

Exhibit A: Page 1

BUDGET VS ACTUAL REVIEW – For the Year Ending June 30, 2024

BUDGET SUMMARY

Budget Summary				
For the Year Ending June 30, 2024 as of June 30, 2024 (4th Quarter)				
	Annual Approved Budget	Actual Expense YTD	Under (Over) Budget	% of Budget
Administrative Expenses	\$ 13,231,000	\$ 12,567,464	\$ 663,536	95.0%
Non-Administrative Expenses	\$ 17,608,365	\$ 14,514,453	\$ 3,093,912	82.4%
Total	<u>\$ 30,839,365</u>	<u>\$ 27,081,917</u>	<u>\$ 3,757,448</u>	<u>87.8%</u>

Overall, the costs are less than budgeted for the entire fiscal year. Budget variances and reasons are discussed in the following sections.

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ADMINISTRATIVE EXPENDITURES

Administrative Budget Detail				
For the Year Ending June 30, 2024 as of June 30, 2024 (4th Quarter)				
	Actual Expense as of 4th Quarter	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Personnel Costs				
Staff Salaries and Benefits	\$ 9,214,755	\$ 10,946,400	\$ 1,731,645	84.2%
Board Members' Stipends	10,000	14,000	4,000	71.4%
Total Personnel Costs	9,224,755	10,960,400	1,735,645	84.2%
Professional Services				
Audit	78,915	81,500	2,585	96.8%
Consulting	74,991	77,500	2,509	96.8%
Data Integrity	1,814	-	(1,814)	0.0%
Disability Claim Process	975,245	775,000	(200,245)	125.8%
Member Engagement	49,920	150,000	100,080	33.3%
Payroll Services	18,630	12,000	(6,630)	155.3%
Total Professional Services	1,199,514	1,096,000	(103,514)	109.4%
Operational Services & Supplies				
Building Rent	847,694	750,000	(97,694)	113.0%
Career Development Fund	13,104	25,000	11,896	52.4%
Claims, Judgments, & Orders	21	35,000	34,979	0.1%
Communication Platforms	188,836	209,000	20,164	90.4%
Employee Engagement	28,523	34,800	6,277	82.0%
Equipment Rent	72,248	130,000	57,752	55.6%
General Maintenance	32,574	78,150	45,576	41.7%
Insurance	321,730	330,800	9,070	97.3%
Member Engagement	76,933	87,000	10,067	88.4%
Memberships	42,843	48,990	6,147	87.5%
Non-Capital Projects	8,262	140,000	131,738	5.9%
Office Expense	176,306	161,050	(15,256)	109.5%
Offsite Storage	24,397	13,000	(11,397)	187.7%
Recruiting & Hiring	7,582	7,500	(82)	101.1%
Software & Services	7,826	152,500	144,674	5.1%
Suite Services	51,926	152,500	100,574	34.0%
Training & Travel	212,333	268,910	56,577	79.0%
Total Operational Services & Supplies	2,113,138	2,624,200	511,062	80.5%
Capital Expense	30,056	105,000	74,944	28.6%
Total Administrative Expense	\$ 12,567,464	\$ 14,785,600	\$ 2,218,136	85.0%

ADMINISTRATIVE EXPENDITURES *(Continued)*

Category Analysis

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

- At 84% of the budget for the fiscal year, this category is less than budgeted. This is primarily due to a delay in reaching an agreement with SEIU Local 721 to implement a new contract for employees in the bargaining unit classifications and unfilled positions.

Professional Services (costs for outside contractors and vendors)

- Except for Disability Claim Process and Payroll expenses, this category is within expectations for the fiscal year. The increase in Disability Claim Process is attributed to shortening the time to reach full case resolution and increased medical professional rates. Payroll expenses, overbudget by \$6,630, have increased because of additional payrolls for terminations and additional reports needed.

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

- Overall, this category is less than budgeted.

STATUTORY LIMIT

The Statutory Limit for Administrative Expenses for the year ending June 30, 2024 is \$32,823,261. SBCERA’s actual Administrative Expenses for the year ending June 30, 2024 are \$12,567,464, or 38% of the Statutory Limit and 85% of approved appropriations of \$14,785,600.

Calculation of Statutory Limit - Administrative Expenditure Budget		
AAL as of June 30, 2022 ¹	A	\$ 15,630,124,402
Basis points per GC §31580.2	B	0.0021
Statutory limit of 0.21% allowed per GC §31580.2	A*B=C	\$ 32,823,261

NON-ADMINISTRATIVE EXPENDITURES

ACTUARIAL

Non-Administrative Budget Detail: Actuarial				
For the Year Ending June 30, 2024 as of June 30, 2024 (4th Quarter)				
	Actual Expense as of 4th Quarter	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Professional Services				
Actuarial Studies	\$ 109,340	\$ 90,000	\$ (19,340)	121.5%
Consulting	254,451	195,000	(59,451)	130.5%
Total Professional Services	363,791	285,000	(78,791)	127.6%
Total Non-Administrative Expense: Actuary	\$ 363,791	\$ 285,000	\$ (78,791)	127.6%

Actuarial Expenses

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

- Actuarial Studies expenses exceed the budget amount because of the timing of the Experience Studies. The expenses were expected during the previous fiscal year, but the invoice timing did not provide for them to be recognized that year. Given that the increase is due to the Experience Study, the Valuation costs are within expectations.
- Consulting services exceeded the budgeted amount by approximately \$60 thousand. There were additional one-time studies conducted this year, including a UAAL study for SBCTA that resulted in them paying off their entire liability and a probation study with the County. While much of the cost of these one-time studies is passed to the employer, SBCERA bears some cost.

NON-ADMINISTRATIVE EXPENDITURES (Continued)

LEGAL

Non-Administrative Budget Detail: Legal				
For the Year Ending June 30, 2024 as of June 30, 2024 (4th Quarter)				
	Actual Expense as of 4th Quarter	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Personnel Costs				
Staff Salaries and Benefits	\$ 1,434,343	\$ 1,540,000	\$ 105,657	93.1%
Total Personnel Costs	1,434,343	1,540,000	105,657	93.1%
Professional Services				
Attorney Fees	704,186	320,000	(384,186)	220.1%
Total Professional Services	704,186	320,000	(384,186)	220.1%
Operational Services & Supplies				
Employee Engagement	342	1,650	1,309	20.7%
Memberships	21,476	28,000	6,524	76.7%
Non-Capital Projects	-	5,000	5,000	0.0%
Office Expense	(3,161)	2,850	6,011	-110.9%
Software & Services	45,309	24,000	(21,309)	188.8%
Training & Travel	26,645	44,500	17,855	59.9%
Total Operational Services & Supplies	90,610	106,000	15,390	85.5%
Capital Expense	-	100,000	100,000	0.0%
Total Non-Administrative Expense: Legal	\$ 2,229,140	\$ 2,066,000	\$ (426,279)	107.9%

Legal Expenses

Personnel Costs (legal salaries and benefits)

- This category is within expectations. Although slightly underbudget, this is a result of not filling a position in the Legal Services department.

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

- Attorney fees were significantly more than budgeted. The increase is attributed to a few things – consciously not filling the staff counsel position, increased fee arrangements, and a few particularly complicated disability cases.

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

- This category is within expectations for the fiscal year. The individual line item for Software & Services is slightly overbudget because of the Contract Management Project. The project was originally scheduled to be capitalized; however, the entire project was less than the capitalization threshold and was expensed in lieu.

NON-ADMINISTRATIVE EXPENDITURES (Continued)

INVESTMENT

Non-Administrative Budget Detail: Investment				
For the Year Ending June 30, 2024 as of June 30, 2024 (4th Quarter)				
	Actual Expense as of 4th Quarter	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Personnel Costs				
Staff Salaries and Benefits	\$ 2,984,916	\$ 3,154,900	\$ 169,984	94.6%
Total Personnel Costs	2,984,916	3,154,900	169,984	94.6%
Professional Services				
Attorney Fees	333,554	200,000	(133,554)	166.8%
Consulting	2,487,050	2,913,500	426,450	85.4%
Custodial Services	1,432,133	1,045,000	(387,133)	137.0%
Total Professional Services	4,252,736	4,158,500	(94,236)	102.3%
Operational Services & Supplies				
Building Rent	109,814	150,000	40,186	73.2%
Employee Engagement	47	500	453	9.4%
General Maintenance	-	3,000	3,000	0.0%
Memberships	9,896	9,500	(396)	104.2%
Non-Capital Projects	-	5,000	5,000	0.0%
Office Expense	6,049	16,000	9,951	37.8%
Software & Services	65,100	87,000	21,900	74.8%
Training & Travel	34,157	96,500	62,343	35.4%
Total Operational Services & Supplies	225,062	367,500	142,438	61.2%
Capital Expense	77,800	125,000	47,200	164.8%
Total Non-Administrative Expense: Investments	\$ 7,540,514	\$ 7,805,900	\$ 265,386	96.6%

Investment Expenses

Personnel Costs (Investment salaries and benefits)

- This category is within expectations for the fiscal year.

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

- At 102% of the budgeted amount, this category is as expected. Increases in attorney usage for potential investment due diligence resulted in an increase over the budgeted amounts. However, net savings in the Custodial Service and Consulting line items offset the increase.

NON-ADMINISTRATIVE EXPENDITURES *(Continued)*

INVESTMENT *(Continued)*

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

- This category is less than expected at 61% of the budgeted amount for the fiscal year. Training & Travel was less than budgeted, but is expected to increase next fiscal year with the addition of staff.

NON-ADMINISTRATIVE EXPENDITURES (Continued)

TECHNOLOGY

Non-Administrative Budget Detail: Technology				
For the Year Ending June 30, 2024 as of June 30, 2024 (4th Quarter)				
	Actual Expense as of 4th Quarter	Annual Approved Budget	Under (Over) Annual Budget	% of Annual Budget
Personnel Costs				
Staff Salaries and Benefits	\$ 2,148,918	\$ 2,413,400	\$ 264,482	89.0%
Total Personnel Costs	2,148,918	2,413,400	264,482	89.0%
Professional Services				
Consulting	129,417	500,000	370,583	25.9%
Data Integrity	54,836	99,000	44,164	55.4%
Total Professional Services	54,836	99,000	44,164	55.4%
Operational Services & Supplies				
Communication Platforms	-	-	-	0.0%
Data Communications	61,440	107,000	45,560	57.4%
General Maintenance	(223)	-	223	0.0%
Memberships	-	-	-	0.0%
Non-Capital Projects	379,658	460,000	80,342	82.5%
Office Expense	1,914	-	(1,914)	0.0%
Software & Services	1,516,458	2,652,500	1,136,042	57.2%
Training & Travel	27,905	80,000	52,095	34.9%
Total Operational Services & Supplies	1,987,152	3,299,500	1,312,348	60.2%
Capital Expense	60,685	600,000	539,315	10.1%
Total Non-Administrative Expense: Tech	\$ 4,381,009	\$ 6,911,900	\$ 2,530,891	63.4%

Technology Expenses

Personnel Costs (Technology salaries and benefits)

- At 89% of the budget for the 2nd quarter, this category is slightly less than expected based on unfilled positions and the delay in reaching an agreement with SEIU Local 721 to implement a new contract for employees in the bargaining unit classifications.

Professional Services (consulting and auditing services related to technology)

- This category is less than budgeted. The savings in Consulting expenses will likely be expensed in the next fiscal year as the security approach pivots.

NON-ADMINISTRATIVE EXPENDITURES *(Continued)*

TECHNOLOGY *(Continued)*

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

- At 60% of the budget for the fiscal year, this category is less than expected. Much of the savings come from the Software & Services line item. Several products have been consciously delayed until the new security approach is in place.

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BENEFIT AND REFUND PAYMENTS

Benefit Payments & Refunds (Not included in the Budget)					
For the Year Ending June 30, 2024 as of June 30, 2024 (4th Quarter) (in Thousands)					
FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
\$578,508	\$621,564	\$660,822	\$726,448	\$760,785	\$811,054

CAPITAL EXPENDITURE SUMMARY

Capital Expenditure Summary				
For the Year Ending June 30, 2024 as of June 30, 2024 (4th Quarter)				
	Expended	Approved	(Over)	Annual
Administrative Budget:				
Physical Signage	\$ -	\$ 35,000	\$ 35,000	0.0%
SBCERA Call Center Relocation to First Floor	30,056	70,000	39,944	42.9%
Total Additions for Administrative Budget	\$ 30,056	\$ 105,000	\$ 74,944	28.6%
Non-Administrative Budget:				
Legal Appropriations				
Contract Management Software	\$ -	\$ 100,000	\$ 100,000	0.0%
Total Additions for Legal Appropriations	\$ -	\$ 100,000	\$ 100,000	0.0%
Investment Appropriations				
Data Management & Library Project	77,800	\$ 125,000	\$ 47,200	62.2%
Total Additions for Legal Appropriations	\$ 77,800	\$ 125,000	\$ 47,200	62.2%
Technical Appropriations:				
Azure Tenant Migration		\$ 500,000	\$ 500,000	0.0%
Audio & Video Equipment	60,685	100,000	39,315	60.7%
Total Additions for Technology Appropriations	\$ 60,685	\$ 600,000	\$ 539,315	10.1%
Total Additions for Non-Administrative Budget	\$ 138,485	\$ 600,000	\$ 539,315	23.1%
Total Additions for Capital Expenditures¹	\$ 168,541	\$ 930,000	\$ 761,459	18.1%

Note: The project for Contract Management Software was expenses as Software & Services in the Non-Administrative Legal budget because the complete project was under the capitalization threshold.