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BUDGET VS ACTUAL REVIEW

For the Year Ending June 30, 2026
as of December 31, 2025 (2nd Quarter)

BUDGET SUMMARY

Budget Summary				
For the Year Ending June 30, 2026 as of December 31, 2025 (2nd Quarter)				
	<u>Annual Approved Budget</u>	<u>Actual Expense YTD</u>	<u>Under (Over) Budget</u>	% of Budget
Administrative Expenses	\$ 17,299,950	\$ 6,260,336	\$ 11,039,614	36.2 %
Non-Administrative Expenses	\$ 19,394,250	\$ 8,811,587	\$ 10,582,663	45.4 %
Total	<u>\$ 36,694,200</u>	<u>\$ 15,071,923</u>	<u>\$ 21,622,277</u>	<u>41.1 %</u>

Overall, the costs are as expected at the quarter.

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ADMINISTRATIVE EXPENDITURES

Administrative Budget Detail							
For the Year Ending June 30, 2026							
as of December 31, 2025 (2nd Quarter)							
	Actual Expense as of 2nd Quarter	Approved Budget as of 2nd Quarter	Under (Over) Budget as of 2nd Quarter	% of Allocate d Budget (Q2)	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Personnel Costs							
Staff Salaries and Benefits	\$ 4,519,696	\$ 5,757,584	\$ 1,237,888	78.5 %	\$ 12,456,000	\$ 7,936,304	36.3 %
Board Members' Stipends	4,500	6,000	1,500	75.0 %	12,000	6,000	37.5 %
Total Personnel Costs	4,524,196	5,763,584	1,239,388	78.5 %	12,468,000	7,942,304	36.3 %
Professional Services							
Audit	60,460	60,460	—	100.0 %	81,500	21,040	74.2 %
Consulting	19,717	22,000	2,283	89.6 %	95,000	75,283	20.8 %
Disability Claim Process	240,871	520,000	279,129	46.3 %	1,040,000	799,129	23.2 %
Member Engagement	143,315	99,000	(44,315)	144.8 %	138,000	(5,315)	103.9 %
Payroll Services	4,918	8,000	3,082	61.5 %	16,000	11,082	30.7 %
Total Professional Services	469,281	709,460	240,179	66.1 %	1,370,500	901,219	34.2 %
Operational Services & Supplies							
Building Services	432,611	520,560	87,949	83.1 %	1,041,120	608,509	41.6 %
Career Development Fund	939	17,500	16,561	5.4 %	35,000	34,061	2.7 %
Claims, Judgments, & Orders	—	17,500	17,500	— %	35,000	35,000	— %
Communication Platforms	175,533	114,500	(61,033)	153.3 %	229,000	53,467	76.7 %
Employee Engagement	25,704	24,000	(1,704)	107.1 %	48,000	22,296	53.6 %
Equipment Rent	38,720	55,000	16,280	70.4 %	110,000	71,280	35.2 %
General Maintenance	2,749	3,750	1,001	73.3 %	7,500	4,751	36.7 %
Insurance	345,126	175,000	(170,126)	197.2 %	350,000	4,874	98.6 %
Member Engagement	19,482	31,500	12,018	61.8 %	63,000	43,518	30.9 %
Memberships	43,975	26,265	(17,710)	167.4 %	52,530	8,555	83.7 %
Non-Capital Projects	—	—	—	— %	—	—	— %
Office Expense	70,471	85,300	14,829	82.6 %	170,600	100,129	41.3 %
Offsite Storage	14,424	17,500	3,076	82.4 %	35,000	20,576	41.2 %
Recruiting & Hiring	10,047	6,000	(4,047)	167.5 %	7,200	(2,847)	139.5 %
Suite Services	—	—	—	— %	—	—	— %
Training & Travel	88,679	148,750	60,071	59.6 %	297,500	208,821	29.8 %
Total Operational Services & Supplies	1,268,460	1,243,125	(25,335)	102.0 %	2,481,450	1,212,990	51.1 %
Capital Expense	—	—	—	— %	980,000	980,000	— %
Total Administrative Expense	\$ 6,261,937	\$ 7,716,169	\$ 1,454,232	81.2 %	\$ 17,299,950	\$ 11,036,513	36.2 %

Category Analysis

Personnel Costs (Administrative staff salaries, benefits, and Board stipends)

- At 78.5% of the budget for the quarter, this category is slightly less than expected. This is primarily due to vacant unfilled positions.

Professional Services (costs for outside contractors and vendors)

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- This category is within expectations for the quarter with the exception of Member Engagement and Disability Claim Process expenses. The expenses associated with the Disability Claim Process have variable timing and are expected to be as budgeted throughout the fiscal year. The expenses for Member Engagement include the Trustee Election that concluded in December 2025, the expenses for the election were in excess of what was budgeted. A budget amendment will be presented if there are not savings Professional Services line items during the fiscal year.

Operational Services and Supplies (office rent, insurance, non-capital purchases, office expense, printing, training, travel, and depreciation)

- Except for Recruiting and Hiring, this category is within expectations at the quarter. The additional expense incurred in Recruiting and Hiring was for additional expenses required for onboarding a candidate from the East Coast. A proposed budget amendment will be presented if there are not savings in other Operational Services & Supplies line items during the fiscal year.

STATUTORY LIMIT

The Statutory Limit for Administrative Expenses for the year ending June 30, 2026 is \$36,481,729. SBCERA's actual Administrative Expenses for the year ending June 30, 2026 – as of December 31, 2025 (2nd Quarter) are \$6,260,336, or 17% of the Statutory Limit and 36% of approved appropriations of \$17,299,950.

Calculation of Statutory Limit - Administrative Expenditure Budget			
AAL as of June 30, 2023	A	\$	17,372,251,774
Basis points per GC §31580.2	B		0.0021
Statutory limit of 0.21% allowed per GC §31580.2	A*B=C	\$	36,481,729

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NON-ADMINISTRATIVE EXPENDITURES

ACTUARIAL

Non-Administrative Budget Detail: Actuarial							
For the Year Ending June 30, 2026							
as of December 31, 2025 (2nd Quarter)							
	Actual Expense as of 2nd Quarter	Approved Budget as of 2nd Quarter	Under (Over) Budget as of 2nd Quarter	% of Allocated Budget (Q2)	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Professional Services							
Actuarial Studies	\$ 93,705	\$ 93,705	\$ —	100.0 %	\$ 105,000	\$ 11,295	89.2 %
Consulting	34,880	47,500	12,620	73.4 %	95,000	60,120	36.7 %
Total Professional Services	128,585	141,205	12,620	91.1 %	200,000	71,415	64.3 %
Total Non-Administrative Expense: Actuary	\$ 128,585	\$ 141,205	\$ 12,620	91.1 %	\$ 200,000	\$ 71,415	64.3 %

Actuarial Expenses

Professional Services (actuarial valuation, actuarial consulting, and actuarial audit)

- Actuarial expenses are as expected at the quarter.

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NON-ADMINISTRATIVE EXPENDITURES *(Continued)*

LEGAL

Non-Administrative Budget Detail: Legal							
For the Year Ending June 30, 2026 as of December 31, 2025 (2nd Quarter)							
	Actual Expense as of 2nd Quarter	Approved Budget as of 2nd Quarter	Under (Over) Budget as of 2nd Quarter	% of Allocated Budget (Q2)	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Personnel Costs							
Staff Salaries and Benefits	\$ 849,100	\$ 900,000	\$ 50,900	94.3 %	\$ 1,805,000	\$ 955,900	47.0 %
Total Personnel Costs	849,100	900,000	50,900	94.3 %	1,805,000	955,900	47.0 %
Professional Services							
Attorney Fees	409,192	332,500	(76,692)	123.1 %	665,000	255,808	61.5 %
Total Professional Services	409,192	332,500	(76,692)	123.1 %	665,000	255,808	61.5 %
Operational Services & Supplies							
Employee Engagement	—	250	250	— %	500	500	— %
Memberships	3,295	5,825	2,530	56.6 %	11,650	8,355	28.3 %
Non-Capital Projects	—	—	—	— %	—	—	— %
Office Expense	624	1,500	876	41.6 %	3,000	2,376	20.8 %
Software & Services	20,822	25,000	4,178	83.3 %	50,000	29,178	41.6 %
Training & Travel	3,815	15,000	11,185	25.4 %	30,000	26,185	12.7 %
Total Operational Services & Supplies	28,556	47,575	19,019	60.0 %	95,150	66,594	30.0 %
Capital Expense	—	20,000	20,000	— %	40,000	40,000	— %
Total Non-Administrative Expense: Legal	\$ 1,286,848	\$ 1,300,075	\$ 13,227	99.0 %	\$ 2,605,150	\$ 1,318,302	49.4 %

Legal Expenses

Personnel Costs (legal salaries and benefits)

- This category is within expectations at the quarter.

Professional Services (outside attorney fees or non-investment issues)

- Attorney fees are more than budgeted primarily because of disability hearing costs higher than expected. The additional expenses will be addressed through a requested budget amendment at a future board meeting.

Operational Services and Supplies (memberships, office expense, software, training, and travel)

- This category is within expectations at the quarter.

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NON-ADMINISTRATIVE EXPENDITURES *(Continued)*

INVESTMENT

Non-Administrative Budget Detail: Investment							
For the Year Ending June 30, 2026 as of December 31, 2025 (2nd Quarter)							
	Actual Expense as of 2nd Quarter	Approved Budget as of 2nd Quarter	Under (Over) Budget as of 2nd Quarter	% of Allocated Budget (Q2)	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Personnel Costs							
Staff Salaries and Benefits	\$ 1,547,511	\$ 2,084,335	\$ 536,824	74.2 %	\$ 5,035,000	\$ 3,487,489	30.7 %
Total Personnel Costs	1,547,511	2,084,335	851	74.2 %	5,035,000	3,487,489	30.7 %
Professional Services							
Attorney Fees	391,792	170,000	(221,792)	230.5 %	340,000	(51,792)	115.2 %
Consulting	1,470,849	1,470,000	(849)	100.1 %	2,590,000	1,119,151	56.8 %
Custodial Services	760,922	800,000	39,078	95.1 %	1,600,000	839,078	47.6 %
Total Professional Services	2,623,563	2,440,000	137,973	107.5 %	4,530,000	1,906,437	57.9 %
Operational Services & Supplies							
Building Rent	—	—	—	— %	—	—	— %
Employee Engagement	382	382	—	100.0 %	500	118	76.4 %
General Maintenance	—	—	—	— %	—	—	— %
Memberships	7,695	7,695	—	100.0 %	8,000	305	96.2 %
Non-Capital Projects	—	—	—	— %	—	—	— %
Office Expense	3,652	3,700	48	98.7 %	6,000	2,348	60.9 %
Software & Services	54,225	55,000	775	98.6 %	173,000	118,775	31.3 %
Training & Travel	42,360	50,000	7,640	84.7 %	100,000	57,640	42.4 %
Total Operational Services & Supplies	108,314	116,777	8,463	92.8 %	287,500	179,186	37.7 %
Capital Expense							
	—	—	—	— %	—	—	— %
Total Non-Administrative Expense: Investments	\$ 4,279,388	\$ 4,641,112	\$ 147,287	92.2 %	\$ 9,852,500	\$ 5,573,112	43.4 %

Investment Expenses

Personnel Costs (Investment salaries and benefits)

- This category is within expectations for the quarter; savings are a result of 3 positions that were substantially unfilled as of the end of the quarter.

Professional Services (investment attorney issues, consulting, and custodian fees)

- Except for Attorney Fees, this category is as expected at the quarter. Additional attorney fees for due diligence efforts were more than budgeted. The additional expense will be addressed through a requested budget amendment at a future board meeting.

Operational Services and Supplies (memberships, office expense, software, training, travel, and due diligence travel)

- This category is as expected at the quarter.

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NON-ADMINISTRATIVE EXPENDITURES *(Continued)*

TECHNOLOGY

Non-Administrative Budget Detail: Technology							
For the Year Ending June 30, 2026							
as of December 31, 2025 (2nd Quarter)							
	Actual Expense as of 1st Quarter	Approved Budget as of 1st Quarter	Under (Over) Budget as of 1st Quarter	% of Allocated Budget (Q1)	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Personnel Costs							
Staff Salaries and Benefits	\$ 1,274,075	\$ 1,275,000	\$ 925	99.9 %	\$ 2,827,000	\$ 1,552,925	45.1 %
Total Personnel Costs	1,274,075	1,275,000	925	99.9 %	2,827,000	1,552,925	45.1 %
Professional Services							
Consulting	84,000	95,000	11,000	88.4 %	375,000	291,000	22.4 %
Data Integrity	17,162	80,500	63,338	21.3 %	161,000	143,838	10.7 %
Total Professional Services	101,162	175,500	74,338	57.6 %	536,000	434,838	18.9 %
Operational Services & Supplies							
Communication Platforms	—	—	—	— %	—	—	— %
Data Communications	23,483	32,500	9,017	72.3 %	65,000	41,517	36.1 %
General Maintenance	—	—	—	— %	—	—	— %
Memberships	—	—	—	— %	—	—	— %
Non-Capital Projects	15,332	16,000	668	95.8 %	150,000	134,668	10.2 %
Office Expense	—	—	—	— %	—	—	— %
Software & Services	1,261,482	1,646,000	384,518	76.6 %	2,673,600	1,412,118	47.2 %
Training & Travel	12,286	17,500	5,214	70.2 %	35,000	22,714	35.1 %
Total Operational Services & Supplies	1,312,583	1,712,000	399,417	76.7 %	2,923,600	1,611,017	44.9 %
Capital Expense	427,347	43,000	(384,347)	993.8 %	450,000	22,653	95.0 %
Total Non-Administrative Expense: Tech	\$ 3,115,167	\$ 3,205,500	\$ 90,333	97.2 %	\$ 6,736,600	\$ 3,621,433	46.2 %

Technology Expenses

Personnel Costs (Technology salaries and benefits)

- This category is within expectations for the quarter.

Professional Services (consulting and auditing services related to technology)

- This category is slightly less than budgeted at the quarter. This is mainly due to the variability of sending reports to our vendors for data integrity analysis.

Operational Services and Supplies (data processing, software, non-capital purchases)

- This category is within expectations for the quarter.

Capital Expense

- Work has begun on the Data Center and is expected to be fully realized in the second half of the fiscal year.

BENEFIT AND REFUND PAYMENTS

Benefit Payments & Refunds (Not included in the Budget)

For the Year Ending June 30, 2026
as of December 31, 2025 (2nd Quarter)
(in Thousands)

FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
\$660,822	\$726,448	\$760,785	\$811,055	\$860,777	\$449,769

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Building Services, net of Rent							
For the Year Ending June 30, 2026							
as of December 31, 2025 (2nd Quarter)							
	Actual Expense as of 2nd Quarter	Approved Budget as of 2nd Quarter	Under (Over) Budget as of 2nd Quarter	% of Allocated Budget (Q2)	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Rental Income							
Children's Fund	\$ 59,145	\$ 54,180	\$ (4,965)	109%	\$ 115,830	\$ 56,685	51%
Total Rental Income	59,145	54,180	(4,965)	109%	115,830	56,685	51%
Building Services							
Utilities							
Electric	84,890	120,000	35,110	71%	240,000	155,110	35%
Gas	433	4,000	3,567	11%	8,000	7,567	5%
Telco	-	2,500	2,500	0%	5,000	5,000	0%
Trash	2,126	2,600	474	82%	5,200	3,074	41%
Water	10,678	7,500	(3,178)	142%	15,000	4,322	71%
Total Utilities	98,127	136,600	38,473	72%	273,200	175,073	36%
Mechanical Systems Services							
Electrical & Elevator	4,055	5,750	1,695	71%	11,500	7,445	35%
Fire/Life Safety	12,036	11,000	(1,036)	109%	22,000	9,964	55%
HVAC	21,761	18,000	(3,761)	121%	36,000	14,239	60%
Generator Service	-	10,000	10,000	0%	20,000	20,000	0%
Total Mechanical Systems Services	37,852	44,750	6,898	85%	89,500	51,648	42%
Security Guard Services	110,750	110,000	(750)	101%	220,000	109,250	50%
Security Monitor Services	4,505	13,500	8,995	33%	27,000	22,495	17%
Security Patrol Services	9,672	11,000	1,328	88%	22,000	12,328	44%
Cleaning & Suite Services							
Dayporter Services	52,225	65,000	12,775	80%	130,000	77,775	40%
Building/Cleaning Supplies	3,408	-	(3,408)	-	-	(3,408)	-
Landscaping	19,326	21,250	1,924	91%	42,500	23,174	45%
First Aid Supplies	5,580	7,500	1,920	74%	15,000	9,420	37%
Indoor Plants	1,713	-	(1,713)	-	-	(1,713)	-
Pest Control	2,010	2,500	490	80%	5,000	2,990	40%
Window Cleaning	-	2,000	2,000	0%	4,000	4,000	0%
Parking Lot Sweep	2,768	-	(2,768)	-	-	(2,768)	-
Total Cleaning & Suite Services	87,031	98,250	11,219	89%	196,500	109,469	44%
Insurance Expense	76,405	100,000	23,595	76%	100,000	23,595	76%
Administrative Fees							
Consulting	54,688	60,000	5,313	91%	120,000	65,313	46%
Licenses & Fees	-	625	625	0%	1,250	1,250	0%
Total Administrative Fees	54,688	60,625	5,938	90%	121,250	66,563	45%
Total Building Services Expense	\$ 479,030	\$ 574,725	\$ 95,695	83%	\$1,049,450	\$ 570,420	46%
Repair & Maintenance (Non-Capital)							
Lighting (Exterior)	1,941	7,500	5,559	0%	15,000	13,059	13%
Parking Lot	188	1,750	1,562	11%	3,500	3,312	5%
Structural	663	10,000	9,337	0%	20,000	19,337	3%
Windows	-	2,500	2,500	0%	5,000	5,000	0%
Mechanical Systems - Electrical	-	5,000	5,000	0%	10,000	10,000	0%
Mechanical Systems - Elevator	-	7,500	7,500	0%	15,000	15,000	0%
Mechanical Systems - Fire/Life Safety	-	5,000	5,000	0%	10,000	10,000	0%
Mechanical Systems - HVAC	9,605	7,000	(2,605)	137%	14,000	4,395	69%
Mechanical Systems - Plumbing	329	7,500	7,171	0%	15,000	14,671	2%
Total Repair & Maintenance (Non-Capital)	\$ 12,726	\$ 53,750	\$ 41,024	24%	\$ 107,500	\$ 94,774	12%
Total Building Expense, net of Rent	\$ 432,611	\$ 574,295	\$ 141,684	75%	\$1,041,120	\$ 608,509	42%