



Alameda County  
Employees' Retirement  
Association

# 2018 Approved Expense Budget

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# Table of Contents

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## Section I

Letter from the CEO to the Board of Retirement.....	3
---	---

## Section II

Budget Policies and Process.....	9
----------------------------------	---

## Section III

Operating Expense Budget.....	15
Staffing.....	22
Staff Development.....	24
Professional Fees.....	28
Office Expense.....	30
Insurance.....	31
Member Services.....	32
Systems.....	33
Board of Retirement.....	34
Depreciation.....	35
Uncollectable Benefit Payments.....	36

## Section IV

Departmental Operating Expense Budgets.....	39
Administration Department.....	40
Benefits Department.....	44
Fiscal Services Department.....	47
Human Resources Department.....	49
Internal Audit Department.....	50
Investment Department.....	51
Legal department.....	52
Prism Department.....	54

## Section V

Enterprise-wide Projects.....	59
-------------------------------	----

## Section VI

Administrative Budget.....	65
Operating and Administrative Expenses.....	69
2018 Department Weighted Average.....	70
2017 Department Weighted Average.....	70
Applied Factors.....	71

## Section VII

Capital Asset Outlay Budget.....	77
----------------------------------	----

## Section VIII

Portfolio Management Investment Expenses.....	81
---	----

## Appendix A

ACERA Three Year Business Plan Key Strategic Initiatives (Prioritized).....	85
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## Appendix B

2018 ACERA Budget Change Proposal (ABCP).....	91
2018 Contingency Fund.....	91

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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

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Members of the Board of Retirement,

It is my pleasure to present the approved 2018 budget, along with the updated 2016-2018 business plan. As you know, 2017 has been a year of positive growth. ACERA has continued to serve our customers and move forward on important initiatives. With that said, the approved 2018 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. That is, an organization focused on its values and a vision of exceeding customer expectations, of engaging team members, and of developing supportive leadership. To that end, we look forward to finalizing this budget with the Board.

### KEY 2017 ACCOMPLISHMENTS

**Benefits Enhancements** | Completed implementation and transitioned disability claims process and medical advisor services to Managed Medical Review Organization; launched initiative for deferred comp plan representatives to participate in ACERA seminars; assisted Internal Audit with Retiree Alive and Well project and acquired as on-going process; completed business case analysis for upgrade/replacement of ACERA's pension administration system; developed training plans for new Benefits department employees as part of onboarding process; initiated implementation of new responsive design web member service platform; performed benefits consultant RFP process.

**Technology Enhancements** | Initiated (and will have completed by the end of 2017) a major upgrade to OnBase, ACERA's document management system; initiated (and will have completed by the end of 2017) an internal website (intranet) project to facilitate communication and document management; initiated (and will have completed by Nov 2017) a thorough review of cybersecurity response plans and procedures.

**Human Resources Initiatives** | Created and implemented an onboarding program which includes a core curriculum for all new leaders and team members; provided project management training and tools to ensure consistent oversight of initiatives; established a safety committee composed of the Fiscal, HR and PRISM departments; produced and submitted a proposal to HRS for a reclassification of the entire Retirement Specialist Series

**Legal Initiatives** | Successfully settled first overseas securities litigation case and recovered approximately \$700,000 through all securities litigation matters; initiated internal protocols for records retention, contract management and insurance requirements; provided legal support to ACERA Investment Staff on 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 under the newly enacted CA Gov. Code § 7514.7 (effective January 1, 2017); with internal and external partners, negotiated terms, and provided 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.

**Fiscal Services Initiatives** | Operationalized Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, a new standard for accounting and financial reporting related to the fair value measurement of invested assets; initiated a technology improvement upgrade to the Great Plains financial

reporting system; received the GFOA Certificate of Achievement for Excellence in Financial Reporting for ACERA's 2016 CAFR.

**Administration Initiatives** | Completed ACERA's Actuarial Experience Study (2013-2016) to review and revise ACERA's economic and non-economic actuarial assumptions for valuation years 2017 - 2019; engaged Cheiron Inc., for actuarial consulting services; engaged LEAP Technologies to implement an organizational-wide process improvement methodology; initiated a participating employer communication plan.

**Internal Audit Initiatives** | Completed benefit verification audit and 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, which was used to determine if the employer's payroll data, payroll process, and other reporting requirements were in compliance with PEPRA; implemented Participating Employer Best Practices Council where ACERA facilitates regular discussions with participating employers on best practices on how to best design, implement, and monitor internal controls to ensure compliance with PEPRA.

**Portfolio Performance** | As of June 30, 2017, the total fund returned 16.3% (gross), for the one-year trailing period. The value of the total fund was \$7.6 billion.

**Investment Initiatives** | Conducted formal RFP and selected new passive indices manager; launched formal RFP searches for emerging markets manager, and general investment consultant; conducted a study process that resulted in adoption a new U.S. equity manager structure, increasing the passive target asset allocation to 80% of the U.S. equity asset class; adopted a new absolute return policy and investment plan; adopted a new private equity investment policy and investment plan; conducted review of custodian bank; made 2 commitments (totaling \$65 million) to private equity managers (subject to completion of legal due diligence, background investigations, and successful contract negotiations) during the first two quarters of 2017.

## **HIGHLIGHTS OF 2017-2018 BUSINESS PLAN**

The 2016-2018 business plan is included in the budget document (see Appendix A). These initiatives are linked to goals in the strategic plan. 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 will be held starting in 2018 to receive status reports and balance timelines and resources as necessary. Highlights of some of the upcoming business initiatives are listed below.

- Identify, prioritize and document Benefits Department procedures in current state;
- Review Benefits Department procedures for areas in need of improvements and efficiencies;
- Develop training plans and materials for all operational positions;
- Create career development policy and guidelines;
- Implement process improvement methodology for the organization;
- Establish ACERA key performance indicators;
- Establish a baseline for customer service performance, measures to enhance or improve customer service, and standards for evaluation of customer service;
- Continue to enhance Web Member Services and expand access and self-service utilization;
- Expand communication tools and outreach programs to assist and educate Participating Employers;
- Develop intranet to support collaboration, communication and information needs;



- Perform business case analysis for upgrade/replacement of ACERA's pension administration system;
- Migrate databases to business applications allowing for efficiency of use and support; and,
- Cybersecurity Initiative.

## 2017 BUDGET

The 2017 approved budget is \$21,406,000. Based on the current amount of spending and staff estimates of continued spending in 2017, the year-end forecast is determined to be \$19,383,000, which is \$2,023,000 less than the approved budget amount. This decrease in expenses is mainly due to vacant positions, less money spent on training and conferences, savings on insurances and less software maintenance costs.

## BASELINE AND Approved 2018 OPERATING EXPENSE BUDGET (OEB)

The starting point for the 2018 OEB is a "baseline" that reflects the anticipated costs of carrying out the level of services approved by the ACERA Board in the 2017 Budget. During the development of this budget, that baseline was the level of spending in 2017. Staff was asked to request and justify additional funds with a formal ACERA Budget Change Proposal (ABCP) for any item affecting the baseline and approved 2018 budget. Additional staff positions or changes in salaries for 2018 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 2018 budget is \$19,806,000. This is (\$1,600,000) or 7.5% less than the 2017 approved budget of \$21,406,000. Furthermore, the approved 2018 budget is only \$423,000 or 2.2% greater than the 2017 forecast of \$19,383,000.

This budget does contain contingency funds, totaling \$269,000. These funds are primarily related to a approved redesign and upgrade of the Retirement Specialist job class, which has been submitted to the County for approval, as well as some IT expenditures, such as fees related to performing an RFP for a new Pension Administration System. Due to the uncertainty of these expenditures for 2018, we felt it was prudent to separate them out so if they don't come to fruition, the funds would not be available for other expenses. If these funds are included, the 2018 budget is still 6% less than the 2017 budget.

## Approved 2018 BUDGET HIGHLIGHTS

This section highlights the approved increase adjustments to the 2018 baseline. A complete review of the incremental increase adjustments can be found in Section III.

### Staffing:

The primary changes in staffing costs for 2018 are as follows:

An increase in salaries for the funding of multiple positions assumed to be filled in 2018, cost-of-living adjustments, step increases, and up-to four percent (4%) performance-driven merit increase for deep-class positions. This is off-set somewhat by reducing funding for three positions included in the 2017 budget. The total 2018 increase for staffing from the 2017 forecasted spending is \$659,000, or an increase of 5%. The 2018 budget amount is a decrease from the 2017 approved budget of \$676,000 or -4.6%. These numbers do not include an additional \$112,000 in contingency, which would be the increased salary and benefits cost if the Retirement Specialist series upgrade is approved by the County.

## **Staff Development:**

The primary change in Staff Development is a decreased cost of \$117,000 for 2018 over 2017 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 2018 is a savings of \$343,000, primarily due to a savings in actuarial and consultant fees.

## **Member Services**

The change in Member Services is a decreased cost of \$26,000 for 2018 primarily due to decreased medical expense costs.

## **Systems**

The change in Technology costs for 2018 is an increase of \$151,000 over 2017 forecast is primarily due to increased business continuity costs and software maintenance and upgrade costs. Additionally, \$17,000 in IT costs are included in the contingency reserve.

The senior managers and I look forward to presenting our approved 2018 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

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### Budget Policies

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

#### Legal Requirements

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

As applied to ACERA, Section 31580.2 (a) also imposes a cap on administrative expenses. Administrative expenses incorporate the limits of Section 31580.2(a) (1) of the County Employees Act of 1937; whereby, administrative expenses are 'capped' at "Twenty-one hundredths of one percent (0.21%) of accrued actuarial liabilities of the retirement system". Pursuant to the applicable code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with business continuity planning (BCP), technology, SRBR, 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 amounts may be amended, i.e., reallocated from one department to another or moved between categories at the discretion of the Chief Executive Officer, if such action does not increase or decrease the overall approved budget. Conversely, increases 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 will 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 to present the request as a contingency to the budget when the budget is put up for approval for the new budget year. The contingency is dependent upon an event such as legislation or an action by the Board of Supervisors or a release of new product; where the event will occur but the timing or approval is in question. The Budget Committee, and subsequently the Board, can approve the budget with or without the contingency.

### Budget Process

In 2017, ACERA converted the process for preparing the budget from excel spreadsheets to electronic processing with the introduction of Adaptive Insights budget software. The new processing allows for department manage-

ment and staff to access, input and prepare “what if” scenarios. It eliminates the time previously spent converting department provided information into 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) to all or part of the budget for review or save once approved.

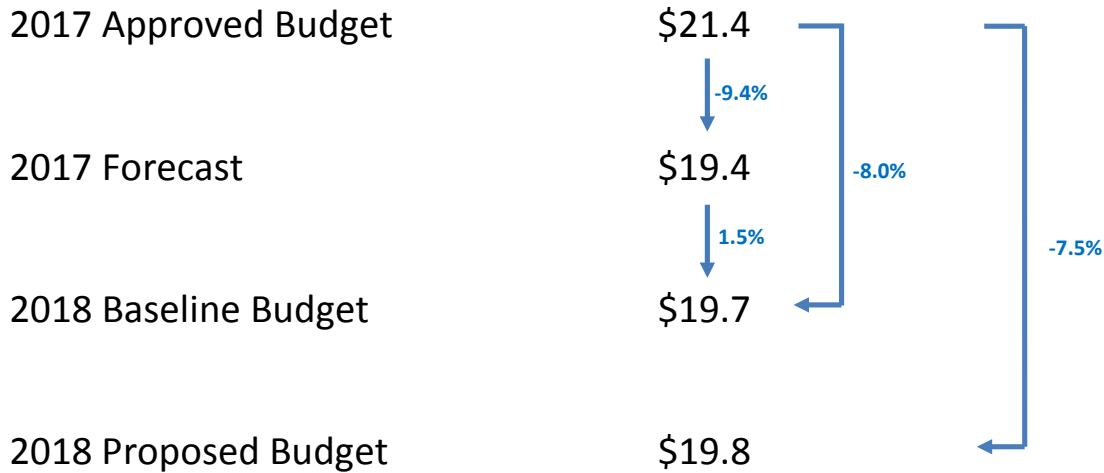
The platform change has impacted budget responsibilities and timing of information flow. ACERA now has a budget process manual. While the Fiscal Services budget team (budget team) is still responsible for the preparation of the budget timeline, ACERA’s senior leadership team (SLT) must establish business plan initiatives in detail as to time and cost before the budget process begins. They, not the budget team, are now responsible for setting budget assumptions for staffing, merit increases, training, etc. The SLT delivers initiatives and the assumptions to the budget team rather than the reverse.

The budget team now has the ability to deliver five months of actuals rather than three or four. 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, the 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 Policies and Process and reviewing 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 can be made and re-presented to the Committee at its next meeting or at the discretion of the Committee, corrected prior to submission to the Board at its next meeting. The Board’s feedback, if any, is incorporated into the budget to produce the final version. Once finalized, the committee recommends that the budget be submitted to the Board for adoption. Upon adoption, the Approved Budget becomes the Approved Budget.

# ACERA 2018 Budget Process<sup>1</sup>



1. The starting point for the 2018 Proposed Operating Expense Budget was to develop a “baseline” budget that reflected the anticipated costs of maintaining the level of services approved by ACERA’s Board of Retirement in the 2017 budget. To that end, the 2018 baseline budget is \$19.7 million, a decrease of 8.0% over the approved 2017 budget.
2. Key to developing the 2018 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 or by the Board of Retirement. Following the agreed criteria resulted in a 2018 Proposed Budget that is 7.5% under the approved 2017 budget, or \$19.8 million.

<sup>1</sup> 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

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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 and staff development, professional fees, office expenses, insurance, member services, systems, board of retirement expenses, capital costs, and it is subject to approval by ACERA's Board of Retirement. The OEB does not include estimated expenditures for payment of portfolio management investment expenses reported in Section VIII or payment of member benefits such as pension and Other Post-Employment Benefits (OPEB). Lastly, the OEB functions as a tool for decision making and is a means to monitor business performance.

The annual approved OEB is derived from a baseline budgeting 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, and other increase adjustments.

The senior leadership team developed assumptions for each of the major budget classifications. The following is a review of the assumptions for the 2018 budget and the corresponding result.

### Staffing and Salary Assumptions

- Merit increase average of 4% per department, for eligible/selected deep class employees;
- Cost of living allowance and associated fringe benefits increase
- Filling all current vacancies with:
  - Hires in "Deep-Class" at 80% of the top range; and,
  - Hires in "Step-Class" average is Step 3.

*Result: Staffing expenses increased by 5.0% over the 2017 forecast.*

### Staff Development Assumptions

- Staff development expenses were capped at a 5% increase over 2017 forecast; and,
- Professional Dues and Subscriptions: were capped to no increase over 2017 forecast.

*Result: Staff development expenses decreased by 17.3 % over the 2017 forecast.*

### Professional Fees Assumptions

- Actuarial Fees--Funding and SRBR valuations, GASB 67/68 valuations, and GASB 74/75 valuations were fixed to service agreement contracts and other actuarial consulting services were estimated at contracted hourly rate;
- Auditor Fees--Annual audit, GASB 67/68 schedules, GASB 74/75, schedules and 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 and other consulting services were calculated using estimates.

*Result: Professional fee expenses decreased by 23.2% over the 2017 forecast.*

### **Office Expenses Assumptions**

- Offices Expenses were capped to no increase over the 2017 forecast.

*Result: Offices Expenses expenditures increased by 1.9% over the 2017 forecast.*

### **Insurance Assumptions**

- Insurance costs are based on a 5-year experience. Therefore, it was assumed that 2018/2019 commercial insurance rates would stay flat or decrease, and the County provided insurance would increase by 5% for the 2018/2019 insurance year.

*Result: Insurance expenses increased by 4.8% over the 2017 forecast.*

### **Member Services Assumptions**

- Disability back log, as of 2017, would be eliminated by the hiring of MMRO;
- Disability medical expenses would realize a \$36,000 net decrease over the 2017 forecast;
- Legal arbitration expenses would increase by \$15K over the 2017 forecast based on projection of appeal requests;
- Health Reimbursement Accounts (HRA) would increase by 1.7% over the 2017 forecast based upon an estimated increase in retirees;
- Member Training & Education would decrease by 33.3% over the 2017 forecast; and,
- Printing and Postage would increase by 1.5% over the 2017 forecast.

*Result: Member Services expenses decreased by 5.7% over the 2017 forecast.*

### **Systems**

- Software license expenses were capped at a 5% increase over the 2017 forecast.

*Result: Systems expenses increased by 14.5% over the 2017 forecast.*

### **Board of Retirement**

- 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 standing rate for committee and board meetings.

*Result: Board of Retirement expenses increased by 17.6% over the 2017 forecast.*

### **Uncollectable Benefit Payments**

- Each year's Uncollectable Benefit Payment expense amounts are known.

*Result: Uncollectable Benefit Payments expense decreased by 44.4% over the 2017 forecast.*

### **Depreciation**

- Defined by accounting principles. Additions are through capital approval using Budget Add/Change Document.

*Result: Depreciation expense decreased by 23.6% over the 2017 forecast.*

## Approved 2018 BUDGET SUMMARY AND COMPARISON

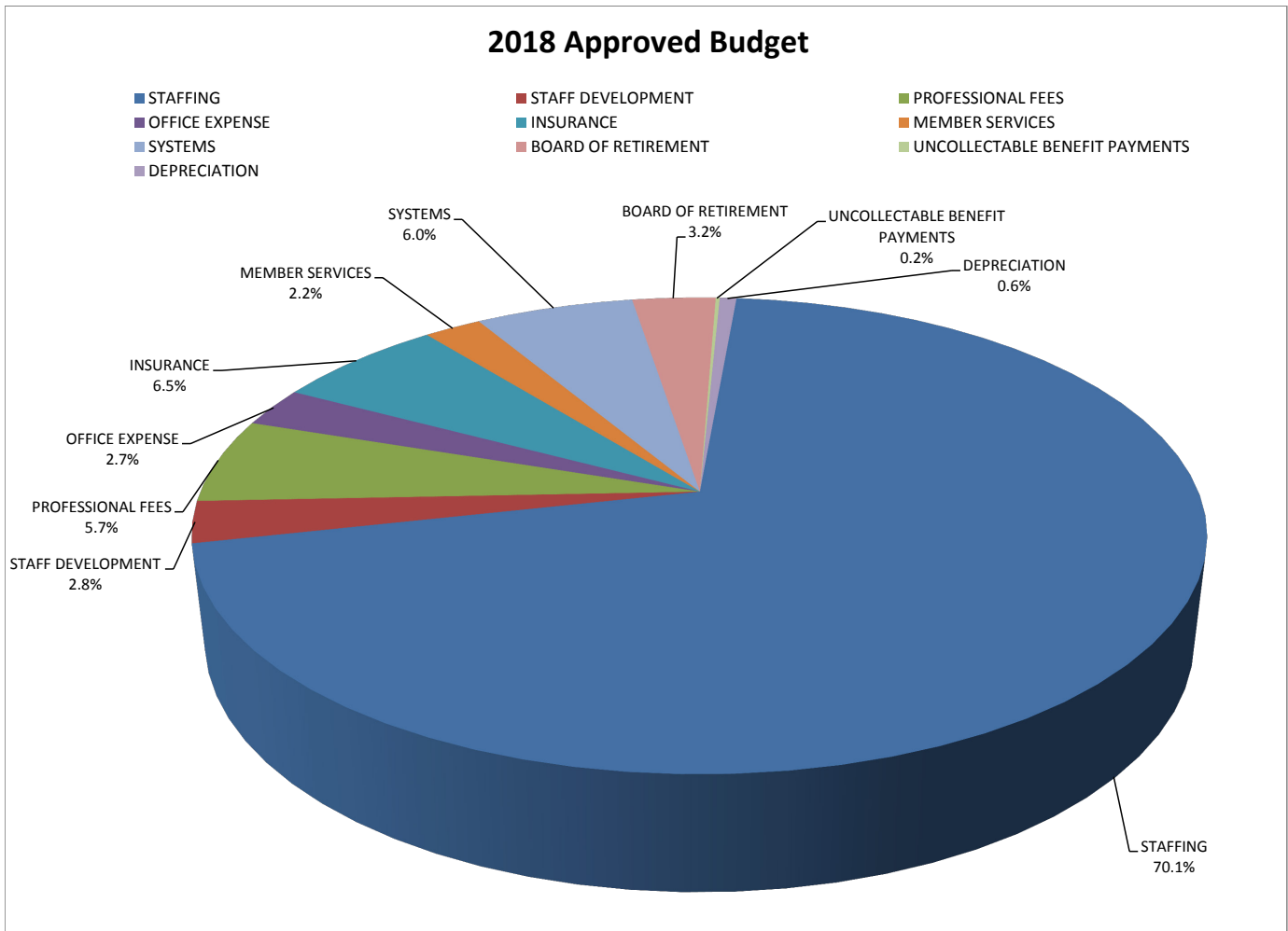
Staff recommends a approved 2018 budget of \$19,806,000 which is:

- \$1,600,000 or 7.5% less than the approved 2017 budget of \$21,406,000;
- \$126,000 or 0.64% greater than the 2018 baseline budget of \$19,680,000; and,
- \$423,000 or 2.2% greater than the 2017 forecast of \$19,383,000.

The 2018 administrative budget of \$11.6 million is \$7.9 million under the administrative cap of \$19.5 million. A year-over-year comparison reveals that the 2018 administrative budget of \$11.6 million is \$1.1 million lower than the 2017 administrative budget of \$12.7 million. Approximately \$8.2 million was excluded for the annual operating expense budget of \$19.8 million (see Section VI for administrative budget and allocation schedules).

**2018 Approved Operating Expense Budget (\$ in thousands)**

	2017 Forecast	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change	Category % of Total Operating Expenses
Staffing	\$ 13,235	\$ 13,894	\$ 659	5.0%	70.1%
Staff Development	676	559	(117)	-17.3%	2.8%
Professional Fees	1,480	1,137	(343)	-23.2%	5.7%
Office Expense	520	530	10	1.9%	2.7%
Insurance	1,220	1,278	58	4.8%	6.5%
Member Services	459	433	(26)	-5.7%	2.2%
Systems	1,040	1,191	151	14.5%	6.0%
Board Of Retirement	534	628	94	17.6%	3.2%
Uncollectable Benefit Payments	54	30	(24)	-44.4%	0.2%
Depreciation	165	126	(39)	-23.6%	0.6%
<b>OPERATING EXPENSES Total</b>	<b>\$ 19,383</b>	<b>\$ 19,806</b>	<b>\$ 423</b>	<b>2.2%</b>	<b>100.0%</b>



<b>Administrative Expense Budget Overview<sup>1,2</sup></b> <b>(\$ in thousands)</b>	<b>2018 Approved Budget</b>	<b>2018 Actuarial Budget</b>	<b>2018 Business Continuity Budget</b>	<b>2018 Investment Budget</b>	<b>2018 Legal Budget</b>	<b>2018 SRBR Budget</b>	<b>2018 Technology Budget</b>	<b>2018 Administrative Budget</b>
<b>STAFFING</b>	<b>\$ 13,894</b>	<b>\$ -</b>	<b>\$ (341)</b>	<b>\$ (2,451)</b>	<b>\$ (985)</b>	<b>\$ (845)</b>	<b>\$ -</b>	<b>\$ (9,272)</b>
<b>STAFF DEVELOPMENT</b>	<b>559</b>	<b>-</b>	<b>(24)</b>	<b>(138)</b>	<b>(115)</b>	<b>-</b>	<b>-</b>	<b>(282)</b>
<b>PROFESSIONAL FEES</b>								
Actuarial Fees	408	(369)	-	-	-	(39)	-	-
Audit Fees	146	-	-	(37)	-	-	-	(109)
Consultant Fees	354	-	(2)	(15)	(6)	(271)	-	(60)
Legal Fees	229	-	-	-	(229)	-	-	-
<b>Professional Fees Total</b>	<b>1,137</b>	<b>(369)</b>	<b>(2)</b>	<b>(52)</b>	<b>(235)</b>	<b>(310)</b>	<b>-</b>	<b>(169)</b>
<b>OFFICE EXPENSE</b>								
Bank Charges & Misc. Admin	141	-	(3)	(25)	(10)	-	-	(103)
Building Expenses	53	-	(1)	(9)	(4)	-	-	(39)
Communications	113	-	(3)	(20)	(8)	-	-	(82)
Equipment Lease & Maint.	72	-	(2)	(13)	(5)	-	-	(52)
Minor Furniture & Equipment	28	-	(1)	(5)	(2)	-	-	(20)
Office Supplies & Maintenance	95	-	(2)	(17)	(7)	-	-	(69)
Printing & Postage	28	-	(1)	(5)	(2)	-	-	(20)
<b>Office Expense Total</b>	<b>530</b>	<b>-</b>	<b>(13)</b>	<b>(94)</b>	<b>(38)</b>	<b>-</b>	<b>-</b>	<b>(385)</b>
<b>INSURANCE</b>	<b>1,278</b>	<b>-</b>	<b>(32)</b>	<b>(226)</b>	<b>(91)</b>	<b>-</b>	<b>-</b>	<b>(929)</b>
<b>MEMBER SERVICES</b>								
Benefit Verification	5	-	-	-	-	-	-	(5)
Disability - Legal Arbitration & Transcripts	53	-	-	-	(53)	-	-	-
Disability - Medical Expense	114	-	-	-	-	-	-	(114)
Disability Claims Management	46	-	-	-	-	-	-	(46)
Health Reimbursement Account (HRA)	60	-	-	-	-	(60)	-	-
Member Training & Education	16	-	-	-	-	-	-	(16)
Printing & Postage - Members	139	-	-	-	-	(69)	-	(70)
<b>Member Services Total</b>	<b>433</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53)</b>	<b>(129)</b>	<b>-</b>	<b>(251)</b>
<b>SYSTEMS</b>								
Business Continuity Expenses	165	-	(165)	-	-	-	-	-
Computer Hardware & Maintenance	53	-	-	-	-	-	(53)	-
County Data Processing	94	-	-	-	-	-	(94)	-
Software Maintenance & Support	879	-	-	-	(20)	-	(859)	-
<b>Systems Total</b>	<b>1,191</b>	<b>-</b>	<b>(165)</b>	<b>-</b>	<b>(20)</b>	<b>-</b>	<b>(1,006)</b>	<b>-</b>
<b>BOARD OF RETIREMENT</b>	<b>628</b>	<b>-</b>	<b>-</b>	<b>(157)</b>	<b>(63)</b>	<b>(157)</b>	<b>-</b>	<b>(251)</b>
<b>UNCOLLECTABLE BENEFIT PAYMENTS</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30)</b>	<b>-</b>	<b>-</b>
<b>DEPRECIATION</b>	<b>126</b>	<b>-</b>	<b>(4)</b>	<b>(21)</b>	<b>(8)</b>	<b>-</b>	<b>(8)</b>	<b>(85)</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 19,806</b>	<b>\$ (369)</b>	<b>\$ (581)</b>	<b>\$ (3,139)</b>	<b>\$ (1,608)</b>	<b>\$ (1,471)</b>	<b>\$ (1,014)</b>	<b>\$ (11,624)</b>

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

<sup>2</sup> See Section VI for detailed supporting schedules

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

<b>Operating Expense Budget <sup>1</sup></b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
<b>STAFFING (p.#22)</b>						
Salaries	\$ 9,242,000	\$ 8,244,000	\$ (998,000)	\$ 8,959,000	\$ 715,000	8.7%
Fringe Benefits	5,142,000	4,560,000	(582,000)	4,747,000	187,000	4.1%
Temporary Staff	186,000	431,000	245,000	188,000	(243,000)	-56.4%
<b>Staffing Total</b>	<b>14,570,000</b>	<b>13,235,000</b>	<b>(1,335,000)</b>	<b>13,894,000</b>	<b>659,000</b>	<b>5.0%</b>
<b>STAFF DEVELOPMENT (p.#24)</b>	<b>807,000</b>	<b>676,000</b>	<b>(131,000)</b>	<b>559,000</b>	<b>(117,000)</b>	<b>-17.3%</b>
<b>PROFESSIONAL FEES (p.#28)</b>						
Actuarial Fees	540,000	540,000	-	408,000	(132,000)	-24.4%
Audit Fees	185,000	185,000	-	146,000	(39,000)	-21.1%
Consultant Fees	521,000	492,000	(29,000)	354,000	(138,000)	-28.0%
Legal Fees	287,000	263,000	(24,000)	229,000	(34,000)	-12.9%
<b>Professional Fees Total</b>	<b>1,533,000</b>	<b>1,480,000</b>	<b>(53,000)</b>	<b>1,137,000</b>	<b>(343,000)</b>	<b>-23.2%</b>
<b>OFFICE EXPENSE (p.#30)</b>						
Bank Charges	132,000	126,000	(6,000)	114,000	(12,000)	-9.5%
Misc. Administrative Expenses	25,000	19,000	(6,000)	27,000	8,000	42.1%
Building Expenses	54,000	54,000	-	53,000	(1,000)	-1.9%
Communications	160,000	107,000	(53,000)	113,000	6,000	5.6%
Equipment Lease & Maint.	89,000	79,000	(10,000)	72,000	(7,000)	-8.9%
Minor Furniture & Equip.	30,000	25,000	(5,000)	28,000	3,000	12.0%
Office Supplies & Maint.	83,000	82,000	(1,000)	95,000	13,000	15.9%
Printing & Postage	28,000	28,000	-	28,000	-	0.0%
<b>Office Expense Total</b>	<b>601,000</b>	<b>520,000</b>	<b>(81,000)</b>	<b>530,000</b>	<b>10,000</b>	<b>1.9%</b>
<b>INSURANCE (p.#31)</b>	<b>1,326,000</b>	<b>1,220,000</b>	<b>(106,000)</b>	<b>1,278,000</b>	<b>58,000</b>	<b>4.8%</b>
<b>MEMBER SERVICES (p.#32)</b>						
Benefit Verification	4,000	5,000	1,000	5,000	-	0.0%
Disability - Arbitration & Transcripts	90,000	38,000	(52,000)	53,000	15,000	39.5%
Disability - Medical Expense	184,000	174,000	(10,000)	114,000	(60,000)	-34.5%
Disability Claims Management	33,000	22,000	(11,000)	46,000	24,000	109.1%
Health Reimbursement Account	64,000	59,000	(5,000)	60,000	1,000	1.7%
Member Training & Education	25,000	24,000	(1,000)	16,000	(8,000)	-33.3%
Printing & Postage - Members	168,000	137,000	(31,000)	139,000	2,000	1.5%
<b>Member Services Total</b>	<b>568,000</b>	<b>459,000</b>	<b>(109,000)</b>	<b>433,000</b>	<b>(26,000)</b>	<b>-5.7%</b>
<b>SYSTEMS (p.#33)</b>						
Business Continuity Expenses	121,000	117,000	(4,000)	165,000	48,000	41.0%
Computer Maintenance	18,000	18,000	-	21,000	3,000	16.7%
County Data Processing	92,000	93,000	1,000	94,000	1,000	1.1%
Minor Computer Hardware	32,000	22,000	(10,000)	32,000	10,000	45.5%
Software License & Maintenance	901,000	790,000	(111,000)	879,000	89,000	11.3%
<b>Systems Total</b>	<b>1,164,000</b>	<b>1,040,000</b>	<b>(124,000)</b>	<b>1,191,000</b>	<b>151,000</b>	<b>14.5%</b>
<b>BOARD OF RETIREMENT (p.#34)</b>	<b>614,000</b>	<b>534,000</b>	<b>(80,000)</b>	<b>628,000</b>	<b>94,000</b>	<b>17.6%</b>
<b>UNCOLLECTABLE BENEFITS</b>						
<b>PAYMENTS (p.#36)</b>	<b>54,000</b>	<b>54,000</b>	<b>-</b>	<b>30,000</b>	<b>(24,000)</b>	<b>-44.4%</b>
<b>Total Operating Expenses Before Depreciation</b>	<b>21,237,000</b>	<b>19,218,000</b>	<b>(2,019,000)</b>	<b>19,680,000</b>	<b>462,000</b>	<b>2.4%</b>
<b>DEPRECIATION (p.#35)</b>	<b>169,000</b>	<b>165,000</b>	<b>(4,000)</b>	<b>126,000</b>	<b>(39,000)</b>	<b>-23.6%</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>21,406,000</b>	<b>19,383,000</b>	<b>(2,023,000)</b>	<b>19,806,000</b>	<b>423,000</b>	<b>2.2%</b>
<b>TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE</b>	<b>48,254,000</b>	<b>51,075,000</b>	<b>2,821,000</b>	<b>55,252,000</b>	<b>4,177,000</b>	<b>8.2%</b>
<b>TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES</b>	<b>\$ 69,660,000</b>	<b>\$ 70,458,000</b>	<b>\$ 798,000</b>	<b>\$ 75,058,000</b>	<b>\$ 4,600,000</b>	<b>6.5%</b>
<b>CONTINGENCY FUND (p.#91)</b>						
	-	-	-	269,000	269,000	100.0%

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



<b>Operating Expense Budget<sup>1</sup> 2018 Baseline vs. 2018 Increments (\$ in thousands)</b>	<b>2017 Forecast</b>	<b>2018 Baseline Budget</b>	<b>2018 Baseline Budget vs. 2017 Forecast Over/ (Under)</b>	<b>2018 Baseline Budget vs. 2017 Forecast % of change</b>	<b>2018 Approved Increments</b>	<b>2018 Approved Budget (Baseline + Increments)</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/ (Under)</b>	<b>2018 Approved Budget vs. 2017 Forecast % Change</b>
<b>STAFFING</b>								
Salaries	\$ 8,244	\$ 8,972	\$ 728	8.8%	\$ (13)	\$ 8,959	\$ 715	8.7%
Fringe Benefits	4,560	4,825	265	5.8%	(78)	4,747	187	4.1%
Temporary Staff	431	124	(307)	-71.2%	64	188	(243)	-56.4%
<b>Staffing Total</b>	<b>13,235</b>	<b>13,921</b>	<b>686</b>	<b>5.2%</b>	<b>(27)</b>	<b>13,894</b>	<b>659</b>	<b>5.0%</b>
<b>STAFF DEVELOPMENT</b>								
	<b>676</b>	<b>555</b>	<b>(121)</b>	<b>-17.9%</b>	<b>4</b>	<b>559</b>	<b>(117)</b>	<b>-17.3%</b>
<b>PROFESSIONAL FEES</b>								
Actuarial Fees	540	408	(132)	-24.4%	-	408	(132)	-24.4%
Audit Fees	185	146	(39)	-21.1%	-	146	(39)	-21.1%
Consultant Fees	492	318	(174)	-35.4%	36	354	(138)	-28.0%
Legal Fees	263	269	6	2.3%	(40)	229	(34)	-12.9%
<b>Professional Fees Total</b>	<b>1,480</b>	<b>1,141</b>	<b>(339)</b>	<b>-22.9%</b>	<b>(4)</b>	<b>1,137</b>	<b>(343)</b>	<b>-23.2%</b>
<b>OFFICE EXPENSE</b>								
Bank Charges	126	114	(12)	-9.5%	-	114	(12)	-9.5%
Misc. Administrative Expenses	19	27	8	42.1%	-	27	8	42.1%
Building Expenses	54	53	(1)	-1.9%	-	53	(1)	-1.9%
Communications	107	103	(4)	-3.7%	10	113	6	5.6%
Equipment Lease & Maint.	79	72	(7)	-8.9%	-	72	(7)	-8.9%
Minor Furniture & Equipment	25	28	3	12.0%	-	28	3	12.0%
Office Supplies & Maint.	82	95	13	15.9%	-	95	13	15.9%
Printing & Postage	28	33	5	17.9%	(5)	28	-	0.0%
<b>Office Expense Total</b>	<b>520</b>	<b>525</b>	<b>5</b>	<b>1.0%</b>	<b>5</b>	<b>530</b>	<b>10</b>	<b>1.9%</b>
<b>INSURANCE</b>	<b>1,220</b>	<b>1,278</b>	<b>58</b>	<b>4.8%</b>	<b>-</b>	<b>1,278</b>	<b>58</b>	<b>4.8%</b>
<b>MEMBER SERVICES</b>								
Benefit Verification	5	5	-	0.0%	-	5	-	0.0%
Disability Arbitr. & Transcripts	38	41	3	7.9%	12	53	15	39.5%
Disability - Medical Expense	174	114	(60)	-34.5%	-	114	(60)	-34.5%
Disability Claims Management	22	46	24	109.1%	-	46	24	109.1%
Health Reimb. Account (HRA)	59	60	1	1.7%	-	60	1	1.7%
Member Training & Education	24	16	(8)	-33.3%	-	16	(8)	-33.3%
Printing & Postage - Members	137	139	2	1.5%	-	139	2	1.5%
<b>Member Services Total</b>	<b>459</b>	<b>421</b>	<b>(38)</b>	<b>-8.3%</b>	<b>12</b>	<b>433</b>	<b>(26)</b>	<b>-5.7%</b>
<b>SYSTEMS</b>								
Business Continuity Expenses	117	140	23	19.7%	25	165	48	41.0%
Computer Maintenance	18	21	3	16.7%	-	21	3	16.7%
County Data Processing	93	94	1	1.1%	-	94	1	1.1%
Minor Computer Hardware	22	32	10	45.5%	-	32	10	45.5%
Software License & Maint.	790	837	47	5.9%	42	879	89	11.3%
<b>Systems Total</b>	<b>1,040</b>	<b>1,124</b>	<b>84</b>	<b>8.1%</b>	<b>67</b>	<b>1,191</b>	<b>151</b>	<b>14.5%</b>
<b>BOARD OF RETIREMENT</b>								
Board Conf. & Misc. Activities	534	563	29	5.4%	65	628	94	17.6%
<b>Board of Retirement Total</b>	<b>534</b>	<b>563</b>	<b>29</b>	<b>5.4%</b>	<b>65</b>	<b>628</b>	<b>94</b>	<b>17.6%</b>
<b>UNCOLLECTABLE BENEFIT PAYMENTS</b>								
	<b>54</b>	<b>30</b>	<b>(24)</b>	<b>-44.4%</b>	<b>-</b>	<b>30</b>	<b>(24)</b>	<b>-44.4%</b>
<b>Total Operating Expenses Before Depreciation</b>	<b>19,218</b>	<b>19,558</b>	<b>340</b>	<b>1.8%</b>	<b>122</b>	<b>19,680</b>	<b>462</b>	<b>2.4%</b>
<b>DEPRECIATION</b>	<b>165</b>	<b>122</b>	<b>(43)</b>	<b>-26.1%</b>	<b>4</b>	<b>126</b>	<b>(39)</b>	<b>-23.6%</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>19,383</b>	<b>19,680</b>	<b>297</b>	<b>1.5%</b>	<b>126</b>	<b>19,806</b>	<b>423</b>	<b>2.2%</b>
<b>TOTAL PORTFOLIO MANAGEMENT INVESTMENT EXPENSE</b>	<b>51,075</b>	<b>51,075</b>	<b>-</b>	<b>0.0%</b>	<b>4,177</b>	<b>55,252</b>	<b>4,177</b>	<b>8.2%</b>
<b>TOTAL OPERATING AND PORTFOLIO MANAGEMENT INVESTMENT EXPENSES</b>	<b>\$ 70,458</b>	<b>\$ 70,755</b>	<b>\$ 297</b>	<b>0.4%</b>	<b>\$ 4,303</b>	<b>\$ 75,058</b>	<b>\$ 4,600</b>	<b>6.5%</b>

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

**STAFFING** (p.#20)

Staffing expense includes Salary/Wages, Fringe Benefits, and Temporary Services<sup>1</sup>.

<b>Staffing by Department</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>
Administration	6	5	(1)	5	-
Benefits	39	37	(2)	39	2
Fiscal Services	14	14	-	14	-
Human Resources	3	3	-	3	-
Internal Audit	4	3	(1)	3	-
Investments	10	10	-	10	-
Legal	8	7	(1)	7	-
PRISM	12	11	(1)	12	1
<b>STAFFING TOTAL</b>	<b>96</b>	<b>90</b>	<b>(6)</b>	<b>93</b>	<b>3</b>

<sup>1</sup> Head count does not include temporary Retirement Specialist to cover fluctuations in head count.

<b>Staffing</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
Administration	\$ 612,000	\$ 477,000	\$ (135,000)	\$ 556,000	\$ 79,000	16.6%
Benefits	3,020,000	2,542,000	(478,000)	2,808,000	266,000	10.5%
Fiscal Services	1,380,000	1,364,000	(16,000)	1,418,000	54,000	4.0%
Human Resources	333,000	331,000	(2,000)	344,000	13,000	3.9%
Internal Audit	469,000	391,000	(78,000)	411,000	20,000	5.1%
Investments	1,184,000	1,159,000	(25,000)	1,234,000	75,000	6.5%
Legal	1,037,000	916,000	(121,000)	1,016,000	100,000	10.9%
PRISM	1,132,000	994,000	(138,000)	1,172,000	178,000	17.9%
<b>Total Salaries</b>	<b>9,167,000</b>	<b>8,174,000</b>	<b>(993,000)</b>	<b>8,959,000</b>	<b>785,000</b>	<b>9.6%</b>
Cafeteria Benefit Allowance	182,000	196,000	14,000	204,000	8,000	4.1%
Health and Dental	1,429,000	1,208,000	(221,000)	1,258,000	50,000	4.1%
Retirement Contributions	2,744,000	2,449,000	(295,000)	2,549,000	100,000	4.1%
Medicare and SDI	170,000	151,000	(19,000)	157,000	6,000	4.0%
Social Security	540,000	488,000	(52,000)	508,000	20,000	4.1%
Other Benefits (Life Insurance, Def. Comp. and Auto Allowance)	77,000	68,000	(9,000)	71,000	3,000	4.4%
<b>Fringe Benefits</b>	<b>5,142,000</b>	<b>4,560,000</b>	<b>(582,000)</b>	<b>4,747,000</b>	<b>187,000</b>	<b>4.1%</b>
<b>Overtime</b>	<b>75,000</b>	<b>70,000</b>	<b>(5,000)</b>	<b>-</b>	<b>(70,000)</b>	<b>-100.0%</b>
<b>Temporary Staffing</b>	<b>186,000</b>	<b>431,000</b>	<b>245,000</b>	<b>188,000</b>	<b>(243,000)</b>	<b>-56.4%</b>
<b>STAFFING EXPENSES Total</b>	<b>\$ 14,570,000</b>	<b>\$ 13,235,000</b>	<b>\$ (1,335,000)</b>	<b>\$ 13,894,000</b>	<b>\$ 659,000</b>	<b>5.0%</b>

**Staffing - Variance Narrative  
2018 Approved Budget vs. 2017 Forecast**

	<b>Variance Over/(Under)</b>
• Increase in salaries due to 2017 mid-year hirings for Chief Counsel, PRISM Technology Officer, 2 Administrative Specialist II (Legal, PRISM)	\$ 464,000
• Increase in ACME and Unrepresented COLA, merit increases, footnotes, vacation sell backs, etc.	283,000
• Decrease in fringe benefit rates	(66,000)
• Decrease in temporary staffing assignment for Benefits Documentation project	(22,000)
<b>Total Over/(Under)</b>	<b>\$ 659,000</b>

**Staffing Expense - Variance Narrative  
2017 Forecast vs. 2017 Budget**

	<b>Variance Over/(Under)</b>
• Net decrease in salaries from vacant positions including salary & fringe benefits offset by cost of temporary staff	\$ (1,082,000)
• Decrease due to unpaid COLA for ACME and unrepresented, merit increase and vacation sell backs	(95,000)
• Decrease in temporary staffing rate for Benefits Deocumentaiton Project	(20,000)
• Decrease in fringe benefit rate	(133,000)
• Decrease in overtime	(5,000)
<b>Total Over/(Under)</b>	<b>\$ (1,335,000)</b>

## STAFF DEVELOPMENT (p.#20)

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

<b>Staff Development</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
<b>CONFERENCES/TRAININGS</b>						
American Management Association (AMA)	\$ 67,000	\$ 46,000	\$ (21,000)	\$ 44,000	\$ (2,000)	-4.3%
Adaptive	17,000	12,000	(5,000)	13,000	1,000	8.3%
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	54,000	43,000	(11,000)	67,000	24,000	55.8%
CALPERLA	12,000	7,000	(5,000)	5,000	(2,000)	-28.6%
Cyber-Security	14,000	9,000	(5,000)	14,000	5,000	100.0%
BCP/Disaster Recovery Journal Conference (DRJ)	12,000	6,000	(6,000)	12,000	6,000	100%
GFOA	30,000	13,000	(17,000)	18,000	5,000	38.5%
IFEBP	39,000	39,000	-	27,000	(12,000)	-30.8%
ILPA	23,000	16,000	(7,000)	10,000	(6,000)	-37.5%
Improvement Methodology	112,000	95,000	(17,000)	5,000	(90,000)	-94.7%
Institutional Investors	5,000	4,000	(1,000)	5,000	1,000	25.0%
MILKEN	28,000	31,000	3,000	16,000	(15,000)	-48.4%
PG User, Onbase, Sungard Conference	50,000	47,000	(3,000)	48,000	1,000	2.1%
SACRS	62,000	59,000	(3,000)	50,000	(9,000)	-15.3%
Staff Development/Team Building	25,000	25,000	-	-	(25,000)	-100.0%
Misc.	129,000	97,000	(32,000)	110,000	13,000	13.4%
<b>Sub-Total</b>	<b>679,000</b>	<b>549,000</b>	<b>(130,000)</b>	<b>444,000</b>	<b>(105,000)</b>	<b>-19.1%</b>
<b>PROFESSIONAL DUES &amp; SUBSCRIPTIONS</b>	126,000	112,000	(14,000)	113,000	1,000	0.9%
<b>RECRUITMENT EXPENSES</b>	2,000	15,000	13,000	2,000	(13,000)	-86.7%
<b>STAFF DEVELOPMENT EXPENSES Total</b>	<b>\$ 807,000</b>	<b>\$ 676,000</b>	<b>\$ (131,000)</b>	<b>\$ 559,000</b>	<b>\$ (117,000)</b>	<b>-17.3%</b>

**Staff Development - Variance Narrative  
2018 Approved Budget vs. 2017 Forecast**

	<b>Variance Over/(Under)</b>
<b>CONFERENCE/TRAINING</b>	
• Decrease in training primarily due to completion of IMPROVEMENT METHODOLOGY Project	\$ (105,000)
<b>Sub-total</b>	<b>(105,000)</b>
<b>PROFESSIONAL FEES &amp; SUBSCRIPTIONS</b>	
• Slight increase in professional dues	1,000
<b>Sub-total</b>	<b>1,000</b>
<b>RECRUITMENT</b>	
• Decrease in Benefits agency fee.	(13,000)
<b>Sub-total</b>	<b>(13,000)</b>
<b>Total Over/(Under)</b>	<b>\$ (117,000)</b>

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

	<b>Variance Over/(Under)</b>
<b>CONFERENCE/TRAINING</b>	
• Decreased attendance at training and conferences such as AMA, CALAPRS, GFOA and IMPROVEMENT METHODOLOGY	\$ (130,000)
<b>Sub-total</b>	<b>(130,000)</b>
<b>PROFESSIONAL FEES &amp; SUBSCRIPTIONS</b>	
• Decrease in subscriptions and professional dues	(14,000)
<b>Sub-total</b>	<b>(14,000)</b>
<b>RECRUITMENT</b>	
• Increase in recruitment agency fees for Benefits staff	13,000
<b>Sub-total</b>	<b>13,000</b>
<b>Total Over/(Under)</b>	<b>\$ (131,000)</b>

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

<b>2018 Approved Budget: Break-downs for Other Training/Conferences</b>					
	<b>Administration</b>	<b>Benefits</b>	<b>Fiscal Services</b>	<b>Human Resources</b>	<b>Internal Audit</b>
Association of Certified Fraud Examiners (ACFE)	\$ -	\$ -	\$ -	\$ -	1,000
AICPA Training	-	-	-	-	1,000
CALCPA	-	-	-	-	1,000
Computer Training/County	-	2,000	2,000	-	1,000
Disability Management Employer Coalition	-	-	-	2,000	-
IDEA Training	-	-	-	-	3,000
ISCEBS Annual Conference	-	3,000	-	-	-
Investment Related	-	-	-	-	-
NAPPA	-	-	-	-	-
National Employment Law Council & NELI	-	-	-	-	-
NCPERS Conference	3,000	5,000	-	-	-
NASRA Winter & Annual Convergence	7,000	-	-	-	-
Project Management	-	-	-	-	-
PRISM Conference	-	-	-	-	-
SALGBA	-	1,000	-	-	-
SHRM	-	-	-	2,000	-
State Bar of CA	-	-	-	-	-
Miscellaneous Training/Conferences	5,000	5,000	2,000	9,000	8,000
<b>Total Other Training/Conferences</b>	<b>15,000</b>	<b>16,000</b>	<b>4,000</b>	<b>13,000</b>	<b>15,000</b>
American Management Association (AMA)	-	19,000	-	-	-
Adaptive	-	-	13,000	-	-
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	14,000	33,000	3,000	-	-
CALPERLA	-	-	-	5,000	-
Cyber Security	-	-	-	-	-
BCP/Disaster Recovery Journal Conference (DRJ)	-	3,000	-	-	-
GFOA	-	-	10,000	-	4,000
IFEBP	-	27,000	-	-	-
ILPA	-	-	-	-	-
Improvement Methodology	-	-	-	-	-
Investment Related	-	-	-	-	-
MILKEN	-	-	-	-	-
PG User, PG NUG, Onbase, Sungard Conference	-	13,000	10,000	-	-
SACRS	4,000	20,000	7,000	2,000	3,000
Other Training/Conferences (from above)	15,000	16,000	4,000	13,000	15,000
<b>Total Training/Conferences</b>	<b>33,000</b>	<b>131,000</b>	<b>47,000</b>	<b>20,000</b>	<b>22,000</b>
<b>Professional Dues &amp; Subscriptions</b>	<b>29,000</b>	<b>2,000</b>	<b>7,000</b>	<b>2,000</b>	<b>5,000</b>
<b>Recruitment Expenses</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>\$ 62,000</b>	<b>\$ 135,000</b>	<b>\$ 54,000</b>	<b>\$ 22,000</b>	<b>\$ 27,000</b>

**2018 Approved Budget: Break-downs for Other Training/Conferences**

	Investments	Legal	PRISM	Project	Total per training/conf.
Association of Certified Fraud Examiners (ACFE)	\$ -	\$ -	\$ -	\$ -	1,000
AICPA Training	-	-	-	-	1,000
CALCPA	-	-	-	-	1,000
Computer Training/County	-	-	2,000	-	7,000
Disability Management Employer Coalition	-	-	-	-	2,000
IDEA Training	-	-	-	-	3,000
ISCEBS Annual Conference	-	-	-	-	3,000
Investment Related	-	6,000	-	-	6,000
NAPPA	-	7,000	-	-	7,000
National Employment Law Council & NELI	-	4,000	-	-	4,000
NCPERS Conference	-	-	-	-	8,000
NASRA Winter & Annual Convergence	-	-	-	-	7,000
Project Management	-	-	7,000	-	7,000
PRISM Conference	-	-	3,000	-	3,000
SALGBA	-	-	-	-	1,000
SHRM	-	2,000	-	-	4,000
State Bar of CA	-	2,000	-	-	2,000
Miscellaneous Training/Conferences	6,000	4,000	4,000	-	43,000
<b>Total Other Training/Conferences</b>	<b>6,000</b>	<b>25,000</b>	<b>16,000</b>	-	<b>110,000</b>
American Management Association (AMA)	2,000	-	23,000	-	44,000
Adaptive	-	-	-	-	13,000
CALAPRS (Roundtable, Mgmt. Academy, General Assembly)	12,000	4,000	1,000	-	67,000
CALPERLA	-	-	-	-	5,000
Cyber Security	-	-	-	14,000	14,000
BCP/Disaster Recovery Journal Conference (DRJ)	-	-	9,000	-	12,000
GFOA	4,000	-	-	-	18,000
IFEBP	-	-	-	-	27,000
ILPA	10,000	-	-	-	10,000
Improvement Methodology	-	-	-	5,000	5,000
Investment Related	5,000	-	-	-	5,000
MILKEN	16,000	-	-	-	16,000
PG User, PG NUG, Onbase, Sungard Conference	-	-	25,000	-	48,000
SACRS	4,000	4,000	6,000	-	50,000
Other Training/Conferences (from above)	6,000	25,000	16,000	-	110,000
<b>Total Training/Conferences</b>	<b>59,000</b>	<b>33,000</b>	<b>80,000</b>	<b>19,000</b>	<b>444,000</b>
<b>Professional Dues &amp; Subscriptions</b>	<b>12,000</b>	<b>55,000</b>	<b>1,000</b>	-	<b>113,000</b>
<b>Recruitment Expenses</b>	-	-	-	-	<b>2,000</b>
<b>TOTAL</b>	<b>\$ 71,000</b>	<b>\$ 88,000</b>	<b>\$ 81,000</b>	<b>\$ 19,000</b>	<b>\$ 559,000</b>

**PROFESSIONAL FEES** (p.#20)

This category excludes investment professional consultant and advisor expenses.

<b>Professional Fees</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
Actuarial Fees	\$ 540,000	\$ 540,000	\$ -	\$ 408,000	\$ (132,000)	-24.4%
Audit Fees	185,000	185,000	-	146,000	(39,000)	-21.1%
Consultant Fees	521,000	492,000	(29,000)	354,000	(138,000)	-28.0%
Legal Fees	287,000	263,000	(24,000)	229,000	(34,000)	-12.9%
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 1,533,000</b>	<b>\$ 1,480,000</b>	<b>\$ (53,000)</b>	<b>\$ 1,137,000</b>	<b>\$ (343,000)</b>	<b>-23.2%</b>
<b>Consultant Fees</b>						
<b>Administration</b>						
Contingency Fees	\$ 11,000	\$ 1,000	\$ (10,000)	\$ -	\$ (1,000)	-100.0%
<b>Total Administration</b>	<b>11,000</b>	<b>1,000</b>	<b>(10,000)</b>	<b>-</b>	<b>(1,000)</b>	<b>-100.0%</b>
<b>Benefits</b>						
Benefit Cons./Open Enroll.	126,000	126,000	-	145,000	19,000	15.1%
County Retirees Medical	126,000	126,000	-	126,000	-	0.0%
Consultant Fees	50,000	36,000	(14,000)	-	(36,000)	-100.0%
<b>Total Benefits</b>	<b>302,000</b>	<b>288,000</b>	<b>(14,000)</b>	<b>271,000</b>	<b>(17,000)</b>	<b>-5.9%</b>
<b>Human Resources</b>						
Lakeside Group (County Personnel)	77,000	77,000	-	77,000	-	0.0%
<b>Total Human Resources</b>	<b>77,000</b>	<b>77,000</b>	<b>-</b>	<b>77,000</b>	<b>-</b>	<b>0.0%</b>
<b>Internal Audit</b>						
Technology Consulting	-	-	-	3,000	3,000	100.0%
Internal Audit Quality Assurance	6,000	6,000	-	3,000	(3,000)	-50.0%
<b>Total Internal Audit</b>	<b>6,000</b>	<b>6,000</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>0.0%</b>
<b>PRISM</b>						
Pension Administration System	50,000	50,000	-	-	(50,000)	-100.0%
Project Management Consulting	25,000	25,000	-	-	(25,000)	-100.0%
Website Enhancements	50,000	45,000	(5,000)	-	(45,000)	-100.0%
<b>Total PRISM</b>	<b>125,000</b>	<b>120,000</b>	<b>(5,000)</b>	<b>-</b>	<b>(120,000)</b>	<b>-100.0%</b>
<b>Total Consultant Fees</b>	<b>\$ 521,000</b>	<b>\$ 492,000</b>	<b>\$ (29,000)</b>	<b>\$ 354,000</b>	<b>\$ (138,000)</b>	<b>-28.0%</b>
<b>Audit Fees</b>						
Audit Fees	\$ 145,000	\$ 145,000	\$ -	\$ 135,000	\$ (10,000)	-6.9%
GASB 74 & 75	40,000	40,000	-	11,000	(29,000)	-72.5%
<b>Total Audit Fees</b>	<b>\$ 185,000</b>	<b>\$ 185,000</b>	<b>\$ -</b>	<b>\$ 146,000</b>	<b>\$ (39,000)</b>	<b>-21.1%</b>
<b>Legal Fees</b>						
Employment Litigation and Securities	\$ 66,000	\$ 89,000	\$ 23,000	\$ 66,000	\$ (23,000)	-25.8%
Fiduciary	161,000	130,000	(31,000)	121,000	(9,000)	-6.9%
Tax and Benefit Issues	60,000	44,000	(16,000)	42,000	(2,000)	-4.5%
<b>Total Legal Fees</b>	<b>\$ 287,000</b>	<b>\$ 263,000</b>	<b>\$ (24,000)</b>	<b>\$ 229,000</b>	<b>\$ (34,000)</b>	<b>-12.9%</b>
<b>Actuarial Fees</b>						
Actuarial Valuation	\$ 76,000	\$ 76,000	\$ -	\$ 73,000	\$ (3,000)	-3.9%
Actuarial Audit	130,000	130,000	-	-	(130,000)	-100.0%
SRBR Valuation	38,000	38,000	-	39,000	1,000	2.6%
Supplemental Consulting	196,000	196,000	-	238,000	42,000	21.4%
GASB 67 & 68	50,000	50,000	-	45,000	(5,000)	-10.0%
GASB 74 & 75	50,000	50,000	-	13,000	(21,000)	-61.8%
<b>Total Actuarial Fees</b>	<b>\$ 540,000</b>	<b>\$ 540,000</b>	<b>\$ -</b>	<b>\$ 408,000</b>	<b>\$ (132,000)</b>	<b>-24.4%</b>



**Professional Fees - Variance Narrative  
2018 Approved Budget vs. 2017 Forecast**

	Variance Over/(Under)
<b>ACTUARIAL</b>	
• Decrease is the result of Actuarial Audit	\$ (130,000)
• Decrease in GASB 74/75 implementation	(2,000)
<b>Sub-total</b>	<b>(132,000)</b>
<b>AUDIT</b>	
• Slight decrease in 2016 audit fees	(40,000)
• Decrease in GASB 74/75 project fees	1,000
<b>Sub-total</b>	<b>(39,000)</b>
<b>CONSULTANTS</b>	
• Slight decrease in Constingency Fees (Administration)	(1,000)
• Decrease in completion of Graphic Designer Contract (Benefits)	(17,000)
• Decrease is due to the exclusion of Project Management Consulting (PRISM)	(25,000)
• Decrease due to delay in projects (Pension Administration and Website Enhancements)	(95,000)
<b>Sub-total</b>	<b>(138,000)</b>
<b>LEGAL</b>	
• Decrease in legal fees for Employment Litigation and Securities, Fiduciary and Tax Issues	(34,000)
<b>Sub-total</b>	<b>(34,000)</b>
<b>Total Over/(Under)</b>	<b>\$ (343,000)</b>

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

	Variance Over/(Under)
<b>CONSULTANT</b>	
• Decrease in project funds for Website Enhancement project	\$ (5,000)
• Decrease in Constingency Fees (Administration)	(10,000)
• Decrease in Keenan basic services agreement	(14,000)
<b>Sub-total</b>	<b>(29,000)</b>
<b>LEGAL</b>	
• Decrease primarily the result of reducing fiduciary fees	(24,000)
<b>Sub-total</b>	<b>(24,000)</b>
<b>Total Over/(Under)</b>	<b>\$ (53,000)</b>

## OFFICE EXPENSE (p.#20)

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

Office Expense	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
Bank Charges	\$ 132,000	\$ 126,000	\$ (6,000)	\$ 114,000	\$ (12,000)	-9.5%
Misc. Administrative Expenses	25,000	19,000	(6,000)	27,000	8,000	42.1%
Building Expenses	54,000	54,000	-	53,000	(1,000)	-1.9%
Communications	160,000	107,000	(53,000)	113,000	6,000	5.6%
Equip. Leasing & Maint.	89,000	79,000	(10,000)	72,000	(7,000)	-8.9%
Minor Furniture & Equipment	30,000	25,000	(5,000)	28,000	3,000	12.0%
Office Supplies & Maint.	83,000	82,000	(1,000)	95,000	13,000	15.9%
Printing & Postage	28,000	28,000	-	28,000	-	0.0%
<b>OFFICE EXPENSE Total</b>	<b>\$ 601,000</b>	<b>\$ 520,000</b>	<b>\$ (81,000)</b>	<b>\$ 530,000</b>	<b>\$ 10,000</b>	<b>1.9%</b>

### Office Expense - Variance Narrative 2018 Approved Budget vs. 2017 Forecast

Variance Over/(Under)

#### EQUIPMENT, FURNITURE & SUPPLIES

- Increase in office supplies, and maintenance as well as replacement of minor furniture and equipment. \$ 9,000
- Sub-total 9,000**

#### BANK CHARGES & MISC. ADMINISTRATIVE

- Increase in miscellaneous administrative expenses for additional notary fees and BOR security. 8,000
  - Decrease in banking fees as a result of commercial credit card implementation with rebate program (12,000)
- Sub-total (4,000)**

#### BUILDING AND COMMUNICATIONS

- Slight increase Communications reflects possible increase cost for new ACERA intranet system 6,000
  - Slight decrease in building expenses (1,000)
- Sub-total 5,000**

**Total Over/(Under) \$ 10,000**

### Office Expense - Variance Narrative 2017 Forecast vs. 2017 Budget

Variance Over/(Under)

#### BANK CHARGES AND MISC. ADMINISTRATIVE EXPENSES

- Decrease in banking fees as a result of commercial credit card implementation with rebate program \$ (6,000)
  - Decrease in miscellaneous administrative expenses BOR security (6,000)
- Sub-total (12,000)**

#### EQUIPMENT, FURNITURE & SUPPLIES

- Slight decrease in office supplies and maintenance (1,000)
  - Decrease in cost of furniture and equipment leasing and maintenance (15,000)
- Sub-total (16,000)**

#### COMMUNICATIONS

- Decrease for state of California credits from prior years for CN3 contract for land lines with AT&T (53,000)
- Sub-total (53,000)**

**Total Over/(Under) \$ (81,000)**

## INSURANCE (p.#20)

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

Insurance			2017 Forecast vs. 2017 Budget Over/(Under)		2018 Approved Budget vs. 2017 Forecast Over/(Under)		% Change
	2017 Budget	2017 Forecast	2017 Budget	2017 Forecast	2018 Approved Budget	2017 Forecast	
Business Automobile	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ -	0.0%
Commercial Package	17,000	26,000	9,000		27,000	1,000	5.6%
Crime	8,000	8,000	-		8,000	-	0.0%
Earthquake	29,000	28,000	(1,000)		26,000	(2,000)	-11.1%
Cyber Liability	13,000	13,000	-		13,000	-	0.0%
Fiduciary Liability	143,000	165,000	22,000		160,000	(5,000)	-4.5%
Employer Liability	764,000	713,000	(51,000)		801,000	88,000	17.7%
Umbrella	8,000	9,000	1,000		8,000	(1,000)	-16.7%
Worker's Compensation	343,000	257,000	(86,000)		234,000	(23,000)	-13.2%
<b>INSURANCE Total</b>	<b>\$ 1,326,000</b>	<b>\$ 1,220,000</b>	<b>\$ (106,000)</b>	<b>\$ -</b>	<b>\$ 1,278,000</b>	<b>\$ 58,000</b>	<b>4.8%</b>

### Insurance - Variance Narrative 2018 Approved Budget vs. 2017 Forecast

	Variance Over/(Under)
<b>ARTHUR GALLAGHER</b>	
• Slight increases Automobile, Commercial and Crime	\$ 1,000
• Decreases in Commercial and Fiduciary Liability	(7,000)
<b>Sub-Total</b>	<b>(6,000)</b>
<b>COUNTY RISK MANAGEMENT</b>	
• Increase in Employer Liability	88,000
• Decrease in Workers Compensation	(24,000)
<b>Sub-Total</b>	<b>64,000</b>
<b>Total Over/(Under) \$</b>	<b>58,000</b>

### Insurance - Variance Narrative 2017 Forecast vs. 2017 Budget

	Variance Over/(Under)
<b>ARTHUR GALLAGHER</b>	
• Increases in premiums in for Commercial umbrella and Fiduciary Liability.	\$ 31,000
<b>Sub-Total</b>	<b>31,000</b>
<b>COUNTY RISK MANAGEMENT</b>	
• Decrease in Workers compensation	(86,000)
• Decrease in Employer Liability	(51,000)
<b>Sub-Total</b>	<b>(137,000)</b>
<b>Total Over/(Under) \$</b>	<b>(106,000)</b>

## MEMBER SERVICES [\(p.#20\)](#)

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

Member Services	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
Benefit Verification	\$ 4,000	\$ 5,000	\$ 1,000	\$ 5,000	\$ -	0.0%
Disability - Arbitration & Transcripts	90,000	38,000	(52,000)	53,000	15,000	39.5%
Disability - Medical Expense	184,000	174,000	(10,000)	46,000	(128,000)	-73.6%
Disability Claims Management	33,000	22,000	(11,000)	114,000	92,000	418.2%
Health Reimbursement Account (HRA)	64,000	59,000	(5,000)	60,000	1,000	1.7%
Member Training & Education	25,000	24,000	(1,000)	16,000	(8,000)	-33.3%
Printing and Postage - Members	168,000	137,000	(31,000)	139,000	2,000	1.5%
<b>MEMBER SERVICES EXPENSE Total</b>	<b>\$ 568,000</b>	<b>\$ 459,000</b>	<b>\$ (109,000)</b>	<b>\$ 433,000</b>	<b>\$ (26,000)</b>	<b>-5.7%</b>

### Member Services - Variance Narrative 2018 Approved Budget vs. 2017 Forecast

	Variance Over/(Under)
<b>DISABILITY - MEDICAL</b>	
• Decrease in number of cases processed by ACERA	\$ (128,000)
• Increase reflects the number of cases to transition to MMRO	92,000
<b>Sub-total</b>	<b>(36,000)</b>
<b>HEALTH REIMBURSEMENT ACCOUNT (HRA)</b>	
• Slight increase reflects fluctuations in the number of enrollees	1,000
<b>Sub-total</b>	<b>1,000</b>
<b>PRINTING &amp; POSTAGE - MEMBERS</b>	
• Decrease in newsletters offset by minor increases in member training	(6,000)
<b>Sub-total</b>	<b>(6,000)</b>
<b>DISABILITY - ARBITRATION</b>	
• Increase in the number of claims sent to arbitration	15,000
<b>Sub-total</b>	<b>15,000</b>
<b>Total Over/(Under)</b>	<b>\$ (26,000)</b>

### Member Services - Variance Narrative 2017 Forecast vs. 2017 Budget

	Variance Over/(Under)
<b>HEALTH REIMBURSEMENT ACCOUNT (HRA)</b>	
• Decrease due to less than expected applications to the exchange	\$ (5,000)
<b>Sub-total</b>	<b>(5,000)</b>
<b>DISABILITY - MEDICAL EXPENSE &amp; CLAIMS MANAGEMENT</b>	
• Decrease in number of medical reviews during transition to MMRO	(10,000)
• Decrease in estimated number in process by MMRO	(11,000)
<b>Sub-total</b>	<b>(21,000)</b>
<b>MEMBER TRAINING, EDUCATION AND OTHER SERVICES</b>	
• Decrease in printing and postage due to temporary reduction in publication of newsletters	(31,000)
<b>Sub-total</b>	<b>(31,000)</b>
<b>DISABILITY- LEGAL ARBITRATION &amp; TRANSCRIPTS</b>	
• Decrease in the number of claims and the length of time to process more complicated claims	(52,000)
<b>Sub-total</b>	<b>(52,000)</b>
<b>Total Over/(Under)</b>	<b>\$ (109,000)</b>

## SYSTEMS (p.#20)

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	2017 Forecast vs. 2017 Budget			2018 Approved Budget vs. 2017 Forecast		% Change
	2017 Budget	2017 Forecast	2017 Budget Over/(Under)	2018 Approved Budget	2017 Forecast Over/(Under)	
Business Continuity Expenses	\$ 121,000	\$ 117,000	\$ (4,000)	\$ 165,000	\$ 48,000	41.0%
Computer Maintenance	18,000	18,000	-	21,000	3,000	16.7%
County Data Processing	92,000	93,000	1,000	94,000	1,000	1.1%
Minor Computer Hardware	32,000	22,000	(10,000)	32,000	10,000	45.5%
Software License & Maintenance	901,000	790,000	(111,000)	879,000	89,000	11.3%
<b>SYSTEMS Total</b>	<b>\$ 1,164,000</b>	<b>\$ 1,040,000</b>	<b>\$ (124,000)</b>	<b>\$ 1,191,000</b>	<b>\$ 151,000</b>	<b>14.5%</b>

### Systems - Variance Narrative 2018 Approved Budget vs. 2017 Forecast

	Variance Over/(Under)
<b>SOFTWARE, MAINTENANCE &amp; SUPPORT</b>	
<ul style="list-style-type: none"> <li>Increased enhancement for ACERA Website</li> <li>Upgrade Microsoft Dynamics Great Plains Accounting Software</li> <li>Increase due to new and continuing software projects (CyberSecurity, Data migration, Web Member Service, etc. offset by completion of EDMS upgrade</li> <li>Slight prices change in operating software</li> </ul>	\$ 57,000 25,000 6,000 1,000
<b>Sub Total</b>	<b>89,000</b>
<b>BUSINESS CONTINUITY EXPENSES</b>	
<ul style="list-style-type: none"> <li>Increase due to new vendor contract for BCP facilities and services</li> </ul>	48,000
<b>Sub Total</b>	<b>48,000</b>
<b>COMPUTER HARDWARE &amp; MAINTENANCE</b>	
<ul style="list-style-type: none"> <li>Increase due to upgrades, technology projects and increase hiring</li> </ul>	13,000
<b>Sub Total</b>	<b>13,000</b>
<b>COUNTY DATA PROCESS</b>	
<ul style="list-style-type: none"> <li>Slight increase due to service improvements and increased usage</li> </ul>	1,000
<b>Sub Total</b>	<b>1,000</b>
<b>Total Over/(Under)</b>	<b>\$ 151,000</b>

### Systems - Variance Narrative 2017 Forecast vs. 2017 Budget

	Variance Over/(Under)
<b>COUNTY DATA PROCESSING</b>	
<ul style="list-style-type: none"> <li>Increase in County information processing fees</li> </ul>	\$ 1,000
<b>Sub Total</b>	<b>1,000</b>
<b>BUSINESS CONTINUITY</b>	
<ul style="list-style-type: none"> <li>Slight savings in BCP facility fees due to change in vendor</li> </ul>	(4,000)
<b>Sub Total</b>	<b>(4,000)</b>
<b>MINOR COMPUTER HARDWARE</b>	
<ul style="list-style-type: none"> <li>Unfilled positions resulted in reduced volume of computer(s)/hardware purchases</li> </ul>	(10,000)
<b>Sub Total</b>	<b>(10,000)</b>
<b>SOFTWARE, MAINTENANCE &amp; SUPPORT</b>	
<ul style="list-style-type: none"> <li>Decrease by contracting with more competitive vendors or upgrades</li> <li>Decrease from project delays</li> </ul>	(54,000) (57,000)
<b>Sub Total</b>	<b>(111,000)</b>
<b>Total Over/(Under)</b>	<b>\$ (124,000)</b>

## BOARD OF RETIREMENT *(p.#20)*

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

Board of Retirement	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
Board Compensation	\$ 27,000	\$ 27,000	\$ -	\$ 31,000	\$ 4,000	14.8%
Board Conference and Training	147,000	114,000	(33,000)	148,000	34,000	29.8%
Board Elections	-	-	-	65,000	65,000	100.0%
Board Employer Reimbursement	390,000	332,000	(58,000)	312,000	(20,000)	-6.0%
Board Miscellaneous Activities	44,000	41,000	(3,000)	52,000	11,000	26.8%
Board Strategic Planning	6,000	20,000	14,000	20,000	-	0.0%
<b>BOARD OF RETIREMENT Total</b>	<b>\$ 614,000</b>	<b>\$ 534,000</b>	<b>\$ (80,000)</b>	<b>\$ 628,000</b>	<b>\$ 94,000</b>	<b>17.6%</b>

### Board of Retirement - Variance Narrative 2018 Approved Budget vs. 2017 Forecast

	Variance Over/(Under)
• Cost of 2018 election	\$ 65,000
• Increase in conference spending as a result of new BOR travel and education policies	34,000
• Increase in Misc. Activities and Postage due to upgrade of computer equipment and software	11,000
• Slight increase in attendance due to potential legislation regarding CERA's and implementation of GASB 74/75	4,000
• Decrease in Employer Reimbursement	(20,000)
<b>Total Over/(Under)</b>	<b>\$ 94,000</b>

### Board of Retirement - Variance Narrative 2017 Forecast vs. 2017 Budget

	Variance Over/(Under)
• Increase in Board Strategic Planning due to changes in the work plan for the Budget Committee	\$ 14,000
• Decrease in BOR miscellaneous activities	(3,000)
• Decrease in Trustee attendance at the most expensive conferences, i.e. Milken	(33,000)
• Decrease in Employer Reimbursements due 2016 over accrual	(58,000)
<b>Total Over/(Under)</b>	<b>\$ (80,000)</b>

## DEPRECIATION (p.#20)

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

Depreciation	2017		2017 Forecast vs. 2017 Budget		2018		2018 Approved Budget vs. 2017 Forecast		% Change
	Budget	Forecast	Over/(Under)	Approved Budget	Over/(Under)	Over/(Under)			
BCP	\$ 14,000	\$ 13,000	\$ (1,000)	\$ 1,000	\$ (12,000)	-92.3%			
Computer Hardware	6,000	3,000	(3,000)	-	(3,000)	-100.0%			
Computer Software	9,000	7,000	(2,000)	7,000	-	0.0%			
EDMS Admin. Share	13,000	13,000	-	1,000	(12,000)	-92.3%			
Equipment	30,000	32,000	2,000	16,000	(16,000)	-50.0%			
Furniture	2,000	2,000	-	2,000	-	0.0%			
Leasehold Improvements	95,000	95,000	-	99,000	4,000	4.2%			
<b>DEPRECIATION Total</b>	<b>\$ 169,000</b>	<b>\$ 165,000</b>	<b>\$ (4,000)</b>	<b>\$ 126,000</b>	<b>\$ (39,000)</b>	<b>-23.6%</b>			

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 2018 Approved Budget vs. 2017 Forecast		Variance Over/(Under)
• Addition of security cameras and intercom to all floors	\$	4,000
• Decrease in result of fully depreciated EDMS workflows		(12,000)
• Additional cost reduction from fully depreciated computer hardware, software and office equipment		(31,000)
<b>Total Over/(Under) \$</b>		<b>(39,000)</b>

Depreciation - Variance Narrative 2017 Forecast vs. 2017 Budget		Variance Over/(Under)
• Increase for new equipment	\$	2,000
• Decrease for 2017 depreciation expense in computer hardware and software assets		(6,000)
<b>Total Over/(Under) \$</b>		<b>(4,000)</b>

## UNCOLLECTABLE BENEFIT PAYMENTS (p.#20)

After the adoption of the new Discharge of Uncollectible Accounts Receivable policy and Board of Retirement authorization, the second round of uncollectible accounts receivable balance to be discharged is approximately \$30,000. This balance is mainly comprised of benefit overpayments due to death. The uncollectible balances to be discharged are related to transactions from 2013. Discharges of uncollectible balances 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	2017 Forecast vs. 2017 Budget			2018 Approved Budget vs. 2017 Forecast		% Change
	2017 Budget	2017 Forecast	2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	
<b>UNCOLLECTABLE BENEFIT PAYMENTS Total</b>	\$ 54,000	\$ 54,000	\$ -	\$ 30,000	\$ (24,000)	-40.0%

Uncollectable Benefit Payments - Variance Narrative 2018 Approved Budget vs. 2017 Forecast		Variance Over/(Under)
• Decrease in result of lower uncollectable benefit payments		\$ (24,000)
<b>Total Over/(Under)</b>		<b>\$ (24,000)</b>

Uncollectable Benefit Payments - Variance Narrative 2017 Forecast vs. 2017 Budget		Variance Over/(Under)
• No variance		\$ -
<b>Total Over/(Under)</b>		<b>\$ -</b>



## **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	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
Administration <a href="#">(p.#40)</a>	\$ 4,108,000	\$ 3,634,000	\$ (474,000)	\$ 3,904,000	\$ 270,000	7.4%
Benefits <a href="#">(p.#44)</a>	6,573,000	5,898,000	(675,000)	6,031,000	133,000	2.3%
Fiscal Services <a href="#">(p.#47)</a>	2,600,000	2,463,000	(137,000)	2,548,000	85,000	3.5%
Human Resources <a href="#">(p.#49)</a>	640,000	629,000	(11,000)	628,000	(1,000)	-0.2%
Internal Audit <a href="#">(p.#50)</a>	724,000	610,000	(114,000)	611,000	1,000	0.2%
Investment <a href="#">(p.#51)</a>	1,834,000	1,776,000	(58,000)	1,841,000	65,000	3.7%
Legal <a href="#">(p.#52)</a>	1,966,000	1,720,000	(246,000)	1,782,000	62,000	3.6%
PRISM <a href="#">(p.#54)</a>	2,233,000	2,025,000	(208,000)	2,250,000	225,000	11.1%
<b>Total Depart. Expenses</b>	<b>20,678,000</b>	<b>18,755,000</b>	<b>(1,923,000)</b>	<b>19,595,000</b>	<b>840,000</b>	<b>4.5%</b>
<b>PROJECTS <sup>1</sup></b>	<b>728,000</b>	<b>628,000</b>	<b>(100,000)</b>	<b>211,000</b>	<b>(417,000)</b>	<b>-66.4%</b>
<b>Total Depart. Exp. + Projects</b>	<b>\$ 21,406,000</b>	<b>\$ 19,383,000</b>	<b>\$ (2,023,000)</b>	<b>\$ 19,806,000</b>	<b>\$ 423,000</b>	<b>2.2%</b>

<sup>1</sup> See Section V

## ADMINISTRATION DEPARTMENT [\(p.#39\)](#)

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.

<b>Administration Department</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
<b>STAFFING</b>						
Salaries	\$ 612,000	\$ 477,000	\$ (135,000)	\$ 556,000	\$ 79,000	16.6%
Fringe Benefits	337,000	282,000	(55,000)	331,000	49,000	17.4%
<b>Staffing Total</b>	<b>949,000</b>	<b>759,000</b>	<b>(190,000)</b>	<b>887,000</b>	<b>128,000</b>	<b>16.9%</b>
<b>STAFF DEVELOPMENT</b>	<b>89,000</b>	<b>76,000</b>	<b>(13,000)</b>	<b>62,000</b>	<b>(14,000)</b>	<b>-18.4%</b>
<b>PROFESSIONAL FEES</b>						
Actuarial Fees	360,000	360,000	-	408,000	48,000	13.3%
Consultant Fees	11,000	1,000	(10,000)	-	(1,000)	-100.0%
<b>Professional Fees Total</b>	<b>371,000</b>	<b>361,000</b>	<b>(10,000)</b>	<b>408,000</b>	<b>47,000</b>	<b>13.0%</b>
<b>OFFICE EXPENSE</b>						
Miscellaneous Administrative	25,000	19,000	(6,000)	27,000	8,000	42.1%
Building Expenses	54,000	54,000	-	53,000	(1,000)	-1.9%
Communications	160,000	107,000	(53,000)	113,000	6,000	5.6%
Equipment Lease & Maintenance	89,000	79,000	(10,000)	72,000	(7,000)	-8.9%
Minor Furniture & Equipment	5,000	3,000	(2,000)	3,000	-	0.0%
Office Supplies & Maintenance	83,000	82,000	(1,000)	95,000	13,000	15.9%
Printing & Postage	28,000	28,000	-	28,000	-	0.0%
<b>Office Expense Total</b>	<b>444,000</b>	<b>372,000</b>	<b>(72,000)</b>	<b>391,000</b>	<b>19,000</b>	<b>5.1%</b>
<b>INSURANCE</b>	<b>1,326,000</b>	<b>1,220,000</b>	<b>(106,000)</b>	<b>1,278,000</b>	<b>58,000</b>	<b>4.8%</b>
<b>SYSTEMS</b>						
County Data Processing	92,000	93,000	1,000	94,000	1,000	1.1%
<b>Systems Total</b>	<b>92,000</b>	<b>93,000</b>	<b>1,000</b>	<b>94,000</b>	<b>1,000</b>	<b>1.1%</b>
<b>BOARD OF RETIREMENT</b>						
Board Conferences & Miscellaneous Activity	614,000	534,000	(80,000)	628,000	94,000	17.6%
<b>UNCOLLECTABLE BENEFIT PAYMENTS</b>	<b>54,000</b>	<b>54,000</b>	<b>-</b>	<b>30,000</b>	<b>(24,000)</b>	<b>-44.4%</b>
<b>TOTAL CONTROLLABLE EXPENSES</b>	<b>3,939,000</b>	<b>3,469,000</b>	<b>(470,000)</b>	<b>3,778,000</b>	<b>309,000</b>	<b>8.9%</b>
<b>DEPRECIATION</b>						
Depreciation Expense	169,000	165,000	(4,000)	126,000	(39,000)	-23.6%
<b>GRAND TOTAL</b>	<b>\$ 4,108,000</b>	<b>\$ 3,634,000</b>	<b>\$ (474,000)</b>	<b>\$ 3,904,000</b>	<b>\$ 270,000</b>	<b>7.4%</b>

**Administration Department - Variance Narrative  
2018 Approved Budget vs. 2017 Forecast**

	<b>Variance Over/(Under)</b>
<b>STAFFING</b>	
• Full year pay for new CEO, defunded ACEO position and hiring of Administrative Specialist II including fringe benefits	\$ 68,000
• SEIU, ACME and unrepresented COLA and merit increases including fringe benefits	37,000
• Increase in fringe benefit rates	23,000
<b>Sub-Total</b>	<b>128,000</b>
<b>STAFF DEVELOPMENT</b>	
• Net decrease in training and conference	(14,000)
<b>Sub-Total</b>	<b>(14,000)</b>
<b>PROFESSIONAL FEES</b>	
• Increase in actuarial fees for new contract rates for valuations and hourly services	48,000
• Consulting fees for Strategic business plan goals (Core Values)	(1,000)
<b>Sub-Total</b>	<b>47,000</b>
<b>OFFICE EXPENSE</b>	
• Increases included office supplies and maintenance, equipment maintenance and leasing, and miscellaneous building expenses.	13,000
• Increase in Miscellaneous Administration expenses due to initiation of onboarding project and notary expense offset by minor reduction in other fees.	7,000
• Increase in Communications due to completion of prior year reimbursement	6,000
• Decrease in equipment lease and maintenance	(7,000)
<b>Sub-Total</b>	<b>19,000</b>
<b>INSURANCE</b>	
• 12% increase in Employer Liability (Risk Management) provided by the County	88,000
• 2% decrease in total premiums provided by Arthur Gallagher	(6,000)
• 9% decrease in Workers Compensation provided by the County	(24,000)
<b>Sub-Total</b>	<b>58,000</b>
<b>SYSTEMS</b>	
• Slight increase in County IT charges	1,000
<b>Sub-Total</b>	<b>1,000</b>
<b>BOARD OF RETIREMENT</b>	
• Cost of 2018 Board Election	65,000
• Increase in Board Conference and Training expenses	34,000
• Increase in compensation, postage and miscellaneous activities	15,000
• Decrease in Board Employer Reimbursement	(20,000)
<b>Sub-Total</b>	<b>94,000</b>
<b>UNCOLLECTABLE BENEFIT PAYMENTS</b>	
• Write off of uncollectable benefit payments which are five years or older	(24,000)
<b>Sub-Total</b>	<b>(24,000)</b>
<b>DEPRECIATION EXPENSE</b>	
• Increase in depreciation for new security camera/intercom system	4,000
• Decrease due to full depreciation of EDMS and computer hardware	(16,000)
• Decrease in depreciation of equipment	(27,000)
<b>Sub-Total</b>	<b>(39,000)</b>
<b>Total Over/(Under)</b>	<b>\$ 270,000</b>

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

Variance Over/(Under)

**STAFFING**

• Decrease in salaries and fringe benefits result of defunding ACEO position and transferring Supply Clerk II and temporary transfer of Administrative Assistant to PRISM and Legal departments, respectively; Hiring of Administrative Specialist II at less than budgeted salary.	\$	(155,000)
• SEIU, ACME and unrepresented COLA offset by merit increases including fringe benefits		(10,000)
• Decrease in fringed benefit rate		(25,000)
	<b>Sub-Total</b>	<b>(190,000)</b>

**STAFF DEVELOPMENT**

• Decrease is primarily from defunding ACEO position and staff reduction.		(13,000)
	<b>Sub-Total</b>	<b>(13,000)</b>

**PROFESSIONAL FEES**

• Decrease in contingency fees		(10,000)
	<b>Sub-Total</b>	<b>(10,000)</b>

**OFFICE EXPENSE**

• Decrease in usage of Alameda County Sheriff at BOR meetings		(6,000)
• Decrease in minor furniture and equipment and maintenance and office supplies and maintenance		(13,000)
• Decrease in Communications expenses result of continuing credits from prior years on the California CN3 contract.		(53,000)
	<b>Sub-Total</b>	<b>(72,000)</b>

**INSURANCE**

• Increase primarily in Commercial and Fiduciary Liability from Arthur Gallagher		30,000
• Decrease in Workers Compensation through County		(85,000)
• Decrease in Employer Liability through County		(51,000)
	<b>Sub-Total</b>	<b>(106,000)</b>

**SYSTEMS**

• Slight increase in County Information Processing due to additional usage and costs.		1,000
	<b>Sub-Total</b>	<b>1,000</b>

**BOARD OF RETIREMENT**

• Board Offsite increase due to actuarial presentation		14,000
• Board Compensation - decrease in meeting attendance		(1,000)
• Decrease in Board Postage/Printing and Miscellaneous		(3,000)
• Board Conference and Training - fewer Trustees attended Milken and other conferences than planned		(33,000)
• Board Elected Employer Reimbursement due to decreases in merit, COLA		(57,000)
	<b>Sub-Total</b>	<b>(80,000)</b>

**DEPRECIATION EXPENSE**

• Computer Hardware and Software depreciable assets not fully amortized		(4,000)
	<b>Sub-Total</b>	<b>(4,000)</b>

**Total Over/(Under) \$ (474,000)**

<b>Administration Department Professional Fees</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Forecast Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
<b>Consultant Fees</b>						
Contingency Fees	\$ 11,000	\$ 1,000	\$ (10,000)	\$ -	(1,000)	-100.0%
<b>Actuarial Fees</b>						
Actuarial Valuation	76,000	76,000	-	73,000	(3,000)	-3.9%
GASB 67 & 68	50,000	50,000	-	45,000	(5,000)	-10.0%
GASB 74 & 75	-	-	-	13,000	13,000	100.0%
SRBR Valuation	38,000	38,000	-	39,000	1,000	2.6%
Supplemental Consulting	196,000	196,000	-	238,000	42,000	21.4%
<b>Sub-Total</b>	<b>360,000</b>	<b>360,000</b>	<b>-</b>	<b>408,000</b>	<b>48,000</b>	<b>13.3%</b>
<b>ADMINISTRATION Total</b>	<b>\$ 371,000</b>	<b>\$ 361,000</b>	<b>\$ (10,000)</b>	<b>\$ 408,000</b>	<b>\$ 47,000</b>	<b>13.0%</b>

**BENEFITS DEPARTMENT** *(p.#39)*

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

<b>Benefits Department</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
<b>STAFFING</b>						
Salaries	\$ 3,095,000	\$ 2,610,000	\$ (485,000)	\$ 2,808,000	\$ 198,000	7.6%
Fringe Benefits	2,044,000	1,653,000	(391,000)	1,812,000	159,000	9.6%
Temporary Staff	90,000	356,000	266,000	140,000	(216,000)	-60.7%
<b>Staffing Total</b>	<b>5,229,000</b>	<b>4,619,000</b>	<b>(610,000)</b>	<b>4,760,000</b>	<b>141,000</b>	<b>3.1%</b>
<b>STAFF DEVELOPMENT</b>	<b>132,000</b>	<b>142,000</b>	<b>10,000</b>	<b>135,000</b>	<b>(7,000)</b>	<b>-4.9%</b>
<b>PROFESSIONAL FEES</b>	<b>302,000</b>	<b>288,000</b>	<b>(14,000)</b>	<b>271,000</b>	<b>(17,000)</b>	<b>-5.9%</b>
<b>MEMBER SERVICES</b>						
Benefit Verification	4,000	5,000	1,000	5,000	-	0.0%
Disability - Medical Expense	184,000	174,000	(10,000)	114,000	(60,000)	-34.5%
Disability Claims Management	33,000	22,000	(11,000)	46,000	24,000	109.1%
Health Reimburs.Account (HRA)	64,000	59,000	(5,000)	60,000	1,000	1.7%
Member Training & Education	25,000	24,000	(1,000)	16,000	(8,000)	-33.3%
Printing & Postage - Members	168,000	137,000	(31,000)	139,000	2,000	1.5%
<b>Member Services Total</b>	<b>478,000</b>	<b>421,000</b>	<b>(57,000)</b>	<b>380,000</b>	<b>(41,000)</b>	<b>-9.7%</b>
<b>SYSTEMS</b>						
Software Maint./Support	432,000	428,000	(4,000)	485,000	57,000	13.3%
<b>Systems Total</b>	<b>432,000</b>	<b>428,000</b>	<b>(4,000)</b>	<b>485,000</b>	<b>57,000</b>	<b>13.3%</b>
<b>GRAND TOTAL</b>	<b>\$ 6,573,000</b>	<b>\$ 5,898,000</b>	<b>\$ (675,000)</b>	<b>\$ 6,031,000</b>	<b>\$ 133,000</b>	<b>2.3%</b>



**Benefits Department - Variance Narrative  
2018 Approved Budget vs. 2017 Forecast**

	<b>Variance Over/(Under)</b>
<b>STAFFING</b>	
• Changes to Benefits includes converting vacant Assistant Benefit Manager position to additional Administrative Specialist II, hiring an additional long term temporary and fill all vacant positions	\$ 110,000
• Increases due to ACME, Unrepresented and July 2018 SEIU COLA, merit increases, footnotes and vacation sell back including fringe benefits	45,000
• Decrease in fringe benefit rates	(14,000)
<b>Sub-Total</b>	<b>141,000</b>
<b>STAFF DEVELOPMENT</b>	
• Increase in staff training	4,000
• Decrease in recruiting costs due to strong push to fill all vacancies in 2017	(11,000)
<b>Sub-Total</b>	<b>(7,000)</b>
<b>PROFESSIONAL FEES</b>	
• Decreases in Keenan fees for annual contract and Graphic Designer contract were offset by second Keenan contract to write health insurance RFP.	(17,000)
<b>Sub-Total</b>	<b>(17,000)</b>
<b>MEMBER SERVICES</b>	
• Increase result of Managed Medical Review Organization implementation	24,000
• Minimal increase in printing, postage and HRA	1,000
• Decrease in number of newsletters from two to three, offset by reduction in member training	(6,000)
• Decrease in Medical disabilities due more efficient handling by MMRO	(60,000)
<b>Sub-Total</b>	<b>(41,000)</b>
<b>SYSTEMS</b>	
• Increase in LRS workflows and program enhancements for WMS	57,000
<b>Sub-Total</b>	<b>57,000</b>
<b>Total Over/(Under)</b>	<b>\$ 133,000</b>

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

Variance Over/(Under)

**STAFFING**

• Increase in vacancies (one Assistant Benefit Manager, one Administrative Specialist, one Graphic Designer and 4-6 Retirement Specialists(RS) and Retirement Support Specialists (RSS) positions) throughout most of 2017. The RS and RSS positions were offset by temporary staff.	\$	(485,000)
• SEIU, ACME and Unrepresented COLA, merit increases, footnotes and vacation sell back including fringe benefits.		(38,000)
• Reduction of fringe benefit rate		(80,000)
• Overtime not required		(7,000)
	<b>Sub-Total</b>	<b>(610,000)</b>

**STAFF DEVELOPMENT**

• Increase due to recruitment expenses for agency.		10,000
	<b>Sub-Total</b>	<b>10,000</b>

**PROFESSIONAL FEES**

• Decrease in Keenan contract basic services agreement.		(14,000)
	<b>Sub-Total</b>	<b>(14,000)</b>

**MEMBER SERVICES**

• Decrease in HRA fees		(5,000)
• Increased backlog in medical cases impacts both estimated setup MMRO and medical fees.		(21,000)
• Decrease in newsletters and cost of member training		(31,000)
	<b>Sub-Total</b>	<b>(57,000)</b>

**SYSTEMS**

• Delay in LRS modifications to WMS		(4,000)
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**Total Over/(Under) \$ (675,000)**

<b>Benefits Department Professional Fees</b>		<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
Benefits Consultant/Open Enrollment	\$	126,000	\$ 126,000	\$ -	\$ 145,000	\$ 19,000	15.1%
County Retirees Medical (Benefit Consultant)		126,000	126,000	-	126,000	-	0.0%
Consultant Fees		50,000	36,000	(14,000)	-	(36,000)	-100.0%
<b>BENEFITS Total</b>	<b>\$</b>	<b>302,000</b>	<b>\$ 288,000</b>	<b>\$ (14,000)</b>	<b>\$ 271,000</b>	<b>\$ (17,000)</b>	<b>-5.9%</b>

## FISCAL SERVICES DEPARTMENT (p.#39)

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	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
<b>STAFFING</b>						
Salaries	\$ 1,380,000	\$ 1,366,000	\$ (14,000)	\$ 1,418,000	\$ 52,000	3.8%
Fringe Benefits	768,000	722,000	(46,000)	738,000	16,000	2.2%
<b>Staffing Total</b>	<b>2,148,000</b>	<b>2,088,000</b>	<b>(60,000)</b>	<b>2,156,000</b>	<b>68,000</b>	<b>3.3%</b>
<b>STAFF DEVELOPMENT</b>	<b>96,000</b>	<b>55,000</b>	<b>(41,000)</b>	<b>54,000</b>	<b>(1,000)</b>	<b>-1.8%</b>
<b>PROFESSIONAL FEES</b>						
External Audit	145,000	145,000	-	146,000	1,000	0.7%
<b>Professional Fees Total</b>	<b>145,000</b>	<b>145,000</b>	<b>-</b>	<b>146,000</b>	<b>1,000</b>	<b>0.7%</b>
<b>OFFICE EXPENSE</b>						
Bank Charges	132,000	126,000	(6,000)	114,000	(12,000)	-9.5%
<b>Office Expense Total</b>	<b>132,000</b>	<b>126,000</b>	<b>(6,000)</b>	<b>114,000</b>	<b>(12,000)</b>	<b>-9.5%</b>
<b>SYSTEMS</b>						
Software Maint./Support	79,000	49,000	(30,000)	78,000	29,000	59.2%
<b>Systems Total</b>	<b>79,000</b>	<b>49,000</b>	<b>(30,000)</b>	<b>78,000</b>	<b>29,000</b>	<b>59.2%</b>
<b>GRAND TOTAL</b>	<b>\$ 2,600,000</b>	<b>\$ 2,463,000</b>	<b>\$ (137,000)</b>	<b>\$ 2,548,000</b>	<b>\$ 85,000</b>	<b>3.5%</b>

### Fiscal Services Department - Variance Narrative 2018 Approved Budget vs. 2017 Forecast

	Variance Over/(Under)
<b>STAFFING</b>	
<ul style="list-style-type: none"> <li>Increase in vacation sell back, unpaid leave of three employees in 2017 and turnover in one of the Assistant Retirement Accounting Managers</li> <li>Decrease in Fringe Benefit rates</li> </ul>	\$ 80,000 (12,000)
<b>Sub-Total</b>	<b>68,000</b>
<b>STAFF DEVELOPMENT</b>	
<ul style="list-style-type: none"> <li>Increase in professional dues such as GFOA and CA CPA</li> <li>Decrease from reduced spending on PG Users Conference, GFOA Conference, etc.</li> </ul>	1,000 (2,000)
<b>Sub-Total</b>	<b>(1,000)</b>
<b>PROFESSIONAL FEES</b>	
<ul style="list-style-type: none"> <li>Increase in GASB audit fees (74/75)</li> </ul>	1,000
<b>Sub-Total</b>	<b>1,000</b>
<b>OFFICE EXPENSE</b>	
<ul style="list-style-type: none"> <li>Decrease in bank fees reflects new bank agreement for commercial credit cards which provides ACERA with a rebate.</li> </ul>	(12,000)
<b>Sub-Total</b>	<b>(12,000)</b>
<b>SYSTEMS</b>	
<ul style="list-style-type: none"> <li>Increase from purchase of budget software and additional maintenance for three-year contract</li> </ul>	29,000
<b>Sub-Total</b>	<b>29,000</b>
<b>Total Over/(Under)</b>	<b>\$ 85,000</b>

**Section IV: Departmental Operating Expense Budgets**  
(TOC p# III)

**Fiscal Services Department - Variance Narrative  
2017 Forecast vs. 2017 Budget**

		<b>Variance Over/(Under)</b>
<b>STAFFING</b>		
• Decrease in salaries due to unpaid employee leaves including fringe benefits.	\$	(25,000)
• SEIU, ACME, Unrepresented and SEIU COLA, merit increases and vacation sell backs including fringe benefits		2,000
• Decrease in Fringe Benefits rates		(39,000)
• Unbudgeted overtime due to employee leaves of absence		2,000
	<b>Sub-Total</b>	<b>(60,000)</b>
<b>STAFF DEVELOPMENT</b>		
• Decrease in professional dues and subscriptions		(6,000)
• Decrease in attendance at GFOA, Adaptive, SACRS and CALAPRS conferences and training due to changes in personnel, schedules and criteria for attendance		(35,000)
	<b>Sub-Total</b>	<b>(41,000)</b>
<b>OFFICE EXPENSE</b>		
• Decrease in banking fees as a result of commercial credit card implementation		(6,000)
	<b>Sub-Total</b>	<b>(6,000)</b>
<b>SYSTEMS</b>		
• Decrease in cost of Microsoft Dynamics support		(30,000)
	<b>Sub-Total</b>	<b>(30,000)</b>
<b>Total Over/(Under)</b>		<b>\$ (137,000)</b>

<b>Fiscal Services Department Professional Fees</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
External Audit	\$ 145,000	\$ 145,000	\$ -	\$ 135,000	\$ (10,000)	-6.9%
GASB 74 & 75	-	-	-	11,000	11,000	100.0%
<b>FISCAL SERVICES Total</b>	<b>\$ 145,000</b>	<b>\$ 145,000</b>	<b>\$ -</b>	<b>\$ 146,000</b>	<b>\$ 1,000</b>	<b>0.7%</b>

## HUMAN RESOURCES DEPARTMENT (p.#39)

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

Human Resources Department	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
<b>STAFFING</b>						
Salaries	\$ 333,000	\$ 331,000	\$ (2,000)	\$ 344,000	\$ 13,000	3.9%
Fringe Benefits	166,000	173,000	7,000	160,000	(13,000)	-7.5%
<b>Staffing Total</b>	<b>499,000</b>	<b>504,000</b>	<b>5,000</b>	<b>504,000</b>	<b>-</b>	<b>0.0%</b>
<b>STAFF DEVELOPMENT</b>	<b>39,000</b>	<b>26,000</b>	<b>(13,000)</b>	<b>22,000</b>	<b>(4,000)</b>	<b>-15.4%</b>
<b>PROFESSIONAL FEES</b>	<b>77,000</b>	<b>77,000</b>	<b>-</b>	<b>77,000</b>	<b>-</b>	<b>0.0%</b>
<b>OFFICE EXPENSE</b>						
Ergo. Furniture & Equipment	25,000	22,000	(3,000)	25,000	3,000	13.6%
<b>Office Expense Total</b>	<b>25,000</b>	<b>22,000</b>	<b>(3,000)</b>	<b>25,000</b>	<b>3,000</b>	<b>13.6%</b>
<b>GRAND TOTAL</b>	<b>\$ 640,000</b>	<b>\$ 629,000</b>	<b>\$ (11,000)</b>	<b>\$ 628,000</b>	<b>\$ (1,000)</b>	<b>-0.2%</b>

### Human Resources Department - Variance Narrative 2018 Approved Budget vs. 2017 Forecast

	Variance Over/(Under)
<b>STAFF DEVELOPMENT</b>	
• Decrease in-house training for ACERA staff	\$ (4,000)
<b>Sub-total</b>	<b>(4,000)</b>
<b>OFFICE EXPENSE</b>	
• Increase in ergonomics furniture and equipment requirements	3,000
<b>Sub-total</b>	<b>3,000</b>
<b>Total Over/(Under)</b>	<b>\$ (1,000)</b>

### Human Resources Department - Variance Narrative 2017 Forecast vs. 2017 Budget

	Variance Over/(Under)
<b>STAFFING</b>	
• Decrease in COLA and employee leave including fringe benefits	\$ (2,000)
• Increase in fringe benefit rate	7,000
<b>Sub-total</b>	<b>5,000</b>
<b>STAFF DEVELOPMENT</b>	
• Decrease in professional dues and online reference checks	(3,000)
• Decrease in ACERA in-house training and HR Department Performance Management	(10,000)
<b>Sub-total</b>	<b>(13,000)</b>
<b>OFFICE EXPENSE</b>	
• Decreased spending on Ergonomic Furniture and Equipment	(3,000)
<b>Sub-total</b>	<b>(3,000)</b>
<b>Total Over/(Under)</b>	<b>\$ (11,000)</b>

Human Resources Department Professional Fees	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
Consultant Fees - Lakeside Group	\$ 77,000	\$ 77,000	\$ -	\$ 77,000	\$ -	0.0%
<b>Human Resources Total</b>	<b>\$ 77,000</b>	<b>\$ 77,000</b>	<b>\$ -</b>	<b>\$ 77,000</b>	<b>\$ -</b>	<b>0.0%</b>

## INTERNAL AUDIT DEPARTMENT (p.#39)

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	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
<b>STAFFING</b>						
Salaries	\$ 469,000	\$ 391,000	\$ (78,000)	\$ 411,000	\$ 20,000	5.1%
Fringe Benefits	215,000	185,000	(30,000)	165,000	(20,000)	-10.8%
<b>Staffing Total</b>	<b>684,000</b>	<b>576,000</b>	<b>(108,000)</b>	<b>576,000</b>	<b>-</b>	<b>0.0%</b>
<b>STAFF DEVELOPMENT</b>	<b>32,000</b>	<b>26,000</b>	<b>(6,000)</b>	<b>27,000</b>	<b>1,000</b>	<b>3.8%</b>
<b>PROFESSIONAL FEES</b>	<b>6,000</b>	<b>6,000</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>0.0%</b>
<b>SYSTEMS</b>						
Software Maint./Support	2,000	2,000	-	2,000	-	0.0%
<b>Systems Total</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>-</b>	<b>0.0%</b>
<b>GRAND TOTAL</b>	<b>\$ 724,000</b>	<b>\$ 610,000</b>	<b>\$ (114,000)</b>	<b>\$ 611,000</b>	<b>\$ 1,000</b>	<b>0.2%</b>

### Internal Audit Department - Variance Narrative 2018 Approved Budget vs. 2017 Forecast

	Variance Over/(Under)
<b>STAFF DEVELOPMENT</b>	
• Slight increase in Senior Management Training/Conferences	\$ 1,000
<b>Sub-Total</b>	<b>1,000</b>
<b>Total Over/(Under)</b>	<b>\$ 1,000</b>

### Internal Audit Department - Variance Narrative 2017 Forecast vs. 2017 Budget

	Variance Over/(Under)
<b>STAFFING</b>	
• Defunded one Internal Auditor position	\$ (116,000)
• Unrepresented COLA and vacation sell back offset by merit increases.	1,000
• Increase in Fringe Benefit	7,000
<b>Sub-Total</b>	<b>(108,000)</b>
<b>STAFF DEVELOPMENT</b>	
• Decrease attendance due to defunded position	(6,000)
<b>Sub-Total</b>	<b>(6,000)</b>
<b>Total Over/(Under)</b>	<b>\$ (114,000)</b>

### Internal Audit Department Professional Fees

	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
Technology Consulting	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	100.0%
Internal Audit Quality Assurance	6,000	6,000	-	3,000	(3,000)	-50.0%
<b>Internal Audit Total</b>	<b>\$ 6,000</b>	<b>\$ 6,000</b>	<b>\$ -</b>	<b>\$ 6,000</b>	<b>\$ -</b>	<b>0.0%</b>

## INVESTMENT DEPARTMENT (p.#39)

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

<b>Investment Department</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
<b>STAFFING</b>						
Salaries	\$ 1,184,000	\$ 1,159,000	\$ (25,000)	\$ 1,234,000	\$ 75,000	6.5%
Fringe Benefits	556,000	545,000	(11,000)	536,000	(9,000)	-1.7%
<b>Staffing Total</b>	<b>1,740,000</b>	<b>1,704,000</b>	<b>(36,000)</b>	<b>1,770,000</b>	<b>66,000</b>	<b>3.9%</b>
<b>STAFF DEVELOPMENT</b>	<b>94,000</b>	<b>72,000</b>	<b>(22,000)</b>	<b>71,000</b>	<b>(1,000)</b>	<b>-1.4%</b>
<b>GRAND TOTAL</b>	<b>\$ 1,834,000</b>	<b>\$ 1,776,000</b>	<b>\$ (58,000)</b>	<b>\$ 1,841,000</b>	<b>\$ 65,000</b>	<b>3.7%</b>

<b>Investment Department - Variance Narrative 2018 Approved Budget vs. 2017 Forecast</b>		<b>Variance Over/(Under)</b>
<b>STAFFING</b>		
• ACME and unrepresented, COLA, merit increases and vacation sellbacks including fringe benefits	\$	68,000
• Decrease in Fringe Benefits		(2,000)
	<b>Sub-Total</b>	<b>66,000</b>
<b>STAFF DEVELOPMENT</b>		
• Slight decrease in training and conferences		(1,000)
	<b>Sub-Total</b>	<b>(1,000)</b>
	<b>Total Over/(Under)</b>	<b>\$ 65,000</b>

<b>Investment Department - Variance Narrative 2017 Forecast vs. 2017 Budget</b>		<b>Variance Over/(Under)</b>
<b>STAFFING</b>		
• Net decrease of hiring of Administrative Support Specialist below budget and delay in processing reduced merit increases	\$	(12,000)
• COLA for ACME and unrepresented, merit increases and vacation sellbacks		(24,000)
	<b>Sub-Total</b>	<b>(36,000)</b>
<b>STAFF DEVELOPMENT</b>		
• Decrease in AMA and other classes		(17,000)
• Decrease in Professional dues		(5,000)
	<b>Sub-Total</b>	<b>(22,000)</b>
	<b>Total Over/(Under)</b>	<b>\$ (58,000)</b>

## LEGAL DEPARTMENT [\(p.#39\)](#)

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

Legal Department	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
<b>STAFFING</b>						
Salaries	\$ 1,037,000	\$ 916,000	\$ (121,000)	\$ 1,016,000	\$ 100,000	10.9%
Fringe Benefits	441,000	392,000	(49,000)	376,000	(16,000)	-4.1%
<b>Staffing Total</b>	<b>1,478,000</b>	<b>1,308,000</b>	<b>(170,000)</b>	<b>1,392,000</b>	<b>84,000</b>	<b>6.4%</b>
<b>STAFF DEVELOPMENT</b>	<b>92,000</b>	<b>92,000</b>	<b>-</b>	<b>88,000</b>	<b>(4,000)</b>	<b>-4.3%</b>
<b>PROFESSIONAL FEES</b>	<b>287,000</b>	<b>263,000</b>	<b>(24,000)</b>	<b>229,000</b>	<b>(34,000)</b>	<b>-12.9%</b>
<b>DISABILITY ARBITRATION &amp; TRANSCRIPTS</b>	<b>90,000</b>	<b>38,000</b>	<b>(52,000)</b>	<b>53,000</b>	<b>15,000</b>	<b>39.5%</b>
<b>SYSTEMS</b>						
Software Maint./Support	19,000	19,000	-	20,000	1,000	5.3%
<b>Systems Total</b>	<b>19,000</b>	<b>19,000</b>	<b>-</b>	<b>20,000</b>	<b>1,000</b>	<b>5.3%</b>
<b>GRAND TOTAL</b>	<b>\$ 1,966,000</b>	<b>\$ 1,720,000</b>	<b>\$ (246,000)</b>	<b>\$ 1,782,000</b>	<b>\$ 62,000</b>	<b>3.6%</b>

Legal Department - Variance Narrative 2018 Approved Budget vs. 2017 Forecast	Variance Over/(Under)
<b>STAFFING</b>	
<ul style="list-style-type: none"> <li>Increase result of hiring Chief Counsel and Administrative Specialist II positions in mid-2017. The increase is offset by transfers of Administrative Assistant back Administration including fringe benefits</li> <li>COLA and merit increases including fringe benefits</li> <li>Decrease in fringe benefit rate</li> </ul>	<p>\$ 128,000</p> <p>24,000</p> <p>(68,000)</p> <hr/> <p><b>Sub-Total 84,000</b></p>
<b>STAFF DEVELOPMENT</b>	
<ul style="list-style-type: none"> <li>Decrease in training and conference</li> <li>Decrease in professional dues and subscriptions</li> </ul>	<p>(3,000)</p> <p>(1,000)</p> <hr/> <p><b>Sub-Total (4,000)</b></p>
<b>PROFESSIONAL FEES</b>	
<ul style="list-style-type: none"> <li>Decrease in fiduciary, tax and employment litigation offset by reduction in contingency</li> </ul>	<p>(34,000)</p> <hr/> <p><b>Sub-Total (34,000)</b></p>
<b>DISABILITY-LEGAL TRANSCRIPTS</b>	
<ul style="list-style-type: none"> <li>Number of cases expected to increase compared to prior year</li> </ul>	<p>15,000</p> <hr/> <p><b>Sub-Total 15,000</b></p>
<b>SYSTEMS</b>	
<ul style="list-style-type: none"> <li>Slight increase in cost of Ariba software</li> </ul>	<p>1,000</p> <hr/> <p><b>Sub-Total 1,000</b></p>
<b>Total Over/(Under) \$ 62,000</b>	



**Legal Department - Variance Narrative  
2017 Forecast vs. 2017 Budget**

Variance Over/(Under)

**STAFFING**

• Delay in hiring Chief Counsel and Administrative Specialist II positions offset by transfer-in of Administrative Assistant from Administration including fringe benefits	\$	(176,000)
• COLA and merit increases including fringe benefits		3,000
• Slight increase in fringe benefit rate		3,000
<b>Sub-Total</b>		<b>(170,000)</b>

**PROFESSIONAL FEES**

• Mid-year hiring of Chief Counsel reduced the need for fiduciary oversight for second half 2017		(24,000)
<b>Sub-Total</b>		<b>(24,000)</b>

**DISABILITY-LEGAL TRANSCRIPTS**

• Decrease due to delays by AAA in processing case load		(52,000)
<b>Sub-Total</b>		<b>(52,000)</b>

**Total Over/(Under) \$ (246,000)**

Legal Department Professional Fees	2017		2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)	% Change
	Budget	Forecast				
Employment Litigation and Securities	\$ 66,000	\$ 89,000	\$ 23,000	\$ 66,000	\$ (23,000)	-25.8%
Fiduciary	161,000	130,000	(31,000)	121,000	(9,000)	-6.9%
Tax and Benefit Issues	60,000	44,000	(16,000)	42,000	(2,000)	-4.5%
<b>Legal Total</b>	<b>\$ 287,000</b>	<b>\$ 263,000</b>	<b>\$ (24,000)</b>	<b>\$ 229,000</b>	<b>\$ (34,000)</b>	<b>-12.9%</b>

**PRISM DEPARTMENT** (p.#39)

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

<b>PRISM Department</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
<b>STAFFING</b>						
Salaries	\$ 1,132,000	\$ 994,000	\$ (138,000)	\$ 1,172,000	\$ 178,000	17.9%
Fringe Benefits	615,000	608,000	(7,000)	629,000	21,000	3.5%
Temporary Staff	6,000	5,000	(1,000)	-	(5,000)	-100.0%
<b>Staffing Total</b>	<b>1,753,000</b>	<b>1,607,000</b>	<b>(146,000)</b>	<b>1,801,000</b>	<b>194,000</b>	<b>12.1%</b>
<b>STAFF DEVELOPMENT</b>	<b>107,000</b>	<b>82,000</b>	<b>(25,000)</b>	<b>81,000</b>	<b>(1,000)</b>	<b>-1.2%</b>
<b>PROFESSIONAL SERVICES</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>(25,000)</b>	<b>-100.0%</b>
<b>SYSTEMS</b>						
Business Continuity Expenses	121,000	118,000	(3,000)	157,000	39,000	33.1%
Computer Maintenance	18,000	18,000	-	21,000	3,000	16.7%
Minor Computer Hardware	32,000	20,000	(12,000)	32,000	12,000	60.0%
Software Maint.& Support	177,000	155,000	(22,000)	158,000	3,000	1.9%
<b>Systems Total</b>	<b>348,000</b>	<b>311,000</b>	<b>(37,000)</b>	<b>368,000</b>	<b>57,000</b>	<b>18.3%</b>
<b>GRAND TOTAL</b>	<b>\$ 2,233,000</b>	<b>\$ 2,025,000</b>	<b>\$ (208,000)</b>	<b>\$ 2,250,000</b>	<b>\$ 225,000</b>	<b>11.1%</b>

<b>PRISM Department - Variance Narrative</b>		<b>Variance Over/(Under)</b>
<b>2018 Approved Budget vs. 2017 Forecast</b>		
<b>STAFFING</b>		
• Net increase in salaries due to hiring Administrative Specialist II and Retirement Tech Officer, promotions, offset by temporary staffing	\$	152,000
• Increase in unrepresented and ACME COLA, merit increases, footnotes, vacation sell backs		22,000
• Increase in fringe benefits		20,000
<b>Sub-Total</b>		<b>194,000</b>
<b>STAFF DEVELOPMENT</b>		
• Slight decrease in training		(1,000)
<b>Sub-Total</b>		<b>(1,000)</b>
<b>PROFESSIONAL FEES</b>		
• Reassessment of demand for project management consulting		(25,000)
<b>Sub-Total</b>		<b>(25,000)</b>
<b>SYSTEMS</b>		
• Increase in disaster recovery costs due to change in BCP vendor		39,000
• Increase in computer hardware including maintenance due to hiring of staff in late 2017		15,000
• Slight increase in software maintenance and support		3,000
<b>Sub-Total</b>		<b>57,000</b>
<b>Total Over/(Under)</b>		<b>\$ 225,000</b>

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

Variance Over/(Under)

STAFFING

• Decrease in salary and fringe benefits as a result of turnover of Administrative Specialist II position and Computer Network Analyst (the latter is result of internal promotion to Retirement Tech Officer) offset by temporary staffing.	\$	(113,000)
• Decrease in COLA, merit raises and vacation sell backs including fringe benefits		(27,000)
• Increase in fringe benefit rate		(6,000)
<b>Sub-Total</b>		<b>(146,000)</b>

STAFF DEVELOPMENT

• Decrease of in staff training for team building		(25,000)
<b>Sub-Total</b>		<b>(25,000)</b>

SYSTEMS

• Delay in transition to new vendors for BCP		(3,000)
• Decrease in computer hardware purchases due to hiring delays		(12,000)
• Decrease in software maintenance and support due to delays in data migration and update of EDMS		(22,000)
<b>Sub-Total</b>		<b>(37,000)</b>

**Total Over/(Under) \$ (208,000)**

<b>PRISM Department Professional Fees</b>		<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
Project Management Consulting	\$	25,000	\$ 25,000	\$ -	\$ -	\$ (25,000)	-100.0%
<b>PRISM Total</b>	<b>\$</b>	<b>25,000</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(25,000)</b>	<b>-100.0%</b>

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## **Section V**

### **Enterprise-wide Projects**

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## Section V

# Enterprise-wide Projects

<b>2017 Budgeted Projects<sup>1</sup> (\$ in thousands)</b>	<b>Actuarial Audit</b>	<b>Cyber-Security</b>	<b>Benefits Documentation</b>	<b>Database Migration</b>	<b>GASB</b>	<b>Improvement Methodology</b>	<b>Pension Administration System</b>	<b>Technology Enhancement</b>	<b>Web Member Services</b>	<b>Website Enhancements</b>	<b>Totals</b>
Staffing	\$ -	\$ -	\$ 90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90
Staff Development	-	14	-	-	-	112	-	-	-	-	126
Professional Fees											
Actuarial Audit	130	-	-	-	-	-	-	-	-	-	130
GASB 74 & 75 - Actuarial	-	-	-	-	50	-	-	-	-	-	50
GASB 74 & 75 - Audit	-	-	-	-	40	-	-	-	-	-	40
Pension Administration System	-	-	-	-	-	-	50	-	-	-	50
Website Enhancement	-	-	-	-	-	-	-	-	-	50	50
System											
Budget Software	-	-	-	-	-	-	-	12	-	-	12
Database Migration	-	-	-	110	-	-	-	-	-	-	110
EDMS Upgrade	-	-	-	-	-	-	-	60	-	-	60
Web Member Services	-	-	-	-	-	-	-	-	10	-	10
<b>Totals</b>	<b>\$ 130</b>	<b>\$ 14</b>	<b>\$ 90</b>	<b>\$ 110</b>	<b>\$ 90</b>	<b>\$ 112</b>	<b>\$ 50</b>	<b>\$ 72</b>	<b>\$ 10</b>	<b>\$ 50</b>	<b>\$ 728</b>

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

<b>2017 Projects Forecast (\$ in thousands)</b>	<b>Actuarial Audit</b>	<b>Cyber-Security</b>	<b>Benefits Documentation</b>	<b>Database Migration</b>	<b>GASB</b>	<b>Improvement Methodology</b>	<b>Pension Administration System</b>	<b>Technology Enhancement</b>	<b>Web Member Services</b>	<b>Website Enhancements</b>	<b>Totals</b>
Staffing	\$ -	\$ -	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70
Staff Development	-	10	-	-	-	95	-	-	-	-	105
Professional Fees											
Actuarial Audit	130	-	-	-	-	-	-	-	-	-	130
GASB 74 & 75 - Actuarial	-	-	-	-	50	-	-	-	-	-	50
GASB 74 & 75 - Audit	-	-	-	-	40	-	-	-	-	-	40
Pension Administration System	-	-	-	-	-	-	50	-	-	-	50
Website Enhancement	-	-	-	-	-	-	-	-	-	45	45
System											
Budget Software	-	-	-	-	-	-	-	7	-	-	7
Database Migration	-	-	-	84	-	-	-	-	-	-	84
EDMS Upgrade	-	-	-	-	-	-	-	40	-	-	40
Web Member Services	-	-	-	-	-	-	-	-	7	-	7
<b>Totals</b>	<b>\$ 130</b>	<b>\$ 10</b>	<b>\$ 70</b>	<b>\$ 84</b>	<b>\$ 90</b>	<b>\$ 95</b>	<b>\$ 50</b>	<b>\$ 47</b>	<b>\$ 7</b>	<b>\$ 45</b>	<b>\$ 628</b>

**Section V: Enterprise-wide Projects**  
(TOC p# III)

<b>2018 Approved Projects<sup>1</sup></b> <b>(\$ in thousands)</b>	<b>Cyber-Security</b>	<b>Cyber-Security Hardware/Software</b>	<b>Benefits Documentation</b>	<b>Database Migration</b>	<b>Improvement Methodology</b>	<b>Technology Enhancement</b>	<b>Web Member Services</b>	<b>Totals</b>
Staffing	\$ -	\$ -	\$ 48	\$ -	\$ -	\$ -	\$ -	\$ 48
Staff Development		14	-	-	5	-	-	19
Systems								
Budget Software	-	-	-	-	-	10	-	10
Cyber-Security Hardware/Software	-	8	-	-	-	-	-	8
Database Migration	-	-	-	110	-	-	-	110
Web Member Services	-	-	-	-	-	-	16	16
<b>Totals</b>	<b>\$ 14</b>	<b>\$ 8</b>	<b>\$ 48</b>	<b>\$ 110</b>	<b>\$ 5</b>	<b>\$ 10</b>	<b>\$ 16</b>	<b>\$ 211</b>

<b>Projects</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
Staffing	\$ 90,000	\$ 70,000	\$ (20,000)	\$ 48,000	\$ (22,000)	-31.4%
Staff Development	126,000	105,000	(21,000)	19,000	(86,000)	-81.9%
Professional Fees	320,000	315,000	(5,000)	-	(315,000)	-100.0%
Systems	192,000	138,000	(54,000)	144,000	6,000	4.3%
<b>Grand Total</b>	<b>\$ 728,000</b>	<b>\$ 628,000</b>	<b>\$ (100,000)</b>	<b>\$ 211,000</b>	<b>\$ (417,000)</b>	<b>-66.4%</b>

<b>Projects Professional Fees</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
Actuarial Audit	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ (130,000)	-100.0%
GASB	90,000	90,000	-	-	(90,000)	-100.0%
Pension Administration System	50,000	50,000	-	-	(50,000)	-100.0%
Website Enhancement	50,000	45,000	(5,000)	-	(45,000)	-100.0%
<b>Grand Total</b>	<b>\$ 320,000</b>	<b>\$ 315,000</b>	<b>\$ (5,000)</b>	<b>\$ -</b>	<b>\$ (315,000)</b>	<b>-100.0%</b>

<b>Projects System</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
Budget Software	\$ 12,000	\$ 7,000	\$ (5,000)	\$ 10,000	\$ 3,000	43%
Cybersecurity Hardware/Software	-	-	-	8,000	8,000	100%
Database Migration	110,000	84,000	(26,000)	110,000	26,000	31%
EDMS Upgrade	60,000	40,000	(20,000)	-	(40,000)	-100%
Web Member Services	10,000	7,000	(3,000)	16,000	9,000	100%
<b>Grand Total</b>	<b>\$ 192,000</b>	<b>\$ 138,000</b>	<b>\$ (54,000)</b>	<b>\$ 144,000</b>	<b>\$ 6,000</b>	<b>4%</b>



<b>Project -Variance Narrative 2018 Approved Budget vs. 2017 Forecast</b>		<b>Variance Over/(Under)</b>
<b>STAFFING</b>		
Temporary staff	\$	(22,000)
	<b>Sub-Total</b>	<b>(22,000)</b>
<b>STAFF DEVELOPMENT</b>		
Cybersecurity		4,000
Process Improvement Methodology		(90,000)
	<b>Sub-Total</b>	<b>(86,000)</b>
<b>PROFESSIONAL FEES</b>		
Actuarial Audit		(130,000)
GASB 74 & 75		
Actuarial		(50,000)
Audit		(40,000)
Pension Admin. Sys. cost analysis		(50,000)
Web Site Enhancement		(45,000)
	<b>Sub-Total</b>	<b>(315,000)</b>
<b>System</b>		
Budget Software		3,000
Cybersecurity Hardware/Software		8,000
Data Migration		26,000
EDMS Upgrade		(40,000)
Web Member Services		9,000
	<b>Sub-Total</b>	<b>(6,000)</b>
<b>Total Over/(Under)</b>	<b>\$</b>	<b>(417,000)</b>

<b>Project - Variance Narrative 2017 Forecast vs. 2017 Budget</b>		<b>Variance Over/(Under)</b>
<b>STAFFING</b>		
Temporary staff for Benefits Documentation Project	\$	(20,000)
	<b>Sub-Total</b>	<b>(20,000)</b>
<b>STAFF DEVELOPMENT</b>		
Process Improvement Methodology		(17,000)
Cyber Security		(4,000)
	<b>Sub-Total</b>	<b>(21,000)</b>
<b>PROFESSIONAL FEES</b>		
Website Enhancement		(5,000)
	<b>Sub-Total</b>	<b>(5,000)</b>
<b>SYSTEMS</b>		
Technology Enhancement		(31,000)
EDMS Upgrade		(20,000)
Web Member Services		(3,000)
	<b>Sub-Total</b>	<b>(54,000)</b>
<b>Total Over/(Under)</b>	<b>\$</b>	<b>(100,000)</b>

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## **Section VI**

### **Administrative Budget**

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## Section VI :

# Administrative Budget

The Administrative Budget incorporates the limits of Section 31580.2 of the County Employees Act of 1937 whereby administrative expenses are “capped” at 0.21% of actuarially accrued liabilities. Pursuant to the relevant code sections, certain costs are excluded from the expense cap. Excluded costs include those associated with actuarial fees, business continuity planning (BCP), investments, legal, SRBR, and technology. Excludable expenses also include a pro rata portion of overhead expense attributable to excludable activities. In the 2018 administrative budget, ACERA is \$7.9 million under the cap limit of \$19.5 million.

<b>BCP EXPENSES BUDGET ALLOCATION</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>
<b>STAFFING</b>	\$ 256,000	\$ 234,000	\$ (22,000)	\$ 341,000	\$ 107,000
STAFF DEVELOPMENT	25,000	16,000	(9,000)	24,000	8,000
<b>PROFESSIONAL FEES</b>					
Consultant Fees - Operations	4,000	2,000	(2,000)	2,000	-
<b>OFFICE EXPENSE</b>					
Bank Charges & Miscellaneous Admin.	3,000	2,000	(1,000)	3,000	1,000
Building Expenses	2,000	1,000	(1,000)	1,000	-
Communications	3,000	2,000	(1,000)	3,000	1,000
Equipment Lease/Maintenance	2,000	1,000	(1,000)	2,000	1,000
Minor Furniture and Equipment	-	-	-	1,000	1,000
Office Supplies	2,000	2,000	-	2,000	-
Printing & Postage	1,000	-	(1,000)	1,000	1,000
<b>Office Expense Total</b>	<b>13,000</b>	<b>8,000</b>	<b>(5,000)</b>	<b>13,000</b>	<b>5,000</b>
<b>INSURANCE</b>	<b>24,000</b>	<b>21,000</b>	<b>(3,000)</b>	<b>32,000</b>	<b>11,000</b>
<b>SYSTEMS</b>					
Disaster Recovery & Business Continuity	121,000	118,000	(3,000)	165,000	47,000
<b>DEPRECIATION</b>					
Depreciation Expense - Technology	14,000	13,000	(1,000)	1,000	(12,000)
Depreciation Expense - Other	2,000	2,000	-	3,000	1,000
<b>Depreciation Total</b>	<b>16,000</b>	<b>15,000</b>	<b>(1,000)</b>	<b>4,000</b>	<b>(11,000)</b>
<b>GRAND TOTAL</b>	<b>\$ 459,000</b>	<b>\$ 414,000</b>	<b>\$ (45,000)</b>	<b>\$ 581,000</b>	<b>\$ 167,000</b>

**Section VI: Administrative Budget**  
(TOC p# III)

<b>INVESTMENT EXPENSES BUDGET ALLOCATION</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>
<b>STAFFING</b>					
Staffing - Direct	\$ 1,737,000	\$ 1,701,000	\$ (36,000)	\$ 1,768,000	\$ 67,000
Staffing - Indirect	659,000	596,000	(63,000)	683,000	87,000
<b>Staffing Total</b>	<b>2,396,000</b>	<b>2,297,000</b>	<b>(99,000)</b>	<b>2,451,000</b>	<b>154,000</b>
<b>STAFF DEVELOPMENT</b>	<b>186,000</b>	<b>139,000</b>	<b>(47,000)</b>	<b>138,000</b>	<b>(1,000)</b>
<b>PROFESSIONAL FEES</b>					
Consultant Fees - Operations	18,000	18,000	-	15,000	(3,000)
External Audit	46,000	46,000	-	37,000	(9,000)
<b>Professional Fees Total</b>	<b>64,000</b>	<b>64,000</b>	<b>-</b>	<b>52,000</b>	<b>(12,000)</b>
<b>OFFICE EXPENSE</b>					
Bank Charges & Miscellaneous Admin.	25,000	24,000	(1,000)	25,000	1,000
Building Expenses	8,000	9,000	1,000	9,000	-
Communications	25,000	18,000	(7,000)	20,000	2,000
Equipment Lease/Maintenance	14,000	13,000	(1,000)	13,000	-
Minor Furniture and Equipment	5,000	4,000	(1,000)	5,000	1,000
Office Supplies	13,000	13,000	-	17,000	4,000
Printing & Postage	7,000	5,000	(2,000)	5,000	-
<b>Office Expense Total</b>	<b>97,000</b>	<b>86,000</b>	<b>(11,000)</b>	<b>94,000</b>	<b>8,000</b>
<b>INSURANCE</b>	<b>209,000</b>	<b>200,000</b>	<b>(9,000)</b>	<b>226,000</b>	<b>26,000</b>
<b>DEPRECIATION</b>					
Depreciation Expense - Other	20,000	21,000	1,000	21,000	-
<b>Depreciation Total</b>	<b>20,000</b>	<b>21,000</b>	<b>1,000</b>	<b>21,000</b>	<b>-</b>
<b>BOARD OF RETIREMENT</b>					
Board Training & Miscellaneous Activity	154,000	134,000	(20,000)	157,000	23,000
<b>GRAND TOTAL</b>	<b>\$ 3,126,000</b>	<b>\$ 2,941,000</b>	<b>\$ (185,000)</b>	<b>\$ 3,139,000</b>	<b>\$ 198,000</b>

<b>LEGAL EXPENSES BUDGET ALLOCATION</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>
<b>STAFFING</b>	\$ 1,152,000	\$ 1,019,000	\$ (133,000)	\$ 985,000	\$ (34,000)
<b>STAFF DEVELOPMENT</b>	148,000	124,000	(24,000)	115,000	(9,000)
<b>PROFESSIONAL FEES</b>					
Consultant Fees - Operations	11,000	8,000	(3,000)	6,000	(2,000)
Consultant Fees - Legal	287,000	263,000	(24,000)	229,000	(34,000)
<b>Professional Fees Total</b>	<b>298,000</b>	<b>271,000</b>	<b>(27,000)</b>	<b>235,000</b>	<b>(36,000)</b>
<b>OFFICE EXPENSE</b>					
Bank Charges & Miscellaneous Admin.	15,000	11,000	(4,000)	10,000	(1,000)
Building Expenses	4,000	4,000	-	4,000	-
Communications	16,000	8,000	(8,000)	8,000	-
Equipment Lease/Maintenance	8,000	6,000	(2,000)	5,000	(1,000)
Minor Furniture and Equipment	3,000	2,000	(1,000)	2,000	-
Office Supplies	8,000	6,000	(2,000)	7,000	1,000
Printing & Postage	4,000	2,000	(2,000)	2,000	-
<b>Office Expense Total</b>	<b>58,000</b>	<b>39,000</b>	<b>(19,000)</b>	<b>38,000</b>	<b>(1,000)</b>
<b>INSURANCE</b>	<b>126,000</b>	<b>94,000</b>	<b>(32,000)</b>	<b>91,000</b>	<b>(3,000)</b>
<b>MEMBER SERVICES</b>					
Disability - Legal Arbitration & Transcripts	90,000	38,000	(52,000)	53,000	15,000
<b>SYSTEMS</b>					
Software Maintenance & Support	19,000	19,000	-	20,000	1,000
<b>DEPRECIATION</b>	<b>12,000</b>	<b>10,000</b>	<b>(2,000)</b>	<b>8,000</b>	<b>(2,000)</b>
<b>BOARD OF RETIREMENT</b>					
Board Training & Miscellaneous Activity	61,000	53,000	(8,000)	63,000	10,000
<b>GRAND TOTAL</b>	<b>\$ 1,964,000</b>	<b>\$ 1,667,000</b>	<b>\$ (297,000)</b>	<b>\$ 1,608,000</b>	<b>\$ (59,000)</b>

<b>SRBR EXPENSES BUDGET ALLOCATION</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>
<b>STAFFING</b>	\$ 784,000	\$ 708,000	\$ (76,000)	\$ 845,000	\$ 137,000
<b>PROFESSIONAL FEES</b>					
Actuarial - SRBR Valuation	38,000	38,000	-	39,000	1,000
Consultant Fees - SRBR	302,000	288,000	(14,000)	271,000	(17,000)
<b>Professional Fees Total</b>	<b>340,000</b>	<b>326,000</b>	<b>(14,000)</b>	<b>310,000</b>	<b>(16,000)</b>
<b>MEMBER SERVICES</b>					
Health Reimbursement Account (HRA)	64,000	59,000	(5,000)	60,000	1,000
Printing & Postage - Members	77,000	69,000	(8,000)	69,000	-
<b>Member Services Total</b>	<b>141,000</b>	<b>128,000</b>	<b>(13,000)</b>	<b>129,000</b>	<b>1,000</b>
<b>BOARD OF RETIREMENT</b>					
Board Training & Miscellaneous Activities	153,000	133,000	(19,000)	157,000	24,000
<b>UNCOLLECTABLE BENEFIT PAYMENTS</b>	<b>54,000</b>	<b>54,000</b>	<b>-</b>	<b>30,000</b>	<b>(24,000)</b>
<b>GRAND TOTAL</b>	<b>\$ 1,472,000</b>	<b>\$ 1,349,000</b>	<b>\$ (123,000)</b>	<b>\$ 1,471,000</b>	<b>\$ 122,000</b>

**Section VI: Administrative Budget**  
(TOC p# III)

<b>TECHNOLOGY EXPENSES BUDGET ALLOCATION</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>
<b>PROFESSIONAL FEES</b>					
Consultant Fees - Technology	\$ 100,000	\$ 95,000	\$ (5,000)	\$ -	\$ (95,000)
<b>SYSTEMS</b>					
Computer Hardware & Maintenance	50,000	40,000	(10,000)	53,000	13,000
County Data Processing	92,000	93,000	1,000	94,000	1,000
Software Maintenance & Support	882,000	770,000	(112,000)	859,000	89,000
<b>Systems Total</b>	<b>1,024,000</b>	<b>903,000</b>	<b>(121,000)</b>	<b>1,006,000</b>	<b>103,000</b>
<b>DEPRECIATION</b>	<b>28,000</b>	<b>23,000</b>	<b>(5,000)</b>	<b>8,000</b>	<b>(15,000)</b>
<b>GRAND TOTAL</b>	<b>\$ 1,152,000</b>	<b>\$ 1,021,000</b>	<b>\$ (131,000)</b>	<b>\$ 1,014,000</b>	<b>\$ (7,000)</b>

<b>ADMINISTRATIVE EXPENSES BUDGET ALLOCATION</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>
<b>STAFFING</b>	<b>\$ 9,982,000</b>	<b>\$ 8,977,000</b>	<b>\$ (1,005,000)</b>	<b>\$ 9,272,000</b>	<b>\$ 295,000</b>
<b>STAFF DEVELOPMENT</b>	<b>448,000</b>	<b>397,000</b>	<b>(51,000)</b>	<b>282,000</b>	<b>(115,000)</b>
<b>PROFESSIONAL FEES</b>					
Consultant Fees - Operations	86,000	81,000	(5,000)	60,000	(21,000)
External Audit	139,000	139,000	-	109,000	(30,000)
<b>Professional Fees Total</b>	<b>225,000</b>	<b>220,000</b>	<b>(5,000)</b>	<b>169,000</b>	<b>(51,000)</b>
<b>OFFICE EXPENSE</b>					
Bank Charges & Miscellaneous Admin.	114,000	108,000	(6,000)	103,000	(5,000)
Building Expenses	40,000	40,000	-	39,000	(1,000)
Communications	116,000	79,000	(37,000)	82,000	3,000
Equipment Lease/Maintenance	65,000	59,000	(6,000)	52,000	(7,000)
Minor Furniture and Equipment	22,000	19,000	(3,000)	20,000	1,000
Office Supplies	60,000	61,000	1,000	69,000	8,000
Printing & Postage	30,000	21,000	(9,000)	20,000	(1,000)
<b>Office Expense Total</b>	<b>447,000</b>	<b>387,000</b>	<b>(60,000)</b>	<b>385,000</b>	<b>(2,000)</b>
<b>INSURANCE</b>	<b>967,000</b>	<b>905,000</b>	<b>(62,000)</b>	<b>929,000</b>	<b>24,000</b>
<b>MEMBER SERVICES</b>					
Benefit Verification	4,000	5,000	1,000	5,000	-
Members Medical Expense	184,000	174,000	(10,000)	114,000	(60,000)
Disability Claims Management	33,000	22,000	(11,000)	46,000	24,000
Member Training & Education	25,000	24,000	(1,000)	16,000	(8,000)
Printing & Postage - Members	77,000	68,000	(9,000)	70,000	2,000
<b>Member Services Total</b>	<b>323,000</b>	<b>293,000</b>	<b>(30,000)</b>	<b>251,000</b>	<b>(42,000)</b>
<b>DEPRECIATION</b>	<b>93,000</b>	<b>96,000</b>	<b>3,000</b>	<b>85,000</b>	<b>(11,000)</b>
<b>BOARD OF RETIREMENT</b>					
<b>Board Training &amp; Miscellaneous Activity</b>	<b>246,000</b>	<b>214,000</b>	<b>(32,000)</b>	<b>251,000</b>	<b>37,000</b>
<b>GRAND TOTAL</b>	<b>\$ 12,731,000</b>	<b>\$ 11,489,000</b>	<b>\$ (1,242,000)</b>	<b>\$ 11,624,000</b>	<b>\$ 135,000</b>



## OPERATING AND ADMINISTRATIVE EXPENSES

Operating Expenses	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)
<b>EXPENSE CATEGORY</b>					
Staffing	\$ 14,570	\$ 13,235	\$ (1,335)	\$ 13,894	\$ 659
Staff Development	807	676	(131)	559	(117)
Professional Fees	1,533	1,480	(53)	1,137	(343)
Office Expense	601	520	(81)	530	10
Insurance	1,326	1,220	(106)	1,278	58
Member Services	568	459	(109)	433	(26)
Systems	1,164	1,040	(124)	1,191	151
Board of Retirement	614	534	(80)	628	94
Uncollectable Benefit Payments	54	54	-	30	(24)
Depreciation	169	165	(4)	126	(39)
<b>Operating Expenses</b>	<b>\$ 21,406</b>	<b>\$ 19,383</b>	<b>\$ (2,023)</b>	<b>\$ 19,806</b>	<b>\$ 423</b>

Administrative Expenses	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)
<b>EXCLUSIONS FROM OPERATING EXPENSE TO CALCULATE ADMINISTRATIVE EXPENSE</b>					
Operating Expense (from above)	\$ 21,406	\$ 19,383	\$ (2,023)	\$ 19,806	\$ 423
Actuarial	(502)	(502)	-	(369)	133
Business Continuity <sup>1</sup>	(459)	(414)	45	(581)	(167)
Investment- Related <sup>2</sup>	(3,126)	(2,941)	185	(3,139)	(198)
Legal- Related <sup>3</sup>	(1,964)	(1,667)	297	(1,608)	59
SRBR <sup>4</sup>	(1,472)	(1,349)	123	(1,471)	(122)
Technology <sup>5</sup>	(1,152)	(1,021)	131	(1,014)	7
<b>ADMINISTRATIVE EXPENSE</b>	<b>\$ 12,731</b>	<b>\$ 11,489</b>	<b>\$ (1,242)</b>	<b>\$ 11,624</b>	<b>\$ 135</b>

<sup>1</sup> **Business Continuity**—2018 related costs include total direct costs (\$166K) for satellite phones, software support, and direct depreciation; 2.5% is added for both allocated staffing and other overhead expenses (\$415K).

<sup>2</sup> **Investment**—2018 related expenses are composed of direct costs of Investment staff (\$1,768K), allocated staffing costs (\$683K), 25% of Board expenses (\$157K), 25% of audit expenses (\$37K) and 17.7% of other overhead costs (\$494K).

<sup>3</sup> **Legal**—2018 related expenses include direct costs of Staffing (\$985K), Professional Legal fees (\$229K), Disability Arbitration Expenses (\$53K), Software Support - Legal (\$20K), 10% of Board expenses (\$63K), and 7.1% of other overhead costs (\$258K).

<sup>4</sup> **SRBR**—2018 related expenses are composed of allocated staffing costs (\$845K), direct costs of Professional Fees (\$310K), Member Services and Uncollectable Benefit Payments (\$159K), and 25% of Board expenses (\$157K).

<sup>5</sup> **Technology**—2018 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)	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)
Total Actuarial Accrued Liabilities <sup>6</sup>	\$ 8,860,453	\$ 8,860,453	\$ -	\$ 9,306,347	\$ 445,894
Limit on Expense	0.21%	0.21%	-	0.21%	-
Maximum Allowed	18,607	18,607	-	19,543	936
Administrative Expense	12,731	11,489	(1,242)	11,624	135
<b>Over/(Under) Maximum</b>	<b>\$ (5,876)</b>	<b>\$ (7,118)</b>	<b>\$ (1,242)</b>	<b>\$ (7,919)</b>	<b>\$ (801)</b>

<sup>6</sup> Based on total actuarial accrued liabilities for pension as of December 31, 2016; OPEB, and non-OPEB as of December 31, 2015 (December 31, 2016 is not yet available) for 2018 Budget and December 31, 2015 for 2017 budget (latest available actuarial valuation).

## 2018 DEPARTMENT WEIGHTED AVERAGE

### 2018 Allocation Percentages and Department Expense 2018 Department Weighted Averages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFFING	Administration	7.1%	0.0%	0.7%	0.0%	0.0%	92.2%
	Benefits	0.3%	0.0%	0.5%	14.9%	0.0%	84.3%
WAGES / SALARY	Fiscal Services	8.9%	0.0%	0.6%	6.4%	0.0%	84.1%
FRINGE BENEFITS	Human Resources	0.0%	0.0%	1.4%	0.0%	0.0%	98.6%
TEMPS	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%	83.8%
<b>Total Staffing Factors</b>		<b>17.7%</b>	<b>7.1%</b>	<b>2.5%</b>	<b>6.1%</b>	<b>0.0%</b>	<b>66.6%</b>

## 2017 DEPARTMENT WEIGHTED AVERAGE

### 2017 Allocation Percentages and Department Expense 2017 Department Weighted Averages

Expense Category	Department	Investment	Legal	BCP	SRBR	Technology	Administrative
STAFFING	Administration	9.7%	0.0%	1.4%	0.0%	0.0%	88.9%
	Benefits	0.3%	0.0%	0.5%	11.7%	0.0%	87.5%
WAGES / SALARY	Fiscal Services	9.5%	0.0%	1.7%	8.0%	0.0%	80.8%
FRINGE BENEFITS	Human Resources	2.4%	0.0%	0.2%	0.0%	0.0%	97.4%
TEMPS	Internal Audit	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Investments	99.8%	0.0%	0.2%	0.0%	0.0%	0.0%
	Legal	21.7%	77.9%	0.4%	0.0%	0.0%	0.0%
	PRISM	0.9%	0.0%	9.7%	0.0%	0.0%	89.4%
<b>Total Staffing Factors</b>		<b>16.4%</b>	<b>7.7%</b>	<b>1.7%</b>	<b>5.4%</b>	<b>0.0%</b>	<b>68.8%</b>

## APPLIED FACTORS

2018 Applied Allocation Factors							
Expense Category	Expense Line	Investment	Legal	BCP	SRBR	Technology	Administrative
<b>STAFF DEVELOPMENT</b>	Staff Development	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
<b>PROFESSIONAL FEES</b>	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%
<b>MEMBER SERVICES</b>	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%
<b>OFFICE EXPENSE</b>	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%
<b>INSURANCE</b>	Insurance	17.7%	7.1%	2.5%	0.0%	0.0%	72.7%
<b>SYSTEMS</b>	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%
<b>DEPRECIATION</b>	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%
<b>BOARD OF RETIREMENT</b>	Compensation	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Conferences & Training	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Election Expenses	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Employer Reimbursement	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Miscellaneous Activities	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%
	Strategic Planning / Workshop	25.0%	10.0%	0.0%	25.0%	0.0%	40.0%

**Section VI: Administrative Budget**  
(TOC p# III)

<b>2017 Applied Allocation Factors</b>							
<b>Expense Category</b>	<b>Expense Line</b>	<b>Investment</b>	<b>Legal</b>	<b>BCP</b>	<b>SRBR</b>	<b>Technology</b>	<b>Administrative</b>
<b>STAFF DEVELOPMENT</b>	Staff Development	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
<b>PROFESSIONAL FEES</b>	Actuarial - SRBR	n/a	n/a	n/a	100.0%	0.0%	n/a
	External Audit	25.0%	0.0%	0.0%	0.0%	0.0%	75.0%
	Legal	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Operations - Technology Consultant	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
	Operations Consulting	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Operations Consulting - SRBR	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
<b>MEMBER SERVICES</b>	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%
<b>OFFICE EXPENSE</b>	Bank Charges & Misc. Admin.	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Building Expenses	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Communications	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Communications - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Equipment Lease & Maintenance	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Minor Furniture & Equipment	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Office Maintenance & Supplies	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Printing & Postage	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
<b>INSURANCE</b>	Insurance	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
<b>SYSTEMS</b>	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%
<b>DEPRECIATION</b>	Depreciation - Other	16.4%	7.7%	1.7%	0.0%	0.0%	74.2%
	Depreciation - BCP	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
	Depreciation - Hardware & Software and EDMS	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
<b>BOARD OF RETIREMENT</b>	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%

## 2018 Approved Staffing Allocation Matrix

	INVESTMENTS	LEGAL	BCP	SRBR
<b>ADMINISTRATION</b>				
CEO	20%	-	2%	-
<b>BENEFITS</b>				
Assistant CEO	3%	-	1%	30%
Retirement Benefits Manager	-	-	5%	25%
Administrative Specialist II	-	-	-	30%
Administrative Specialist II	-	-	2%	-
Communications Manager	5%	-	-	30%
Graphic Designer	-	-	-	30%
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%
<b>FISCAL SERVICES</b>				
Fiscal Services Officer	5%	-	2%	-
Assistant Accounting Manager	5%	-	1%	-
Finance Services Specialist II	-	-	-	70%
Retirement Accountant III	-	-	2%	25%
Retirement Accountant III	-	-	2%	-
Retirement Accountant III	25%	-	1%	-
Retirement Accountant II	90%	-	-	-
<b>HUMAN RESOURCES</b>				
Human Resources Officer	-	-	2%	-
Human Resources Specialist	-	-	1%	-
Administrative Support Specialist	-	-	1%	-
<b>INVESTMENTS</b>				
Chief Investment Officer	100%	-	-	-
Senior Investment Officer	99%	-	1%	-
Investment Officer	100%	-	-	-
All Other Investment Staff	100%	-	-	-
<b>LEGAL</b>				
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%	-	-
<b>PRISM</b>				
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	-	-	5%	-
Retirement System Program Analyst	-	-	5%	-
Retirement System Program Analyst	-	-	5%	-
Security Analyst	-	-	30%	-

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## **Section VII**

### **Capital Asset Outlay Budget**

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## Section VII :

# Capital Asset Outlay Budget

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

### Capital Asset Outlay 2017 - 2018

Statement of Capital Asset Outlay — 2017 Forecast and 2018 Approved Budget								
	2017 Budget	2017 Forecast	2017 Forecast vs. 2017 Budget Over/(Under)	2018 Approved Budget	2018 Approved Budget vs. 2017 Forecast Over/(Under)			% Change
<b>Leasehold Improvement</b>								
Access Control System	\$ -	\$ -	\$ -	\$ 33,000	\$ 33,000			100.0%
Intercom & Camera Upgrade	-	-	-	90,000	90,000			100.0%
<b>Sub-Total</b>	-	-	-	<b>123,000</b>	<b>123,000</b>			<b>100.0%</b>
<b>Capital Outlay Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 123,000</b>	<b>\$ 123,000</b>			<b>100.0%</b>

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## **Section VIII**

### **Portfolio Management Investment Expenses**

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## Section VIII:

# Portfolio Management Investment Expenses

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

<b>Portfolio Management Investment Expenses</b>	<b>2017 Budget</b>	<b>2017 Forecast</b>	<b>2017 Forecast vs. 2017 Budget Over/(Under)</b>	<b>2018 Approved Budget</b>	<b>2018 Approved Budget vs. 2017 Forecast Over/(Under)</b>	<b>% Change</b>
Consultant Fees	\$ 1,736,000	\$ 1,415,000	\$ (321,000)	\$ 1,455,000	\$ 40,000	2.8%
Custodian Bank Fees	600,000	550,000	(50,000)	550,000	-	0.0%
Investment Manager Fees	45,530,000	48,760,000	3,230,000	52,879,000	4,119,000	8.4%
Other Investment Expenses	388,000	350,000	(38,000)	368,000	18,000	5.1%
<b>Total Portfolio Management Investment Expenses</b>	<b>\$ 48,254,000</b>	<b>\$ 51,075,000</b>	<b>\$ 2,821,000</b>	<b>\$ 55,252,000</b>	<b>\$ 4,177,000</b>	<b>8.2%</b>

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## **Appendix A**

### **ACERA Three Year Business Plan Key Strategic Initiatives (Prioritized)**

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INITIATIVE	Assigned To	Timeline
<b>GOAL #1: Prudent Investment Practices</b>		
<ul style="list-style-type: none"> <li>• Provide education sessions related to Environmental, Social and Governance Investing; Portable Alpha; and Smart Beta</li> </ul>	<i>Betty</i>	2018
<ul style="list-style-type: none"> <li>• Evaluate Risk/Reward Analysis for total fund and individual asset classes</li> </ul>	<i>Betty</i>	2018
<ul style="list-style-type: none"> <li>• Conduct investment advisor search</li> </ul>	<i>Betty</i>	2017/2018
<b>GOAL #2: Maintain an Efficient, Compliant and Professional Plan Administration</b>		
<ul style="list-style-type: none"> <li>• Identify, prioritize and document Benefits Department procedures in current state</li> </ul>	<i>Sandra</i>	2016/2017
<ul style="list-style-type: none"> <li>• Review Benefits Department procedures for areas in need of improvements and efficiencies</li> </ul>	<i>Sandra</i>	2017
<ul style="list-style-type: none"> <li>• Publish a comprehensive budget management procedure to facilitate and expedite departmental level tracking and reporting requirements, and process and project management</li> </ul>	<i>Margo</i>	2017/2018
<ul style="list-style-type: none"> <li>• Develop training plans and materials for all operational positions</li> </ul>	<i>Kathy</i>	2018
<ul style="list-style-type: none"> <li>• Implement new financial reporting Government Accounting Standards Board (GASB) Statements No. 74 &amp; 75, Other Post-Employment Benefits (OPEB) net pension liability (NPL) reporting standards</li> </ul>	<i>Margo</i>	2017



**ACERA BUSINESS PLAN INITIATIVES: 2016 to 2018**

<b>INITIATIVE</b>	<b>Assigned To</b>	<b>Timeline</b>
<b>GOAL #2: Maintain and Efficient, Compliant and Professional Plan Administration</b>		
<ul style="list-style-type: none"> <li>Develop a series on Legal Guiding Opinions for use by staff in a wide area of Benefits operations including : administrative appeals; PEPPRA interpretations; reciprocity; service retirement &amp; separate account/domestic relations order procedures</li> </ul>	<i>Legal Department</i>	2018
<ul style="list-style-type: none"> <li>Complete work in association with special tax counsel on 2016 IRS Tax Compliance Letter, including implementation of any reforms recommended by IRS</li> </ul>	<i>Legal Department</i>	2016 Completed
<ul style="list-style-type: none"> <li>Implement process improvement methodology for the organization</li> </ul>	<i>Margo</i>	2017/2018
<ul style="list-style-type: none"> <li>Identify needs and develop internal operational measures to ensure support and resources are readily available to ACERA employees</li> </ul>	<i>Margo</i>	2018
<ul style="list-style-type: none"> <li>Establish ACERA key performance indicators</li> </ul>	<i>Margo</i>	2018
<b>GOAL #3: Comprehensive Organizational Development</b>		
<ul style="list-style-type: none"> <li>Create onboarding plan for new ACERA employees</li> </ul>	<i>Vicki</i>	2016/2017 Completed
<ul style="list-style-type: none"> <li>Create onboarding plan for new ACERA leaders</li> </ul>	<i>Vicki</i>	2016/2017 Completed
<ul style="list-style-type: none"> <li>Create career development policy and guidelines</li> </ul>	<i>Vicki</i>	2017/2018
<ul style="list-style-type: none"> <li>Perform retention analysis for positions with high turnover</li> </ul>	<i>Vicki</i>	2017
<ul style="list-style-type: none"> <li>Launch and incorporate core values into all areas of the organization</li> </ul>	<i>Dave</i>	On-going
<ul style="list-style-type: none"> <li>Implement ACERA-wide project management methodology</li> </ul>	<i>Vicki</i>	2016/2017



**ACERA BUSINESS PLAN INITIATIVES: 2016 to 2018**

INITIATIVE	Assigned To	Timeline
<b>GOAL #4: Superior Customer Service Delivery</b>		
<ul style="list-style-type: none"> <li>Continue to enhance website</li> </ul>	<i>Mike</i>	2016/2017
<ul style="list-style-type: none"> <li>Continue to enhance Web Member Services and expand access and self-service utilization</li> </ul>	<i>Kathy</i>	2016/2017
<ul style="list-style-type: none"> <li>Analyze and explore methods in which to improve retirement counseling</li> </ul>	<i>Sandra</i>	<del>2016/2017</del> <b>Completed</b>
<ul style="list-style-type: none"> <li>Establish a baseline for customer service performance, measures to enhance or improve customer service, and standards for evaluation of customer service</li> </ul>	<i>Kathy</i>	2017/2018
<ul style="list-style-type: none"> <li>Expand communication tools and out-reach programs to assist and educate Participating Employers</li> </ul>	<i>Margo</i>	2017/2018
<ul style="list-style-type: none"> <li>Update current disaster recovery plan</li> </ul>	<i>Harsh</i>	2018
<b>GOAL #5: Maximize Technology</b>		
<ul style="list-style-type: none"> <li>Develop intranet to support collaboration, communication and information needs</li> </ul>	<i>Vijay</i>	2016/2017
<ul style="list-style-type: none"> <li>Implement an enterprise-wide budget software solution</li> </ul>	<i>Margo</i>	<del>2016</del> <b>Completed</b>
<ul style="list-style-type: none"> <li>Upgrade and re-engineer Electronic Document Management System</li> </ul>	<i>Vijay</i>	2016/2017
<ul style="list-style-type: none"> <li>Perform business case analysis for upgrade/replacement of ACERA's pension administration system</li> </ul>	<i>Kathy</i>	2017
<ul style="list-style-type: none"> <li>Pension Administration system replacement initial steps- RFI and requirements development</li> </ul>	<i>Kathy</i>	2018
<ul style="list-style-type: none"> <li>Migrate databases to business applications allowing for efficiency of use and support</li> </ul>	<i>Vijay</i>	2018
<ul style="list-style-type: none"> <li>Cybersecurity Initiative</li> </ul>	<i>Vijay</i>	On-going

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## **Appendix B**

### **2018 ACERA Budget Change Proposal (ABCP)**

### **2018 Contingency Fund**

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## Appendix B

<b>2018 ACERA BUDGET CHANGE PROPOSAL (ABCP)</b>			
<b>Department</b>	<b>ABCP Description</b>		<b>Totals</b>
Administration	Intranet - Ongoing Upgrade/Enhancement	\$	25,000
Administration	Intercom and Camera (Capital)		90,000
Administration	Access Control System (Capital)		33,000
Benefits	Keenan Health Insurance		45,000
Fiscal Services	Great Plains Upgrade		25,000
PRISM	Network Intrusion Test		25,000
Project	Pension Administration System Consultant		100,000
Project	WMS E-signature		7,000
Project	EDMS Upgrade		10,000
<b>ABCP Total</b>			<b>\$ 360,000</b>

<b>2018 CONTINGENCY FUND</b>				
<b>Department</b>	<b>Description</b>	<b>Expense Type</b>		<b>Totals</b>
Administration	Intranet - Ongoing Upgrade/Enhancement	Communication	\$	15,000
Benefits	Retirement Specialist Reclassification	Staffing		112,000
Benefits	Keenan Health Insurance RFP	Consultant Fees		15,000
Legal	Disability Arbitration	Member Services		10,000
Project	EDMS Upgrade	System		10,000
Project	Pension Administration System Consultant	Consultant Fees		100,000
Project	WMS E-signature	System		7,000
<b>Contingency Fund Total</b>			<b>\$</b>	<b>269,000</b>

### 2018 Approved Budget Contingency Fund (p.#20)

#### Retirement Specialist Reclassification - \$112,000

This initiative is to re-class and restructure the Retirement Specialist series to better meet the needs of the agency. It is dependent upon approval by the County.

#### Pension Administration System - \$100,000

These funds would be used in the event ACERA chooses not to upgrade Pension Gold. The fund would be for a consultant to assist in the development of an RFI/RFP for a new PAS vendor.

#### Keenan Contract for Health Insurance RFP - \$15,000

This contract would only be required if ACERA receives approval to transition responsibility for contracting medical coverage for early retirees. Responsibility is currently the responsibility of the County.

### **Intranet – Ongoing Upgrade/Enhancement - \$15,000**

The current status of the intranet only allows for simple edit and pages. The approved contingency will allow for a more robust communication device. Additional capabilities that could be added include fillable forms, submissions from outside of ACERA or other features requested by department managers.

### **Disability Arbitration - \$10,000**

Over the last five years legal arbitration and transcript costs have averaged approximately \$34,000/year; after eliminating the high and low months, the average drops to approximately \$29,000/year. The annual variances between budget and actual range are between \$48,000-\$ to -\$47,000. Changes in the arbitration have increased the complexity of providing an accurate budget. The contingency is requested to provide a cushion while it works to improve the forecasting process.

### **EDMS Upgrade - \$10,000 (50% charge to BCP and 50% to Benefits)**

The Benefits EDMS workflows cannot use newer functionality or reporting options without an upgrade. With the upgrade the system will also be able to provide new modules, such as business process management, than can benefit other departments.

### **Web Member Services (WMS) Enhancement for E-Signature-\$7,000**

This WMS enhancement will provide members with the ability to electronically sign forms including, applications for retirement, 1099R tax withholding, etc. Without it, these processes will remain manual and out of date.