

2019

Approved
Expense
Budget



**ALAMEDA COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION**

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Section I

Letter from the CEO to the Board of Retirement

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Section I

Letter from the CEO to the Board of Retirement

Members of the Board of Retirement,

It is my pleasure to present the approved 2019 budget, along with the updated 2018-2020 business plan. 2018 has been a year of continued growth in the development of ACERA's administrative infrastructure. We have continued to serve our customers and move forward on important initiatives. With that said, the approved 2019 budget has been predicated on priorities determined as necessary to carry out ACERA's mission. These priorities are to continue developing a culture and infrastructure of accountability and cost effectiveness, to make for a more transparent organization moving forward. Additionally, it will leverage new technology to introduce new service models and enhance service effectiveness. This will continue building an organization focused on its core values and a vision of exceeding customer expectations, of engaging team members, and of developing supportive leadership. To that end, we look forward to finalizing this budget with the Board.

KEY 2018 ACCOMPLISHMENTS

Administration Initiatives | Implemented the revised economic and non-economic actuarial assumptions for valuation years 2017-2019 based upon ACERA's Actuarial Experience Study (2013-2016); worked with Cheiron Inc., to perform an actuarial audit of the Experience Study and valuations performed by Segal; worked with LEAP Technologies to train team members on organizational-wide process improvement methodology, completing one major project, undertaking another, and working on and completing many additional individual or small process improvement initiatives; developed ACERA administrative efficiency measures, both results indicators and leading indicators, to include a team engagement survey and a customer satisfaction survey.

Benefits Initiatives | Eliminated the backlog of disability claims partnering with Managed Medical Review Organization; implemented initiative for deferred comp plan representatives to participate in ACERA seminars; developed and implemented new Wellness program for retirees, including new website and wellness walk; performed due diligence and received approval for an upgrade of ACERA's pension administration system; implemented new retirement application process to reduce the number of retirees receiving an 80% benefit; implemented the new responsive design web member service platform.

Fiscal Services Initiatives | Operationalized Governmental Accounting Standards Board (GASB) Statements No. 74 and 75, related to the reporting of OPEB and Non-OPEB benefits; completed a technology improvement upgrade to the Great Plains accounting system; received the GFOA Certificate of Achievement for Excellence in Financial Reporting for ACERA's 2017 CAFR; completed an initiative to transition vendors from check payment to receiving payment through electronic fund transfer.

Human Resources Initiatives | Implemented a Leadership Academy program to provide baseline leadership training for ACERA supervisors and managers; developed and received approval for a reclassification of the entire Retirement Specialist Series which establishes updated duties and salaries to ensure enhanced workforce stability;

led project development team to create a new associate development program and performance management system, to include established competencies for each multi-level job classification at ACERA.

Internal Audit Initiatives | Partnered with the Benefits Department to strengthen internal controls and promote efficiency in tracking potential overpayments resulting from unreported deaths; developed an organization-wide fraud and theft training program to help team members better protect the agency from various internal and external threats; completed the participating employer audit of Alameda County, to determine if the employer's payroll data, payroll process, and other reporting requirements were in compliance with PEPRA and began a similar audit with the Alameda Health Services; continued Participating Employer Best Practices Council where ACERA facilitates regular discussions with participating employers about best practices on how to design, implement, and monitor internal controls to ensure compliance with PEPRA; assisted PRISM on developing new cybersecurity protocols.

Investment Initiatives | Conducted formal RFP and selected an emerging markets manager and general investment consultant; successfully transitioned to a new passive target asset allocation to 80% of the U.S. equity asset class; adopted changes to the ACERA General Investment Guidelines and Procedures, made multiple commitments to private equity managers which involved completion of legal due diligence, background investigations, and successful contract negotiations.

Legal Initiatives | Successfully settled a significant securities litigation case and recovered over \$0.8 million in securities litigation matters; developed internal protocols for records retention, contract management and insurance requirements; provided legal support to ACERA Investment Staff for a variety of matters, including RFPs, PRA requests, investment policy updates, compliance and regulatory issues, global trading documents, and enhanced fee reporting for alternative investments; with internal and external partners, negotiated terms, to provide transactional legal services related to separately managed investment accounts and investment service provider contracts, and conducted legal due diligence and negotiated terms for multiple new alternative investment funds.

Technology Enhancements | Completed a major upgrade to OnBase, ACERA's document management system; completed an internal website (intranet) project to facilitate communication and documentation management; revamped cybersecurity response plans and procedures and implemented new cybersecurity features and training programs.

Portfolio Performance | As of June 30, 2018, the total fund returned 9.84% (net), for the one-year trailing period. The value of the total fund was \$8.1 billion.

HIGHLIGHTS OF 2018-2020 BUSINESS PLAN

The 2018-2020 business plan is included in this budget document (see Appendix A). These initiatives are linked to goals in the strategic plan, and have been streamlined to three primary areas; Process and Organization Optimization, Technology Modernization, and Workforce Excellence. As we implement these items, they are managed as projects—with an assigned project owner and manager and an approved project plan with timelines and deliverables. Monthly project oversight meetings are held during Senior Leadership Team meetings to receive status reports and balance timelines and resources as necessary. Initiatives were prioritized and reduced down due to the expected resource needs for upgrading the existing Pension Administration System.

Highlights of some of the upcoming business initiatives are listed below.

For the existing Pension Administration System:

- Develop capital budget;

- Develop and implement procurement approach and strategy;
- Develop full project plan including phase design, development, testing and implementation plan;
- Develop resource plan; and,
- Define business and technical requirements.

Additional projects include:

- Development of lean process architecture map for core functions, starting with the Benefits department;
- Prioritization of process redesign rapid action projects;
- Develop and implement backlog reduction plan;
- Implement staff stabilization plan;
- Deploy ACERA development program;
- Develop strategy and staffing model to close ACERA internal training gap;
- Redesign performance planning, coaching, and evaluation processes; and,
- Develop succession planning process.

2018 BUDGET

The 2018 approved budget is \$19.8 million. Based on the current amount of spending and staff estimates of continued spending in 2018, the year-end forecast is determined to be \$19.9 million, which is \$0.1 million more than the approved budget amount. This increase in expenses is mainly due to unanticipated County-wide bonuses and salary increases.

BASELINE AND APPROVED 2019 OPERATING EXPENSE BUDGET (OEB)

The starting point for the 2019 OEB is a “baseline” that reflects the anticipated costs of carrying out the same level of services approved by the ACERA Board in the 2018 Budget. Staff was required to request and justify additional funds with a formal Budget Change Proposal (BCP) for any item affecting the 2019 baseline and approved 2019 budget. Additional staff positions or changes in salaries for 2019 were requested and justified using a Personnel Change Request (PCR) form. Approvals for changes did not take place without careful review of cost impacts and on-going organizational needs. Reviews were conducted by the Chief Executive Officer, Human Resource Officer (for PCRs), and Fiscal Services Officer before approvals were granted. With the addition of those items, the approved 2019 budget is \$21.2 million. This is \$1.4 million or 7.1% more than the 2018 approved budget of \$19.8 million. It is also \$1.0 million or 5.0% more than the 2019 baseline budget of \$20.2 million. However, the approved 2019 budget is still \$173K less than the approved 2017 budget of \$21.4 million.

The reasons for the budget increases will be explained below, but the primary reason is the assumed impacts of changes to staffing costs.

APPROVED 2019 BUDGET HIGHLIGHTS

This section highlights the approved increase adjustments to the 2019 baseline. A complete review of the incremental increase adjustments can be found in Section III.

Staffing:

The primary changes in Staffing costs for 2019 are as follows:

An increase in salaries for the new Retirement Specialist class to address a long-standing pay disparity with similar classes of employees within the County and at other retirement systems; due to this reclassification, the assumption is to fill and fund multiple positions currently filled by temporary staff in 2018; cost-of-living adjustments, step increases, and an average four percent (4%) performance-driven merit increase for deep-class positions; and significant pay increases for Legal staff that were granted by the County in 2018. While we did reduce funding for two positions that were included in the 2018 budget, some of those savings were also captured in the 2018 budget. The total 2019 increase for staffing from the 2018 forecasted spending is \$1.0 million, or a net increase of 7.1%.

Staff Development:

The primary change in Staff Development costs is a decrease of \$0.2 million for 2019 over the 2018 forecast. This difference is due to prioritizing training opportunities and focusing on in-house or County provided training when those options are appropriate.

Professional Fees

The change in Professional Fees for 2019 is an increase of \$0.6 million, primarily due to an increase in legal and consultant fees.

Member Services

The change in Member Services costs is an increased of \$0.9 million for 2019, primarily due to medical expense costs for the increasing number of disability cases.

Systems

The change in Technology cost is a decrease of \$0.3 million over the 2018 forecast, primarily due to decreases in one-time business continuity costs and software maintenance and upgrade costs

The senior managers and I look forward to presenting our approved 2019 operating expense budget to the committee and to the Board of Retirement.

Respectfully submitted,



Dave Nelsen
Chief Executive Officer

Section II

Budget Policies and Process

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Section II

Budget Policies and Process

Budget Policies

ACERA's budget policy, practices, and guidelines are based on the County Employees Retirement Law of 1937 and the ACERA Board of Retirement's Charter.

Legal Requirements

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

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

ACERA prepares the budget on an accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) and 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 approved budget. Conversely, increases to the overall approved budget are only permitted with the approval of the Board of Retirement (the Board). There are two processes by which the budget can be increased. The first is an action item through the Budget Committee requesting a budget increase. The action item will provide the amount and describe the rationale. If the action item is approved by the budget committee, the committee's recommended action(s) will go forward to the Board for approval. The second is with a contingency budget that is accepted when the budget is put forth for approval during the annual budget cycle. The contingency is dependent upon an event such as legislation or 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. The Budget Committee and subsequently the Board can approve the budget with or without a contingency reserve.

Budget Process

In 2017, ACERA converted budget preparation from excel spreadsheets to electronic processing with the introduction of Adaptive Insights budget software. The new processing allows for department management and staff to

access, input, and prepare “what if” scenarios. It reduces, and in some cases eliminates, the time previously spent converting department provided information into the budget format and circulating the information for review and approval. At the same time, the Fiscal Services budget team (led by the Fiscal Services Officer) has the ability to lock (prevent changes) the budget for review and save once approved.

The platform change has impacted budget responsibilities and timing of information flow. While the Fiscal Services Department Budget Team (budget team) is still responsible for the preparation of the budget timeline, ACERA’s Senior Leadership Team (SLT) must establish business plan initiatives in detail as to time and cost before the budget process begins and is responsible for setting budget assumptions for staffing, merit increases, training, etc.

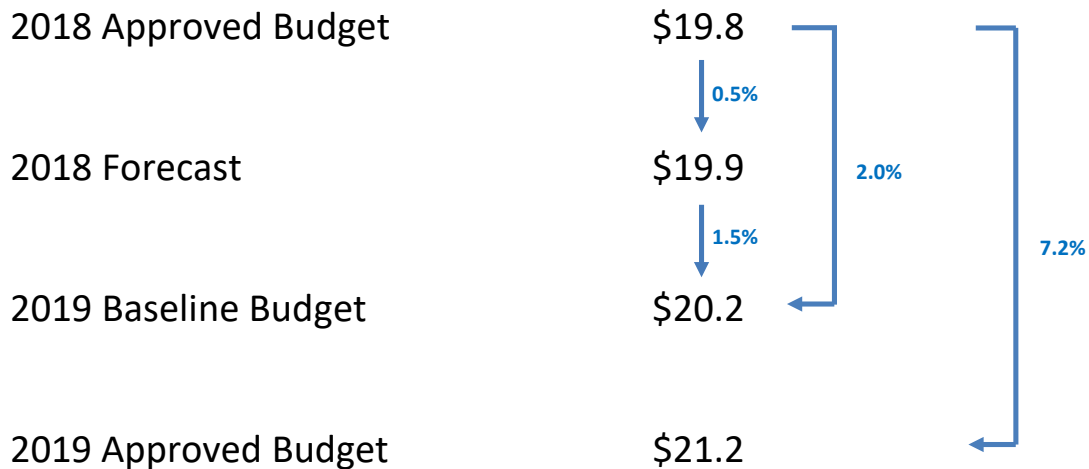
The budget team now has the ability to deliver four months of actual expenditures. The budget team continues to be available to meet with department staff and management to answer questions or to strategize the best way to present budget items or develop costs. It is the responsibility of the budget 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 Adaptive. When this step is completed, the budget team prepares the administrative budget based upon SLT prepared time allotments.

Upon completion of the next year’s budget (approved budget) and the administrative budget, the budget team pulls the information from Adaptive through Office Connect into InDesign (the budget publishing software). The budget team is responsible for preparing the variance analyses, updating changes to the budget, and reviews the budget document for submission to the Budget Committee.

The SLT presents the approved budget to the Budget Committee. If trustees request changes to the budget, those changes will be made and re-presented at the discretion of the committee. The Board’s feedback, if any, is incorporated into the budget for finalization and approval.



2019 Budget Process¹



1. The starting point for the 2019 proposed expense 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 2018 budget. To that end, the 2019 baseline budget is \$20.2 million, an increase of 2.0% over the approved 2018 budget.
2. Key to developing the 2019 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 2019 Proposed Budget of \$21.2 million which is 7.2% over the approved 2018 budget.

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

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Section III

Operating Expense Budget

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Section III

Operating Expense Budget

The purpose of the annual Operating Expense Budget (OEB) is to forecast and document the necessary resources required to meet ACERA's operating expenses. The OEB provides detailed estimates of anticipated annual expenditures for staffing, staff development, professional fees, office expenses, insurance, member services, systems, board of retirement expenses, uncollectable 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 VIII or payment of member benefits such as pension and Other Post-Employment Benefits (OPEB). Lastly, the OEB functions as a tool for decision making and is a means to monitor business performance.

The annual approved OEB is derived from a baseline budgeting methodology; whereby, current spending levels are rolled into a "baseline". The overarching assumption of baseline budgeting is that it uses current spending levels as the baseline for establishing future funding requirements. Further, it assumes the future budget will equal the current budget—plus established growth, inflation, increase adjustments, and new expenditures.

The senior leadership team developed assumptions for each of the major budget classifications. The following is a review of the assumptions for the 2019 budget and the corresponding results:

Staffing and Salary Assumptions

- Merit increase average of 4% per department, for eligible/selected deep class employees;
- Cost of living allowance and associated fringe benefit increases;
- Refunding Assistant CEO position;
- Filling all current vacancies with:
 - o Hire deep-class employees at 80% of the top range; and,
 - o Hire step-class employees at an average Step 3.

Result: Staffing expenses realized a net increase of 7.1% over the 2018 forecast.

Staff Development Assumptions

- Staff development expenses were capped to no increase over 2018 budget; and,
- Professional dues and subscriptions were capped to no increase over 2018 forecast.

Result: Staff development realized a net decrease of 4.1% over the 2018 forecast.

Professional Fees Assumptions

- Actuarial Fees—Funding and SRBR valuations, GASB 67/68 and GASB 74/75 valuations, and new reporting requirement for ASOP #51 were fixed to service agreement contracts, other actuarial consulting services were estimated at contracted hourly rate;
- Auditor Fees—Annual audit, GASB 67/68 and GASB 74/75 schedules were fixed to service agreement contracts, other auditing services were estimated at contracted hourly rate; and,
- Other Consultant Fees—Known consulting services (e.g., Benefits, Legal, and Human Resources) were fixed to service agreement contracts, other consulting services were calculated using estimates.

Result: Professional fee expenses realized a net increase of 5.4% over the 2018 forecast.

Office Expenses Assumption

- Office Expenses were capped to a 4% increase over the 2018 forecast for major items.

Result: Office Expense expenditures realized a net increase of 8.4% over the 2018 forecast.

Insurance Assumption

- Insurance costs are based on a 5-year experience. Therefore, it was assumed that 2019/2020 commercial insurance rates would stay flat or decrease, and that the County provided insurance would increase by 3% for the 2019/2020 insurance year.

Result: Insurance expenses realized a net increase of 2.7% over the 2018 forecast.

Member Services Assumptions

- Disability medical expenses would realize a \$45K net increase over the 2018 forecast;
- Legal arbitration expenses would increase by \$32K over the 2018 forecast based on a projection of appeal requests;
- Health Reimbursement Accounts (HRA) would increase by 5.3% over the 2018 forecast based upon an estimated increase in retirees;
- Member Training & Education would remain unchanged over the 2018 forecast; and,
- Printing and Postage would increase by 3.4% over the 2018 forecast.

Result: Member Services expenses realized a net increase of 19.2% over the 2018 forecast.

Systems Assumption

- Software license expenses would remain unchanged over the 2018 forecast with the exception of a 10% increase in County Data Processing.

Result: Systems expenses realized a net decrease of 2.6% over the 2018 forecast.

Board of Retirement Assumptions

- Conference and training expenditure estimates were based on Administration Department survey results and factored in the new policy guidelines;
- Employer reimbursement estimates for elected active members were based upon data provided by the county; and,
- Compensation expenditure for elected retired and for county appointed members was calculated using the standard rate for committee and board meetings.

Result: Board of Retirement expenses realized a net increase of 28.3% over the 2018 forecast.

Uncollectable Benefit Payments Assumption

- Uncollectable Benefit Payment expense amounts were based on a discharge schedule.

Result: Uncollectable Benefit Payments expense decreased by 9.3% over the 2018 forecast.

Depreciation Assumption

- Defined by accounting principles. Additions are tracked with a capital amortization schedule.

Result: Depreciation expense realized a net increase of 1.6% over the 2018 forecast.

APPROVED 2019 BUDGET SUMMARY AND COMPARISON

Staff recommends a approved 2019 budget of \$21.2 million which is:

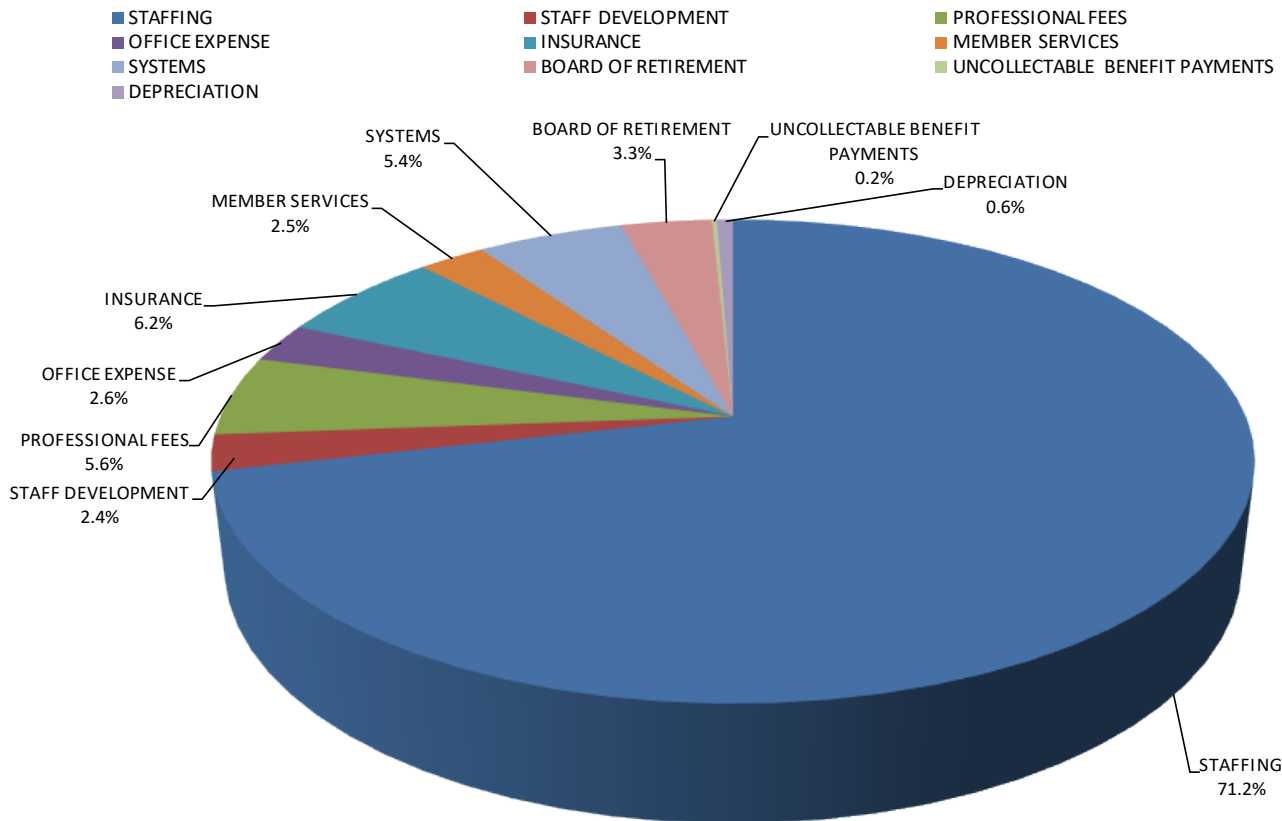
- \$1.4 million or 7.1% greater than the approved 2018 budget of \$19.8 million;
- \$1.0 million or 5.0% greater than the 2019 baseline budget of \$20.2 million; and,
- \$1.3 million or 6.5% greater than the 2018 forecast of \$19.9 million.

The 2019 administrative budget of \$12.5 million is \$8.7 million under the administrative cap of \$21.2 million. A year-over-year comparison reveals that the 2019 administrative budget of \$12.5 million is \$1.3 million higher than the 2018 administrative budget of \$11.2 million. Approximately \$8.7 million was excluded for the annual operating expense budget of \$21.2 million (see Section VI for administrative budget and allocation schedules).

2019 Approved Operating Expense Budget (\$ in thousands)

	2018 Forecast	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change	Category % of Total Operating Expenses
Staffing	\$ 14,120	\$ 15,122	\$ 1,002	7.1%	71.2%
Staff Development	532	510	(22)	-4.1%	2.4%
Professional Fees	1,126	1,187	61	5.4%	5.6%
Office Expense	511	554	43	8.4%	2.6%
Insurance	1,271	1,305	34	2.7%	6.2%
Member Services	442	527	85	19.2%	2.5%
Systems	1,183	1,152	(31)	-2.6%	5.4%
Board Of Retirement	554	711	157	28.3%	3.3%
Uncollectable Benefit Payments	43	39	(4)	-9.3%	0.2%
Depreciation	124	126	2	1.6%	0.6%
OPERATING EXPENSES Total	\$ 19,906	\$ 21,233	\$ 1,327	6.7%	100.0%

2019 Approved Budget



Operating Expense Budget ¹	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
STAFFING (p.#21)						
Salaries	\$ 8,959,000	\$ 8,532,000	\$ (427,000)	\$ 9,598,000	\$ 1,066,000	12.5%
Fringe Benefits	4,747,000	4,775,000	28,000	5,456,000	681,000	14.3%
Temporary Staff	144,000	813,000	669,000	68,000	(745,000)	-91.6%
Staffing Total	13,850,000	14,120,000	270,000	15,122,000	1,002,000	7.1%
STAFF DEVELOPMENT (p.#22)	559,000	532,000	(27,000)	510,000	(22,000)	-4.1%
PROFESSIONAL FEES (p.#26)						
Actuarial Fees	408,000	408,000	-	415,000	7,000	1.7%
Audit Fees	146,000	146,000	-	149,000	3,000	2.1%
Consultant Fees	360,000	357,000	(3,000)	388,000	31,000	8.7%
Legal Fees	229,000	215,000	(14,000)	235,000	20,000	9.3%
Professional Fees Total	1,143,000	1,126,000	(17,000)	1,187,000	61,000	5.4%
OFFICE EXPENSE (p.#28)						
Bank Charges	114,000	110,000	(4,000)	120,000	10,000	9.1%
Misc. Administrative Expenses	27,000	25,000	(2,000)	45,000	20,000	80.0%
Building Expenses	53,000	58,000	5,000	63,000	5,000	8.6%
Communications	113,000	113,000	-	109,000	(4,000)	-3.5%
Equipment Lease & Maint.	72,000	67,000	(5,000)	74,000	7,000	10.4%
Minor Furniture & Equip.	28,000	28,000	-	18,000	(10,000)	-35.7%
Office Supplies & Maint.	95,000	83,000	(12,000)	97,000	14,000	16.9%
Printing & Postage	28,000	27,000	(1,000)	28,000	1,000	3.7%
Office Expense Total	530,000	511,000	(19,000)	554,000	43,000	8.4%
INSURANCE (p.#29)	1,278,000	1,271,000	(7,000)	1,305,000	34,000	2.7%
MEMBER SERVICES (p.#30)						
Benefit Verification	5,000	4,000	(1,000)	5,000	1,000	25.0%
Disability - Arbitration & Transcripts	53,000	43,000	(10,000)	75,000	32,000	74.4%
Disability - Medical Expense	158,000	158,000	-	203,000	45,000	28.5%
Disability Claims Management	46,000	46,000	-	46,000	-	0.0%
Health Reimbursement Account	60,000	57,000	(3,000)	60,000	3,000	5.3%
Member Training & Education	16,000	16,000	-	16,000	-	0.0%
Printing & Postage - Members	133,000	118,000	(15,000)	122,000	4,000	3.4%
Member Services Total	471,000	442,000	(29,000)	527,000	85,000	19.2%
SYSTEMS (p.#31)						
Business Continuity Expenses	165,000	184,000	19,000	154,000	(30,000)	-16.3%
Computer Maintenance	21,000	21,000	-	21,000	-	0.0%
County Data Processing	94,000	97,000	3,000	106,000	9,000	9.3%
Minor Computer Hardware	32,000	32,000	-	30,000	(2,000)	-6.3%
Software License & Maintenance	879,000	849,000	(30,000)	841,000	(8,000)	-0.9%
Systems Total	1,191,000	1,183,000	(8,000)	1,152,000	(31,000)	-2.6%
BOARD OF RETIREMENT (p.#32)	628,000	554,000	(74,000)	711,000	157,000	28.3%
UNCOLLECTABLE BENEFITS						
PAYMENTS (p.#34)	30,000	43,000	13,000	39,000	(4,000)	-9.3%
Total Operating Expenses Before Depreciation	19,680,000	19,782,000	102,000	21,107,000	1,325,000	6.7%
DEPRECIATION (p.#33)	126,000	124,000	(2,000)	126,000	2,000	1.6%
TOTAL OPERATING EXPENSE	19,806,000	19,906,000	100,000	21,233,000	1,327,000	6.7%
TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE	55,252,000	55,160,000	(92,000)	56,985,000	1,825,000	3.3%
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	\$ 75,058,000	\$ 75,066,000	\$ 8,000	\$ 78,218,000	\$ 3,152,000	4.2%
CONTINGENCY FUND (p.#95)	269,000	169,000	(100,000)	115,000	(54,000)	-32.0%

¹ Budget schedules amounts are rounded to the nearest thousand.

Operating Expense Budget 2019 Baseline vs. 2019 Increments (\$ in thousands)	2018 Forecast	2019 Baseline Budget	2019 Baseline Budget vs. 2018 Forecast Over/ (Under)	2019 Baseline Budget vs. 2018 Forecast % of change	2019 Approved Increments	2019 Approved Budget (Baseline + Increments)	2019 Approved Budget vs. 2018 Forecast Over/ (Under)	2019 Approved Budget vs. 2018 Forecast % Change
STAFFING								
Salaries	\$ 8,532	\$ 9,144	\$ 612	7.2%	\$ 454	\$ 9,598	\$ 1,066	12.5%
Fringe Benefits	4,775	5,037	262	5.5%	419	5,456	681	14.3%
Temporary Staff	813	68	(745)	-91.6%	-	68	(745)	-91.6%
Staffing Total	14,120	14,249	129	0.9%	873	15,122	1,002	7.1%
STAFF DEVELOPMENT	532	532	-	0.0%	(22)	510	(22)	-4.1%
PROFESSIONAL FEES								
Actuarial Fees	408	325	(83)	-20.3%	90	415	7	1.7%
Audit Fees	146	149	3	2.1%	-	149	3	2.1%
Consultant Fees	357	318	(39)	-10.9%	70	388	31	8.7%
Legal Fees	215	235	20	9.3%	-	235	20	9.3%
Professional Fees Total	1,126	1,027	(99)	-8.8%	160	1,187	61	5.4%
OFFICE EXPENSE								
Bank Charges	110	120	10	9.1%	-	120	10	9.1%
Misc. Administrative Expenses	25	22	(3)	-12.0%	23	45	20	80.0%
Building Expenses	58	63	5	8.6%	-	63	5	8.6%
Communications	113	109	(4)	-3.5%	-	109	(4)	-3.5%
Equipment Lease & Maint.	67	74	7	10.4%	-	74	7	10.4%
Minor Furniture & Equipment	28	28	-	0.0%	(10)	18	(10)	-35.7%
Office Supplies & Maint.	83	97	14	16.9%	-	97	14	16.9%
Printing & Postage	27	28	1	3.7%	-	28	1	3.7%
Office Expense Total	511	541	30	5.9%	13	554	43	8.4%
INSURANCE	1,271	1,305	34	2.7%	-	1,305	34	2.7%
MEMBER SERVICES								
Benefit Verification	4	5	1	25.0%	-	5	1	25.0%
Disability Arbitr. & Transcripts	43	75	32	74.4%	-	75	32	74.4%
Disability - Medical Expense	158	304	146	92.4%	(101)	203	45	28.5%
Disability Claims Management	46	46	-	0.0%	-	46	-	0.0%
Health Reimb. Account (HRA)	57	60	3	5.3%	-	60	3	5.3%
Member Training & Education	16	16	-	0.0%	-	16	-	0.0%
Printing & Postage - Members	118	121	3	2.5%	1	122	4	3.4%
Member Services Total	442	627	185	41.9%	(100)	527	85	19.2%
SYSTEMS								
Business Continuity Expenses	184	154	(30)	-16.3%	-	154	(30)	-16.3%
Computer Maintenance	21	21	-	0.0%	-	21	-	0.0%
County Data Processing	97	106	9	9.3%	-	106	9	9.3%
Minor Computer Hardware	32	30	(2)	-6.3%	-	30	(2)	-6.3%
Software License & Maint.	849	831	(18)	-2.1%	10	841	(8)	-0.9%
Systems Total	1,183	1,142	(41)	-3.5%	10	1,152	(31)	-2.6%
BOARD OF RETIREMENT								
Board Conf. & Misc. Activities	554	615	61	11.0%	96	711	157	28.3%
Board of Retirement Total	554	615	61	11.0%	96	711	157	28.3%
UNCOLLECTABLE BENEFIT PAYMENTS	43	39	(4)	-9.3%	-	39	(4)	-9.3%
Total Operating Expenses Before Depreciation	19,782	20,077	295	1.5%	1,030	21,107	1,325	6.7%
DEPRECIATION	124	122	(2)	-1.6%	4	126	2	1.6%
TOTAL OPERATING EXPENSE	19,906	20,199	293	1.5%	1,034	21,233	1,327	6.7%
TOTAL PORTFOLIO MANAGE- MENT INVESTMENT EXPENSE	55,160	56,985	1,825	3.3%	-	56,985	1,825	3.3%
TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES	\$ 75,066	\$ 77,184	\$ 2,118	2.8%	\$ 1,034	\$ 78,218	\$ 3,152	4.2%

STAFFING [\(p.#19\)](#)

Staffing expense includes salaries, fringe benefits, and temporary services¹.

Staffing by Department	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
Administration	5	5	-	6	1
Benefits	39	31	(8)	39	8
Fiscal Services	14	12	(2)	12	-
Human Resources	3	3	-	3	-
Internal Audit	3	3	-	3	-
Investments	10	10	-	10	-
Legal	7	6	(1)	6	-
PRISM	12	12	-	12	-
STAFFING TOTAL	93	82	(11)	91	9

¹ Headcount does not include temporary Retirement Specialist to cover fluctuations in headcount.

Staffing	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Administration	\$ 556,000	\$ 572,000	\$ 16,000	\$ 767,000	\$ 195,000	34.1%
Benefits	2,877,000	2,613,000	(264,000)	3,261,000	648,000	24.8%
Fiscal Services	1,418,000	1,200,000	(218,000)	1,118,000	(82,000)	-6.8%
Human Resources	344,000	351,000	7,000	364,000	13,000	3.7%
Internal Audit	411,000	416,000	5,000	424,000	8,000	1.9%
Investments	1,234,000	1,236,000	2,000	1,344,000	108,000	8.7%
Legal	947,000	966,000	19,000	1,032,000	66,000	6.8%
PRISM	1,172,000	1,160,000	(12,000)	1,268,000	108,000	9.3%
Total Salaries	8,959,000	8,514,000	(445,000)	9,578,000	1,064,000	12.5%
Cafeteria Benefit Allowance	204,000	205,000	1,000	235,000	30,000	14.6%
Health and Dental	1,258,000	1,261,000	3,000	1,440,000	179,000	14.2%
Retirement Contributions	2,549,000	2,598,000	49,000	2,968,000	370,000	14.2%
Medicare and SDI	157,000	157,000	-	180,000	23,000	14.6%
Social Security	508,000	492,000	(16,000)	562,000	70,000	14.2%
Other Benefits (Life Insurance, Def. Comp. and Auto Allowance)	71,000	62,000	(9,000)	71,000	9,000	14.5%
Fringe Benefits	4,747,000	4,775,000	28,000	5,456,000	681,000	14.3%
Overtime	-	18,000	18,000	20,000	2,000	11.1%
Temporary Staffing	144,000	813,000	669,000	68,000	(745,000)	-91.6%
STAFFING EXPENSES Total	\$ 13,850,000	\$ 14,120,000	\$ 270,000	\$ 15,122,000	\$ 1,002,000	7.1%

Staffing - Variance Narrative

2019 Approved Budget vs. 2018 Forecast

Variance Over/(Under)

• Increase in salaries due to all vacant positions are expected to be filled in 2019: Retirement Specialist (7), Retirement Support Specialist (1), Administrative Support Specialist (1), Retirement Accountant III (1), refunded position for Assistant Chief Executive Officer and fundings for Retirement Specialists reclassifications	\$	763,000
• Increase in salaries due to merit increases, vacation sellbacks, promotions and overtime		303,000
• Increase in fringe benefits attributed to the filling of all vacant positions in 2019 and inflation		681,000
• Reduction in temporary staff from hiring permanent staff		(745,000)
Total Over/(Under)	\$	1,002,000

Staffing Expense - Variance Narrative

2018 Forecast vs. 2018 Budget

Variance Over/(Under)

• Net increase in salaries from unexpected one-time payment for ACMEA and Unrepresented employees, salary adjustments for Counsels and Chief Investment Officer, and temporary staffing costs offset by savings from unfilled positions, vacant positions, and delay in filling Administrative Support Specialist, Administrative Specialist and Computer Network System Analyst	\$	224,000
• Increase in fringe benefit rate		28,000
• Net increase in overtime		18,000
Total Over/(Under)	\$	270,000

STAFF DEVELOPMENT [\(p.#19\)](#)

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

Staff Development	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
CONFERENCES/TRAININGS						
American Management Association (AMA)	\$ 44,000	\$ 14,000	\$ (30,000)	\$ 23,000	\$ 9,000	64.3%
Adaptive	13,000	6,000	(7,000)	10,000	4,000	66.7%
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	67,000	58,000	(9,000)	60,000	2,000	3.4%
CALPERLA	5,000	5,000	-	5,000	-	0.0%
Cybersecurity	14,000	14,000	-	8,000	(6,000)	-42.9%
BCP/Disaster Recovery Journal Conference (DRJ)	12,000	6,000	(6,000)	9,000	3,000	50.0%
GFOA	18,000	14,000	(4,000)	21,000	7,000	50.0%
IFEBP	27,000	31,000	4,000	25,000	(6,000)	-19.4%
ILPA	10,000	14,000	4,000	10,000	(4,000)	-28.6%
Improvement Methodology	5,000	5,000	-	-	(5,000)	-100.0%
Institutional Investors	5,000	5,000	-	3,000	(2,000)	-40.0%
MILKEN	16,000	11,000	(5,000)	16,000	5,000	45.5%
PG User and Onbase Conference	48,000	54,000	6,000	51,000	(3,000)	-5.6%
SACRS	50,000	48,000	(2,000)	44,000	(4,000)	-8.3%
Misc.	110,000	134,000	24,000	116,000	(18,000)	-13.4%
Sub-Total	444,000	419,000	(25,000)	401,000	(18,000)	-4.3%
PROFESSIONAL DUES & SUBSCRIPTIONS	113,000	112,000	(1,000)	106,000	(6,000)	-5.4%
RECRUITMENT EXPENSES	2,000	1,000	(1,000)	3,000	2,000	200.0%
STAFF DEVELOPMENT EXPENSES Total	\$ 559,000	\$ 532,000	\$ (27,000)	\$ 510,000	\$ (22,000)	-4.1%

Staff Development - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Decrease in training attendance for Cybersecurity, IFEBP, SACRS, and other misc. trainings	\$ (18,000)
Sub-total	(18,000)
PROFESSIONAL FEES & SUBSCRIPTIONS	
• Decrease in professional dues and subscriptions	(6,000)
Sub-total	(6,000)
RECRUITMENT	
• Increase in recruitment for filling vacant positions	2,000
Sub-total	2,000
Total Over/(Under)	\$ (22,000)

Staff Development - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
CONFERENCE/TRAINING	
• Net savings in training and conferences from decreased attendance for AMA, Adaptive, CALAPRS, GFOA and Disaster Recovery Journal; offset by an increase in unbudgeted Leadership Academy and Coaching	\$ (25,000)
Sub-total	(25,000)
PROFESSIONAL FEES & SUBSCRIPTIONS	
• Less professional dues and subscriptions	(1,000)
Sub-total	(1,000)
RECRUITMENT	
• Savings from vacant positions	(1,000)
Sub-total	(1,000)
Total Over/(Under)	\$ (27,000)

2019 Approved Budget: Break-downs for Miscellaneous Training/Conferences						
	Administration	Benefits	Fiscal Services	Human Resources	Internal Audit	
Association of Certified Fraud Examiners (ACFE)	\$ -	\$ -	\$ -	\$ -	\$ -	1,000
Association OF Public Pension Fund Auditors (APPFA)						5,000
Computer Training/County	-	5,000	2,000	-		1,000
IDEA Training	-	-	-	-		5,000
ISCEBS Annual Conference	-	3,000	-	-		-
Institutional Investors	-	-	-	-		-
LMS (Alameda County HRS)	-	-	-	6,000		-
NAPPA	-	-	-	-		-
NCPERS Conference	3,000	5,000	-	-		-
NASRA Winter & Annual Conference	7,000	-	-	-		-
Project Management	-	-	-	-		-
PRISM Conference	-	-	-	-		-
SALGBA	-	1,000	-	-		-
Staff Development	-	10,000	-	-		-
State Bar of California	-	-	-	-		-
Miscellaneous Training/Conferences	5,000	5,000	3,000	6,000		3,000
Total Miscellaneous Training/Conferences	15,000	29,000	5,000	12,000		15,000
American Management Association (AMA)	-	-	-	-		-
Adaptive	-	-	10,000	-		-
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	14,000	33,000	4,000	-		-
CALPERLA	-	-	-	5,000		-
Cybersecurity	-	-	-	-		-
BCP/Disaster Recovery Journal Conference (DRJ)	-	-	-	-		-
GFOA	-	-	13,000	-		4,000
IFEBP	-	25,000	-	-		-
ILPA	-	-	-	-		-
Investment Related	-	-	-	-		-
MILKEN	-	-	-	-		-
PG User and Onbase Conference	-	13,000	13,000	-		-
SACRS	10,000	15,000	-	-		3,000
Miscellaneous Training/Conferences (from above)	15,000	29,000	5,000	12,000		15,000
Total Training/Conferences	39,000	115,000	45,000	17,000		22,000
Professional Dues & Subscriptions	29,000	3,000	4,000	2,000		5,000
Recruitment Expenses	-	2,000	1,000	-		-
TOTAL	\$ 68,000	\$ 120,000	\$ 50,000	\$ 19,000		\$ 27,000

2019 Approved Budget: Break-downs for Miscellaneous Training/Conferences				
	Investments	Legal	PRISM	Total per training/conf.
Association of Certified Fraud Examiners (ACFE)	\$ -	\$ -	\$ -	1,000
Association OF Public Pension Fund Auditors (APPFA)				5,000
Computer Training/County	-	-	2,000	10,000
IDEA Training	-	-	-	5,000
ISCEBS Annual Conference	-	-	-	3,000
Institutional Investors	3,000	-	-	3,000
LMS (Alameda County HRS)	-	-	-	6,000
NAPPA	-	8,000	-	8,000
NCPERS Conference	-	-	-	8,000
NASRA Winter & Annual Conference	-	-	-	7,000
Project Management	-	-	7,000	7,000
PRISM Conference	-	-	3,000	3,000
SALGBA	-	-	-	1,000
Staff Development	-	-	-	10,000
State Bar of California	-	1,000	-	1,000
Miscellaneous Training/Conferences	7,000	5,000	4,000	38,000
Total Miscellaneous Training/Conferences	10,000	14,000	16,000	116,000
American Management Association (AMA)	-	-	23,000	23,000
Adaptive	-	-	-	10,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	2,000	6,000	1,000	60,000
CALPERLA	-	-	-	5,000
Cybersecurity	-	-	8,000	8,000
BCP/Disaster Recovery Journal Conference (DRJ)	-	-	9,000	9,000
GFOA	4,000	-	-	21,000
IFEBP	-	-	-	25,000
ILPA	10,000	-	-	10,000
Investment Related	-	3,000	-	3,000
MILKEN	16,000	-	-	16,000
PG User and Onbase Conference	-	-	25,000	51,000
SACRS	4,000	6,000	6,000	44,000
Miscellaneous Training/Conferences (from above)	10,000	14,000	16,000	116,000
Total Training/Conferences	46,000	29,000	88,000	401,000
Professional Dues & Subscriptions	9,000	53,000	1,000	106,000
Recruitment Expenses	-	-	-	3,000
TOTAL	\$ 55,000	\$ 82,000	\$ 89,000	\$ 510,000

PROFESSIONAL FEES (p.#19)

This category excludes investment professional consultant and advisor expenses.

Professional Fees	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/ (Under)	% Change
Actuarial Fees	\$ 408,000	\$ 408,000	\$ -	\$ 415,000	\$ 7,000	1.7%
Audit Fees	146,000	146,000	-	149,000	3,000	2.1%
Consultant Fees	360,000	357,000	(3,000)	388,000	31,000	8.7%
Legal Fees	229,000	215,000	(14,000)	235,000	20,000	9.3%
TOTAL PROFESSIONAL FEES	\$ 1,143,000	\$ 1,126,000	\$ (17,000)	\$ 1,187,000	\$ 61,000	5.4%
Consultant Fees						
Administration						
Benchmark Services	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	100.0%
Process Excellence	-	-	-	50,000	50,000	100.0%
Total Administration	-	-	-	70,000	70,000	100.0%
Benefits						
Benefit Cons./Open Enroll.	151,000	151,000	-	115,000	(36,000)	-23.8%
County Retirees Medical	126,000	126,000	-	126,000	-	0.0%
Total Benefits	277,000	277,000	-	241,000	(36,000)	-13.0%
Human Resources						
Lakeside Group (County Personnel)	77,000	77,000	-	77,000	-	0.0%
Total Human Resources	77,000	77,000	-	77,000	-	0.0%
Internal Audit						
Technology Consulting	3,000	-	(3,000)	-	-	0.0%
Internal Audit Quality Assurance	3,000	3,000	-	-	(3,000)	-100.0%
Total Internal Audit	6,000	3,000	(3,000)	-	(3,000)	-100.0%
Total Consultant Fees	\$ 360,000	\$ 357,000	\$ (3,000)	\$ 388,000	\$ 31,000	8.7%
Audit Fees						
Audit Fees	\$ 123,000	\$ 123,000	\$ -	\$ 126,000	\$ 3,000	2.4%
GASB 67 & 68	12,000	12,000	-	12,000	-	0.0%
GASB 74 & 75	11,000	11,000	-	11,000	-	0.0%
Total Audit Fees	\$ 146,000	\$ 146,000	\$ -	\$ 149,000	\$ 3,000	2.1%
Legal Fees						
Fiduciary	\$ 121,000	\$ 92,000	\$ (29,000)	\$ 110,000	\$ 18,000	19.6%
Misc. Legal Advice	66,000	70,000	4,000	66,000	(4,000)	-5.7%
Outside Investigation	-	-	-	20,000	20,000	100.0%
Tax and Benefit Issues	42,000	53,000	11,000	39,000	(14,000)	-26.4%
Total Legal Fees	\$ 229,000	\$ 215,000	\$ (14,000)	\$ 235,000	\$ 20,000	9.3%
Actuarial Fees						
Actuarial Valuation	\$ 73,000	\$ 73,000	\$ -	\$ 75,000	\$ 2,000	2.7%
ASOP #51, Risk Report	-	-	-	60,000	60,000	100.0%
GASB 67 & 68	45,000	45,000	-	46,000	1,000	2.2%
GASB 74 & 75	13,000	13,000	-	14,000	1,000	7.7%
SRBR Valuation	39,000	39,000	-	40,000	1,000	2.6%
Supplemental Consulting	238,000	238,000	-	180,000	(58,000)	-24.4%
Total Actuarial Fees	\$ 408,000	\$ 408,000	\$ -	\$ 415,000	\$ 7,000	1.7%

Professional Fees - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
ACTUARIAL	
• Increase in GASB, actuarial valuation and SRBR valuation	\$ 5,000
• New reporting requirement, ASOP #51	60,000
• Reduction in cost of supplemental consulting fees	(58,000)
Sub-total	7,000
AUDIT	
• Increase in audit fees	3,000
Sub-total	3,000
CONSULTANTS	
• Increase in consulting fees for Benchmark Services and Process Excellence	70,000
• Decrease in Kennan fees for completion of health insurance RFP and retiree wellness program	(36,000)
• Decrease in consulting fees for Internal Audit Quality Assurance	(3,000)
Sub-total	31,000
LEGAL	
• Increase in legal fees for Fiduciary and Outside Investigation; offset by savings in Misc. Legal Advice and Tax & Benefit Issues	20,000
Sub-total	20,000
Total Over/(Under)	\$ 61,000

Professional Fees - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
CONSULTANTS	
• Savings from completion of Technology Consulting	\$ (3,000)
Sub-total	(3,000)
LEGAL	
• Net decrease primarily due to reduction in fiduciary fees; offset by increases in tax and benefit consulting	(14,000)
Sub-total	(14,000)
Total Over/(Under)	\$ (17,000)

OFFICE EXPENSE (p.#19)

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

Office Expense	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Bank Charges	\$ 114,000	\$ 110,000	\$ (4,000)	\$ 120,000	\$ 10,000	9.1%
Misc. Administrative Expenses	27,000	25,000	(2,000)	45,000	20,000	80.0%
Building Expenses	53,000	58,000	5,000	63,000	5,000	8.6%
Communications	113,000	113,000	-	109,000	(4,000)	-3.5%
Equip. Leasing & Maint.	72,000	67,000	(5,000)	74,000	7,000	10.4%
Minor Furniture & Equipment	28,000	28,000	-	18,000	(10,000)	-35.7%
Office Supplies & Maint.	95,000	83,000	(12,000)	97,000	14,000	16.9%
Printing & Postage	28,000	27,000	(1,000)	28,000	1,000	3.7%
OFFICE EXPENSE Total	\$ 530,000	\$ 511,000	\$ (19,000)	\$ 554,000	\$ 43,000	8.4%

Office Expense - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

Variance Over/(Under)

EQUIPMENT, FURNITURE & SUPPLIES

- Inflation in costs of equipment lease, office supplies and maintenance; offset by decrease in ergonomics spending

\$ 11,000
Sub-total 11,000

BANK CHARGES & MISC. ADMINISTRATIVE

- Increase in miscellaneous administrative expenses for asset inventory
- Stabilization of banking fees after implementation of credit card program

20,000
10,000
Sub-total 30,000

PRINTING & POSTAGE

- Slight increase in printing & postage

1,000
Sub-total 1,000

BUILDING AND COMMUNICATIONS

- Savings from reduction in intranet ongoing enhancement
- Increase in building escalation fees

(4,000)
5,000
Sub-total 1,000

Total Over/(Under) \$ 43,000

Office Expense - Variance Narrative 2018 Forecast vs. 2018 Budget

Variance Over/(Under)

BANK CHARGES AND MISC. ADMINISTRATIVE EXPENSES

- Decrease in bank charges from full implementation of credit card rebate program and on-boarding plan for new employees

\$ (6,000)
Sub-total (6,000)

BUILDING EXPENSES

- Increase resulted from 2017 escalation adjustments

5,000
Sub-total 5,000

EQUIPMENT, FURNITURE & SUPPLIES

- Savings from equipment lease, office supplies & maintenance

(17,000)
Sub-total (17,000)

PRINTING & POSTAGE

- Slight decrease in volume

(1,000)
Sub-total (1,000)

Total Over/(Under) \$ (19,000)

INSURANCE (p.#19)

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

Insurance	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Business Automobile	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ -	0.0%
Commercial Package	27,000	28,000	1,000	29,000	1,000	3.6%
Crime	8,000	8,000	-	8,000	-	0.0%
Earthquake	26,000	26,000	-	26,000	-	0.0%
Cyber Liability	13,000	12,000	(1,000)	13,000	1,000	8.3%
Fiduciary Liability	160,000	155,000	(5,000)	158,000	3,000	1.9%
Employer Liability	801,000	794,000	(7,000)	808,000	14,000	1.8%
Umbrella	8,000	9,000	1,000	8,000	(1,000)	-11.1%
Worker's Compensation	234,000	238,000	4,000	254,000	16,000	6.7%
INSURANCE Total	\$ 1,278,000	\$ 1,271,000	\$ (7,000)	\$ 1,305,000	\$ 34,000	2.7%

Insurance - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
ARTHUR GALLAGHER	
• Slight decrease in premium for Umbrella	\$ (1,000)
• Slight increase in premiums for Fiduciary Liability, Cyber Liability and Commercial package	5,000
Sub-Total	4,000
COUNTY RISK MANAGEMENT	
• Increase in Employer Liability	14,000
• Increase in Workers Compensation	16,000
Sub-Total	30,000
Total Over/(Under) \$	34,000

Insurance - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
ARTHUR GALLAGHER	
• Slight decrease in premiums for Fiduciary Liability and Cyber Liability	\$ (6,000)
• Slight increase in premiums for Umbrella and Commercial package	2,000
Sub-Total	(4,000)
COUNTY RISK MANAGEMENT	
• Decrease in Employer Liability	(7,000)
• Increase in Workers Compensation	4,000
Sub-Total	(3,000)
Total Over/(Under) \$	(7,000)

MEMBER SERVICES [\(p.#19\)](#)

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

Member Services	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Benefit Verification	\$ 5,000	\$ 4,000	\$ (1,000)	\$ 5,000	\$ 1,000	25.0%
Disability - Arbitration & Transcripts	53,000	43,000	(10,000)	75,000	32,000	74.4%
Disability - Medical Expense	158,000	158,000	-	203,000	45,000	28.5%
Disability Claims Management	46,000	46,000	-	46,000	-	0.0%
Health Reimbursement Account (HRA)	60,000	57,000	(3,000)	60,000	3,000	5.3%
Member Training & Education	16,000	16,000	-	16,000	-	0.0%
Printing and Postage - Members	133,000	118,000	(15,000)	122,000	4,000	3.4%
MEMBER SERVICES EXPENSE Total	\$ 471,000	\$ 442,000	\$ (29,000)	\$ 527,000	\$ 85,000	19.2%

Member Services - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
DISABILITY - MEDICAL	
• Increase in number of disability cases	\$ 45,000
Sub-total	45,000
HEALTH REIMBURSEMENT ACCOUNT (HRA)	
• Slight increase in retiree enrollments	3,000
Sub-total	3,000
PRINTING & POSTAGE - MEMBERS	
• Increase in newsletter and benefit verification	5,000
Sub-total	5,000
DISABILITY - ARBITRATION & TRANSCRIPTS	
• Increase in disability appeals and higher transcript costs	32,000
Sub-total	32,000
Total Over/(Under)	\$ 85,000

Member Services - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
HEALTH REIMBURSEMENT ACCOUNT (HRA)	
• Decreased enrollments in health exchange program and benefit verification	\$ (4,000)
Sub-total	(4,000)
DISABILITY - ARBITRATION & TRANSCRIPTS	
• Lower number of cases than budgeted	(10,000)
Sub-total	(10,000)
PRINTING & POSTAGE - MEMBERS	
• Decrease in printing & postage from reduction in publication of newsletters	(15,000)
Sub-total	(15,000)
Total Over/(Under)	\$ (29,000)

SYSTEMS (p.#19)

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

Systems		2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Business Continuity Expenses	\$	165,000	\$ 184,000	\$ 19,000	\$ 154,000	\$ (30,000)	-16.3%
Computer Maintenance		21,000	21,000	-	21,000	-	0.0%
County Data Processing		94,000	97,000	3,000	106,000	9,000	9.3%
Minor Computer Hardware		32,000	32,000	-	30,000	(2,000)	-6.3%
Software License & Maintenance		879,000	849,000	(30,000)	841,000	(8,000)	-0.9%
SYSTEMS Total	\$	1,191,000	\$ 1,183,000	\$ (8,000)	\$ 1,152,000	\$ (31,000)	-2.6%

Systems - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
SOFTWARE, MAINTENANCE & SUPPORT	
• Decrease is primarily from the completion of Great Plains upgrade; offset by increase of audit management software	\$ (8,000)
Sub Total	(8,000)
BUSINESS CONTINUITY EXPENSES	
• Decrease in reduction of intrusion testing, completion of cybersecurity expense, and relocation of BCP facility	(30,000)
Sub Total	(30,000)
COMPUTER HARDWARE & MAINTENANCE	
• Slight decrease in minor computer hardware purchases	(2,000)
Sub Total	(2,000)
COUNTY DATA PROCESS	
• Increase in usage of data processing and county processing fees	9,000
Sub Total	9,000
Total Over/(Under)	\$ (31,000)

Systems - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
SOFTWARE, MAINTENANCE & SUPPORT	
• Decrease caused by delays in database migration project	\$ (30,000)
Sub Total	(30,000)
BUSINESS CONTINUITY	
• Increase due to transition of changing BCP facility and server support	19,000
Sub Total	19,000
COUNTY DATA PROCESSING	
• Increase in data processing usage	3,000
Sub Total	3,000
Total Over/(Under)	\$ (8,000)

BOARD OF RETIREMENT [\(p.#19\)](#)

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

Board of Retirement		2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Board Compensation	\$	31,000	\$ 30,000	\$ (1,000)	\$ 30,000	\$ -	0.0%
Board Conference and Training		148,000	148,000	-	203,000	55,000	37.2%
Board Elections		65,000	65,000	-	80,000	15,000	23.1%
Board Employer Reimbursement		312,000	257,000	(55,000)	337,000	80,000	31.1%
Board Miscellaneous Activities		52,000	34,000	(18,000)	36,000	2,000	5.9%
Board Software Maint. & Support		-	-	-	10,000	10,000	100.0%
Board Strategic Planning		20,000	20,000	-	15,000	(5,000)	-25.0%
Total Board of Retirement	\$	628,000	\$ 554,000	\$ (74,000)	\$ 711,000	\$ 157,000	28.3%

Board of Retirement - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
• Increase in Election costs based on number of available seats	\$ 15,000
• Increase in Conference expenses attributed to new trustee trainings and increases in Milken attendance	55,000
• Slight increase in Miscellaneous Activities	2,000
• Increase in Software Maintenance; offset by decrease in Strategic Planning	5,000
• Increase in Employer Reimbursement due to COLA and fringe benefits	80,000
Total Over/(Under)	\$ 157,000

Board of Retirement - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
• Decrease in Board Compensation and Miscellaneous Activities due to delays in board software upgrade	\$ (19,000)
• Savings in Employer Reimbursement from 2017 accrual	(55,000)
Total Over/(Under)	\$ (74,000)

DEPRECIATION (p.#19)

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

Depreciation	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
BCP	\$ 1,000	\$ -	\$ (1,000)	\$ -	\$ -	0.0%
Computer Software	7,000	7,000	-	5,000	(2,000)	-28.6%
EDMS Admin. Share	1,000	1,000	-	-	(1,000)	-100.0%
Equipment	16,000	20,000	4,000	23,000	3,000	15.0%
Furniture	2,000	1,000	(1,000)	1,000	-	0.0%
Leasehold Improvements	99,000	95,000	(4,000)	97,000	2,000	2.1%
DEPRECIATION Total	\$ 126,000	\$ 124,000	\$ (2,000)	\$ 126,000	\$ 2,000	1.6%

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

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

Depreciation - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
• Increase due to purchase of new equipments and leasehold improvements	\$ 5,000
• Decrease in depreciation expense for EDMS system and computer software	(3,000)
Total Over/(Under)	\$ 2,000

Depreciation - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
• Increase due to Access Control System upgrade	\$ 4,000
• Decrease due to fully depreciated assets in BCP and Furniture	(6,000)
Total Over/(Under)	\$ (2,000)

UNCOLLECTABLE BENEFIT PAYMENTS (p.#19)

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 \$39,000. This balance is comprised of benefit overpayments healthcare premium, payroll deductions, taxes. The uncollectible balances to be discharged are related to transactions from 2013 and 2014. Discharges of uncollectible balances normally include one year's worth of transactions, after passage of a four-year period from which collection efforts have been exhausted and the receivable has been declared uncollectible.

Uncollectable Benefit Payments	2018 Forecast vs. 2018 Budget		2019 Approved Budget vs. 2018 Forecast		% Change	
	2018 Budget	2018 Forecast	2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget Over/(Under)	
UNCOLLECTABLE BENEFIT PAYMENTS Total	\$ 30,000	\$ 43,000	\$ 13,000	\$ 39,000	\$ (4,000)	-9.3%

Uncollectable Benefit Payments - Variance Narrative 2019 Approved Budget vs. 2018 Forecast		Variance Over/(Under)
• Decrease in uncollectable benefit payments	\$	(4,000)
Total Over/(Under)	\$	(4,000)

Uncollectable Benefit Payments - Variance Narrative 2018 Forecast vs. 2018 Budget		Variance Over/(Under)
• Expected higher uncollectable benefit payments	\$	13,000
Total Over/(Under)	\$	13,000

Section IV

Departmental Operating Expense Budgets

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Section IV :

Departmental Operating Expense Budgets

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

Departments		2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Administration (p.#38)	\$	3,904,000	\$ 3,848,000	\$ (56,000)	\$ 4,415,000	\$ 567,000	14.7%
Benefits (p.#41)		6,187,000	6,303,000	116,000	6,517,000	214,000	3.4%
Fiscal Services (p.#43)		2,548,000	2,374,000	(174,000)	2,170,000	(204,000)	-8.6%
Human Resources (p.#45)		628,000	662,000	34,000	663,000	1,000	0.2%
Internal Audit (p.#47)		611,000	649,000	38,000	653,000	4,000	0.6%
Investment (p.#49)		1,841,000	1,931,000	90,000	2,016,000	85,000	4.4%
Legal (p.#50)		1,670,000	1,727,000	57,000	1,816,000	89,000	5.2%
PRISM (p.#52)		2,250,000	2,279,000	29,000	2,892,000	613,000	26.9%
Total Depart. Expenses		19,639,000	19,773,000	134,000	21,142,000	1,369,000	6.9%
PROJECTS¹		167,000	133,000	(34,000)	91,000	(42,000)	-31.6%
Total Depart. Exp. + Projects	\$	19,806,000	\$ 19,906,000	\$ 100,000	\$ 21,233,000	\$ 1,327,000	6.7%

¹ See Section V

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

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

Administration Department	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 556,000	\$ 572,000	\$ 16,000	\$ 767,000	\$ 195,000	34.1%
Fringe Benefits	331,000	347,000	16,000	389,000	42,000	12.1%
Staffing Total	887,000	919,000	32,000	1,156,000	237,000	25.8%
STAFF DEVELOPMENT	62,000	56,000	(6,000)	68,000	12,000	21.4%
PROFESSIONAL FEES						
Actuarial Fees	408,000	408,000	-	415,000	7,000	1.7%
Consultant Fees	-	-	-	70,000	70,000	-100.0%
Professional Fees Total	408,000	408,000	-	485,000	77,000	18.9%
OFFICE EXPENSE						
Miscellaneous Administrative	27,000	25,000	(2,000)	45,000	20,000	80.0%
Building Expenses	53,000	58,000	5,000	63,000	5,000	8.6%
Communications	113,000	113,000	-	109,000	(4,000)	-3.5%
Equipment Lease & Maintenance	72,000	67,000	(5,000)	74,000	7,000	10.4%
Minor Furniture & Equipment	3,000	3,000	-	3,000	-	0.0%
Office Supplies & Maintenance	95,000	83,000	(12,000)	97,000	14,000	16.9%
Printing & Postage	28,000	27,000	(1,000)	28,000	1,000	3.7%
Office Expense Total	391,000	376,000	(15,000)	419,000	43,000	11.4%
INSURANCE	1,278,000	1,271,000	(7,000)	1,305,000	34,000	2.7%
SYSTEMS						
County Data Processing	94,000	97,000	3,000	106,000	9,000	9.3%
Systems Total	94,000	97,000	3,000	106,000	9,000	9.3%
BOARD OF RETIREMENT						
Board Conferences & Miscellaneous Activity	628,000	554,000	(74,000)	711,000	157,000	28.3%
UNCOLLECTABLE BENEFIT PAYMENTS	30,000	43,000	13,000	39,000	(4,000)	-9.3%
DEPRECIATION						
Depreciation Expense	126,000	124,000	(2,000)	126,000	2,000	1.6%
GRAND TOTAL	\$ 3,904,000	\$ 3,848,000	\$ (56,000)	\$ 4,415,000	\$ 567,000	14.7%

Administration Department - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
STAFFING	
• Increase in salaries due to refunded position for the Assistant CEO	\$ 195,000
• Increase in fringe benefits attributed to refunded Assistant CEO position	42,000
Sub-Total	237,000
STAFF DEVELOPMENT	
• Increase in attendance of trainings and conferences	12,000
Sub-Total	12,000
PROFESSIONAL FEES	
• Increase in GASB, actuarial valuation and SRBR valuation	5,000
• New reporting requirement, ASOP #51	60,000
• Reduction in cost of supplemental consulting fees	(58,000)
• Increase caused by consulting fees in Benchmark Services and Process Excellence	70,000
Sub-Total	77,000
OFFICE EXPENSE	
• Inflation in costs of Equipment Lease, Office Supplies, and Maintenance	21,000
• Increase in Miscellaneous Administrative expenses for asset inventory	20,000
• Slight increase in Printing & Postage	1,000
• Savings from reduction in intranet ongoing enhancement	(4,000)
• Increase in building escalation fees	5,000
Sub-Total	43,000
INSURANCE	
ARTHUR GALLAGHER	
• Slight decrease in premium for Umbrella	(1,000)
• Slight increase in premiums for Fiduciary Liability, Cyber Liability and Commercial package	5,000
COUNTY RISK MANAGEMENT	
• Increase in Employer Liability	14,000
• Increase in Workers Compensation	16,000
Sub-Total	34,000
SYSTEMS	
• Increase in usage of data processing and county processing fees	9,000
Sub-Total	9,000
BOARD OF RETIREMENT	
• Increase in Board Elections cost based on number of available seats	15,000
• Increase in conference expenses attributed to new trustee trainings and increases in Milken attendance	55,000
• Slight increase in Miscellaneous Activities	2,000
• Increase in software maintenance; offset by decrease in strategic planning	5,000
• Increase in employer reimbursement due to COLA and fringe benefits	80,000
Sub-Total	157,000
UNCOLLECTABLE BENEFIT PAYMENTS	
• Decrease in Uncollectable Benefit Payments	(4,000)
Sub-Total	(4,000)
DEPRECIATION EXPENSE	
• Increase due to purchase of new equipments and leasehold improvements	5,000
• Decrease in Depreciation Expense for EDMS system and computer software	(3,000)
Sub-Total	2,000
Total Over/(Under) \$	567,000

Administration Department - Variance Narrative 2018 Forecast vs. 2018 Budget

Variance Over/(Under)

STAFFING

• Net increase in salaries from unexpected one-time payment for ACMEA and Unrepresented employees	\$	16,000
• Increase in fringe benefit rate due to salary increases		16,000
Sub-Total		32,000

STAFF DEVELOPMENT

• Reduction in trainings and conferences attendance		(6,000)
Sub-Total		(6,000)

OFFICE EXPENSE

• Savings from Office Supplies & Maintenance		(12,000)
• Decrease in on-boarding plan for new employees and reduction of volume in printing & postage		(3,000)
Sub-Total		(15,000)

INSURANCE

ARTHUR GALLAGHER

• Slight decrease in premiums for Fiduciary Liability and Cyber Liability		(6,000)
• Slight increase in premiums for Umbrella and Commercial package		2,000

COUNTY RISK MANAGEMENT

• Decrease in Employer Liability.		(7,000)
• Increase in Workers Compensation.		4,000
Sub-Total		(7,000)

SYSTEMS

• Slight increase in data processing usage		3,000
Sub-Total		3,000

BOARD OF RETIREMENT

• Decrease in Board Compensation and Miscellaneous Activities due to delays on board software upgrade		(19,000)
• Savings in Employer Reimbursement is cause by 2017 accrual		(55,000)
Sub-Total		(74,000)

UNCOLLECTABLE BENEFIT PAYMENTS

• Anticipated higher Uncollectable Benefit Payments		13,000
Sub-Total		13,000

DEPRECIATION EXPENSE

• Increase due to access control system upgrade		4,000
• Decrease due to fully depreciated asset in BCP and Furniture		(6,000)
Sub-Total		(2,000)

Total Over/(Under) \$ (56,000)

Administration Department Professional Fees	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Consultant Fees						
Benchmark Services	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	100.0%
Process Excellence	-	-	-	50,000	50,000	100.0%
Actuarial Fees						
Actuarial Valuation	73,000	73,000	-	75,000	2,000	2.7%
ASOP #51, Risk Report	-	-	-	60,000	60,000	100.0%
GASB 67 & 68	45,000	45,000	-	46,000	1,000	2.2%
GASB 74 & 75	13,000	13,000	-	14,000	1,000	7.7%
SRBR Valuation	39,000	39,000	-	40,000	1,000	2.6%
Supplemental Consulting	238,000	238,000	-	180,000	(58,000)	-24.4%
Sub-Total	408,000	408,000	-	415,000	7,000	1.7%
ADMINISTRATION Total	\$ 408,000	\$ 408,000	\$ -	\$ 485,000	\$ 77,000	18.9%

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

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

Benefits Department	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 2,877,000	\$ 2,628,000	\$ (249,000)	\$ 3,281,000	\$ 653,000	24.8%
Fringe Benefits	1,855,000	1,705,000	(150,000)	2,291,000	586,000	34.4%
Temporary Staff	140,000	680,000	540,000	68,000	(612,000)	-90.0%
Staffing Total	4,872,000	5,013,000	141,000	5,640,000	627,000	12.5%
STAFF DEVELOPMENT	135,000	133,000	(2,000)	120,000	(13,000)	-9.8%
PROFESSIONAL FEES	277,000	277,000	-	241,000	(36,000)	-13.0%
MEMBER SERVICES						
Benefit Verification	5,000	4,000	(1,000)	5,000	1,000	25.0%
Disability - Medical Expense	158,000	158,000	-	203,000	45,000	28.5%
Disability Claims Management	46,000	46,000	-	46,000	-	0.0%
Health Reimburs.Account (HRA)	60,000	57,000	(3,000)	60,000	3,000	5.3%
Member Training & Education	16,000	16,000	-	16,000	-	0.0%
Printing & Postage - Members	133,000	118,000	(15,000)	122,000	4,000	3.4%
Member Services Total	418,000	399,000	(19,000)	452,000	53,000	13.3%
SYSTEMS						
Software Maint./Support	485,000	481,000	(4,000)	64,000	(417,000)	-86.7%
Systems Total	485,000	481,000	(4,000)	64,000	(417,000)	-86.7%
GRAND TOTAL	\$ 6,187,000	\$ 6,303,000	\$ 116,000	\$ 6,517,000	\$ 214,000	3.4%

Benefits Department - Variance Narrative 2019 Approved Budget vs. 2018 Forecast		Variance Over/(Under)
STAFFING		
• Increase in salaries from all vacant positions being filled in 2019, vacation sellbacks, and overtime	\$	653,000
• Increase in fringe benefits attributed to the filling of all vacant positions in 2019 and inflation		586,000
• Reduction in temporary staff due to hiring of permanent employees		(612,000)
Sub-Total		627,000
STAFF DEVELOPMENT		
• Reduction in attendance for trainings and conferences		(13,000)
Sub-Total		(13,000)
PROFESSIONAL FEES		
• Decrease in Kennan fees for completion of health insurance RFP and retiree wellness program		(36,000)
Sub-Total		(36,000)
MEMBER SERVICES		
• Increase in number of disability cases		45,000
• Slight increase in retiree enrollments		3,000
• Increase in newsletters and benefit verification		5,000
Sub-Total		53,000
SYSTEMS		
• Decrease primarily due to transfer of pension maintenance support and web member services hosting to PRISM from Benefits		(417,000)
Sub-Total		(417,000)
Total Over/(Under)		\$ 214,000

Benefits Department - Variance Narrative 2018 Forecast vs. 2018 Budget

Variance Over/(Under)

STAFFING

- Savings from vacant positions and staff on leave including fringe benefits
- Increase attributed to vacant positions filled by temporary staff

\$ (399,000)
540,000

Sub-Total 141,000

STAFF DEVELOPMENT

- Slight decrease in attendance due to vacant positions

(2,000)

Sub-Total (2,000)

MEMBER SERVICES

- Decrease in printing & postage due to reduction in publication of newsletters
- Decrease of retirees enrolled in health exchange program and benefit verification

(15,000)

(4,000)

Sub-Total (19,000)

SYSTEMS

- Delay in modifications of pension system

(4,000)

Sub-Total (4,000)

Total Over/(Under) \$ 116,000

Benefits Department Professional Fees		2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Benefits Consultant/Open Enrollment	\$	151,000	\$ 151,000	\$ -	\$ 115,000	\$ (36,000)	-23.8%
County Retirees Medical (Benefit Consultant)		126,000	126,000	-	126,000	-	0.0%
Benefits Total	\$	277,000	\$ 277,000	\$ -	\$ 241,000	\$ (36,000)	-13.0%

FISCAL SERVICES DEPARTMENT [\(p.#37\)](#)

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

Fiscal Services Department	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,418,000	\$ 1,203,000	\$ (215,000)	\$ 1,118,000	\$ (85,000)	-7.1%
Fringe Benefits	738,000	687,000	(51,000)	678,000	(9,000)	-1.3%
Temporary Staff	-	95,000	95,000	-	(95,000)	-100.0%
Staffing Total	2,156,000	1,985,000	(171,000)	1,796,000	(189,000)	-9.5%
STAFF DEVELOPMENT	54,000	54,000	-	50,000	(4,000)	-7.4%
PROFESSIONAL FEES						
External Audit	146,000	146,000	-	149,000	3,000	2.1%
Professional Fees Total	146,000	146,000	-	149,000	3,000	2.1%
OFFICE EXPENSE						
Bank Charges	114,000	110,000	(4,000)	120,000	10,000	9.1%
Office Expense Total	114,000	110,000	(4,000)	120,000	10,000	9.1%
SYSTEMS						
Software Maint./Support	78,000	79,000	1,000	55,000	(24,000)	-30.4%
Systems Total	78,000	79,000	1,000	55,000	(24,000)	-30.4%
GRAND TOTAL	\$ 2,548,000	\$ 2,374,000	\$ (174,000)	\$ 2,170,000	\$ (204,000)	-8.6%

Fiscal Services Department - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
STAFFING	
• Decrease in salaries and fringe benefits based on headcount reduction	\$ (94,000)
• Decrease in temporary staff due to hiring a permanent employee	(95,000)
Sub-Total	(189,000)
STAFF DEVELOPMENT	
• Slight decrease in training and conferences	(4,000)
Sub-Total	(4,000)
PROFESSIONAL FEES	
• Increase in audit fees	3,000
Sub-Total	3,000
OFFICE EXPENSE	
• Stabilization of banking fees after implementation of credit card program	10,000
Sub-Total	10,000
SYSTEMS	
• Completion of Great Plains upgrade in 2018	(24,000)
Sub-Total	(24,000)
Total Over/(Under)	\$ (204,000)

Fiscal Services Department - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
STAFFING	
• Decrease in salaries and fringe benefits based on unfilled positions	\$ (266,000)
• Increase in temporary staff due to vacant position	95,000
Sub-Total	(171,000)
OFFICE EXPENSE	
• Decrease in bank charges from full implementation of credit card rebate program	(4,000)
Sub-Total	(4,000)
SYSTEMS	
• Slight increase in Great Plains upgrade	1,000
Sub-Total	1,000
Total Over/(Under)	\$ (174,000)

Fiscal Services Department Professional Fees	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
External Audit	\$ 123,000	\$123,000	\$ -	\$ 126,000	\$ 3,000	2.4%
GASB 67 & 68	12,000	12,000	-	12,000	-	0.0%
GASB 74 & 75	11,000	11,000	-	11,000	-	0.0%
FISCAL SERVICES Total	\$ 146,000	\$ 146,000	\$ -	\$ 149,000	\$ 3,000	2.1%

HUMAN RESOURCES DEPARTMENT (p.#37)

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

Human Resources Department	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 344,000	\$ 351,000	\$ 7,000	\$ 363,000	\$ 12,000	3.4%
Fringe Benefits	160,000	187,000	27,000	189,000	2,000	1.1%
Staffing Total	504,000	538,000	34,000	552,000	14,000	2.6%
STAFF DEVELOPMENT	22,000	22,000	-	19,000	(3,000)	-13.6%
PROFESSIONAL FEES	77,000	77,000	-	77,000	-	0.0%
OFFICE EXPENSE						
Ergo. Furniture & Equipment	25,000	25,000	-	15,000	(10,000)	-40.0%
Office Expense Total	25,000	25,000	-	15,000	(10,000)	-40.0%
GRAND TOTAL	\$ 628,000	\$ 662,000	\$ 34,000	\$ 663,000	\$ 1,000	0.2%

Human Resources Department - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
STAFFING	
• Increase in salaries due to promotion and vacation sellbacks	\$ 12,000
• Slight increase in fringe benefits	2,000
Sub-total	14,000
STAFF DEVELOPMENT	
• Decrease in training and conferences primarily in Disability Management Employer Coalition and SHRM	(3,000)
Sub-total	(3,000)
OFFICE EXPENSE	
• Decrease in ergonomics furniture and equipment requirements	(10,000)
Sub-total	(10,000)
Total Over/(Under)	\$ 1,000

Human Resources Department - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
STAFFING	
• Net increase in salaries from unexpected one-time payment for ACMEA and unrepresented employees	\$ 7,000
• Increase in fringe benefit rate	27,000
Sub-total	34,000
Total Over/(Under)	\$ 34,000

Human Resources Department Professional Fees	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Consultant Fees - Lakeside Group	\$ 77,000	\$ 77,000	\$ -	\$ 77,000	\$ -	0.0%
Human Resources Total	\$ 77,000	\$ 77,000	\$ -	\$ 77,000	\$ -	0.0%

Human Resources Department Staffing	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
Human Resources Officer	\$ 164,000	\$ 165,000	\$ 1,000	\$ 168,000	\$ 3,000
Human Resources Specialist	110,000	112,000	2,000	113,000	1,000
Administrative Specialist II	70,000	74,000	4,000	82,000	8,000
Sub-total Salaries¹	344,000	351,000	7,000	363,000	12,000
Fringe Benefits	160,000	187,000	27,000	189,000	2,000
HUMAN RESOURCES Total	\$ 504,000	\$ 538,000	\$ 34,000	\$ 552,000	\$ 14,000

¹Sub-total salaries include base salary, work out of class, footnotes and vacation sellback.

INTERNAL AUDIT DEPARTMENT [\(p.#37\)](#)

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	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/ (Under)	% Change
STAFFING						
Salaries	\$ 411,000	\$ 416,000	\$ 5,000	\$ 425,000	\$ 9,000	2.2%
Fringe Benefits	165,000	202,000	37,000	189,000	(13,000)	-6.4%
Staffing Total	576,000	618,000	42,000	614,000	(4,000)	-0.6%
STAFF DEVELOPMENT	27,000	26,000	(1,000)	27,000	1,000	3.8%
PROFESSIONAL FEES	6,000	3,000	(3,000)	-	(3,000)	-100.0%
SYSTEMS						
Software Maint./Support	2,000	2,000	-	12,000	10,000	500.0%
Systems Total	2,000	2,000	-	12,000	10,000	500.0%
GRAND TOTAL	\$ 611,000	\$ 649,000	\$ 38,000	\$ 653,000	\$ 4,000	0.6%

Internal Audit Department - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
STAFFING	
• Increase in salaries from merit increase, COLA, and vacation sellbacks	\$ 9,000
• Decrease in fringe benefits	(13,000)
Sub-Total	(4,000)
STAFF DEVELOPMENT	
• Slight increase in training and conference	1,000
Sub-Total	1,000
PROFESSIONAL FEES	
• Decrease in Internal Audit Quality Assurance	(3,000)
Sub-Total	(3,000)
SOFTWARE MAINTENANCE AND SUPPORT	
• Increase from audit management software	10,000
Sub-Total	10,000
Total Over/(Under)	\$ 4,000

Internal Audit Department - Variance Narrative 2018 Forecast vs. 2018 Budget

Variance Over/(Under)

STAFFING

- Net increase in salaries from unexpected one-time payment
- Increase in fringe benefit

\$ 5,000
37,000

Sub-Total **42,000**

STAFF DEVELOPMENT

- Slight decrease in training and conference

(1,000)

Sub-Total **(1,000)**

PROFESSIONAL FEES

- Decrease in professional fees for Technology Consulting

(3,000)

Sub-Total **(3,000)**

Total Over/(Under) \$ 38,000

Internal Audit Department Professional Fees

	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Technology Consulting	\$ 3,000	\$ -	\$ (3,000)	\$ -	\$ -	0.0%
Internal Audit Quality Assurance	3,000	3,000	-	-	(3,000)	-100.0%
Internal Audit Total	\$ 6,000	\$ 3,000	\$ (3,000)	\$ -	\$ (3,000)	-100.0%

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

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

Investment Department	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,234,000	\$ 1,236,000	\$ 2,000	\$ 1,344,000	\$ 108,000	8.7%
Fringe Benefits	536,000	590,000	54,000	617,000	27,000	4.6%
Temporary Staff	-	34,000	34,000	-	(34,000)	-100.0%
Staffing Total	1,770,000	1,860,000	90,000	1,961,000	101,000	5.4%
STAFF DEVELOPMENT	71,000	71,000	-	55,000	(16,000)	-22.5%
GRAND TOTAL	\$ 1,841,000	\$ 1,931,000	\$ 90,000	\$ 2,016,000	\$ 85,000	4.4%

Investment Department - Variance Narrative 2019 Approved Budget vs. 2018 Forecast		Variance Over/(Under)
STAFFING		
• Increase due to filling Administrative Support Specialist, vacation sellbacks, COLA, and merit increase	\$	108,000
• Decrease in temporary staff from hiring an Administrative Support Specialist		(34,000)
• Increase in fringe benefits		27,000
Sub-Total		101,000
STAFF DEVELOPMENT		
• Decrease in training and conferences		(16,000)
Sub-Total		(16,000)
Total Over/(Under)		\$85,000

Investment Department - Variance Narrative 2018 Forecast vs. 2018 Budget		Variance Over/(Under)
STAFFING		
• Net increase in salaries from unexpected one-time payment and salary adjustment for Chief Investment Officer; offset by savings from Administrative Support Specialist	\$	2,000
• Increase in temporary staff due to vacant Administrative Support Specialist		34,000
• Increase in fringe benefits		54,000
Sub-Total		90,000
Total Over/(Under)	\$	90,000

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

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

Legal Department	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 947,000	\$ 966,000	\$ 19,000	\$ 1,032,000	\$ 66,000	6.8%
Fringe Benefits	333,000	394,000	61,000	372,000	(22,000)	-5.6%
Staffing Total	1,280,000	1,360,000	80,000	1,404,000	44,000	3.2%
STAFF DEVELOPMENT	88,000	89,000	1,000	82,000	(7,000)	-7.9%
PROFESSIONAL FEES	229,000	215,000	(14,000)	235,000	20,000	9.3%
DISABILITY ARBITRATION & TRANSCRIPTS	53,000	43,000	(10,000)	75,000	32,000	74.4%
SYSTEMS						
Software Maint./Support	20,000	20,000	-	20,000	-	0.0%
Systems Total	20,000	20,000	-	20,000	-	0.0%
GRAND TOTAL	\$ 1,670,000	\$ 1,727,000	\$ 57,000	\$ 1,816,000	\$ 89,000	5.2%

Legal Department - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
STAFFING	
• Net increase in salaries due to salary adjustments for Counsels, merit increases, COLA, and vacation sellbacks	\$ 66,000
• Decrease in fringe benefits	(22,000)
Sub-Total	44,000
STAFF DEVELOPMENT	
• Decrease in training and conference primarily in SHRM, National Employment Law Council & NELI, and investment related conference	(7,000)
Sub-Total	(7,000)
PROFESSIONAL FEES	
• Increase in legal advice	20,000
Sub-Total	20,000
DISABILITY-LEGAL TRANSCRIPTS	
• Increase in disability appeals and higher transcript costs	32,000
Sub-Total	32,000
Total Over/(Under)	\$ 89,000

Legal Department - Variance Narrative 2018 Forecast vs. 2018 Budget

Variance Over/(Under)

STAFFING

• Net increase in salaries from unexpected one-time payment and salary adjustments for Counsels	\$	19,000
• Increase in fringe benefits		61,000
Sub-Total		80,000

STAFF DEVELOPMENT

• Slight increase in training and conference		1,000
Sub-Total		1,000

PROFESSIONAL FEES

• Net decrease primarily due to reduction in fiduciary fees; offset by increase in tax and benefit consulting		(14,000)
Sub-Total		(14,000)

DISABILITY ARBITRATIONS & TRANSCRIPTS

• Lower number of cases than projected		(10,000)
Sub-Total		(10,000)

Total Over/(Under) \$ 57,000

Legal Department Professional Fees		2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
Fiduciary	\$	121,000	\$ 92,000	\$ (29,000)	\$ 110,000	\$ 18,000	19.6%
Misc. Legal Advice		66,000	70,000	-	66,000	(4,000)	-5.7%
Outside Investigation		-	-	-	20,000	20,000	100.0%
Tax and Benefit Issues		42,000	53,000	11,000	39,000	(14,000)	-26.4%
Legal Total	\$	229,000	\$ 215,000	\$ (14,000)	\$ 235,000	\$ 20,000	9.3%

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

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

PRISM Department	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)	% Change
STAFFING						
Salaries	\$ 1,172,000	\$ 1,160,000	\$ (12,000)	\$ 1,268,000	\$ 108,000	9.3%
Fringe Benefits	629,000	663,000	34,000	731,000	68,000	10.3%
Staffing Total	1,801,000	1,823,000	22,000	1,999,000	176,000	9.7%
STAFF DEVELOPMENT	81,000	62,000	(19,000)	89,000	27,000	43.5%
SYSTEMS						
Business Continuity Expenses	157,000	176,000	19,000	154,000	(22,000)	-12.5%
Computer Maintenance	21,000	21,000	-	21,000	-	0.0%
Minor Computer Hardware	32,000	32,000	-	30,000	(2,000)	-6.3%
Software Maint.& Support	158,000	165,000	7,000	599,000	434,000	263.0%
Systems Total	368,000	394,000	26,000	804,000	410,000	104.1%
GRAND TOTAL	\$ 2,250,000	\$ 2,279,000	\$ 29,000	\$ 2,892,000	\$ 613,000	26.9%

PRISM Department - Variance Narrative 2019 Approved Budget vs. 2018 Forecast

	Variance Over/(Under)
STAFFING	
• Increase in salaries from merit increases, vacation sellbacks, and promotions	\$ 108,000
• Increase in fringe benefits	68,000
Sub-Total	176,000
STAFF DEVELOPMENT	
• Increase in training and conference primarily for cybersecurity and AMA	27,000
Sub-Total	27,000
SOFTWARE MAINTENANCE AND SUPPORT	
• Decrease in reduction of intrusion testing and relocation of BCP facility	(22,000)
• Slight decrease in minor computer hardware purchases	(2,000)
• Increase primarily due to transfer of pension maintenance support and web member services hosting to PRISM from Benefits	434,000
Sub-Total	410,000
Total Over/(Under)	\$ 613,000

PRISM Department - Variance Narrative 2018 Forecast vs. 2018 Budget

	Variance Over/(Under)
STAFFING	
• Delay in filling Administrative Specialist and Computer Network System Analyst	\$ (12,000)
• Increase in fringe benefits	34,000
Sub-Total	22,000
STAFF DEVELOPMENT	
• Decrease in trainings and conferences	(19,000)
Sub-Total	(19,000)
SOFTWARE MAINTENANCE AND SUPPORT	
• Increase due to transition of changing BCP facility and server support	19,000
• Slight increase in Software Maintenance and Support	7,000
Sub-Total	26,000
Total Over/(Under)	\$ 29,000

Section V

Enterprise-wide Projects

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Section V

Enterprise-wide Projects

2018 Budgeted Projects¹	Cyber- security	Cyber- security Hardware/ Software	Benefits Documen- tation	Database Migration	Improve- ment Method- ology	Techno- logy Enhance- ment	Web Member Services	Totals
Staffing	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Staff Development System	14,000	-	-	-	5,000	-	-	19,000
Budget Software	-	-	-	-	-	10,000	-	10,000
Cybersecurity Hard- ware/Software	-	8,000	-	-	-	-	-	8,000
Database Migration	-	-	-	110,000	-	-	-	110,000
Web Member Services	-	-	-	-	-	-	16,000	16,000
Totals	\$ 14,000	\$ 8,000	\$ 4,000	\$ 110,000	\$ 5,000	\$ 10,000	\$ 16,000	\$ 167,000

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

2018 Projects Forecast	Cyber- security	Cyber- security Hardware/ Software	Benefits Documen- tation	Database Migration	Improve- ment Method- ology	Techno- logy Enhance- ment	Web Member Services	Totals
Staffing	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Staff Development System	14,000	-	-	-	5,000	-	-	19,000
Budget Software	-	-	-	-	-	10,000	-	10,000
Cybersecurity Hardware/ Software	-	8,000	-	-	-	-	-	8,000
Database Migration	-	-	-	76,000	-	-	-	76,000
Web Member Services	-	-	-	-	-	-	16,000	16,000
Totals	\$ 14,000	\$ 8,000	\$ 4,000	\$ 76,000	\$ 5,000	\$ 10,000	\$ 16,000	\$ 133,000

2019 Approved Projects	Database Migration	Web Member Services	Totals
Systems			
Database Migration	\$ 75,000	\$ -	\$ 75,000
Web Member Services	-	16,000	16,000
Totals	\$ 75,000	\$ 16,000	\$ 91,000

Projects		2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/ (Under)	% Change
Staffing	\$	4,000	\$ 4,000	\$ -	\$ -	\$ (4,000)	-100.0%
Staff Development		19,000	19,000	-	-	(19,000)	-100.0%
Systems		144,000	110,000	(34,000)	91,000	(19,000)	-17.3%
Grand Total	\$	167,000	\$ 133,000	\$ (34,000)	\$ 91,000	\$ (42,000)	-31.6%

Projects System		2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/ (Under)	% Change
Budget Software	\$	10,000	\$ 10,000	\$ -	\$ -	\$ (10,000)	-100.0%
Cybersecurity Hardware/Software		8,000	8,000	-	-	(8,000)	-100.0%
Database Migration		110,000	76,000	(34,000)	75,000	(1,000)	-1.3%
Web Member Services		16,000	16,000	-	16,000	-	0.0%
Grand Total	\$	144,000	\$ 110,000	\$ (34,000)	\$ 91,000	\$ (19,000)	-17.3%

Project -Variance Narrative 2019 Approved Budget vs. 2018 Forecast

STAFFING

Temporary staff - project completed

\$ (4,000)
Sub-Total (4,000)

STAFF DEVELOPMENT

Cybersecurity

(14,000)

Process Improvement Methodology

(5,000)

Sub-Total (19,000)

SYSTEMS

Budget Software and Hardware for Cybersecurity are completed

(18,000)

Decrease in Database Migration

(1,000)

Sub-Total (19,000)

Total Over/(Under)

\$ (42,000)

Project - Variance Narrative 2018 Forecast vs. 2018 Budget

SYSTEMS

Delay in Database Migration

\$ (34,000)

Sub-Total (34,000)

Total Over/(Under)

\$ (34,000)

Section VI

Administrative Budget

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Section VI :

Administrative Budget

The Administrative Budget incorporates the limits of Section 31580.2 of the County Employees Act of 1937; whereby administrative expenses are “capped” at 0.21% of actuarially accrued liabilities. Pursuant to the relevant code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with actuarial fees, business continuity planning (BCP), investments, legal, SRBR, and technology. Excludable expenses also include a pro rata portion of overhead expense attributable to excludable activities. In the 2019 administrative budget, ACERA is \$8.7 million under the cap limit of \$21.2 million.

BCP EXPENSES BUDGET ALLOCATION	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/ (Under)
STAFFING	\$ 341,000	\$ 345,000	\$ 4,000	\$ 399,000	\$ 54,000
STAFF DEVELOPMENT	24,000	23,000	(1,000)	10,000	(13,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	2,000	2,000	-	4,000	2,000
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	3,000	3,000	-	4,000	1,000
Building Expenses	1,000	2,000	1,000	2,000	-
Communications	3,000	3,000	-	3,000	-
Equipment Lease & Maintenance	2,000	1,000	(1,000)	2,000	1,000
Minor Furniture and Equipment	1,000	1,000	-	1,000	-
Office Supplies & Maintenance	2,000	2,000	-	3,000	1,000
Printing & Postage	1,000	1,000	-	1,000	-
Office Expense Total	13,000	13,000	-	16,000	3,000
INSURANCE	32,000	31,000	(1,000)	34,000	3,000
SYSTEMS					
Disaster Recovery & Business Continuity	165,000	184,000	19,000	154,000	(30,000)
DEPRECIATION					
Depreciation Expense - Technology	1,000	-	(1,000)	-	-
Depreciation Expense - Other	3,000	3,000	-	3,000	-
Depreciation Total	4,000	3,000	(1,000)	3,000	-
GRAND TOTAL	\$ 581,000	\$ 601,000	\$ 20,000	\$ 620,000	\$ 19,000

INVESTMENT EXPENSES BUDGET ALLOCATION	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
STAFFING					
Staffing - Direct	\$ 1,768,000	\$ 1,858,000	\$ 90,000	\$ 1,959,000	\$ 101,000
Staffing - Indirect	651,000	662,000	11,000	740,000	78,000
Staffing Total	2,419,000	2,520,000	101,000	2,699,000	179,000
STAFF DEVELOPMENT	138,000	133,000	(5,000)	122,000	(11,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	15,000	14,000	(1,000)	26,000	12,000
External Audit	37,000	37,000	-	37,000	-
Professional Fees Total	52,000	51,000	(1,000)	63,000	12,000
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	25,000	24,000	(1,000)	30,000	6,000
Building Expenses	9,000	10,000	1,000	11,000	1,000
Communications	20,000	20,000	-	19,000	(1,000)
Equipment Lease & Maintenance	13,000	12,000	(1,000)	13,000	1,000
Minor Furniture and Equipment	5,000	5,000	-	3,000	(2,000)
Office Supplies & Maintenance	17,000	15,000	(2,000)	17,000	2,000
Printing & Postage	5,000	5,000	-	5,000	-
Office Expense Total	94,000	91,000	(3,000)	98,000	7,000
INSURANCE	226,000	225,000	(1,000)	233,000	8,000
DEPRECIATION					
Depreciation Expense - Other	21,000	21,000	-	22,000	1,000
Depreciation Total	21,000	21,000	-	22,000	1,000
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	157,000	139,000	(18,000)	178,000	39,000
GRAND TOTAL	\$ 3,107,000	\$ 3,180,000	\$ 73,000	\$ 3,415,000	\$ 235,000

LEGAL EXPENSES BUDGET ALLOCATION	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
STAFFING	\$ 906,000	\$ 963,000	\$ 57,000	\$ 972,000	\$ 9,000
STAFF DEVELOPMENT	115,000	114,000	(1,000)	106,000	(8,000)
PROFESSIONAL FEES					
Consultant Fees - Operations	6,000	6,000	-	10,000	4,000
Consultant Fees - Legal	229,000	215,000	(14,000)	235,000	20,000
Professional Fees Total	235,000	221,000	(14,000)	245,000	24,000
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	10,000	10,000	-	11,000	1,000
Building Expenses	4,000	4,000	-	4,000	-
Communications	8,000	8,000	-	7,000	(1,000)
Equipment Lease & Maintenance	5,000	5,000	-	5,000	-
Minor Furniture and Equipment	2,000	2,000	-	1,000	(1,000)
Office Supplies & Maintenance	7,000	6,000	(1,000)	6,000	-
Printing & Postage	2,000	2,000	-	2,000	-
Office Expense Total	38,000	37,000	(1,000)	36,000	(1,000)
INSURANCE	91,000	91,000	-	84,000	(7,000)
MEMBER SERVICES					
Disability - Legal Arbitration & Transcripts	53,000	43,000	(10,000)	75,000	32,000
SYSTEMS					
Software Maintenance & Support	20,000	20,000	-	20,000	-
DEPRECIATION	8,000	8,000	-	8,000	-
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	63,000	56,000	(7,000)	72,000	16,000
GRAND TOTAL	\$ 1,529,000	\$ 1,553,000	\$ 24,000	\$ 1,618,000	\$ 65,000

SRBR EXPENSES BUDGET ALLOCATION	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
STAFFING	\$ 862,000	\$ 872,000	\$ 10,000	\$ 1,129,000	\$ 257,000
PROFESSIONAL FEES					
Actuarial - SRBR Valuation	39,000	39,000	-	40,000	1,000
Consultant Fees - SRBR	277,000	277,000	-	241,000	(36,000)
Professional Fees Total	316,000	316,000	-	281,000	(35,000)
MEMBER SERVICES					
Health Reimbursement Account (HRA)	60,000	57,000	(3,000)	60,000	3,000
Printing & Postage - Members	63,000	59,000	(4,000)	61,000	2,000
Member Services Total	123,000	116,000	(7,000)	121,000	5,000
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activities	157,000	138,000	(19,000)	178,000	40,000
UNCOLLECTABLE BENEFIT PAYMENTS	30,000	43,000	13,000	3,000	(40,000)
GRAND TOTAL	\$ 1,488,000	\$ 1,485,000	\$ (3,000)	\$ 1,712,000	\$ 227,000

TECHNOLOGY EXPENSES BUDGET ALLOCATION	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
SYSTEMS					
Computer Hardware & Maintenance	\$ 53,000	\$ 53,000	\$ -	\$ 51,000	\$ (2,000)
County Data Processing	94,000	97,000	3,000	106,000	9,000
Software Maintenance & Support	859,000	829,000	(30,000)	821,000	(8,000)
Systems Total	1,006,000	979,000	(27,000)	978,000	(1,000)
DEPRECIATION	8,000	7,000	(1,000)	5,000	(2,000)
GRAND TOTAL	\$ 1,014,000	\$ 986,000	\$ (28,000)	\$ 983,000	\$ (3,000)

ADMINISTRATIVE EXPENSES BUDGET ALLOCATION	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
STAFFING	\$ 9,322,000	\$ 9,420,000	\$ 98,000	\$ 9,923,000	\$ 503,000
STAFF DEVELOPMENT	282,000	262,000	(20,000)	272,000	10,000
PROFESSIONAL FEES					
Consultant Fees - Operations	60,000	58,000	(2,000)	107,000	49,000
External Audit	109,000	109,000	-	112,000	3,000
Professional Fees Total	169,000	167,000	(2,000)	219,000	52,000
OFFICE EXPENSE					
Bank Charges & Miscellaneous Admin.	103,000	98,000	(5,000)	120,000	22,000
Building Expenses	39,000	42,000	3,000	46,000	4,000
Communications	82,000	82,000	-	80,000	(2,000)
Equipment Lease & Maintenance	52,000	49,000	(3,000)	54,000	5,000
Minor Furniture and Equipment	20,000	20,000	-	13,000	(7,000)
Office Supplies & Maintenance	69,000	60,000	(9,000)	71,000	11,000
Printing & Postage	20,000	19,000	(1,000)	20,000	1,000
Office Expense Total	385,000	370,000	(15,000)	404,000	34,000
INSURANCE	929,000	924,000	(5,000)	954,000	30,000
MEMBER SERVICES					
Benefit Verification	5,000	4,000	(1,000)	5,000	1,000
Members Medical Expense	158,000	158,000	-	249,000	91,000
Disability Claims Management	46,000	46,000	-	-	(46,000)
Member Training & Education	16,000	16,000	-	16,000	-
Printing & Postage - Members	70,000	59,000	(11,000)	61,000	2,000
Member Services Total	295,000	283,000	(12,000)	331,000	48,000
DEPRECIATION	85,000	85,000	-	88,000	3,000
BOARD OF RETIREMENT					
Board Training & Miscellaneous Activity	251,000	221,000	(30,000)	283,000	62,000
UNCOLLECTABLE BENEFIT PAYMENTS	-	-	-	36,000	36,000
GRAND TOTAL	\$ 11,718,000	\$ 11,732,000	\$ 14,000	\$ 12,510,000	\$ 778,000

Administrative Expense Budget Overview (\$ in thousands)	2019 Approved Budget	2019 Actuarial Budget	2019 Business Continuity Budget	2019 Investment Budget	2019 Legal Budget	2019 SRBR Budget	2019 Technology Budget	2019 Administrative Budget
STAFFING	\$ 15,122	\$ -	\$ (399)	\$ (2,699)	\$ (972)	\$ (1,129)	\$ -	\$ (9,923)
STAFF DEVELOPMENT	510	-	(10)	(122)	(106)	-	-	(272)
PROFESSIONAL FEES								
Actuarial Fees	415	(375)	-	-	-	(40)	-	
Audit Fees	149	-	-	(37)	-	-	-	(112)
Consultant Fees	388	-	(4)	(26)	(10)	(241)	-	(107)
Legal Fees	235	-	-	-	(235)	-	-	-
Professional Fees Total	1,187	(375)	(4)	(63)	(245)	(281)	-	(219)
OFFICE EXPENSE								
Bank Charges & Misc. Admin	165	-	(4)	(30)	(11)	-	-	(120)
Building Expenses	63	-	(2)	(11)	(4)	-	-	(46)
Communications	109	-	(3)	(19)	(7)	-	-	(80)
Equipment Lease & Maint.	74	-	(2)	(13)	(5)	-	-	(54)
Minor Furniture & Equipment	18	-	(1)	(3)	(1)	-	-	(13)
Office Supplies & Maintenance	97	-	(3)	(17)	(6)	-	-	(71)
Printing & Postage	28	-	(1)	(5)	(2)	-	-	(20)
Office Expense Total	554	-	(16)	(98)	(36)	-	-	(404)
INSURANCE	1,305	-	(34)	(233)	(84)	-	-	(954)
MEMBER SERVICES								
Benefit Verification	5	-	-	-	-	-	-	(5)
Disability - Legal Arbitration & Transcripts	75	-	-	-	(75)	-	-	-
Disability - Medical Expense	249	-	-	-	-	-	-	(249)
Health Reimbursement Account (HRA)	60	-	-	-	-	(60)	-	-
Member Training & Education	16	-	-	-	-	-	-	(16)
Printing & Postage - Members	122	-	-	-	-	(61)	-	(61)
Member Services Total	527	-	-	-	(75)	(121)	-	(331)
SYSTEMS								
Business Continuity Expenses	154	-	(154)	-	-	-	-	-
Computer Hardware & Maintenance	51	-	-	-	-	-	(51)	-
County Data Processing	106	-	-	-	-	-	(106)	-
Software Maintenance & Support	841	-	-	-	(20)	-	(821)	-
Systems Total	1,152	-	(154)	-	(20)	-	(978)	-
BOARD OF RETIREMENT	711	-	-	(178)	(72)	(178)	-	(283)
UNCOLLECTABLE BENEFIT PAYMENTS	39	-	-	-	-	(3)	-	(36)
DEPRECIATION	126	-	(3)	(22)	(8)	-	(5)	(88)
TOTAL OPERATING EXPENSE	\$ 21,233	\$ (375)	\$ (620)	\$ (3,415)	\$ (1,618)	\$ (1,712)	\$ (983)	\$ (12,510)

OPERATING AND ADMINISTRATIVE EXPENSES

Operating Expenses (\$ in thousands)	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
EXPENSE CATEGORY					
Staffing	\$ 13,850	\$ 14,120	\$ 270	\$ 15,122	\$ 1,002
Staff Development	559	532	(27)	510	(22)
Professional Fees	1,143	1,126	(17)	1,187	61
Office Expense	530	511	(19)	554	43
Insurance	1,278	1,271	(7)	1,305	34
Member Services	471	442	(29)	527	85
Systems	1,191	1,183	(8)	1,152	(31)
Board of Retirement	628	554	(74)	711	157
Uncollectable Benefit Payments	30	43	13	39	(4)
Depreciation	126	124	(2)	126	2
Operating Expenses	\$ 19,806	\$ 19,906	\$ 100	\$ 21,233	\$ 1,327

Administrative Expenses (\$ in thousands)	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
EXCLUSIONS FROM OPERATING EXPENSE TO CALCULATE ADMINISTRATIVE EXPENSE					
Operating Expense (from above)	\$ 19,806	\$ 19,906	\$ 100	\$ 21,233	\$ 1,327
Actuarial	(369)	(369)	-	(375)	(6)
Business Continuity ¹	(581)	(602)	(21)	(620)	(18)
Investment- Related ²	(3,107)	(3,180)	(73)	(3,415)	(235)
Legal- Related ³	(1,529)	(1,553)	(24)	(1,618)	(65)
SRBR ⁴	(1,488)	(1,485)	3	(1,712)	(227)
Technology ⁵	(1,014)	(985)	29	(983)	2
ADMINISTRATIVE EXPENSE	\$ 11,718	\$ 11,732	\$ 14	\$ 12,510	\$ 778

¹ Business Continuity—2019 related costs include total direct costs (\$154K) for satellite phones, software support, and direct depreciation; 2.6% is added for both allocated staffing and other overhead expenses (\$466K).

² Investment—2019 related expenses are composed of direct costs of Investment staff (\$1,959K), allocated staffing costs (\$740K), 25% of Board expenses (\$178K), 25% of audit expenses (\$37K) and 17.9% of other overhead costs (\$501K).

³ Legal—2019 related expenses include direct costs of Staffing (\$972K), Professional Legal fees (\$235K), Disability Arbitration Expenses (\$75K), Software Support - Legal (\$20K), 10% of Board expenses (\$72K), and 6.4% of other overhead costs (\$244K).

⁴ SRBR—2019 related expenses are composed of allocated staffing costs (\$1,129K), direct costs of Professional Fees (\$281K), Member Services and Uncollectable Benefit Payments (\$124K), and 25% of Board expenses (\$178K).

⁵ Technology—2019 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)	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/(Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/(Under)
Total Actuarial Accrued Liabilities ⁶	\$ 9,306,347	\$ 9,306,347	\$ -	\$ 10,086,960	\$ 780,613
Limit on Expense	0.21%	0.21%	-	0.21%	-
Maximum Allowed	19,543	19,543	-	21,183	1,639
Administrative Expense	11,178	11,732	554	12,510	778
Over/(Under) Maximum	\$ (8,365)	\$ (7,811)	\$ 554	\$ (8,673)	\$ (861)

⁶ Based on total actuarial accrued liabilities for pension as of December 31, 2017; OPEB and non-OPEB as of December 31, 2016 for 2019 Budget.

2019 DEPARTMENT WEIGHTED AVERAGE

2019 Allocation Percentages and Department Expense 2019 Department Weighted Averages							
Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFFING WAGES / SALARY FRINGE BENEFITS TEMPS	Administration	8.0%	0.0%	2.8%	0.0%	0.0%	89.2%
	Benefits	0.3%	0.0%	0.5%	17.4%	0.0%	81.8%
	Fiscal Services	10.5%	0.0%	0.6%	8.3%	0.0%	80.6%
	Human Resources	0.0%	0.0%	1.4%	0.0%	0.0%	98.6%
	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	99.9%	0.0%	0.1%	0.0%	0.0%	0.0%
	Legal	30.3%	69.2%	0.5%	0.0%	0.0%	0.0%
	PRISM	0.8%	0.0%	15.6%	0.0%	0.0%	83.6%
Total Staffing Factors		17.8%	6.4%	2.6%	7.5%	0.0%	65.6%

2018 DEPARTMENT WEIGHTED AVERAGE

2018 Allocation Percentages and Department Expense 2018 Department Weighted Averages							
Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFFING WAGES / SALARY FRINGE BENEFITS TEMPS	Administration	7.1%	0.0%	0.7%	0.0%	0.0%	92.2%
	Benefits	0.3%	0.0%	0.5%	14.9%	0.0%	84.2%
	Fiscal Services	8.9%	0.0%	0.6%	6.4%	0.0%	84.1%
	Human Resources	0.0%	0.0%	1.4%	0.0%	0.0%	98.6%
	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	99.9%	0.0%	0.1%	0.0%	0.0%	0.0%
	Legal	28.8%	70.8%	0.4%	0.0%	0.0%	0.0%
	PRISM	0.7%	0.0%	15.5%	0.0%	0.0%	83.7%
Total Staffing Factors		17.7%	7.1%	2.5%	6.1%	0.0%	66.6%

APPLIED FACTORS

2019 Applied Allocation Factors							
Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
PROFESSIONAL FEES	Actuarial - SRBR	n/a	n/a	n/a	100.0%	0.0%	n/a
	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations - Technology Consultant	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Operations Consulting	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
OFFICE EXPENSE	Bank Charges & Misc. Admin.	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
	Building Expenses	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
	Communications	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
	Communications - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Equipment Lease & Maintenance	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
	Minor Furniture & Equipment	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
	Office Maintenance & Supplies	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
	Printing & Postage	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
INSURANCE	Insurance	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
MEMBER SERVICES	Benefit Verification	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability Arbitration and Transcripts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Disability Member Medical Expense	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	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%
SYSTEMS	Computer Hardware & Software	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	County Data Processing	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Disaster Recovery	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Software Maintenance & Support-Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
UNCOLLECTABLE BENEFIT PAYMENTS	Uncollectable Benefit Payments	0.0%	0.0%	0.0%	7.7%	0.0%	92.3%
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	17.8%	6.4%	2.6%	0.0%	0.0%	73.1%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%

2018 Applied Allocation Factors							
Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFF DEVELOPMENT	Staff Development	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
PROFESSIONAL FEES	Actuarial - SRBR	n/a	n/a	n/a	100.0%	0.0%	n/a
	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations - Technology Consultant	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Operations Consulting	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
MEMBER SERVICES	Benefit Verification	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability Arbitration and Transcripts	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Disability Member Medical Expense	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disability Claims Management	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Health Reimbursement Account (HRA)	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
	Member Training & Education	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Printing & Postage - Members	0.0%	0.0%	0.0%	50.0%	0.0%	50.0%
OFFICE EXPENSE	Bank Charges & Misc. Admin.	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
	Building Expenses	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
	Communications	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
	Communications - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Equipment Lease & Maintenance	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
	Minor Furniture & Equipment	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
	Office Maintenance & Supplies	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
	Printing & Postage	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
INSURANCE	Insurance	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
SYSTEMS	Computer Hardware & Software	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	County Data Processing	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Disaster Recovery	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Software Maintenance & Support-BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Software Maintenance & Support-Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
DEPRECIATION	Depreciation - Other	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
BOARD OF RETIREMENT	Compensation	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Conferences & Training	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Election Expenses	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Employer Reimbursement	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Miscellaneous Activities	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Strategic Planning / Workshop	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%

2019 Approved Staffing Allocation Matrix				
	INVESTMENTS	LEGAL	BCP	SRBR
ADMINISTRATION				
Assistant CEO	10%	-	10%	-
CEO	20%	-	2%	-
BENEFITS				
Assistant CEO	3%	-	1%	50%
Retirement Benefits Manager	-	-	5%	25%
Administrative Specialist II	-	-	-	50%
Administrative Specialist II	-	-	2%	-
Administrative Support Specialist	-	-	-	40%
Communications Manager	5%	-	-	50%
Graphic Designer	-	-	-	50%
Retirement Benefits Assistant Manager	-	-	2%	25%
Retirement Benefits Assistant Manager	-	-	2%	25%
Retirement Benefits Assistant Manager	-	-	2%	90%
Retirement Specialist III - Health Care	-	-	-	90%
Retirement Specialist I - Health Care	-	-	-	90%
FISCAL SERVICES				
Assistant Accounting Manager	5%	-	1%	-
Budget Analyst	-	-	2%	-
Finance Services Specialist II	-	-	-	70%
Retirement Accountant III	-	-	2%	25%
Retirement Accountant III	25%	-	1%	-
Retirement Accountant II	90%	-	-	-
HUMAN RESOURCES				
Human Resources Officer	-	-	2%	-
Human Resources Specialist	-	-	1%	-
Administrative Support Specialist	-	-	1%	-
INVESTMENTS				
Chief Investment Officer	100%	-	-	-
Senior Investment Officer	99%	-	1%	-
Investment Officer	100%	-	-	-
All Other Investment Staff	100%	-	-	-
LEGAL				
Chief Counsel	20%	78%	2%	-
Associate Counsel	90%	10%	-	-
Associate Counsel	-	100%	-	-
Associate Counsel	10%	90%	-	-
Administrative Specialist II	50%	50%	-	-
All Other Legal Staff	15%	85%	-	-
PRISM				
Retirement Tech Officer	-	-	10%	-
Administrative Specialist II	-	-	5%	-
Computer and Network System Analyst	5%	-	20%	-
Computer and Network System Specialist	1%	-	10%	-
Retirement System Program Analyst	2%	-	15%	-
Retirement Support Specialist	-	-	50%	-
Retirement System Program Analyst	2%	-	15%	-
Retirement System Program Analyst	-	-	5%	-
Retirement System Program Analyst	-	-	5%	-
Retirement System Program Analyst	-	-	5%	-
Security Analyst	-	-	30%	-

Section VII

Capital Asset Outlay Budget

Section VII :

Capital Asset Outlay Budget

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

Capital Asset Outlay 2018 - 2019

Statement of Capital Asset Outlay - 2018 Forecast and 2019 Approved Budget							
	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/ (Under)	% Change	
Leasehold Improvement							
Access Control System	\$ 33,000	\$ -	\$ (33,000)	\$ -	\$ -	-100.0%	
Intercom & Camera Upgrade	90,000	-	(90,000)	-	-	-100.0%	
Reception Area Remodel	-	-	-	50,000	50,000	100.0%	
Sub-Total	123,000	-	(123,000)	50,000	50,000	100.0%	
Office Equipment							
Access Control System	-	44,000	44,000	-	(44,000)	-100.0%	
Projectors Replacement - 11th FL Training Room and Board Room	-	-	-	12,000	12,000	100.0%	
Sub-Total	-	44,000	44,000	12,000	(32,000)	-72.7%	
Computer Software							
Board Communication Software Upgrade	-	-	-	9,000	9,000	100.0%	
Sub-Total	-	-	-	9,000	9,000	100.0%	
System							
Pension Gold System Upgrade ¹	-	-	-	1,199,000	1,199,000	100.0%	
Sub-Total				1,199,000	1,199,000	100.0%	
Capital Outlay Total	\$ 123,000	\$ 44,000	\$ (79,000)	\$ 1,270,000	\$ 1,226,000	2,786.4%	

¹ Pension Gold Upgrade is a four to five years project. Listed below are the current estimated expenses for the 2019 approved budget:

- Hire an external Project Manager — \$500,000
- Hire an internal Project Manager — \$144,000
- Hire two temporary Retirement Benefits Technician to assist with data clean-up and backlogs — \$150,000
- Projected cost for work on Pension Gold system requirements with Levi, Ray and Shoup (LRS) — \$300,000
- Projected cost for LEAP to assist with the Benefit Dept. process optimization — \$105,000

Section VIII

Portfolio Management Investment Expenses

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Section VIII:

Portfolio Management Investment Expenses

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

Portfolio Management Investment Expenses	2018 Budget	2018 Forecast	2018 Forecast vs. 2018 Budget Over/ (Under)	2019 Approved Budget	2019 Approved Budget vs. 2018 Forecast Over/ (Under)	% Change
Consultant Fees	\$ 1,455,000	\$ 1,455,000	\$ -	\$ 1,660,000	\$ 205,000	14.1%
Custodian Bank Fees	550,000	549,000	(1,000)	550,000	1,000	0.2%
Investment Manager Fees	52,879,000	51,984,000	(895,000)	54,495,000	2,511,000	4.8%
Other Investment Expenses	368,000	1,172,000	804,000	280,000	(892,000)	-76.1%
Total Portfolio Management Investment Expenses	\$ 55,252,000	\$ 55,160,000	\$ (92,000)	\$ 56,985,000	\$ 1,825,000	3.3%

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Appendix A

ACERA Three Year Business Plan Key Strategic Initiatives (Prioritized)



ACERA BUSINESS PLAN INITIATIVES: 2018 to 2020

INITIATIVE	Assigned To	Timeline
GOAL #1: Process and Organization Optimization		
<ul style="list-style-type: none"> • Development of lean process architecture map for core functions, starting with the Benefits department • Prioritization of process redesign rapid action projects • Develop and implement backlog reduction plan • Implement staff stabilization plan 	<p><i>Margo</i></p> <p><i>SLT</i></p> <p><i>Kathy F</i></p> <p><i>Vicki</i></p>	<p>2019-2020</p> <p>2019</p> <p>2019</p> <p>2019</p>



ACERA BUSINESS PLAN INITIATIVES: 2018 to 2020

INITIATIVE	Assigned To	Timeline
GOAL #2: Technology Modernization		
For new Pension Administration System:		
<ul style="list-style-type: none"> Develop capital budget 	<i>Margo/Kathy F</i>	2018/2019
<ul style="list-style-type: none"> Develop and implement procurement approach and strategy 	<i>Dave/Kathy F /Margo</i>	2018/2019
<ul style="list-style-type: none"> Develop full project plan including phase design, development, testing and implementation plan 	<i>Kathy F/Vijay</i>	2018/2019
<ul style="list-style-type: none"> Develop resource plan 	<i>Kathy F/Vicki</i>	2019
<ul style="list-style-type: none"> Define business and technical requirements 	<i>Kathy F/Vijay</i>	2019



ACERA BUSINESS PLAN INITIATIVES: 2018 to 2020

INITIATIVE	Assigned To	Timeline
GOAL #3: Workforce Excellence		
<ul style="list-style-type: none"> • Deploy ACERA development program 	<i>Vicki</i>	2019
<ul style="list-style-type: none"> • Develop strategy and staffing model to close ACERA internal training gap 	<i>SLT</i>	2019
<ul style="list-style-type: none"> • Redesign performance planning, coaching, and evaluation processes 	<i>Margo/Vicki</i>	2019
<ul style="list-style-type: none"> • Develop succession planning process 	<i>Vicki/Kathy M</i>	2020

Revised 10/7/18

Appendix B

2019 Budget Change Proposal (BCP)

2019 Contingency Fund

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Appendix B

2019 BUDGET CHANGE PROPOSAL (BCP)			
Department	BCP Description		Totals
Administration	ACERA Asset Inventory	\$	23,000
Administration	Benchmark Services		20,000
Administration	Board Communication Hardware & Software (\$9,000 - Capital, \$9,000 - Expense)		18,000
Administration	Insurance Claim Retentions		15,000
Administration	Litigation Claim		100,000
Administration	ASOP #51, Risk Report		60,000
Administration	Projectors Replacement - 11th Floor Training Room & Board Room (Capital)		12,000
Administration	Process Excellence		50,000
Administration	Reception Area Remodel (Capital)		50,000
Administration	Survey Tool		500
Benefits/PRISM	Pension Gold System Upgrade (Capital)		1,199,000
Human Resources	Alameda County Learning Management System (LMS)		6,000
BCP Total			\$1,553,500

2019 CONTINGENCY FUND			
Department	Description	Expense Type	Totals
Administration	Insurance Claim Retentions	Insurance	\$ 15,000
Administration	Litigation Claims	Penalties or Damages	100,000
Contingency Fund Total			\$ 115,000

2019 Approved Budget Contingency Fund

Insurance Claim Retentions - \$15,000

These funds would be used for meeting insurance claim retentions for insurance coverage other than fiduciary.

Litigation Claims - \$100,000

These funds would be used to pay penalties or damages resulting from other than Benefit litigation.

