

# Exhibit A: Page 1

## BUDGET VS ACTUAL REVIEW – For the Year Ending June 30, 2020

### BUDGET SUMMARY

Budget Summary							
For the Year Ending June 30, 2020							
As of the 2nd Quarter (12/31/19)							
	Annual	Approved	% of		Under (Over)		
	Approved	Budget As of	Total	Actual	Budget	% of	
	Budget	Quarter Ended	Budget	Expense YTD	Ended12/31/19	Budget	
Administrative Expenses	\$ 11,920,900	\$ 4,645,370	39.0%	\$ 4,574,835	\$ 70,535	98.5%	
Non-Administrative Expenses	\$ 12,540,292	\$ 5,241,265	41.8%	\$ 4,841,448	\$ 399,816	92.4%	
Total	\$ 24,461,192	\$ 9,886,635	40.4%	\$ 9,416,283	\$ 470,351	95.2%	

Overall, the costs are within expectations at the 2nd Quarter mark.

## **ADMINISTRATIVE EXPENDITURES**

Administrative Budget Detail						
For the Year Ending June 30, 2020						
As of the 2nd Quarter (12/31/19)						
	Annual Approved Budget	Budget As of Quarter Ending 12/31/19	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ending 12/31/19	% of Qtr Budget
<b>Personnel Costs</b>						
Staff Salaries and Benefits	7,856,700	3,328,000	42.4%	3,276,624	51,376	98.5%
Board Members' Stipends	16,000	8,000	50.0%	4,600	3,400	57.5%
<b>Total Personnel Costs</b>	<b>7,872,700</b>	<b>3,336,000</b>	<b>42.4%</b>	<b>3,281,224</b>	<b>54,776</b>	<b>98.4%</b>
<b>Professional Services</b>						
Audit	65,000	65,000	100.0%	60,460	4,540	93.0%
Communication Consulting	60,000	15,000	25.0%	15,000	-	100.0%
County Services & COWCAP	95,000	47,500	50.0%	38,071	9,429	80.1%
Document Imaging	55,000	27,500	50.0%	23,804	3,696	86.6%
Hearing Officers	60,000	30,000	50.0%	8,310	21,690	0.0%
Medical Consultants	500,000	250,000	50.0%	386,547	(136,547)	154.6%
Miscellaneous	130,500	65,250	50.0%	51,178	14,072	78.4%
Transcribing	10,500	5,250	50.0%	1,581	3,669	30.1%
<b>Total Professional Services</b>	<b>976,000</b>	<b>505,500</b>	<b>51.8%</b>	<b>584,951</b>	<b>(79,451)</b>	<b>115.7%</b>
<b>Operational Services &amp; Supplies</b>						
Building Rent	580,000	290,000	50.0%	289,002	998	99.7%
Claims/Judgements/Court Orders	75,000	-	0.0%	-	-	0.0%
County Garage	6,500	3,250	50.0%	2,113	1,137	65.0%
General Maintenance - Furniture/Equipment	14,500	3,100	21.4%	3,084	16	99.5%
Insurance	135,000	126,000	93.3%	125,633	367	99.7%
Memberships/Publications/Subscriptions	33,500	24,500	73.1%	24,296	204	99.2%
Office Expense	164,400	82,200	50.0%	61,760	20,440	75.1%
Postage & Handling	160,000	62,000	38.8%	61,532	468	99.2%
Printing	70,000	35,000	50.0%	2,882	32,118	8.2%
Rented Equipment	99,400	35,000	35.2%	34,966	34	99.9%
Staff Career Development Fund	15,000	7,500	50.0%	4,044	3,456	53.9%
Telephone	58,200	29,100	50.0%	20,880	8,220	71.8%
Training/Seminars/Conferences	88,400	30,000	33.9%	27,229	2,771	90.8%
Travel	100,000	25,000	25.0%	11,854	13,146	47.4%
Non-Capital - Furniture & Equipment	28,500	14,250	50.0%	2,415	11,835	16.9%
<b>Total Operational Services &amp; Supplies</b>	<b>1,628,400</b>	<b>766,900</b>	<b>47.1%</b>	<b>671,690</b>	<b>95,210</b>	<b>87.6%</b>
<b>Capital Expense</b>	<b>1,443,800</b>	<b>36,970</b>	<b>2.6%</b>	<b>36,970</b>	<b>-</b>	<b>100.0%</b>
<b>Total Administrative Expense</b>	<b>11,920,900</b>	<b>4,645,370</b>	<b>39.0%</b>	<b>4,574,835</b>	<b>70,535</b>	<b>98.5%</b>

Overall, costs for Personnel, Operational Services & Supplies, and Capital Expense are within expectations for the 2<sup>nd</sup> Quarter mark.

Approximately 39.0% or \$4,645,370 of the total appropriations of \$11,920,900 have been allocated to 2<sup>nd</sup> Quarter expenses. After this allocation, expenses are 98.5% of overall expectations for the quarter. Actual expenses of \$4,574,835 represent 38.4% of the total approved appropriation of \$11,920,900.

### **ADMINISTRATIVE EXPENDITURES** *(Continued)*

#### ***Category Analysis***

- Personnel Costs (Administrative staff salaries, benefits, and Board stipends)
  - At 98.4% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is within expectations.
    - Board stipends are less than expected, mostly as a result of reimbursement request timing.
- Professional Services (costs for outside contractors and vendors)
  - At 115.7% of the estimated expenses at the 2nd Quarter mark, this category is slightly greater than expectations.
    - Expenditures for Medical Consultants related to disability applications is greater than the budgeted amount for 2nd Quarter by \$136,547 or 54.6%. This increase in expense is attributed to the work by our Disability Unit in increasing the processing speed of disability cases. This amount is expected to exceed the budgeted amount for the fiscal year. Fiscal will monitor this line item and will request additional budget allocation as required.
- Operational Services and Supplies (office rent, insurance, non-capital purchases, office expense, printing, training, travel, and depreciation)
  - At 87.6% of the estimated expenses at the 2nd Quarter mark, this category is slightly below expectations.
    - Expenses such as County Garage, Telephone, and Postage are difficult to predict timing because needs fluctuate throughout the year. Garage expenses are dependent on the vehicle usage.
- Capital Expenditures (unit cost of \$25,000 or more)
  - At 100% as of the 2nd Quarter mark, majority of the funds have not been expended yet.
    - Budgeted items in this category include the building and tenant improvements, HVAC updates for the third floor, and the website redesign. All of the construction-related items began in earnest in the third quarter of the fiscal year and are expected to be fully expended by the end of the fiscal year. The website project is under way and anticipated to be completed before the end of the fiscal year. All budgeted funds are anticipated to be expended.

**STATUTORY LIMIT**

The Statutory Limit for Administrative Expenses for the year ending June 30, 2020 is \$26,470,379. SBCERA's actual Administrative Expenses for the year ending June 30, 2020, as of December 21, 2019, are \$4,574,835, or 17.3% of the Statutory Limit and 38.4% of approved appropriations of \$11,920,900.

Calculation of Statutory Limit – Administrative Expenditure Budget		
AAL as of June 30, 2018 <sup>1</sup>	A	\$ 12,604,942,218
Basis points per GC §31580.2	B	0.0021
<b>Statutory limit of 0.21% allowed per GC §31580.2</b>	A*B=C	<b>\$ 26,470,379</b>

## NON-ADMINISTRATIVE EXPENDITURES

### ACTUARIAL

Non-Administrative Budget Detail: Actuarial						
For the Year Ending June 30, 2020 As of the 2nd Quarter (12/31/19)						
	Annual Approved Budget	Approved Budget As of Quarter Ending 12/31/19	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ending 12/31/19	% of Qtr Budget
<b>Professional Services</b>						
Actuarial Valuation/Experience Study	140,000	40,000	28.6%	40,000	-	0.0%
Actuarial Consulting	90,000	29,000	32.2%	28,075	925	96.8%
Actuarial Audit	-	-	0.0%	-	-	0.0%
<b>Total Professional Services</b>	<b>230,000</b>	<b>69,000</b>	<b>30.0%</b>	<b>68,075</b>	<b>925</b>	<b>0.0%</b>
<b>Total Administrative Expense</b>	<b>230,000</b>	<b>69,000</b>	<b>30.0%</b>	<b>68,075</b>	<b>925</b>	<b>98.7%</b>

### ***Actuarial Expenses***

- Professional Services (actuarial valuation, actuarial consulting, and actuarial audit)
  - At 98.7% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is within expectations.

**NON-ADMINISTRATIVE EXPENDITURES** (Continued)

**LEGAL**

Non-Administrative Budget Detail: Legal						
For the Year Ending June 30, 2020 As of the 2nd Quarter (12/31/19)						
	Annual Approved Budget	Approved Budget As of Quarter Ending 12/31/19	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ending 12/31/19	% of Qtr Budget
<b>Personnel Costs</b>						
Staff Salaries and Benefits	1,493,800	696,900	46.7%	543,548	153,352	78.0%
<b>Total Personnel Costs</b>	<b>1,493,800</b>	<b>696,900</b>	<b>46.7%</b>	<b>543,548</b>	<b>153,352</b>	<b>78.0%</b>
<b>Professional Services</b>						
Outside Attorney Fees - Non Investment	250,000	75,000	30.0%	71,274	3,726	95.0%
<b>Total Professional Services</b>	<b>250,000</b>	<b>75,000</b>	<b>30.0%</b>	<b>71,274</b>	<b>3,726</b>	<b>95.0%</b>
<b>Operational Services &amp; Supplies</b>						
General Maintenance - Furniture/Equipment	1,500	750	50.0%	-	750	0.0%
Memberships/Publications/Subscriptions	24,369	8,000	32.8%	7,018	982	87.7%
Office Expense	18,450	9,225	50.0%	525	8,700	5.7%
Software/Software Licensing & Support	3,200	2,690	84.1%	2,690	-	100.0%
Training/Seminars/Conferences	15,574	2,000	12.8%	1,922	78	96.1%
Travel	20,600	5,000	24.3%	4,825	175	96.5%
Non-Capital - Furniture & Equipment	5,000	-	0.0%	-	-	0.0%
<b>Total Operational Services &amp; Supplies</b>	<b>88,693</b>	<b>27,665</b>	<b>31.2%</b>	<b>16,980</b>	<b>10,685</b>	<b>61.4%</b>
<b>Total Administrative Expense</b>	<b>1,832,493</b>	<b>799,565</b>	<b>43.6%</b>	<b>631,802</b>	<b>167,763</b>	<b>79.0%</b>

**Legal Expenses**

- Personnel Costs (legal salaries and benefits)
  - At 78% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is slightly lower than expected.
    - One vacancy (Staff Counsel) remains vacant as of the end of the 2<sup>nd</sup> Quarter.
- Professional Services (outside attorney fees or non-investment issues)
  - At 95% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is slightly lower than expected.
    - The nature of such costs can fluctuate and are difficult to predict.
- Operational Services and Supplies (memberships, office expense, software, training, and travel)
  - At 61.4% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is slightly lower than expected.
    - Some savings in office expense due to fewer department members.

**NON-ADMINISTRATIVE EXPENDITURES** *(Continued)*

**INVESTMENT**

Non-Administrative Budget Detail: Investment						
For the Year Ending June 30, 2020 As of the 2nd Quarter (12/31/19)						
	Annual Approved Budget	Approved Budget As of Quarter Ending 12/31/19	% of Total Budget	Actual Expense YTD	Under (Over) Budget Quarter Ending 12/31/19	% of Qtr Budget
<b>Personnel Costs</b>						
Staff Salaries and Benefits	2,509,100	1,112,000	44.3%	1,026,388	85,612	92.3%
<b>Total Personnel Costs</b>	<b>2,509,100</b>	<b>1,112,000</b>	<b>44.3%</b>	<b>1,026,388</b>	<b>85,612</b>	<b>92.3%</b>
<b>Professional Services</b>						
Attorney Fees	225,000	112,500	50.0%	60,140	52,360	53.5%
Consulting	2,478,500	1,000,000	40.3%	998,292	1,708	99.8%
Custodian Fees	800,000	400,000	50.0%	400,000	-	100.0%
Miscellaneous	3,500	3,500	100.0%	-	3,500	0.0%
<b>Total Professional Services</b>	<b>3,507,000</b>	<b>1,516,000</b>	<b>43.2%</b>	<b>1,458,432</b>	<b>57,568</b>	<b>96.2%</b>
<b>Operational Services &amp; Supplies</b>						
Building Rent	134,900	67,450	50.0%	63,365	4,085	93.9%
General Maintenance - Furniture/Equipment	2,500	1,250	50.0%	786	464	0.0%
Memberships/Publications/Subscriptions	5,800	5,800	100.0%	5,830	(30)	100.5%
Office Expense	19,100	9,550	50.0%	7,130	2,420	74.7%
Software/Software Licensing & Support	110,800	27,700	25.0%	23,000	4,700	83.0%
Training/Seminars/Conferences	10,600	1,000	9.4%	925	75	92.5%
Travel	51,700	10,000	19.3%	7,306	2,694	73.1%
Non-Capital - Furniture & Equipment	5,000	-	0.0%	-	-	0.0%
<b>Total Operational Services &amp; Supplies</b>	<b>340,400</b>	<b>122,750</b>	<b>36.1%</b>	<b>108,342</b>	<b>14,408</b>	<b>88.3%</b>
<b>Total Administrative Expense</b>	<b>6,356,500</b>	<b>2,750,750</b>	<b>43.3%</b>	<b>2,593,162</b>	<b>157,588</b>	<b>94.3%</b>

***Investment Expenses***

- Personnel Costs (Investment salaries and benefits)
  - At 92.3% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is within expectations.
- Professional Services (investment attorney issues, consulting, and custodian fees)
  - At 96.2% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is within expectations.
- Operational Services and Supplies (memberships, office expense, software, training, travel, and due diligence travel)
  - At 88.3% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is slightly lower than expected.
    - The timing of training and travel expenses fluctuates.

**NON-ADMINISTRATIVE EXPENDITURES** (Continued)

**TECHNOLOGY**

Non-Administrative Budget Detail: Technology						
For the Year Ending June 30, 2020 As of the 2nd Quarter (12/31/19)						
	Annual Approved Budget	Approved Budget As of Quarter Ending 12/31/19	% of Total Budget	Actual Expense as of 9/30/19	Under (Over) Budget Quarter Ending 12/31/19	% of Qtr Budget
<b>Personnel Costs</b>						
Staff Salaries and Benefits	1,210,399	542,700	44.8%	480,000	62,700	88.4%
<b>Total Personnel Costs</b>	<b>1,210,399</b>	<b>542,700</b>	<b>44.8%</b>	<b>480,000</b>	<b>62,700</b>	<b>88.4%</b>
<b>Professional Services</b>						
Consulting Services	515,000	-	0.0%	-	-	0.0%
<b>Total Professional Services</b>	<b>515,000</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Operational Services &amp; Supplies</b>						
Data Processing & Equipment	290,500	98,000	33.7%	97,911	89	99.9%
General Maintenance - IT Hardware & Softwa	-	-	0.0%	-	-	0.0%
Software/Software Licensing & Support	1,166,900	752,000	64.4%	751,398	602	99.9%
Non-Capital - IT Hardware & Software	138,500	69,250	50.0%	59,940	9,310	86.6%
<b>Total Operational Services &amp; Supplies</b>	<b>1,595,900</b>	<b>919,250</b>	<b>57.6%</b>	<b>909,249</b>	<b>10,001</b>	<b>98.9%</b>
<b>Capital Expense</b>	<b>800,000</b>	<b>160,000</b>	<b>20.0%</b>	<b>159,160</b>	<b>840</b>	<b>99.5%</b>
<b>Total Administrative Expense</b>	<b>4,121,299</b>	<b>1,621,950</b>	<b>39.4%</b>	<b>1,548,409</b>	<b>73,541</b>	<b>95.5%</b>

**Technology Expenses**

- Personnel Costs (Technology salaries and benefits)
  - At 88.4% of the estimated expenses at the 2<sup>nd</sup> Quarter mark, this category is within expectations.
- Professional Services (consulting and auditing services related to technology)
  - As of the 2<sup>nd</sup> Quarter mark, no expenses have been incurred. These items have been consciously deferred to future quarters.
- Operational Services and Supplies (data processing, software, non-capital purchases)
  - At 98.9% of the estimated expenses at the 1<sup>st</sup> Quarter mark, this category is within expectations.
- Capital Expenditures (unit cost of \$25,000 or more)
  - Expenses incurred as of the 2<sup>nd</sup> Quarter mark are for the Internet Project, as identified in the Triennial Strategic Plan. The remainder of this project and the others are expected to be incurred in the future quarters.



**PAYMENTS NOT INCLUDED IN EXPENDITURE BUDGET**

Payments made to members and beneficiaries for benefits and refunds are not discretionary and are paid pursuant to Plan requirements. These payments are not included in the expenditure budget but are presented below for informational purposes only.

<b>Benefit Payments &amp; Refunds (Not included in the Budget)</b> <b>For the Year Ending June 30, 2020</b> <b>As of the 2nd Quarter (12/31/19)</b> <b>(in Thousands)</b>						
FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20 (Projected)	FY 19/20 YTD	% of Projected Amount
\$ 464,068	\$ 497,904	\$ 539,297	\$ 578,508	\$ 630,000	\$ 305,497	48.5%