0%
Minor Furniture & Equipment	10,000	9,000	(1,000)	12,000	3,000	33.3%
Office Supplies & Maint.	57,000	56,000	(1,000)	66,000	10,000	17.9%
Printing & Postage	26,000	23,000	(3,000)	26,000	3,000	13.0%
OFFICE EXPENSE TOTAL	**$ 497,000**	**$ 458,000**	**$ (39,000)**	**$ 487,000**	**$ 29,000**	**6.3%**

Office Expense - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
EQUIPMENT, FURNITURE, SUPPLIES AND MAINTENANCE	
• Increase in equipment and maintenance services	$ 11,000
Subtotal	**11,000**
MISCELLANEOUS ADMINISTRATIVE EXPENSES	
• Increase in miscellaneous administrative expenses	1,000
Subtotal	**1,000**
PRINTING & POSTAGE	
• Increase in printing & postage costs	3,000
Subtotal	**3,000**
BUILDING, BANK CHARGES, AND COMMUNICATIONS	
• Increase in communications	3,000
• Increase in escalation fees for building expenses	9,000
• Increase in bank fees	2,000
Subtotal	**14,000**
Total Over/(Under)	**$ 29,000**

Office Expense - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
EQUIPMENT, FURNITURE, SUPPLIES AND MAINTENANCE	
• Increase in equipment maintenance service	$ 5,000
Subtotal	**5,000**
MISCELLANEOUS ADMINISTRATIVE EXPENSES	
• Decrease in miscellaneous administrative expenses	(1,000)
Subtotal	**(1,000)**
PRINTING & POSTAGE	
• Decrease in printing costs	(3,000)
Subtotal	**(3,000)**
BUILDING, BANK CHARGES, AND COMMUNICATIONS	
• Decrease in escalation insurance for building expenses	(28,000)
• Decrease in bank fees	(1,000)
• Decrease in communication systems cost	(11,000)
Subtotal	**(40,000)**
Total Over/(Under)	**$ (39,000)**

INSURANCE

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

Insurance	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Commercial Package	$ 96,000	$ 93,000	$ (3,000)	$ 94,000	$ 1,000	1.6%
Cyber Liability	41,000	34,000	(7,000)	30,000	(4,000)	-19.0%
Fiduciary Liability	177,000	176,000	(1,000)	185,000	9,000	7.6%
Risk Management	205,000	200,000	(5,000)	206,000	6,000	4.5%
Worker's Compensation	139,000	192,000	53,000	254,000	62,000	42.2%
INSURANCE TOTAL	**$ 658,000**	**$ 695,000**	**$ 37,000**	**$ 769,000**	**$ 74,000**	**10.6%**

Insurance - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
• Increase in fiduciary liability insurance premiums	$ 9,000
• Decrease in cyber liability and commercial package insurance premiums	(3,000)
• Increase in Alameda County worker's compensation and risk management insurance premiums	68,000
Total Over/(Under)	**$ 74,000**

Insurance - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
• Decrease in fiduciary liability insurance premiums	$ (1,000)
• Decrease in cyber liability and commercial package insurance premiums	(10,000)
• Increase in Alameda County worker's compensation insurance premiums	48,000
Total Over/(Under)	**$ 37,000**

MEMBER SERVICES

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

Member Services	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Benefit Verification	$ 7,000	$ 7,000	$ -	$ 8,000	$ 1,000	14.3%
Disability - Legal Arbitration & Transcripts	60,000	60,000	-	72,000	12,000	20.0%
Disability - Medical	225,000	179,000	(46,000)	188,000	9,000	5.0%
Disability Claims Management	47,000	47,000	-	47,000	-	0.0%
Health Reimbursement Account (HRA)	97,000	97,000	-	97,000	-	0.0%
Member Training & Education	28,000	27,000	(1,000)	42,000	15,000	55.6%
Printing and Postage - Members	193,000	188,000	(5,000)	203,000	15,000	8.0%
Virtual Call Center	63,000	65,000	2,000	68,000	3,000	4.6%
MEMBER SERVICES TOTAL	**$ 720,000**	**$ 670,000**	**$ (50,000)**	**$ 725,000**	**$ 55,000**	**8.2%**

Member Services - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
DISABILITY	
• Increase in cost of disability cases	$ 21,000
Subtotal	**21,000**
PRINTING AND POSTAGE BENEFITS	
• Increase in printing and postage for open enrollment and 1099R	15,000
Subtotal	**15,000**
MEMBER TRAINING AND EDUCATION	
• Increase in training and education	15,000
Subtotal	**15,000**
VIRTUAL CALL CENTER AND BENEFIT VERIFICATION	
• Increase in virtual call cost and benefit verification	4,000
Subtotal	**4,000**
Total Over/(Under)	**$ 55,000**

Member Services - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
DISABILITY	
• Decrease in number of disability cases	$ (46,000)
Subtotal	**(46,000)**
MEMBER TRAINING AND EDUCATION	
• Decrease in training and education	(1,000)
Subtotal	**(1,000)**
PRINTING AND POSTAGE BENEFITS	
• Decrease in printing and postage	(5,000)
Subtotal	**(5,000)**
VIRTUAL CALL CENTER	
• Increase in virtual call cost	2,000
Subtotal	**2,000**
Total Over/(Under)	**$ (50,000)**

SYSTEMS

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

System Expenses	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Business Continuity Expenses	$ 296,000	$ 282,000	$ (14,000)	$ 316,000	$ 34,000	12.1%
County Data Processing	157,000	162,000	5,000	187,000	25,000	15.4%
Minor Computer Hardware	50,000	41,000	(9,000)	50,000	9,000	22.0%
Software License & Maintenance	876,000	896,000	20,000	945,000	49,000	5.5%
SYSTEMS TOTAL	**$ 1,379,000**	**$ 1,381,000**	**$ 2,000**	**$ 1,498,000**	**$ 117,000**	**8.5%**

Systems - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
BUSINESS CONTINUITY EXPENSES	
• Increase in costs for EDMS storage and AWS	$ 34,000
Subtotal	**34,000**
COMPUTER HARDWARE & COUNTY DATA PROCESSING	
• Increase in minor computer hardware	9,000
• Increase in county data processing	25,000
Subtotal	**34,000**
SOFTWARE, MAINTENANCE & SUPPORT	
• Increase in costs for the pension administration, OnBase and accounting systems	49,000
Subtotal	**49,000**
Total Over/(Under)	**$ 117,000**

Systems - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
BUSINESS CONTINUITY EXPENSES	
• Saving in business continuity from intrusion testing	$ (14,000)
Subtotal	(14,000)
COUNTY DATA PROCESSING	
• Increase in county data processing	5,000
Subtotal	**5,000**
MINOR COMPUTER HARDWARE	
• Decrease in computer hardware purchases	(9,000)
Subtotal	**(9,000)**
SOFTWARE, MAINTENANCE & SUPPORT	
• Increase in software licenses and maintenance	20,000
Subtotal	**20,000**
Total Over/(Under)	**$ 2,000**

BOARD OF RETIREMENT

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

Board of Retirement	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Board Compensation	$ 29,000	$ 28,000	$ (1,000)	$ 28,000	$ -	0.0%
Board Conference and Training	204,000	195,000	(9,000)	238,000	43,000	22.1%
Board Elections	-	-	-	60,000	60,000	100.0%
Board Employer Reimbursement	389,000	341,000	(48,000)	355,000	14,000	4.1%
Board Miscellaneous Activities	11,000	11,000	-	14,000	3,000	27.3%
Board Software Maint. & Support	17,000	19,000	2,000	20,000	1,000	5.3%
Board Strategic Planning	8,000	8,000	-	8,000	-	0.0%
BOARD OF RETIREMENT TOTAL	**$ 658,000**	**$ 602,000**	**$ (56,000)**	**$ 723,000**	**$ 121,000**	**20.1%**

Board of Retirement - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
• Increase in board conference and training expense	$ 43,000
• Board election in 2027	60,000
• Increase in employer reimbursements	14,000
• Increase in board miscellaneous activities expense and software maint. & support	4,000
Total Over/(Under)	**$ 121,000**

Board of Retirement - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
• Decrease in board compensation expense	$ (1,000)
• Decrease in board conference and training expense	(9,000)
• Decrease in board employer reimbursement	(48,000)
• Increase in board software maint. & support	2,000
Total Over/(Under)	**$ (56,000)**

DEPRECIATION

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

Depreciation	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)	% Change
Computer Hardware	$ 3,000	$ 3,000	$ -	$ 3,000	$ -	0.0%
Equipment	2,000	2,000	-	-	(2,000)	-100.0%
Information system	1,979,000	1,959,000	(20,000)	2,007,000	48,000	2.5%
Leasehold Improvements	95,000	95,000	-	95,000	-	0.0%
TOTAL DEPRECIATION	**$ 2,079,000**	**$ 2,059,000**	**$ (20,000)**	**$ 2,105,000**	**$ 46,000**	**2.2%**

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-Accounting 3 years
- Disaster Recovery 5 years
- Leasehold Improvements 27.5 years
- EDMS 5 years

Depreciation - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
INFORMATION SYSTEM	
• Accounting System project capitalization in 2027	$ 46,000
Total Over/(Under)	**$ 46,000**

Depreciation - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
INFORMATION SYSTEM	
• Lower cost for Post Pension Administration system capitalization	$ (20,000)
Total Over/(Under)	**$ (20,000)**

UNCOLLECTIBLE BENEFIT PAYMENTS

After the adoption of the discharge of uncollectible accounts receivable policy and Board of Retirement authorization, the annual uncollectible accounts receivable balance to be discharged is approximately $118,000. This balance is comprised of benefit overpayments, healthcare premium, payroll deductions, and taxes. Discharges of uncollectible balances normally include one year's worth of transactions, after passage of a one-year period from which collection efforts have been exhausted and the receivable has been declared uncollectible.

Uncollectible Benefit Payments	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)	% Change
Uncollectible Benefit Payments	$ 25,000	$ 41,000	$ 16,000	$ 118,000	$ 77,000	187.8%
Total	**$ 25,000**	**$ 41,000**	**$ 16,000**	**$ 118,000**	**$ 77,000**	**187.8%**

Uncollectible Benefit Payments - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
• Expect a higher write-off in uncollectible benefit payments in 2027	$ 77,000
Total Over/(Under)	**$ 77,000**

Uncollectible Benefit Payments - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
• Increase in uncollectible benefit payments	$ 16,000
Total Over/(Under)	**$ 16,000**

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Section IV

Departmental Operating Expense Budgets

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	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)	% Change
Administration (p#37)	$ 6,570,000	$ 6,332,000	$ (238,000)	$ 6,823,000	$ 491,000	7.8%
Benefits (p#41)	9,417,000	8,987,000	(430,000)	9,852,000	865,000	9.6%
Fiscal Services (p#44)	2,792,000	2,632,000	(160,000)	2,919,000	287,000	10.9%
Human Resources (p#46)	913,000	901,000	(12,000)	965,000	64,000	7.1%
Internal Audit (p#48)	878,000	792,000	(86,000)	849,000	57,000	7.2%
Investment (p#50)	2,763,000	2,643,000	(120,000)	2,882,000	239,000	9.0%
Legal (p#52)	1,420,000	1,335,000	(85,000)	1,451,000	116,000	8.7%
PRISM (p#54)	3,121,000	3,049,000	(72,000)	3,307,000	258,000	8.5%
Total Depart. Expenses	**$ 27,874,000**	**$ 26,671,000**	**$ (1,203,000)**	**$ 29,048,000**	**$ 2,377,000**	**8.9%**

ADMINISTRATION DEPARTMENT

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	2026 Budget	2026Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 1,350,000	$ 1,300,000	$ (50,000)	$ 1,388,000	$ 88,000	6.8%
Fringe Benefits	683,000	553,000	(130,000)	660,000	107,000	19.3%
5% Adjustment for Unexpected Vacancies	(101,000)	(101,000)	-	(102,000)	(1,000)	1.0%
Staffing Total	**1,932,000**	**1,752,000**	**(180,000)**	**1,946,000**	**194,000**	**11.1%**
STAFF DEVELOPMENT	**55,000**	**54,000**	**(1,000)**	**55,000**	**1,000**	**1.9%**
PROFESSIONAL FEES						
Actuarial Fees	550,000	549,000	(1,000)	512,000	(37,000)	-6.7%
Consultant Fees	35,000	35,000	-	-	(35,000)	-100.0%
Professional Fees Total	**585,000**	**584,000**	**(1,000)**	**512,000**	**(72,000)**	**-12.3%**
OFFICE EXPENSE						
Miscellaneous Administrative	3,000	2,000	(1,000)	3,000	1,000	50.0%
Building Expenses	163,000	135,000	(28,000)	144,000	9,000	6.7%
Communications	71,000	60,000	(11,000)	63,000	3,000	5.0%
Equipment Lease & Maintenance	95,000	102,000	7,000	100,000	(2,000)	-2.0%
Minor Furniture & Equipment	2,000	1,000	(1,000)	2,000	1,000	100.0%
Office Supplies & Maintenance	57,000	56,000	(1,000)	66,000	10,000	17.9%
Printing & Postage	26,000	23,000	(3,000)	26,000	3,000	13.0%
Office Expense Total	**417,000**	**379,000**	**(38,000)**	**404,000**	**25,000**	**6.6%**
INSURANCE	**658,000**	**695,000**	**37,000**	**769,000**	**74,000**	**10.6%**
SYSTEMS						
County Data Processing	157,000	162,000	5,000	187,000	25,000	15.4%
Software Maintenance & Support	4,000	4,000	-	4,000	-	0.0%
Systems Total	**161,000**	**166,000**	**5,000**	**191,000**	**25,000**	**15.1%**
BOARD OF RETIREMENT						
Board Conferences & Miscellaneous Activities	**658,000**	**602,000**	**(56,000)**	**723,000**	**121,000**	**20.1%**
UNCOLLECTIBLE BENEFIT PAYMENTS	**25,000**	**41,000**	**16,000**	**118,000**	**77,000**	**187.8%**
DEPRECIATION						
Depreciation Expense	**2,079,000**	**2,059,000**	**(20,000)**	**2,105,000**	**46,000**	**2.2%**
GRAND TOTAL	**$ 6,570,000**	**$ 6,332,000**	**$ (238,000)**	**$ 6,823,000**	**$ 491,000**	**7.8%**

Administration Department - Variance Narrative
2027 Proposed Budget vs. 2026 Forecast

		Variance Over/(Under)
STAFFING		
• Increase in salaries from COLA, merit increase, longevity pay, and vacation sellbacks	$	88,000
• Increase in 2027 projected fringe benefits rate		106,000
Subtotal		**194,000**
STAFF DEVELOPMENT		
• Increase in conference and training		1,000
Subtotal		**1,000**
PROFESSIONAL FEES		
• Decrease due to completion of Triennial Experience Study		(37,000)
• Decrease due to completion of CEM Benchmark project		(35,000)
Subtotal		**(72,000)**
OFFICE EXPENSE		
• Increase in escalation fees for building expenses		9,000
• Increase in communication		3,000
• Increase in office supplies & maintenance, printing, and minor equipment		13,000
Subtotal		**25,000**
INSURANCE		
• Increase in Alameda County worker's compensation and risk management insurance premiums		74,000
Subtotal		**74,000**
SYSTEMS		
• Increase in county data processing		25,000
Subtotal		**25,000**
BOARD OF RETIREMENT		
• Increase in board conference & training expense and board election in 2027		121,000
Subtotal		**121,000**
UNCOLLECTIBLE BENEFIT PAYMENTS		
• Increase in uncollectible benefit payments		77,000
Subtotal		**77,000**
DEPRECIATION EXPENSE		
• Accounting System project capitalization in 2027		46,000
Subtotal		**46,000**
Total Over/(Under)	**$**	**491,000**

Administration Department - Variance Narrative
2026 Forecast vs. 2026 Budget

		Variance Over/(Under)
STAFFING		
• Decrease due to vacant position	$	(50,000)
• Decrease in 2026 projected fringe benefits rate		(130,000)
Subtotal		**(180,000)**
STAFF DEVELOPMENT		
• Decrease in conference and training		(1,000)
Subtotal		**(1,000)**
PROFESSIONAL FEES		
• Decrease in actuarial supplemental consulting fees		(1,000)
Subtotal		**(1,000)**
OFFICE EXPENSE		
• Decrease in escalation insurance for building expenses		(28,000)
• Decrease in communication systems cost		(11,000)
• Decease in office supplies and maintenance, printing, and minor equipment		(6,000)
• Increase in equipment lease and maintenance		7,000
Subtotal		**(38,000)**
INSURANCE		
• Increase in insurance premiums		37,000
Subtotal		**37,000**
SYSTEMS		
• Increase in county data processing		5,000
Subtotal		**5,000**
BOARD OF RETIREMENT		
• Decrease mainly from board employer reimbursement due to vacant seat		(56,000)
Subtotal		**(56,000)**
UNCOLLECTIBLE BENEFIT PAYMENTS		
• Increase in uncollectible benefit payments		16,000
Subtotal		**16,000**
DEPRECIATION		
• Lower cost for Post Pension Administration system capitalization		(20,000)
Subtotal		**(20,000)**
Total Over/(Under)	**$**	**(238,000)**

Administration Department Professional Fees	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)	% Change
Consultant Fees						
CEM Benchmark	$ 35,000	$ 35,000	$ -	$ -	$ (35,000)	-100.0%
Subtotal	**35,000**	**35,000**	**-**	**-**	**(35,000)**	**-100.0%**
Actuarial Fees						
Actuarial Valuation	92,500	92,000	(500)	95,000	3,000	3.3%
ASOP #51, Risk Report	35,000	35,000	-	35,000	-	0.0%
GASB 67 & 68	56,500	57,000	500	58,000	1,000	1.8%
GASB 74 & 75	17,000	17,000	-	18,000	1,000	5.9%
SRBR Valuation	47,000	47,000	-	48,000	1,000	2.1%
Supplemental Consulting	258,000	257,000	(1,000)	258,000	1,000	0.4%
Triennial Experience Study	44,000	44,000	-	-	(44,000)	-100.0%
Subtotal	**550,000**	**549,000**	**(1,000)**	**512,000**	**(37,000)**	**-6.7%**
Administration Total	**$ 585,000**	**$ 584,000**	**$ (1,000)**	**$ 512,000**	**$ (72,000)**	**-12.3%**

Administration Department Staffing	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)
Chief Executive Officer	$ 394,000	$ 394,000	$ -	$ 414,000	$ 20,000
Assistant CEO	312,000	367,000	55,000	309,000	(58,000)
Administrative Support Specialist	95,000	76,000	(19,000)	98,000	22,000
Administrative Support Specialist	88,000	90,000	2,000	97,000	7,000
Administrative Specialist II	78,000	-	(78,000)	63,000	63,000
Cybersecurity Analyst	221,000	221,000	-	229,000	8,000
Executive Secretary	147,000	146,000	(1,000)	152,000	6,000
GASB 101 Compensated Leave Liability	15,000	6,000	(9,000)	26,000	20,000
Subtotal Salaries[1]	**1,350,000**	**1,300,000**	**(50,000)**	**1,388,000**	**88,000**
Fringe Benefits	683,000	553,000	(130,000)	660,000	107,000
5% Adjustment for Unexpected Vacancies	(101,000)	(101,000)	-	(102,000)	(1,000)
Administration Total	**$ 1,932,000**	**$ 1,752,000**	**$ (180,000)**	**$ 1,946,000**	**$ 194,000**

[1]Subtotal salaries include base salary, work out of class, and vacation sellback.

BENEFITS DEPARTMENT

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

Benefits Department	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 5,597,000	$ 5,431,000	$ (166,000)	$ 5,851,000	$ 420,000	7.7%
Fringe Benefits	2,945,000	2,641,000	(304,000)	3,009,000	368,000	13.9%
Temporary Staff	260,000	344,000	84,000	389,000	45,000	13.1%
5% Adjustment for Unexpected Vacancies	(424,000)	(424,000)	-	(440,000)	(16,000)	3.8%
Staffing Total	**8,378,000**	**7,992,000**	**(386,000)**	**8,809,000**	**817,000**	**10.2%**
STAFF DEVELOPMENT	**63,000**	**66,000**	**3,000**	**66,000**	**-**	**0.0%**
PROFESSIONAL FEES	**270,000**	**267,000**	**(3,000)**	**279,000**	**12,000**	**4.5%**
MEMBER SERVICES						
Benefit Verification	7,000	7,000	-	8,000	1,000	14.3%
Disability - Medical Expense	225,000	179,000	(46,000)	188,000	9,000	5.0%
Disability - Managed Medical Review Organization (MMRO)	47,000	47,000	-	47,000	-	0.0%
Health Reimbursement Account (HRA)	97,000	97,000	-	97,000	-	0.0%
Member Training & Education	28,000	27,000	(1,000)	42,000	15,000	55.6%
Printing & Postage - Members	193,000	188,000	(5,000)	203,000	15,000	8.0%
Virtual Call Center	63,000	65,000	2,000	68,000	3,000	4.6%
Member Services Total	**660,000**	**610,000**	**(50,000)**	**653,000**	**43,000**	**7.0%**
SYSTEMS						
Software Maintenance/Support	46,000	52,000	6,000	45,000	(7,000)	-13.5%
Systems Total	**46,000**	**52,000**	**6,000**	**45,000**	**(7,000)**	**-13.5%**
GRAND TOTAL	**$ 9,417,000**	**$ 8,987,000**	**$ (430,000)**	**$ 9,852,000**	**$ 865,000**	**9.6%**

Benefits Department - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 420,000
• Increase in 2027 projected fringe benefits rate	368,000
• Increase in 2027 temporary staff expense	45,000
• 5% adjustment for unexpected staff vacancies	(16,000)
Subtotal	**817,000**
PROFESSIONAL FEES	
• Increase in benefit consultant fees	12,000
Subtotal	**12,000**
MEMBER SERVICES	
• Increase in disability medical and benefit verification	10,000
• Increase in training and education	15,000
• Increase in printing and postage for open enrollment	15,000
• Increase in virtual call center	3,000
Subtotal	**43,000**
SYSTEMS	
• Decrease in pension adminstration system support	(7,000)
Subtotal	**(7,000)**
Total Over/(Under)	**$ 865,000**

Benefits Department - Variance Narrative 2026 Forecast vs. 2026 Budget

		Variance Over/(Under)
STAFFING		
• Saving due to vacant position		$ (198,000)
• Increase in overtime		32,000
• Decrease in 2026 projected fringe benefits rate		(304,000)
• Increase in temporary staff expense		84,000
	Subtotal	**(386,000)**
STAFF DEVELOPMENT		
• Increase in conference and training		3,000
	Subtotal	**3,000**
PROFESSIONAL FEES		
• Decrease in benefit consultant fees		(3,000)
	Subtotal	**(3,000)**
MEMBER SERVICES		
• Decrease in number of disability cases		(46,000)
• Decrease in training and education		(1,000)
• Decrease in printing and postage		(5,000)
• Increase in virtual call center		2,000
	Subtotal	**(50,000)**
SYSTEMS		
• Increase in software licenses and maintenance		6,000
	Subtotal	**6,000**
	Total Over/(Under)	**$ (430,000)**

Benefits Department Professional Fees

	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Benefits Consultant/Open Enrollment	$ 144,000	$ 141,000	$ (3,000)	$ 149,000	$ 8,000	5.7%
County Retirees Medical (Benefit Consultant)	126,000	126,000	-	130,000	4,000	3.2%
Benefits Total	**$ 270,000**	**$ 267,000**	**$ (3,000)**	**$ 279,000**	**$ 12,000**	**4.5%**

Benefits Department Staffing	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
Assistant CEO	$ 296,000	$ 296,000	$ -	$ 307,000	$ 11,000
Administrative Specialist II	124,000	124,000	-	129,000	5,000
Administrative Support Specialist	94,000	94,000	-	98,000	4,000
Communications Manager	136,000	136,000	-	142,000	6,000
Graphic Designer	108,000	108,000	-	112,000	4,000
Management Analyst	134,000	96,000	(38,000)	137,000	41,000
Retirement Assistant Benefits Manager	158,000	158,000	-	173,000	15,000
Retirement Assistant Benefits Manager	192,000	136,000	(56,000)	153,000	17,000
Retirement Benefits Manager	213,000	213,000	-	224,000	11,000
Retirement Benefits Manager	225,000	225,000	-	235,000	10,000
Retirement Benefits Specialist	129,000	49,000	(80,000)	119,000	70,000
Retirement Benefits Specialist	127,000	127,000	-	132,000	5,000
Retirement Benefits Specialist	127,000	127,000	-	133,000	6,000
Retirement Benefits Specialist	122,000	122,000	-	132,000	10,000
Retirement Benefits Specialist	129,000	130,000	1,000	136,000	6,000
Retirement Benefits Specialist	136,000	136,000	-	142,000	6,000
Retirement Benefits Specialist	127,000	127,000	-	133,000	6,000
Retirement Benefits Specialist	127,000	127,000	-	133,000	6,000
Retirement Technician	91,000	91,000	-	100,000	9,000
Retirement Technician	97,000	97,000	-	103,000	6,000
Senior Retirement Technician	101,000	103,000	2,000	115,000	12,000
Senior Retirement Technician	100,000	102,000	2,000	114,000	12,000
Senior Retirement Technician	91,000	91,000	-	101,000	10,000
Senior Retirement Technician	100,000	99,000	(1,000)	111,000	12,000
Senior Retirement Technician	118,000	118,000	-	123,000	5,000
Senior Retirement Technician	112,000	112,000	-	123,000	11,000
Senior Retirement Technician	111,000	111,000	-	122,000	11,000
Senior Retirement Technician	111,000	111,000	-	122,000	11,000
Senior Retirement Technician	112,000	112,000	-	123,000	11,000
Senior Retirement Technician	119,000	119,000	-	125,000	6,000
Senior Retirement Technician	119,000	119,000	-	125,000	6,000
Senior Retirement Technician	118,000	118,000	-	125,000	7,000
Senior Retirement Technician	119,000	119,000	-	125,000	6,000
Senior Retirement Technician	118,000	118,000	-	123,000	5,000
Senior Retirement Technician	119,000	119,000	-	125,000	6,000
Senior Retirement Technician	118,000	118,000	-	123,000	5,000
Senior Retirement Technician	119,000	119,000	-	125,000	6,000
Senior Retirement Technician	127,000	127,000	-	133,000	6,000
Senior Retirement Technician	119,000	119,000	-	124,000	5,000
Senior Retirement Technician	115,000	115,000	-	123,000	8,000
Senior Retirement Technician	120,000	120,000	-	126,000	6,000
Senior Retirement Technician	118,000	96,000	(22,000)	123,000	27,000
GASB 101 Compensated Leave Liability	138,000	132,000	(6,000)	129,000	(3,000)
Subtotal Salaries[1]	**5,534,000**	**5,336,000**	**(198,000)**	**5,781,000**	**445,000**
Fringe Benefits	2,945,000	2,641,000	(304,000)	3,009,000	368,000
Temporary Staff	260,000	344,000	84,000	389,000	45,000
Overtime	63,000	95,000	32,000	70,000	(25,000)
5% Adjustment for Unexpected Vacancies	(424,000)	(424,000)	-	(440,000)	(16,000)
Benefits Total	**$ 8,378,000**	**$ 7,992,000**	**$ (386,000)**	**$ 8,809,000**	**$ 817,000**

[1]Subtotal salaries include base salary, work out of class, and vacation sellback.

FISCAL SERVICES DEPARTMENT

The Fiscal Services Department prepares Board reports, the Annual Comprehensive Financial Report (ACFR), and the annual budget. The Department accounts for cash management, retiree and vendor payrolls, capital assets, and operating expenditures.

Fiscal Services Department	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 1,723,000	$ 1,613,000	$ (110,000)	$ 1,791,000	$ 178,000	11.0%
Fringe Benefits	872,000	810,000	(62,000)	908,000	98,000	12.1%
5% Adjustment for Unexpected Vacancies	(129,000)	(129,000)	-	(134,000)	(5,000)	3.9%
Staffing Total	**2,466,000**	**2,294,000**	**(172,000)**	**2,565,000**	**271,000**	**11.8%**
STAFF DEVELOPMENT	**29,000**	**30,000**	**1,000**	**32,000**	**2,000**	**6.7%**
PROFESSIONAL FEES						
External Audit	147,000	147,000	-	164,000	17,000	11.6%
Professional Fees Total	**147,000**	**147,000**	**-**	**164,000**	**17,000**	**11.6%**
OFFICE EXPENSE						
Bank Charges	72,000	71,000	(1,000)	73,000	2,000	2.8%
Office Expense Total	**72,000**	**71,000**	**(1,000)**	**73,000**	**2,000**	**2.8%**
SYSTEMS						
Software Maintenance/Support	78,000	90,000	12,000	85,000	(5,000)	-5.6%
Systems Total	**78,000**	**90,000**	**12,000**	**85,000**	**(5,000)**	**-5.6%**
GRAND TOTAL	**$ 2,792,000**	**$ 2,632,000**	**$ (160,000)**	**$ 2,919,000**	**$ 287,000**	**10.9%**

Fiscal Services Department - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 178,000
• Increase in 2027 projected fringe benefits rate	98,000
• 5% adjustment for unexpected staff vacancies	(5,000)
Subtotal	**271,000**
STAFF DEVELOPMENT	
• Increase in conference and training	2,000
Subtotal	**2,000**
PROFESSIONAL FEES	
• Increase in external audit fees	17,000
Subtotal	**17,000**
OFFICE EXPENSE	
• Increase in bank fees	2,000
Subtotal	**2,000**
SYSTEMS	
• Decrease in software support cost	(5,000)
Subtotal	**(5,000)**
Total Over/(Under)	**$ 287,000**

Fiscal Services Department - Variance Narrative 2026 Forecast vs. 2026 Budget

	Variance Over/(Under)
STAFFING	
• Decrease from delay filling the vacant position	$ (110,000)
• Decrease in 2026 projected fringe benefits rate	(62,000)
Subtotal	**(172,000)**
STAFF DEVELOPMENT	
• Increase in conference and training	1,000
Subtotal	**1,000**
OFFICE EXPENSE	
• Decrease in bank fees	(1,000)
Subtotal	**(1,000)**
SYSTEMS	
• Increase in software licenses and maintenance	12,000
Subtotal	**12,000**
Total Over/(Under)	**$ (160,000)**

Fiscal Services Department Professional Fees

	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
External Audit	$ 123,000	$ 123,000	$ -	$ 140,000	$ 17,000	13.8%
GASB 67 & 68	12,000	12,000	-	12,000	-	0.0%
GASB 74 & 75	12,000	12,000	-	12,000	-	0.0%
Fiscal Services Total	**$ 147,000**	**$ 147,000**	**$ -**	**$ 164,000**	**$ 17,000**	**11.6%**

Fiscal Services Department Staffing

	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)
Fiscal Services Officer	$ 235,000	$ 104,000	$ (131,000)	$ 204,000	$ 100,000
Administrative Assistant	98,000	98,000	-	102,000	4,000
Retirement Accountant III	147,000	157,000	10,000	163,000	6,000
Retirement Accountant III	147,000	157,000	10,000	163,000	6,000
Retirement Accountant II	123,000	123,000	-	134,000	11,000
Retirement Accountant II	135,000	140,000	5,000	141,000	1,000
Retirement Accountant II	138,000	138,000	-	144,000	6,000
Retirement Accountant II	138,000	138,000	-	144,000	6,000
Retirement Accountant II	131,000	131,000	-	136,000	5,000
Retirement Accountant II	125,000	132,000	7,000	142,000	10,000
Retirement Budget Analyst	162,000	161,000	(1,000)	169,000	8,000
Retirement Support Specialist	77,000	77,000	-	81,000	4,000
GASB 101 Compensated Leave Liability	42,000	32,000	(10,000)	48,000	16,000
Subtotal Salaries[1]	**1,698,000**	**1,588,000**	**(110,000)**	**1,771,000**	**183,000**
Fringe Benefits	872,000	810,000	(62,000)	908,000	98,000
Overtime	25,000	25,000	-	20,000	(5,000)
5% Adjustment for Unexpected Vacancies	(129,000)	(129,000)	-	(134,000)	(5,000)
Fiscal Services Total	**$ 2,466,000**	**$ 2,294,000**	**$ (172,000)**	**$ 2,565,000**	**$ 271,000**

[1]Subtotal salaries include base salary, work out of class, and vacation sellback.

HUMAN RESOURCES DEPARTMENT

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

Human Resources Department	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 521,000	$ 521,000	$ -	$ 544,000	$ 23,000	4.4%
Fringe Benefits	261,000	248,000	(13,000)	279,000	31,000	12.5%
5% Adjustment for Unexpected Vacancies	(39,000)	(39,000)	-	(41,000)	(2,000)	5.1%
Staffing Total	**743,000**	**730,000**	**(13,000)**	**782,000**	**52,000**	**7.1%**
STAFF DEVELOPMENT	**9,000**	**10,000**	**1,000**	**14,000**	**4,000**	**40.0%**
PROFESSIONAL FEES	**153,000**	**153,000**	**-**	**159,000**	**6,000**	**3.9%**
OFFICE EXPENSE						
Ergonomic Furniture & Equipment	8,000	8,000	-	10,000	2,000	25.0%
Office Expense Total	**8,000**	**8,000**	**-**	**10,000**	**2,000**	**25.0%**
GRAND TOTAL	**$ 913,000**	**$ 901,000**	**$ (12,000)**	**$ 965,000**	**$ 64,000**	**7.1%**

Human Resources Department - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 23,000
• Increase in 2027 projected fringe benefits rate	31,000
• 5% adjustment for unexpected staff vacancies	(2,000)
Subtotal	**52,000**
STAFF DEVELOPMENT	
• Increase in conference and training	4,000
Subtotal	**4,000**
PROFESSIONAL FEES	
• Increase in consultant fees	6,000
Subtotal	**6,000**
OFFICE EXPENSE	
• Increase in minor furniture and equipment costs	2,000
Subtotal	**2,000**
Total Over/(Under)	**$ 64,000**

Human Resources Department - Variance Narrative 2026 Budget vs. 2026 Forecast	Variance Over/(Under)
STAFFING	
• Decrease in 2026 projected fringe benefits rate	$ (13,000)
Subtotal	**(13,000)**
STAFF DEVELOPMENT	
• Increase in conference and training	1,000
Subtotal	**1,000**
Total Over/(Under)	**$ (12,000)**

Human Resources Department Professional Fees	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Consultant Fees - Lakeside Group	$ 153,000	$ 153,000	$ -	$ 159,000	$ 6,000	3.9%
Human Resources Total	**$ 153,000**	**$ 153,000**	**$ -**	**$ 159,000**	**$ 6,000**	**3.9%**

Human Resources Department Staffing	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)
Human Resources Officer	$ 225,000	$ 225,000	$ -	$ 234,000	$ 9,000
Human Resources Specialist	163,000	163,000	-	170,000	7,000
Administrative Specialist II	118,000	118,000	-	123,000	5,000
GASB 101 Compensated Leave Liability	15,000	15,000	-	17,000	2,000
Subtotal Salaries[1]	**521,000**	**521,000**	**-**	**544,000**	**23,000**
Fringe Benefits	261,000	248,000	(13,000)	279,000	31,000
5% Adjustment for Unexpected Vacancies	(39,000)	(39,000)	-	(41,000)	(2,000)
Human Resources Total	**$ 743,000**	**$ 730,000**	**$ (13,000)**	**$ 782,000**	**$ 52,000**

[1]Subtotal salaries include base salary, work out of class, and vacation sellback.

INTERNAL AUDIT DEPARTMENT

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

Internal Audit Department	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)	% Change
STAFFING						
Salaries	$ 586,000	$ 586,000	$ -	$ 614,000	$ 28,000	4.8%
Fringe Benefits	305,000	220,000	(85,000)	247,000	27,000	12.3%
5% Adjustment for Unexpected Vacancies	(44,000)	(44,000)	-	(43,000)	1,000	-2.3%
Staffing Total	**847,000**	**762,000**	**(85,000)**	**818,000**	**56,000**	**7.3%**
STAFF DEVELOPMENT	**28,000**	**27,000**	**(1,000)**	**28,000**	**1,000**	**3.7%**
SYSTEMS	**3,000**	**3,000**	**-**	**3,000**	**-**	**0.0%**
GRAND TOTAL	**$ 878,000**	**$ 792,000**	**$ (86,000)**	**$ 849,000**	**$ 57,000**	**7.2%**

Internal Audit Department - Variance Narrative 2027 Proposed budget vs. 2026 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 28,000
• Increase in 2027 projected fringe benefits rate	27,000
• 5% adjustment for unexpected staff vacancies	1,000
Subtotal	**56,000**
STAFF DEVELOPMENT	
• Increase in conference and training	1,000
Subtotal	**1,000**
Total Over/(Under)	**$ 57,000**

Internal Audit Department - Variance Narrative 2026 Budget vs. 2026 Forecast	Variance Over/(Under)
STAFFING	
• Decrease in 2026 projected fringe benefits rate	$ (85,000)
Subtotal	**(85,000)**
STAFF DEVELOPMENT	
• Decrease in conference and training	(1,000)
Subtotal	**(1,000)**
Total Over/(Under)	**$ (86,000)**

Internal Audit Department Staffing	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)
Chief Internal Auditor	$ 223,000	$ 223,000	$ -	$ 232,000	$ 9,000
Internal Auditor	154,000	154,000	-	160,000	6,000
Retirement Assistant Accounting Manager	191,000	191,000	-	199,000	8,000
GASB 101 Compensated Leave Liability	18,000	18,000	-	23,000	5,000
Subtotal Salaries[1]	**586,000**	**586,000**	**-**	**614,000**	**23,000**
Fringe Benefits	305,000	220,000	(85,000)	247,000	27,000
5% Adjustment for Unexpected Vacancies	(44,000)	(44,000)	-	(43,000)	1,000
Internal Audit Total	**$ 847,000**	**$ 762,000**	**$ (85,000)**	**$ 818,000**	**$ 56,000**

[1]Subtotal salaries include base salary, work out of class, and vacation sellback.

INVESTMENT DEPARTMENT

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

Investment Department	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 1,908,000	$ 1,884,000	$ (24,000)	$ 2,011,000	$ 127,000	6.7%
Fringe Benefits	964,000	857,000	(107,000)	982,000	125,000	14.6%
Temporary Staff	-	4,000	4,000	-	(4,000)	-100.0%
5% Adjustment for Unexpected Vacancies	(144,000)	(144,000)	-	(150,000)	(6,000)	4.2%
Staffing Total	**2,728,000**	**2,601,000**	**(127,000)**	**2,843,000**	**242,000**	**9.3%**
STAFF DEVELOPMENT	**35,000**	**42,000**	**7,000**	**39,000**	**(3,000)**	**-7.1%**
GRAND TOTAL	**$ 2,763,000**	**$ 2,643,000**	**$ (120,000)**	**$ 2,882,000**	**$ 239,000**	**9.0%**

Investment Department - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, and vacation sellbacks	$ 127,000
• Increase in 2027 projected fringe benefits rate	125,000
• Decrease in temporary staffing costs	(4,000)
• 5% adjustment for unexpected staff vacancies	(6,000)
Subtotal	**242,000**
STAFF DEVELOPMENT	
• Decrease in conference and training	(3,000)
Subtotal	**(3,000)**
Total Over/(Under)	**$ 239,000**

Investment Department - Variance Narrative 2026 Forecast vs. 2026 Budget	Variance Over/(Under)
STAFFING	
• Decrease due to delay filling the vacant position	$ (24,000)
• Decrease in 2026 projected fringe benefits rate	(107,000)
• Increase in temporary staff expense	4,000
Subtotal	**(127,000)**
STAFF DEVELOPMENT	
• Increase in conference and training	7,000
Subtotal	**7,000**
Total Over/(Under)	**$ (120,000)**

Investment Department Staffing	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
Chief Investment Officer	$ 426,000	$ 426,000	$ -	$ 444,000	$ 18,000
Administrative Specialist II	123,000	119,000	(4,000)	128,000	9,000
Administrative Support Specialist	94,000	95,000	1,000	90,000	(5,000)
Investment Analyst	165,000	123,000	(42,000)	151,000	28,000
Investment Analyst	148,000	152,000	4,000	165,000	13,000
Senior Investment Officer	236,000	242,000	6,000	263,000	21,000
Senior Investment Officer	238,000	246,000	8,000	268,000	22,000
Investment Officer	205,000	210,000	5,000	218,000	8,000
Investment Operations Officer	229,000	229,000	-	238,000	9,000
GASB 101 Compensated Leave Liability	44,000	42,000	(2,000)	46,000	4,000
Subtotal Salaries[1]	**1,908,000**	**1,884,000**	**(24,000)**	**2,011,000**	**127,000**
Fringe Benefits	964,000	857,000	(107,000)	982,000	125,000
Temporary Staff	-	4,000	4,000	-	(4,000)
5% Adjustment for Unexpected Vacancies	(144,000)	(144,000)	-	(150,000)	(6,000)
Investment Total	**$ 2,728,000**	**$ 2,601,000**	**$ (127,000)**	**$ 2,843,000**	**$ 242,000**

[1]Subtotal salaries include base salary, work out of class, and vacation sellback.

LEGAL DEPARTMENT

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

Legal Department	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 918,000	$ 891,000	$ (27,000)	$ 956,000	$ 65,000	7.3%
Fringe Benefits	364,000	309,000	(55,000)	351,000	42,000	13.6%
5% Adjustment for Unexpected Vacancies	(64,000)	(64,000)	-	(65,000)	(1,000)	1.6%
Staffing Total	**1,218,000**	**1,136,000**	**(82,000)**	**1,242,000**	**106,000**	**9.3%**
STAFF DEVELOPMENT	**42,000**	**39,000**	**(3,000)**	**37,000**	**(2,000)**	**-5.1%**
PROFESSIONAL FEES	**100,000**	**100,000**	**-**	**100,000**	**-**	**0.0%**
DISABILITY-ARBITRATION & TRANSCRIPTS	**60,000**	**60,000**	**-**	**72,000**	**12,000**	**20.0%**
GRAND TOTAL	**$ 1,420,000**	**$ 1,335,000**	**$ (85,000)**	**$ 1,451,000**	**$ 116,000**	**8.7%**

Legal Department - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast		Variance Over/(Under)
STAFFING		
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks		$ 65,000
• Increase in 2027 projected fringe benefits rate		42,000
• 5% adjustment for unexpected staff vacancies		(1,000)
	Subtotal	**106,000**
STAFF DEVELOPMENT		
• Decrease in conference and training		(2,000)
	Subtotal	**(2,000)**
DISABILITY-LEGAL TRANSCRIPTS		
• Increase in cost of disability cases		12,000
	Subtotal	**12,000**
	Total Over/(Under)	**$ 116,000**

Legal Department - Variance Narrative 2026 Forecast vs. 2026 Budget

	Variance Over/(Under)
STAFFING	
• Decrease due to delay in COLA increase	$ (27,000)
• Decrease in 2026 projected fringe benefits rate	(55,000)
Subtotal	**(82,000)**
STAFF DEVELOPMENT	
• Decrease in conference and training	(3,000)
Subtotal	**(3,000)**
Total Over/(Under)	**$ (85,000)**

Legal Department Professional Fees

	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Fiduciary, Tax and Benefit Issues, and Misc. Legal Advice	$ 100,000	$ 100,000	$ -	$ 100,000	$ -	0.0%
Legal Total	**$ 100,000**	**$ 100,000**	**$ -**	**$ 100,000**	**$ -**	**0.0%**

Legal Department Staffing

	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)
Chief Counsel	$ 366,000	$ 348,000	$ (18,000)	$ 378,000	$ 30,000
Administrative Specialist II	117,000	117,000	-	123,000	6,000
Administrative Support Specialist	94,000	94,000	-	99,000	5,000
Associate Counsel	318,000	309,000	(9,000)	331,000	22,000
GASB 101 Compensated Leave Liability	23,000	23,000	-	25,000	2,000
Subtotal Salaries[1]	**918,000**	**891,000**	**(27,000)**	**956,000**	**65,000**
Fringe Benefits	364,000	309,000	(55,000)	351,000	42,000
5% Adjustment for Unexpected Vacancies	(64,000)	(64,000)	-	(65,000)	(1,000)
Legal Total	**$ 1,218,000**	**$ 1,136,000**	**$ (82,000)**	**$ 1,242,000**	**$ 106,000**

[1]Subtotal salaries include base salary, work out of class, and vacation sellback.

PRISM DEPARTMENT

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

PRISM Department	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
STAFFING						
Salaries	$ 1,403,000	$ 1,399,000	$ (4,000)	$ 1,477,000	$ 78,000	5.6%
Fringe Benefits	703,000	657,000	(46,000)	738,000	81,000	12.3%
5% Adjustment for Unexpected Vacancies	(105,000)	(105,000)	-	(111,000)	(6,000)	5.7%
Staffing Total	**2,001,000**	**1,951,000**	**(50,000)**	**2,104,000**	**153,000**	**7.8%**
STAFF DEVELOPMENT	**29,000**	**28,000**	**(1,000)**	**29,000**	**1,000**	**3.6%**
SYSTEMS						
Business Continuity Expenses	296,000	282,000	(14,000)	316,000	34,000	12.1%
Minor Computer Hardware	50,000	41,000	(9,000)	50,000	9,000	22.0%
Software Maint. & Support	745,000	747,000	2,000	808,000	61,000	8.2%
Systems Total	**1,091,000**	**1,070,000**	**(21,000)**	**1,174,000**	**104,000**	**9.7%**
GRAND TOTAL	**$ 3,121,000**	**$ 3,049,000**	**$ (72,000)**	**$ 3,307,000**	**$ 258,000**	**8.5%**

PRISM Department - Variance Narrative 2027 Proposed Budget vs. 2026 Forecast	Variance Over/(Under)
STAFFING	
• Increase in salaries from COLA, merit and step increases, longevity pay, and vacation sellbacks	$ 78,000
• Increase in 2027 projected fringe benefits rate	81,000
• 5% adjustment for unexpected staff vacancies	(6,000)
Subtotal	**153,000**
STAFF DEVELOPMENT	
• Increase in conference and training	1,000
Subtotal	**1,000**
SYSTEMS	
• Increase in business continuity	34,000
• Increase in minor computer hardware	9,000
• Increase in software licenses and maintenance for Pension Administration and OnBase system	61,000
Subtotal	**104,000**
Total Over/(Under)	**$ 258,000**

PRISM Department - Variance Narrative 2026 Forecast vs. 2026 Budget

		Variance Over/(Under)
STAFFING		
• Decrease in salaries		$ (4,000)
• Decrease in 2026 projected fringe benefits rate		(46,000)
	Subtotal	**(50,000)**
STAFF DEVELOPMENT		
• Decrease in conference and training		(1,000)
	Subtotal	**(1,000)**
SYSTEMS		
• Decrease in business continuity		(14,000)
• Decrease in computer hardware purchases		(9,000)
• Increase in software licenses and maintenance		2,000
	Subtotal	**(21,000)**
	Total Over/(Under)	**$ (72,000)**

PRISM Department Staffing

	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)
Retirement Tech Officer	$ 238,000	$ 238,000	$ -	$ 248,000	$ 10,000
Computer and Network System Specialist	145,000	145,000	-	150,000	5,000
Computer and Network System Specialist	110,000	113,000	3,000	124,000	11,000
Computer and Network System Analyst	201,000	201,000	-	209,000	8,000
Computer and Network System Analyst	193,000	194,000	1,000	202,000	8,000
Retirement System Program Analyst	172,000	172,000	-	179,000	7,000
Retirement System Program Analyst	166,000	155,000	(11,000)	173,000	18,000
Security Analyst	156,000	156,000	-	162,000	6,000
GASB 101 Compensated Leave Liability	22,000	25,000	3,000	30,000	5,000
Subtotal Salaries[1]	**1,403,000**	**1,399,000**	**(4,000)**	**1,477,000**	**78,000**
Fringe Benefits	703,000	657,000	(46,000)	738,000	81,000
5% Adjustment for Unexpected Vacancies	(105,000)	(105,000)	-	(111,000)	(6,000)
PRISM Total	**$ 2,001,000**	**$ 1,951,000**	**$ (50,000)**	**$ 2,104,000**	**$ 153,000**

[1]Subtotal salaries include base salary, work out of class, and vacation sellback.

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Section V

Administrative Budget

Section V

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 actuarial 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. The administrative cap is based on the actuarial accrued liabilities of $14,516 million. In 2027, the administrative budget of $16.4 million is $14.1 million under the administrative cap of $30.5 million. Approximately $12.7 million was excluded from the annual operating expense budget of $29.1 million.

ADMINISTRATIVE EXPENSES BUDGET ALLOCATION	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
STAFFING	$ 13,517,000	$ 12,774,000	$ (743,000)	$ 14,074,000	$ 1,300,000
STAFF DEVELOPMENT	163,000	164,000	1,000	172,000	8,000
PROFESSIONAL FEES					
Consultant Fees - Operations	145,000	144,000	(1,000)	122,000	(22,000)
External Audit	110,000	110,000	-	123,000	13,000
Professional Fees Total	255,000	254,000	(1,000)	245,000	(9,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	57,000	56,000	(1,000)	58,000	2,000
Building Expenses	125,000	104,000	(21,000)	110,000	6,000
Communications	54,000	46,000	(8,000)	48,000	2,000
Equipment Lease/Maintenance	73,000	77,000	4,000	77,000	-
Minor Furniture and Equipment	7,000	7,000	-	10,000	3,000
Office Supplies and Maintenance	44,000	43,000	(1,000)	51,000	8,000
Printing & Postage	20,000	18,000	(2,000)	20,000	2,000
Office Expense Total	380,000	351,000	(29,000)	374,000	23,000
INSURANCE	504,000	533,000	29,000	590,000	57,000
MEMBER SERVICES					
Benefit Verification	7,000	7,000	-	8,000	1,000
Members Medical Expense	225,000	179,000	(46,000)	188,000	9,000
Disability Claims Management	47,000	47,000	-	47,000	-
Member Training & Education	28,000	27,000	(1,000)	42,000	15,000
Printing & Postage - Members	97,000	94,000	(3,000)	102,000	8,000
Virtual Call Center	63,000	65,000	2,000	68,000	3,000
Member Services Total	467,000	419,000	(48,000)	455,000	36,000
DEPRECIATION	74,000	74,000	-	73,000	(1,000)
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	263,000	240,000	(23,000)	289,000	49,000
UNCOLLECTIBLE BENEFIT PAYMENTS	25,000	41,000	16,000	118,000	77,000
GRAND TOTAL	$ 15,648,000	$ 14,850,000	$ (798,000)	$ 16,390,000	$ 1,540,000

BCP EXPENSES BUDGET ALLOCATION	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
STAFFING	$ 435,000	$ 418,000	$ (17,000)	$ 448,000	$ 30,000
STAFF DEVELOPMENT	5,000	5,000	-	5,000	-
PROFESSIONAL FEES					
Consultant Fees - Operations	4,000	4,000	-	3,000	(1,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	2,000	2,000	-	2,000	-
Building Expenses	3,000	3,000	-	3,000	-
Communications	2,000	1,000	(1,000)	1,000	-
Equipment Lease/Maintenance	2,000	3,000	1,000	2,000	(1,000)
Minor Furniture and Equipment	-	-	-	-	-
Office Supplies and Maintenance	1,000	1,000	-	1,000	-
Printing & Postage	-	-	-	-	-
Office Expense Total	10,000	10,000	-	9,000	(1,000)
INSURANCE	14,000	15,000	1,000	16,000	1,000
SYSTEMS					
Disaster Recovery & Business Continuity	296,000	282,000	(14,000)	316,000	34,000
DEPRECIATION					
Depreciation Expense - Other	2,000	3,000	1,000	2,000	(1,000)
Depreciation Total	2,000	3,000	1,000	2,000	(1,000)
GRAND TOTAL	$ 766,000	$ 737,000	$ (29,000)	$ 799,000	$ 62,000

INVESTMENT EXPENSES BUDGET ALLOCATION	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
STAFFING					
Staffing - Direct	$ 2,658,000	$ 2,538,000	$ (120,000)	$ 2,772,000	$ 234,000
Staffing - Indirect	994,000	924,000	(70,000)	1,030,000	106,000
Staffing Total	3,652,000	3,462,000	(190,000)	3,802,000	340,000
STAFF DEVELOPMENT	73,000	81,000	8,000	79,000	(2,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	33,000	34,000	1,000	29,000	(5,000)
External Audit	37,000	37,000	-	41,000	4,000
Professional Fees Total	70,000	71,000	1,000	70,000	(1,000)
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	14,000	13,000	(1,000)	14,000	1,000
Building Expenses	30,000	24,000	(6,000)	26,000	2,000
Communications	13,000	11,000	(2,000)	12,000	1,000
Equipment Lease/Maintenance	17,000	19,000	2,000	18,000	(1,000)
Minor Furniture and Equipment	2,000	2,000	-	2,000	-
Office Supplies and Maintenance	10,000	10,000	-	12,000	2,000
Printing & Postage	5,000	4,000	(1,000)	5,000	1,000
Office Expense Total	91,000	83,000	(8,000)	89,000	6,000
INSURANCE	119,000	125,000	6,000	139,000	14,000
DEPRECIATION					
Depreciation Expense - Other	18,000	17,000	(1,000)	17,000	-
Depreciation Total	18,000	17,000	(1,000)	17,000	-
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	165,000	151,000	(14,000)	181,000	30,000
GRAND TOTAL	$ 4,188,000	$ 3,990,000	$ (198,000)	$ 4,377,000	$ 387,000

LEGAL EXPENSES BUDGET ALLOCATION	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
STAFFING	$ 656,000	$ 613,000	$ (43,000)	$ 669,000	$ 56,000
STAFF DEVELOPMENT	49,000	46,000	(3,000)	44,000	(2,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	6,000	6,000	-	5,000	(1,000)
Consultant Fees - Legal	100,000	100,000	-	100,000	-
Professional Fees Total	**106,000**	**106,000**	**-**	**105,000**	**(1,000)**
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	2,000	2,000	-	2,000	-
Building Expenses	5,000	4,000	(1,000)	5,000	1,000
Communications	2,000	2,000	-	2,000	-
Equipment Lease/Maintenance	3,000	3,000	-	3,000	-
Minor Furniture and Equipment	1,000	-	(1,000)	-	-
Office Supplies and Maintenance	2,000	2,000	-	2,000	-
Printing & Postage	1,000	1,000	-	1,000	-
Office Expense Total	**16,000**	**14,000**	**(2,000)**	**15,000**	**1,000**
INSURANCE	**21,000**	**22,000**	**1,000**	**24,000**	**2,000**
MEMBER SERVICES					
Disability - Legal Arbitration & Transcripts	**60,000**	**60,000**	**-**	**72,000**	**12,000**
DEPRECIATON	**3,000**	**3,000**	**-**	**3,000**	**-**
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	**66,000**	**61,000**	**(5,000)**	**73,000**	**12,000**
GRAND TOTAL	**$ 977,000**	**$ 925,000**	**$ (52,000)**	**$ 1,005,000**	**$ 80,000**

SRBR EXPENSES BUDGET ALLOCATION	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
STAFFING	$ 2,053,000	$ 1,951,000	$ (102,000)	$ 2,116,000	$ 165,000
PROFESSIONAL FEES					
Actuarial - SRBR Valuation	47,000	47,000	-	48,000	1,000
Consultant Fees - SRBR	270,000	267,000	(3,000)	279,000	12,000
Professional Fees Total	**317,000**	**314,000**	**(3,000)**	**327,000**	**13,000**
MEMBER SERVICES					
Health Reimbursement Account (HRA)	97,000	97,000	-	97,000	-
Printing & Postage - Members	96,000	94,000	(2,000)	101,000	7,000
Member Services Total	**193,000**	**191,000**	**(2,000)**	**198,000**	**7,000**
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	**164,000**	**150,000**	**(14,000)**	**180,000**	**30,000**
GRAND TOTAL	**$ 2,727,000**	**$ 2,606,000**	**$ (121,000)**	**$ 2,821,000**	**$ 215,000**

TECHNOLOGY EXPENSES BUDGET ALLOCATION	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
SYSTEMS					
Computer Hardware & Maintenance	$ 50,000	$ 41,000	$ (9,000)	$ 50,000	$ 9,000
County Data Processing	157,000	162,000	5,000	187,000	25,000
Software Maintenance & Support	876,000	896,000	20,000	945,000	49,000
Systems Total	**1,083,000**	**1,099,000**	**16,000**	**1,182,000**	**83,000**
DEPRECIATION	**1,982,000**	**1,962,000**	**(20,000)**	**2,010,000**	**48,000**
GRAND TOTAL	**$ 3,065,000**	**$ 3,061,000**	**$ (4,000)**	**$ 3,192,000**	**$ 131,000**

Administrative Expense Budget Overview [1] ($ in thousands)	2027 Proposed Budget	2027 Actuarial Budget	2027 Business Continuity Budget	2027 Investment Budget	2027 Legal Budget	2027 SRBR Budget	2027 Technology Budget	2027 Administrative Budget
STAFFING	$ 21,109	$ -	$ (448)	$ (3,802)	$ (669)	$ (2,116)	$ -	$ 14,074
STAFF DEVELOPMENT	300	-	(5)	(79)	(44)	-	-	172
PROFESSIONAL FEES								
Actuarial Fees	512	(464)	-	-	-	(48)	-	-
Audit Fees	164	-	-	(41)	-	-	-	123
Consultant Fees	438	-	(3)	(29)	(5)	(279)	-	122
Legal Fees	100	-	-	-	(100)	-	-	-
Professional Fees Total	1,214	(464)	(3)	(70)	(105)	(327)	-	245
OFFICE EXPENSE								
Bank Charges & Misc. Admin	76	-	(2)	(14)	(2)	-	-	58
Building Expenses	144	-	(3)	(26)	(5)	-	-	110
Communications	63	-	(1)	(12)	(2)	-	-	48
Equipment Lease & Maintenance	100	-	(2)	(18)	(3)	-	-	77
Minor Furniture & Equipment	12	-	-	(2)	-	-	-	10
Office Supplies & Maintenance	66	-	(1)	(12)	(2)	-	-	51
Printing & Postage	26	-	-	(5)	(1)	-	-	20
Office Expense Total	487	-	(9)	(89)	(15)	-	-	374
INSURANCE	769	-	(16)	(139)	(24)	-	-	590
MEMBER SERVICES								
Benefit Verification	8	-	-	-	-	-	-	8
Disability - Legal Arbitration & Transcripts	72	-	-	-	(72)	-	-	-
Disability Claimed Management	47	-	-	-	-	-	-	47
Disability Medical Expense	188	-	-	-	-	-	-	188
Health Reimbursement Account (HRA)	97	-	-	-	-	(97)	-	-
Member Training & Education	42	-	-	-	-	-	-	42
Printing & Postage - Members	203	-	-	-	-	(101)	-	102
Virtual Call Center	68	-	-	-	-	-	-	68
Member Services Total	725	-	-	-	(72)	(198)	-	455
SYSTEMS								
Business Continuity Expenses	316	-	(316)	-	-	-	-	-
County Data Processing	187	-	-	-	-	-	(187)	-
Computer Hardware & Maintenance	50	-	-	-	-	-	(50)	-
Software Maintenance & Support	945	-	-	-	-	-	(945)	-
Systems Total	1,498	-	(316)	-	-	-	(1,182)	-
BOARD OF RETIREMENT	723	-	-	(181)	(73)	(180)	-	289
UNCOLLECTIBLE BENEFIT PAYMENTS	118	-	-	-	-	-	-	118
DEPRECIATION	2,105	-	(2)	(17)	(3)	-	(2,010)	73
TOTAL OPERATING EXPENSE	$ 29,048	$ (464)	$ (799)	$ (4,377)	$ (1,005)	$ (2,821)	$ (3,192)	$ 16,390

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

OPERATING AND ADMINISTRATIVE EXPENSES

Operating Expenses ($ in Thousands)	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
EXPENSE CATEGORY					
Staffing	$ 20,313	$ 19,218	$ (1,095)	$ 21,109	$ 1,891
Staff Development	290	296	6	300	4
Professional Fees	1,255	1,251	(4)	1,214	(37)
Office Expense	497	458	(39)	487	29
Insurance	658	695	37	769	74
Member Services	720	670	(50)	725	55
Systems	1,379	1,381	2	1,498	117
Board of Retirement	658	602	(56)	723	121
Uncollectible Benefit Payments	25	41	16	118	77
Depreciation	2,079	2,059	(20)	2,105	46
Operating Expenses	**$ 27,874**	**$ 26,671**	**$ (1,203)**	**$ 29,048**	**$ 2,377**

Administrative Expenses ($ in Thousands)	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
EXCLUSIONS FROM OPERATING EXPENSE TO CALCULATE ADMINISTRATIVE EXPENSE					
Operating Expense (from above)	$ 27,874	$ 26,671	$ (1,203)	$ 29,048	$ 2,377
Actuarial	(503)	(502)	1	(464)	38
Business Continuity[1]	(766)	(737)	29	(799)	(62)
Investment- Related[2]	(4,188)	(3,990)	198	(4,377)	(387)
Legal- Related[3]	(977)	(925)	52	(1,005)	(80)
SRBR[4]	(2,727)	(2,606)	121	(2,821)	(215)
Technology[5]	(3,065)	(3,061)	4	(3,192)	(131)
Administrative Expense	**$ 15,648**	**$ 14,850**	**$ (798)**	**$ 16,390**	**$ 1,540**

[1] Business Continuity – 2027 related costs include total direct costs ($316K) for software support; 2.1% is added for both allocated staffing and other overhead expenses ($483K).

[2] Investment – 2027 related expenses are composed of direct costs of Investment staff ($2,772K), allocated staffing costs ($1,030K), 25% of Board expenses ($181K), 25% of audit expenses ($41K) and 18.0% of other overhead costs ($353K).

[3] Legal – 2027 related expenses include direct costs of Staffing ($669K), Professional Legal fees ($100K), Disability Arbitration Expenses ($72K), 10% of Board expenses ($73K), and 3.2% of other overhead costs ($91K).

[4] SRBR – 2027 related expenses are composed of allocated staffing costs ($2,116K), direct costs of Professional Fees ($327K), Member Services ($198K), and 25% of Board expenses ($180K).

[5] Technology – 2027 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) ($ in thousands)	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/(Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)
Total Actuarial Accrued Liabilities [6]	$ 13,722,714	$ 13,722,714	$ -	$ 14,516,063	$ 793,349
Limit on Expense	0.21%	0.21%	-	0.21%	-
Maximum Allowed	28,818	28,818	-	30,484	1,666
Administrative Expense	15,648	14,850	(798)	16,390	1,540
Over/(Under) Maximum	**$ (13,170)**	**$ (13,968)**	**$ (798)**	**$ (14,094)**	**$ (126)**

[6] Based on total actuarial accrued liabilities for pension as of December 31, 2025; OPEB and non-OPEB as of December 31, 2024 for 2027 Budget.

2027 DEPARTMENT WEIGHTED AVERAGE

2027 Allocation Percentages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
	Administration	8.7%	0.0%	2.9%	0.0%	0.0%	88.4%
STAFFING	Benefits	0.3%	0.0%	0.3%	21.5%	0.0%	77.9%
SALARIES	Fiscal Services	9.4%	0.0%	0.2%	8.7%	0.0%	81.7%
FRINGE BENEFITS	Human Resources	0.0%	0.0%	1.5%	0.0%	0.0%	98.5%
TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	97.5%	0.0%	2.5%	0.0%	0.0%	0.0%
	Legal	46.1%	53.9%	0.0%	0.0%	0.0%	0.0%
	PRISM	1.0%	0.0%	13.0%	0.0%	0.0%	86.0%
Total Staffing Factors		**18.0%**	**3.2%**	**2.1%**	**10.0%**	**0.0%**	**66.7%**

2026 DEPARTMENT WEIGHTED AVERAGE

2026 Allocation Percentages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
	Administration	8.3%	0.0%	2.9%	0.0%	0.0%	88.8%
STAFFING	Benefits	0.3%	0.0%	0.4%	22.0%	0.0%	77.3%
SALARIES	Fiscal Services	9.2%	0.0%	0.3%	8.4%	0.0%	82.1%
FRINGE BENEFITS	Human Resources	0.0%	0.0%	1.5%	0.0%	0.0%	98.5%
TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	97.4%	0.0%	2.6%	0.0%	0.0%	0.0%
	Legal	46.1%	53.9%	0.0%	0.0%	0.0%	0.0%
	PRISM	1.1%	0.0%	12.9%	0.0%	0.0%	86.0%
Total Staffing Factors		**18.0%**	**3.2%**	**2.2%**	**10.1%**	**0.0%**	**66.5%**

APPLIED FACTORS

2027 Applied Allocation Factors

Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
PROFESSIONAL FEES	Actuarial - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	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 Consulting	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
OFFICE EXPENSE	Bank Charges & Misc. Admin.	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
	Building Expenses	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
	Communications	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
	Equipment Lease & Maintenance	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
	Minor Furniture & Equipment	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
	Office Maintenance & Supplies	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
	Printing & Postage	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
INSURANCE	Insurance	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
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 Medical Expense	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%
	Virtual Call Center	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
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%
UNCOLLECTIBLE BENEFIT PAYMENTS	Uncollectible Benefit Payments	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
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%
DEPRECIATION	Depreciation - Other	18.0%	3.2%	2.1%	0.0%	0.0%	76.7%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and Systems	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%

2026 Applied Allocation Factors

Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
PROFESSIONAL FEES	Actuarial - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	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 Consulting	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
OFFICE EXPENSE	Bank Charges & Misc. Admin.	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Building Expenses	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Communications	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Equipment Lease & Maintenance	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Minor Furniture & Equipment	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Office Maintenance & Supplies	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Printing & Postage	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
INSURANCE	Insurance	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
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 Medical Expense	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%
	Virtual Call Center	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
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%
UNCOLLECTIBLE BENEFIT PAYMENTS	Uncollectible Benefit Payments	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
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%
DEPRECIATION	Depreciation - Other	18.0%	3.2%	2.2%	0.0%	0.0%	76.6%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and Systems	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%

2027 Proposed Staffing Allocation Matrix

	INVESTMENTS	LEGAL	BCP	SRBR	ADMIN
ADMINISTRATION					
CEO	20%	-	2%	-	78%
Assistant CEO - Operations	10%	-	10%	-	80%
BENEFITS					
Assistant CEO	3%	-	1%	50%	46%
Administrative Specialist II	-	-	2%	-	98%
Administrative Support Specialist	-	-	-	50%	50%
Communications Manager	5%	-	-	50%	45%
Graphic Designer	-	-	-	50%	50%
Management Analyst	-	-	-	50%	50%
Retirement Benefits Assistant Manager	-	-	2%	50%	48%
Retirement Benefits Assistant Manager	-	-	2%	-	98%
Retirement Benefits Manager	-	-	2%	-	98%
Retirement Benefits Manager	-	-	2%	70%	28%
Retirement Benefits Specialist	-	-	-	70%	30%
Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
Senior Retirement Technician	-	-	-	60%	40%
FISCAL SERVICES					
Fiscal Services Officer	5%	-	2%	-	93%
Retirement Accountant II	-	-	-	70%	30%
Retirement Accountant II	90%	-	-	-	10%
Retirement Accountant III	-	-	-	25%	75%
Retirement Accountant III	25%	-	-	-	75%
HUMAN RESOURCES					
Human Resources Officer	-	-	2%	-	98%
Administrative Specialist II	-	-	1%	-	99%
Human Resources Specialist	-	-	1%	-	99%
INVESTMENTS					
Chief Investment Officer	99%	-	1%	-	-
Administrative Specialist II	98%	-	2%	-	-
Investment Operations Officer	95%	-	5%	-	-
Investment Officer	99%	-	1%	-	-
Senior Investment Officer	99%	-	1%	-	-
All Other Investment Staff	95%	-	5%	-	-
LEGAL					
Chief Counsel	10%	90%	-	-	-
Administrative Specialist II	50%	50%	-	-	-
Administrative Support Specialist	15%	85%	-	-	-
Associate Counsel	95%	5%	-	-	-
PRISM					
Retirement Tech Officer	-	-	10%	-	90%
Computer Network System Analyst	5%	-	20%	-	75%
Computer and Network System Specialist	1%	-	10%	-	89%
Computer and Network System Specialist	2%	-	15%	-	83%
Security Analyst	-	-	30%	-	70%
All Other PRISM Staff	-	-	5%	-	95%

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Section VI

Capital Assets Outlay Budget

Section VI

Capital Assets Outlay Budget

The Capital Assets Outlay Budget develops anticipated funding needs for items or projects that exceed a purchase cost of $10,000.

Capital Assets Outlay 2026 - 2027

Statement of Capital Assets Outlay - 2026 Forecast and 2027 Proposed Budget

	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/ (Under)	% Change
System						
Accounting Information System	$ 285,000	$ 285,000	$ -	$ -	$ (285,000)	-100.0%
Capital Assets Outlay Total	**$ 285,000**	**$ 285,000**	**$ -**	**$ -**	**$ (285,000)**	**-100.0%**

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Section VII

Portfolio Management Investment Expenses

Section VII

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 5% annual increase is assumed for all other terms.

Portfolio Management Investment Expenses	2026 Budget	2026 Forecast	2026 Forecast vs. 2026 Budget Over/ (Under)	2027 Proposed Budget	2027 Proposed Budget vs. 2026 Forecast Over/(Under)	% Change
Consultant Fees	$ 1,927,000	$ 1,784,000	$ (143,000)	$ 1,880,000	$ 96,000	5.4%
Custodian Bank Fees	662,000	629,000	(33,000)	660,000	31,000	4.9%
Investment Manager Fees	83,885,000	71,971,000	(11,914,000)	81,070,000	9,099,000	12.6%
Other Investment Expenses	682,000	733,000	51,000	765,000	32,000	4.4%
Total Portfolio Management Investment Expenses	**$ 87,156,000**	**$ 75,117,000**	**$ (12,039,000)**	**$ 84,375,000**	**$ 9,258,000**	**12.3%**

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Appendix

2027 Budget Change Proposals (BCP)

2027 Contingency Fund

Appendix

2027 BUDGET CHANGE PROPOSALS (BCP)

Expense Type	BCP Description		Totals
GENERAL INVESTMENT CONSULTANT	Custodian Bank RFI Reserve Fund	$	50,000
MEMBER SERVICES	New Service Provider for 1099R Processing		38,000
PROFESSIONAL FEES	Professional Legal Fees Reserve Fund		100,000
SYSTEM	Pension Gold Modifications Reserve Fund		100,000
SYSTEM	Financial Reporting Reserve Fund		50,000
SYSTEM	Cloud-based HR Software		20,000
SYSTEM	Various IT Projects Reserve Fund		50,000
BCP Total		**$**	**408,000**

2027 CONTINGENCY FUND

Expense Type	Description		Totals
GENERAL INVESTMENT CONSULTANT	Custodian Bank RFI Reserve Fund	$	50,000
PROFESSIONAL FEES	Legal Professional Fees Reserve Fund		100,000
STAFF DEVELOPMENT	Trainings/Conferences Reserve Fund		129,000
SYSTEM	Pension Gold Modifications Reserve Fund		100,000
SYSTEM	Financial Reporting Reserve Fund		50,000
SYSTEM	PRISM Various IT Projects Reserve Fund		50,000
Contingency Fund Total		**$**	**479,000**

2027 Proposed Budget Contingency Fund

Contingency Reserve for General Investment Consultant Fees - $50,000

This reserve fund is for anticipated investment custodian bank RFI expenses. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget.

Contingency Reserve for Professional Legal Fees - $100,000

This reserve fund is for anticipated disability litigation and other legal advice expenses. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget.

Contingency Reserve for Training and Conference Expenses - $129,000

This reserve fund is associated with training and conference attendance. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget.

Contingency Reserve for Pension Gold Modifications - $100,000

This reserve fund is for anticipated new or ongoing Pension Gold system modifications. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget

Contingency Reserve for Financial Reporting - $50,000

This reserve fund is for financial reporting. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget.

Contingency Reserve for Various IT Projects - $50,000

This reserve fund is for anticipated new or ongoing IT system projects. If there is a need, the Chief Executive Officer can redirect the contingency appropriation back to the operating expense budget.