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BUDGET VS ACTUAL REVIEW – For the Year Ending June 30, 2023 as of December 31, 2022

BUDGET SUMMARY

For the Year Ending June 30, 2023 as of December 31, 2022 (2nd Quarter)				
	Annual Approved Budget	Actual Expense YTD	Under (Over) Budget	% of Budget
Administrative Expenses	\$ 13,231,000	\$ 5,811,086	\$ 7,419,914	43.9%
Non-Administrative Expenses	\$ 17,608,365	\$ 6,445,872	\$ 11,162,493	36.6%
Total	\$ 30,839,365	\$ 12,256,959	\$ 18,582,406	39.7%

Overall, the costs are within expectations as of the 2nd quarter of the fiscal year.

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ADMINISTRATIVE EXPENDITURES

Administrative Budget Detail							
For the Year Ending June 30, 2023							
as of December 31, 2022 (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	\$ 4,200,130	\$ 5,012,000	\$ 811,870	83.8%	\$ 10,024,000	\$ 5,823,870	41.9%
Board Members' Stipends	5,300	7,000	1,700	75.7%	14,000	8,700	37.9%
Total Personnel Costs	4,205,430	5,019,000	813,570	83.8%	10,038,000	5,832,570	41.9%
Professional Services							
Audit	54,275	55,000	725	98.7%	65,000	10,725	83.5%
Communication Consulting	-	-	-	0.0%	-	-	0.0%
County Services & COWCAP	-	-	-	0.0%	-	-	0.0%
Document Imaging	18,494	27,500	9,006	67.3%	55,000	36,506	33.6%
Medical Consultants	337,888	300,000	(37,888)	112.6%	600,000	262,112	56.3%
Miscellaneous	118,191	126,100	7,909	93.7%	389,000	270,809	30.4%
Payroll Services	4,446	10,000	5,554	44.5%	20,000	15,554	22.2%
Transcribing	-	7,500	7,500	0.0%	15,000	15,000	0.0%
Total Professional Services	533,293	526,100	(7,193)	101.4%	1,144,000	610,707	46.6%
Operational Services & Supplies							
Building Rent	407,817	350,000	(57,817)	116.5%	700,000	292,183	58.3%
Claims/Judgements/Court Orders	-	17,500	17,500	0.0%	35,000	35,000	0.0%
General Maintenance - Furniture/Equipment	820	9,000	8,180	9.1%	18,000	17,180	4.6%
Insurance	319,506	320,000	494	99.8%	320,000	494	99.8%
Memberships/Publications/Subscriptions	9,218	20,500	11,282	45.0%	41,000	31,782	22.5%
Office Expense	47,596	67,500	19,904	70.5%	135,000	87,404	35.3%
Postage & Handling	26,795	37,500	10,705	71.5%	75,000	48,205	35.7%
Printing	10,684	35,000	24,316	30.5%	70,000	59,316	15.3%
Rented Equipment	36,656	57,500	20,844	63.7%	115,000	78,344	31.9%
Staff Career Development Fund	2,149	12,500	10,351	17.2%	25,000	22,851	8.6%
Communication Services	130,775	95,000	(35,775)	137.7%	190,000	59,225	68.8%
Training/Seminars/Conferences	27,078	55,000	27,922	49.2%	110,000	82,922	24.6%
Travel	47,768	50,000	2,232	95.5%	100,000	52,232	47.8%
Non-Capital - Furniture & Equipment	4,751	5,000	249	95.0%	10,000	5,249	47.5%
Total Operational Services & Supplies	1,071,613	1,132,000	60,387	94.7%	1,944,000	872,387	55.1%
Capital Expense	750	52,500	51,750	1.4%	105,000	104,250	0.7%
Total Administrative Expense	\$ 5,811,086	\$ 6,729,600	\$ 918,514	86.4%	\$ 13,231,000	\$ 7,419,914	43.9%

Overall, costs for Personnel, Professional Services, Operational Services & Supplies, and Capital Expense of the Administrative Budget are within expectations for the fiscal year at the category level.

Approximately 44% or \$5,811,086 of the total appropriations of \$13,231,000 are allocated to Administrative Expense and 86% of that budgeted amount have been incurred as of the 2nd quarter of the fiscal year.

ADMINISTRATIVE EXPENDITURES (Continued)

Category Analysis

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

- At 84% of the estimated expenses for the 2nd quarter of the fiscal year, this category is within expectations.

Professional Services (costs for outside contractors and vendors)

- At 101% of the estimated expenses at the end of the 2nd quarter of the fiscal year, this category is slightly higher than expected, but costs are expected to be inline with budgeted amounts by the end of the fiscal year.
 - The timing of the line items for disability retirement expenses are difficult to predict.

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

- At 95% of the estimated expenses at end of the 2nd quarter of the fiscal year, this category is as expected.

STATUTORY LIMIT

The Statutory Limit for Administrative Expenses for the year ending June 30, 2023 is \$31,410,614. SBCERA's actual Administrative Expenses for the year ending June 30, 2023 as of the 2nd quarter are \$5,811,086, or 19% of the Statutory Limit and 44% of approved appropriations of \$13,231,000.

Calculation of Statutory Limit - Administrative Expenditure Budget		
AAL as of June 30, 2021 ¹	A	\$ 14,957,435,405
Basis points per GC §31580.2	B	0.0021
Statutory limit of 0.21% allowed per GC §31580.2	A*B=C	\$ 31,410,614

NON-ADMINISTRATIVE EXPENDITURES

ACTUARIAL

Non-Administrative Budget Detail: Actuarial							
For the Year Ending June 30, 2023 as of December 31, 2022 (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 Valuation/Experience Study	\$ 88,558	\$ 70,000	\$ (18,558)	126.5%	\$ 140,000	\$ 51,443	63.3%
Actuarial Consulting	19,739	57,500	37,761	34.3%	115,000	95,261	17.2%
Actuarial Audit	-	-	-	0.0%	-	-	0.0%
Total Professional Services	108,296	127,500	19,204	84.9%	255,000	146,704	42.5%
Total Non-Administrative Expense: Actuarial	\$ 108,296	\$ 127,500	\$ 19,204	84.9%	\$ 255,000	\$ 146,704	42.5%

Actuarial Expenses

- Professional Services (actuarial valuation, actuarial consulting, and actuarial audit)
 - At 85% of the category, expenses are as expected for the quarter.

NON-ADMINISTRATIVE EXPENDITURES *(Continued)*

LEGAL

Non-Administrative Budget Detail: Legal							
For the Year Ending June 30, 2023 as of December 31, 2022 (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	\$ 712,089	\$ 834,000	\$ 121,911	85.4%	\$ 1,668,000	\$ 955,911	42.7%
Total Personnel Costs	712,089	834,000	121,911	85.4%	1,668,000	955,911	42.7%
Professional Services							
Outside Attorney Fees - Non Investment	98,471	150,000	51,529	65.6%	300,000	201,529	32.8%
Hearing Officers	28,070	30,000	1,930	93.6%	60,000	31,930	46.8%
Miscellaneous	-	-	-	0.0%	-	-	0.0%
Total Professional Services	126,541	180,000	53,459	70.3%	360,000	233,459	35.2%
Operational Services & Supplies							
General Maintenance - Furniture/Equipment	-	750	750	0.0%	1,500	1,500	0.0%
Memberships/Publications/Subscriptions	6,140	14,000	7,860	43.9%	28,000	21,860	21.9%
Office Expense	23	1,000	978	2.3%	2,000	1,978	1.1%
Software/Software Licensing & Support	13,413	12,000	(1,413)	111.8%	24,000	10,587	55.9%
Training/Seminars/Conferences	1,639	12,250	10,612	13.4%	24,500	22,862	6.7%
Travel	40	10,000	9,960	0.4%	20,000	19,960	0.2%
Non-Capital - Furniture & Equipment	-	2,500	2,500	0.0%	5,000	5,000	0.0%
Total Operational Services & Supplies	21,255	52,500	31,245	40.5%	105,000	83,745	20.2%
Capital Expense	-	17,500	17,500	0.0%	35,000	35,000	0.0%
Total Non-Administrative Expense: Legal	\$ 859,885	\$ 1,084,000	\$ 224,115	79.3%	\$ 2,168,000	\$ 2,581,230	39.7%

Legal Expenses

- Personnel Costs (legal salaries and benefits)
 - At 85% of the estimated expenses as of the 2nd quarter, this category are as expected.
- Professional Services (outside attorney fees or non-investment issues)
 - At 70% of the estimated expenses at the end of the 2nd quarter, costs are slightly lower than expected. The nature of such costs can fluctuate, and the timing is difficult to predict.
- Operational Services and Supplies (memberships, office expense, software, training, and travel)
 - At 41% of the allocation for the 2nd quarter, expenses are lower than expected.
 - These savings are mostly due to an extended reduction in travel.

NON-ADMINISTRATIVE EXPENDITURES *(Continued)*

INVESTMENT

Non-Administrative Budget Detail: Investment							
For the Year Ending June 30, 2023 as of December 31, 2022 (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	\$ 1,078,435	\$ 1,078,000	\$ (435)	100.0%	\$ 2,606,000	\$ 1,527,565	41.4%
Total Personnel Costs	1,078,435	1,078,000	(435)	100.0%	2,606,000	1,527,565	41.4%
Professional Services				0.0%			
Attorney Fees	91,940	67,500	(24,440)	136.2%	135,000	43,060	68.1%
Consulting	1,224,248	1,133,000	(91,248)	108.1%	2,266,000	1,041,752	54.0%
Custodian Fees	506,448	475,000	(31,448)	106.6%	950,000	443,552	53.3%
Solovis Reporting Fees	225,000	225,000	-	100.0%	450,000	225,000	50.0%
Miscellaneous	-	500	500	0.0%	1,000	1,000	0.0%
Total Professional Services	2,047,635	1,901,000	(146,635)	107.7%	3,802,000	1,754,365	53.9%
Operational Services & Supplies				0.0%			
Building Rent	67,846	77,500	9,654	87.5%	155,000	87,154	43.8%
General Maintenance - Furniture/Equipment	-	1,500	1,500	0.0%	3,000	3,000	0.0%
Memberships/Publications/Subscriptions	5,526	4,250	(1,276)	130.0%	8,500	2,974	65.0%
Office Expense	2,222	9,750	7,528	22.8%	19,500	17,278	11.4%
Software/Software Licensing & Support	79,560	80,000	440	99.5%	87,000	7,440	91.4%
Training/Seminars/Conferences	1,745	3,000	1,255	58.2%	6,000	4,255	29.1%
Travel	3,684	17,500	13,816	21.1%	35,000	31,316	10.5%
Non-Capital - Furniture & Equipment	-	2,500	2,500	0.0%	5,000	5,000	0.0%
Total Operational Services & Supplies	160,583	196,000	35,417	81.9%	319,000	158,417	50.3%
Total Non-Administrative Expense: Investment	\$ 3,286,653	\$ 3,175,000	\$ (112,088)	103.5%	\$ 6,727,000	\$ 3,440,347	48.9%

Investment Expenses

- **Personnel Costs** (Investment salaries and benefits)
 - At 100% of the allocated expenses for the 2nd quarter, line item is within expectations.
- **Professional Services** (investment attorney issues, consulting, and custodian fees)
 - At 108% of the 2nd quarter allocated budgeted expense, professional services are slightly more than expected, but are expected to be in line at the end of the fiscal year.
- **Operational Services and Supplies** (memberships, office expense, software, training, travel, and due diligence travel)
 - At 82% of the 2nd quarter allocated budgeted expense, this category is as expected.

NON-ADMINISTRATIVE EXPENDITURES *(Continued)*

TECHNOLOGY

Non-Administrative Budget Detail: Technology							
For the Year Ending June 30, 2023 as of December 31, 2022 (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	\$ 754,302	\$ 952,000	\$ 197,698	79.2%	\$ 1,904,000	\$ 1,149,698	65.6%
Total Personnel Costs	754,302	952,000	197,698	79.2%	1,904,000	1,149,698	65.6%
Professional Services							
Consulting Services	16,526	25,000	8,474	66.1%	450,000	433,474	3.8%
Total Professional Services	16,526	25,000	8,474	66.1%	450,000	433,474	3.8%
Operational Services & Supplies							
Data Processing & Equipment	54,411	72,500	18,089	75.0%	145,000	90,589	60.1%
General Maintenance	-	5,000	5,000	0.0%	10,000	10,000	0.0%
Software/Software Licensing & Support	750,315	902,000	151,685	83.2%	1,804,000	1,053,685	71.2%
Training/Seminars/Conferences	-	40,000	40,000	0.0%	80,000	80,000	0.0%
Non-Capital - IT Hardware & Software	-	123,000	123,000	0.0%	246,000	246,000	0.0%
Total Operational Services & Supplies	804,725	1,142,500	337,775	70.4%	2,285,000	1,480,275	54.4%
Capital Expense	615,484	1,909,683	1,294,198	32.2%	3,819,365	3,203,881	19.2%
Total Non-Administrative Expense: Tech	\$ 2,191,038	\$ 4,029,183	\$ 1,838,144	54.4%	\$ 8,458,365	\$ 6,267,327	35.0%

Technology Expenses

- Personnel Costs (Technology salaries and benefits)
 - At 79% of 2nd quarter allocated budgeted expense, expenses are as expected.
- Professional Services (consulting and auditing services related to technology)
 - At 66% of 2nd quarter allocated budgeted expense, Professional Services are as expected.
- Operational Services and Supplies (data processing, software, non-capital purchases)
 - At 70% of 2nd quarter allocated budgeted expense, this category is slightly lower than expected, mostly a result of timing.
- Capital Expenditures (unit cost of \$25,000 or more)
 - Expenses incurred are for the Pension Administration Software Project. Additional project expenses will be incurred later in the fiscal year.

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CAPITAL EXPENDITURES

Capital Expenditure Summary				
For the Year Ending June 30, 2023 as of December 31, 2022 (2nd Quarter)				
	Actual Expense as of 2nd Quarter	Annual Approved Budget	Under (Over) Budget as of 2nd Quarter	% of Annual Budget
Administrative Budget:				
SBCERA Call Center Relocation to First Floor	\$ -	\$ 70,000	\$ 70,000	0.0%
Indoor Signage	750	35,000	34,250	2.1%
Total Additions for Administrative Budget	\$ 750	\$ 105,000	\$ 104,250	0.7%
Non-Administrative Budget:				
Legal Appropriations				
Contract Management Software	\$ -	\$ 35,000	\$ 35,000	0.0%
Total Additions for Legal Appropriations	\$ -	\$ 35,000	\$ 35,000	0.0%
Technical Appropriations:				
Pension Administration Software Project: LRS	\$ 481,109	\$ 1,859,000	\$ 1,377,891	25.9%
Pension Administration Software Project: Phase II	134,375	919,000	784,625	14.6%
Seminar/IS Reconfiguration		350,000	350,000	0.0%
DocuSign Implementation		200,000	200,000	0.0%
Additional Information Security Configurations		145,000	145,000	0.0%
General Ledger Implementation		50,000	50,000	0.0%
Additional Physical Security Configuratsins		40,000	40,000	0.0%
Total Additions for Technology Appropriations	\$ 615,484	\$ 3,563,000	\$ 2,947,516	17.3%
Total Additions for Non-Administrative Budget	\$ 615,484	\$ 3,563,000	\$ 2,947,516	17.3%
Total Additions for Capital Expenditures¹	\$ 616,234	\$ 3,703,000	\$ 3,086,766	16.6%

BENEFIT AND REFUND PAYMENTS

Benefit Payments & Refunds (Not included in the Budget)						
For the Year Ending June 30, 2023 as of December 31, 2022 (2nd Quarter) (in Thousands)						
FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23 as of 2nd Qtr	FY 22/23 Estimated
\$539,297	\$578,508	\$621,564	\$660,822	\$726,448	\$375,399	\$788,300