



ITEM 17

Executive Staff

Richard Stensrud
Chief Executive Officer

Vacant
Chief Investment Officer

Robert L. Gaumer
General Counsel

Kathryn T. Regalia
Chief Operations Officer

John W. Gobel, Sr.
Chief Benefits Officer

**For Agenda of:
August 17, 2016**

August 12, 2016

TO: President and Members
Board of Retirement

FROM: Kathryn T. Regalia
Chief Operations Officer

SUBJECT: Final Budget Request for the Fiscal Year 2016-2017

Recommendation:

That your Board approve the attached Final Budget Request for the 2016-2017 fiscal year.

Background:

In accordance with established Board policy, the proposed budget is to be adopted for the immediate succeeding fiscal year by June 30, and the final budget is to be adopted by August 31. Pursuant to Government Code Section 31580.2, the statutory limit for the budget year's expenditures shall not exceed twenty-one hundredths of one percent (0.21%) of total actuarial accrued liability (AAL) on July 1 of the budget year. The statutory limit excludes the cost of administration expenditures for computer software and hardware and computer technology consulting services.

At the June 15, 2016 Retirement Board meeting, your Board approved the Proposed Budget Request, which has been serving as a preliminary operating budget for SCERS.

Discussion:

Attached for your review and approval is the Final Budget Request for FY 2016-2017. The requested amount is \$9,140,798, which is \$12,597 lower than the Proposed Budget

Final Budget Request for the Fiscal Year 2016-2017

August 12, 2016

Page 2 of 2

Request of \$9,153,395 approved by your Board in June. A Summary of Changes from Proposed Budget to Final Budget schedule appears on page A1.

'Salaries and Benefits' decreased by a small amount, \$8,130 due to the combined effect of three factors: (1) The hiring of one Accountant at Step 5 rather than Step 9; (2) The proposed reclassification of a Senior Account Clerk to an Accountant; and (3) A change in the allocation of time between investment accounting and other accounting activities.

'Other Charges' decreased by \$4,467 due to a decrease in County allocated costs.

The requested amount of \$9,140,798 less IT costs of \$1,860,258 is \$7,280,540, which is only eight hundredths of one percent (.08%) of SCERS' actuarial accrued liability of \$9,028,679,000 as of June 30, 2015. This is well below the statutory limit of twenty-one hundredths of one percent (.21%).

If you have any questions about the Final Budget request, please let me know.

Respectfully submitted,

Concur:

Kathryn T. Regalia
Chief Operations Officer

Richard Stensrud
Chief Executive Officer

Attachment

FINAL BUDGET

FISCAL YEAR 2016-2017



SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM



FINAL BUDGET REQUEST

FISCAL YEAR 2016-2017

PREPARED BY:

RICHARD STENSRUD
Chief Executive Officer

KATHRYN T. REGALIA, CPA, CGMA
Chief Operations Officer

THUYET DANG
Senior Accounting Manager

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

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MISSION STATEMENT AND CORE VALUES

MISSION STATEMENT

We are dedicated to providing the highest level of retirement services and managing system resources in an effective and prudent manner.

CORE VALUES

In fulfilling our mission as a retirement system, we are committed to:

- The highest levels of professionalism and fiduciary responsibility
- Acting with integrity
- Competent, courteous and respectful service to all
- Open and fair processes
- Safeguarding confidential information
- Cost-effective operations
- Stable funding and minimal contribution volatility
- Effective communication and helpful education
- Maintaining a highly competent and committed staff
- Continuous improvement
- Planning strategically for the future

BUDGET POLICY

1. The Board shall annually adopt a proposed budget for the immediate succeeding fiscal year no later than June 30th.
2. The Board shall adopt a final budget no later than August 31st following the date in which the Board has adopted a proposed budget.
3. The proposed and final budgets shall not exceed an amount determined to be the statutory limit for a single year's expenses as established in Government Code Section 31580.2.
4. The statutory limit for a budget year's expenses pursuant to Government Code Section 31580.2 shall be based upon the accrued actuarial liability of the System.
5. The Board, in exercising its constitutionally imposed fiduciary duty to the System and its members, may authorize a proposed or final budget in excess of the statutory limit in order to pay the reasonable expenses of administering the System.
6. The Retirement Administrator shall refer appropriations requests for mid-year expenses that were not anticipated and therefore not included in the final budget to the Board for consideration and ratification. Should such requests result in total anticipated expenses exceeding the statutory limit, the Retirement Administrator should present, for Board approval, a resolution indicating with specificity the justification for exceeding the limit.

PROGRAM DESCRIPTION

Pursuant to the provisions of the County Employees' Retirement Law of 1937 ("1937 Act"), management of the Sacramento County Employees' Retirement System is vested in the Board of Retirement which:

- Is responsible for the administration and maintenance of the records of the System in accordance with the provisions of the 1937 Act and Retirement Board Bylaws.
- Sets policy for the investment of the assets of the System and monitors its investments.
- Appoints a Retirement Administrator who serves as Chief Executive Officer for the System, who is not subject to County Civil Service or merit system rules but serves at the will and pleasure of the Retirement Board¹.
- Annually adopts a budget covering the entire expense of administration of the System.

¹The Chief Investment Officer, General Counsel, Chief Operations Officer, Chief Benefits Officer, and Deputy Chief Investment Officer for the System are not subject to County Civil Service or merit system rules and are appointed by the Chief Executive Officer subject to confirmation by the Board of Retirement. All other staff positions are appointed by the Chief Executive Officer from the Civil Service lists of the County, are subject to County Civil Service and personnel rules, and as applicable, are covered by the collective bargaining agreements that cover County employees. It is the policy of the SCERS Board that all SCERS employees receive the cost-of-living adjustments and other employee benefits provided to County employees in their respective job classifications or representation groups. All positions are included in the Salary Resolution and the Summary of Positions that are adopted by the Board of Supervisors.

SIGNIFICANT DEVELOPMENTS DURING FISCAL YEAR 2015-2016

- Continued the implementation of the 2014-2018 Strategic Plan goals and objectives.
- Continued to assess SCERS' information technology system requirements, modify and enhance SCERS' systems to accommodate operational needs and to plan strategically for future information technological needs; Reviewed responses to RFP and selected and engaged Linea Solutions, Inc. to provide SCERS with pension administration and financial systems consulting services.
- Initiated the assessment phase of the IT Modernization Program; Worked with Linea Solutions, Inc. to conduct the Current Technology Assessment; Presented to the SCERS Board an overview of the findings and recommendations.
- Made site visits to other 1937 Act retirement systems to learn about their IT infrastructures, business processes, best practices, and resources used to address organizational needs.
- Continued to work with Sacramento County Department of Personnel Services and Department of Technology (DTech) to design and implement the retirement rate redesign for the additional cost sharing arrangements negotiated between the County and recognized employee organizations.
- Educated Sacramento County recognized employee organizations of the impact of the additional cost sharing arrangements.
- Began working with Orangevale Recreation and Park District to move forward to a 50/50 normal cost sharing arrangement in which the employees begin paying towards the 50% of the combined employee and employer normal cost over the next two fiscal years.
- Worked with DTech on the SCERS online member account in order to enhance account information and reporting.
- Worked with Sacramento Metropolitan Fire District to determine a terminal withdrawal liability.
- Worked with Sacramento County Voter Registration and Elections to conduct elections for the Board of Retirement; conducted a concurrent election for the remaining unexpired term of the vacant Miscellaneous Board Representative and for the term beginning January 1, 2016 for the same position; Conducted an election for the Safety and Alternate Safety Board Representatives for the term beginning January 1, 2016.
- Worked with Sacramento County Retired Employees Association (SCREA) to implement the membership fee reduction for SCREA members.
- Conducted and reported on the final compensation review process mandated by the California Public Employees' Pension Reform Act of 2013 (CalPEPRA).
- Completed implementation of GASB 67 and 68 reporting requirements.
- Authorized additional staff positions in benefit administration, operations and information technology.
- Initiated restructuring and expansion of retirement processing by adding third service team to Benefits.
- Conferred with participating employers regarding retired annuitant practices and reviewed additional restrictions imposed by CalPEPRA.

SIGNIFICANT DEVELOPMENTS DURING FISCAL YEAR 2015-2016 (CONTINUED)

- Revised disability review procedures, and retained medical advisory firm to speed up and improve record review process for new disability retirement applicants.
- Expanded communications and benefit counseling requirements for applicants requesting service-connected disability retirement via reciprocity.
- Modified internal processes for disputed benefit determinations and appeal to Board of Retirement.
- Surveyed participating employers and developed and implemented standards on post-retirement employment.
- Initiated submission of a renewal of qualified plan status with the Internal Revenue Service.
- Initiated a review of the policies and practices used by SCERS participating employers with respect to enrolling eligible employees in SCERS.
- Initiated an asset allocation study for SCERS.
- Conducted and completed an emerging markets all-cap equity search within SCERS' International Equity asset class.
- Initiated a large cap international developed markets search within SCERS' International Equity asset class.
- Identified, performed due diligence and made direct investments in SCERS' Private Equity, Real Assets and Opportunities asset classes.
- Assessed the need for the addition of a strategic partner for segments of the Private Equity and Real Assets asset classes.
- Presented the annual reports and annual investment plans for the Private Equity and Real Assets asset classes.
- Prepared the 2015 Investment Year in Review Report.
- Continued to execute on plans for the long-term direction, sub-asset class structure and investment manager structure of SCERS' real estate program including: (1) Assessment of core separate account properties and open-end commingled funds; and (2) Review of opportunities in value add and opportunistic real estate.
- Made modifications to SCERS' overlay proxy within the Real Assets asset class to increase diversification across the liquid real assets investable universe.
- Evaluated reduced volatility equity strategies.
- Monitored and assessed the direction of SCERS' securities lending program.
- Researched and assessed the need for additional risk management systems and tools.
- Continued to assess the investment manager lineup across SCERS' fund.
- Assessed risk in global currency exposures.
- Conducted investment education programs on timberland and currency exposures.

ANTICIPATED CHANGES FOR FISCAL YEAR 2016-2017

- Continue the implementation of the 2014-2018 Strategic Plan goals and objectives including establishing appropriate operating authority.
- Develop and implement additional educational programs and materials for SCERS members.
- Complete the review and revision of SCERS Bylaws/Regulations. Combine the materials with applicable statutes, policies and procedures to form a consolidated plan document.
- Undertake an analysis of retirement system governance culminating in the development of governance policies outlining Board and staff roles and responsibilities.
- Develop a process and parameters for Board evaluation of its own performance.
- Implement a structured goal setting and performance evaluation process for SCERS employees.
- Continue to develop and implement a comprehensive communications plan, integrating a SCERS 'brand' concept.
- Develop and implement a program for establishing a baseline for member satisfaction, enhancing member feedback, measuring improvements in service, and benchmarking against best practices in customer service.
- Analyze and develop recommendations regarding the issues, costs and benefits of adding new lines of business or business products that are compatible with the existing SCERS business model.
- Continue to work with Linea Solutions, Inc. and DTech on the IT Modernization Program (a five year project).
- Develop additional staff training programs.
- Enhance the business continuity plan.
- Establish full internal investment staffing.
- Implement the new staff structure.
- Complete the asset allocation study for SCERS that was initiated in FY15-16.
- Revise the overall investment policy statement, including incorporating SCERS' individual asset class policies.
- Complete the large cap international developed markets search within SCERS' International Equity asset class.
- Identify, perform due diligence and make direct investments in SCERS' Absolute Return, Private Equity, Real Assets and Opportunities asset classes.
- Assess potential strategic partners for segments of the Private Equity and Real Assets asset classes.
- Present the annual reports and annual investment plans for the Private Equity and Real Assets asset classes.

ANTICIPATED CHANGES FOR FISCAL YEAR 2016-2017 (CONTINUED)

- Continue to execute on plans for the long-term direction, sub-asset class structure and investment manager structure of SCERS' real estate program including: (1) Assessment of core separate account properties and open-end commingled funds; and (2) Review of opportunities in value add and opportunistic real estate.
- Continue to evaluate reduced volatility equity strategies.
- Continue to evaluate the proxies utilized within SCERS' overlay program.
- Monitor and assess the direction of the securities lending program.
- Research and assess the need for additional risk management systems and tools.
- Continue to assess the investment manager lineup across SCERS' fund.
- Deepen expertise in alternative assets by increasing capabilities in operational due diligence, including the evaluation of third party services.
- Fill vacant Staff positions within SCERS' investment division.

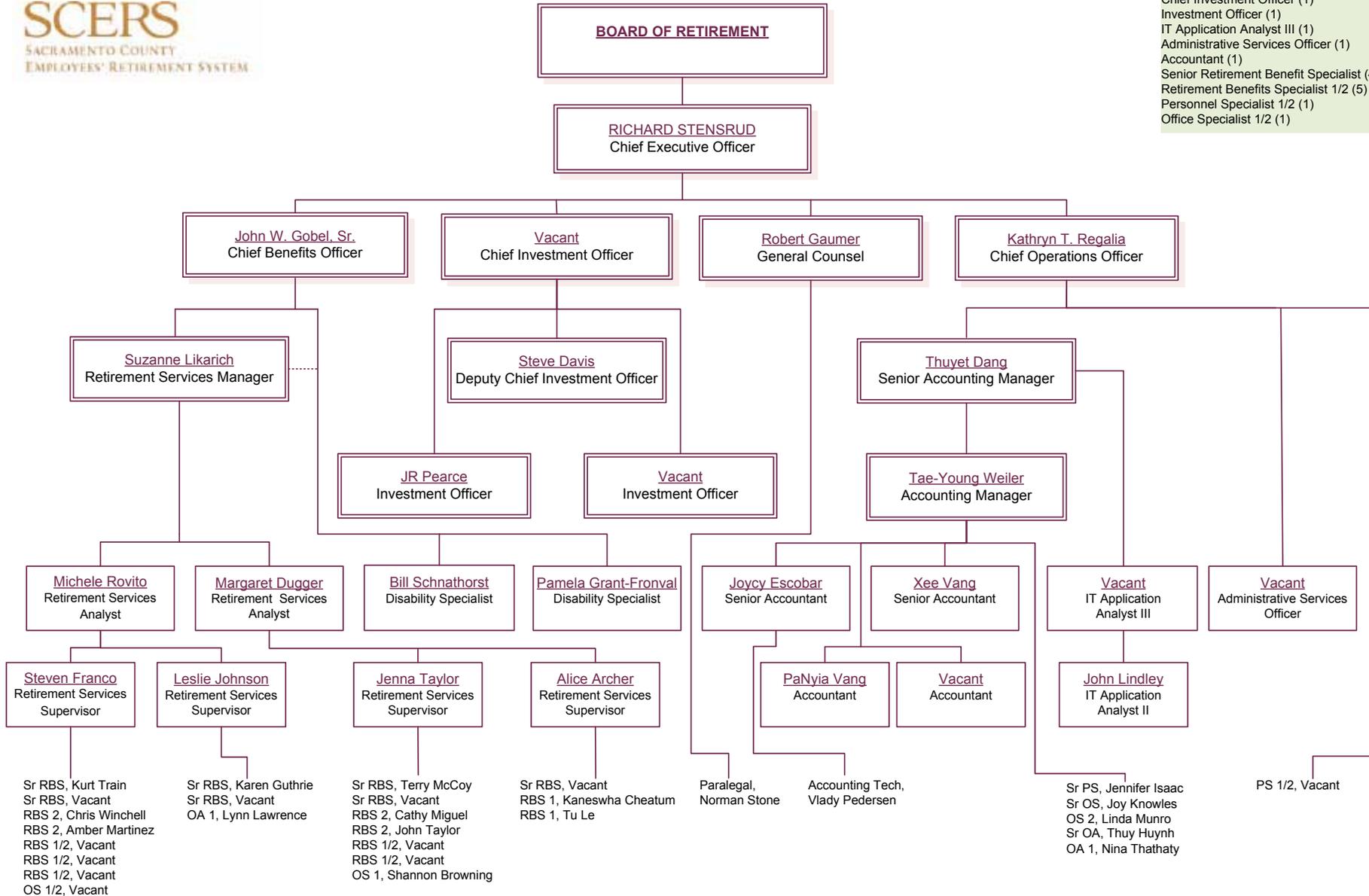


Staff Organization Chart

Effective August 12, 2016

55.0 Positions
55.0 F.T.E

Vacant Positions:
 Chief Investment Officer (1)
 Investment Officer (1)
 IT Application Analyst III (1)
 Administrative Services Officer (1)
 Accountant (1)
 Senior Retirement Benefit Specialist (4)
 Retirement Benefits Specialist 1/2 (5)
 Personnel Specialist 1/2 (1)
 Office Specialist 1/2 (1)





Functional Organization Chart

Effective August 12, 2016



- BENEFITS SERVICES**
1. Service retirements, disability retirements, deferred and reciprocal retirements, reciprocal disability retirements
 2. Death benefits
 3. Service credit purchases, accounts receivable
 4. Monthly pension payroll
 5. Length of service, insurance eligibility; insurance carrier payments
 6. Temporary annuity modifications; student status modifications
 7. Quality assurance
 8. Contribution and age rate adjustments
 9. Pension payroll adjustments
 10. Seminar presentations, new employee orientations/ group interviews, retirement planning seminars
 11. 30 year cutoffs
 12. Member communications/inquiries/ counseling
 13. Retirement estimates
 14. Deferred, reciprocal, and withdrawal requests

- SPECIAL PROJECTS**
1. Incorporating new or revised retirement tiers
 2. Income verifications, signature verifications, statement of disabilities
 3. IRC 415 testing
 4. Impact of court decisions
 5. Pension Benefit Information cross check for deceased members
 6. Community property interest resolution
 7. Annual COLA adjustments

- INVESTMENT SERVICES**
1. Monthly investment mgt. compliance report
 2. Qtrly. investment performance report
 3. Asset allocation rebalancing
 4. Annual adoption of investment policy and objectives
 5. Reviewing of asset class structure; brokerage commissions; investment expenses
 6. Board education on investment issues
 7. Proxy voting and corporate governance
 8. Manager due diligence
 9. Preparing RFP's; conducting manager/ consultant searches
 10. Monitoring R.E. portfolio, including commingled trusts
 11. Overseeing Custody Bank relationship-services/ fees/ securities lending
 12. Annual financial report on investments
 13. Portfolio performance reporting

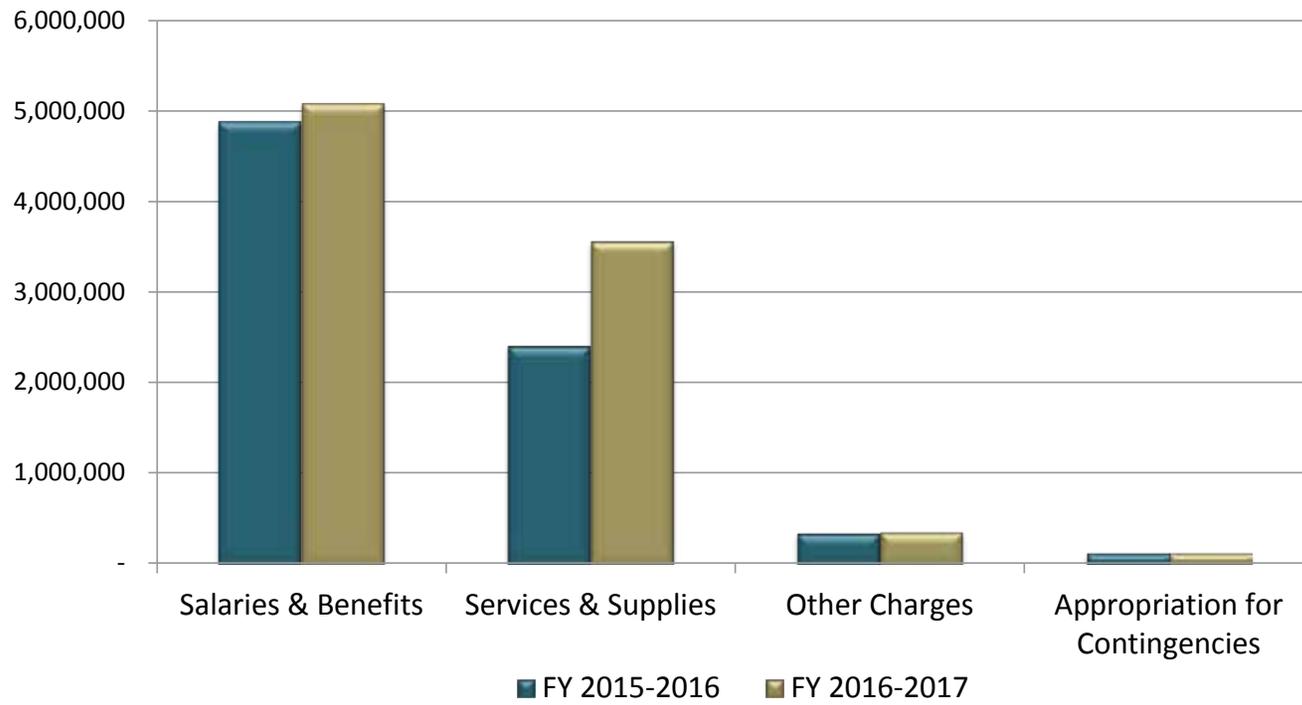
- LEGAL SERVICES**
1. Legal representation to SCERS Board and staff
 2. Legal counsel during public and closed sessions of the SCERS Board
 3. Coordinating and overseeing the selection and work of outside legal counsel and other vendors
 4. Short and long-term plans for addressing legal service needs
 5. Analysis of state and federal legislation
 6. Formulating legislative proposals
 7. Evaluation of securities litigation
 8. Legal education programs
 9. Legal services activities with other governmental and private sector entities
 10. Contracts, resolutions, opinions, and other documents
 11. Implementation of legal services
 12. Legal services budget

- INVESTMENT ACCOUNTING**
1. Investment reconciliation
 2. Cash flow analysis
 3. Manager invoice review and reconciliation
 4. Investment activity processing
- RECORDS MANAGEMENT/ CLERICAL SERVICES**
1. Clerical supervision; standardization of formats
 2. Document and records management: imaging standards, backfile conversions
 3. File storage and retention
 4. Forms maintenance
 5. Customer Service plan manager
 6. Board and conference room schedules/master calendar
 7. Preparation of Retirement Board agendas, materials, and minutes

- ACCOUNTING SERVICES**
1. Member contributions - quality control
 2. Fund transfers
 3. Fund chart of accounts
 4. Fund financial statements and reporting
 5. Actuarial valuation requirements
 6. Tax reporting
 7. 1099's
 8. Production of member's annual statements; replies to member inquiries regarding annual statements
 9. Payroll adj. and special district payrolls
 10. Maintaining MBASE
 11. Inactive accounts
 12. Interest crediting
 13. Comprehensive Annual Financial Report (CAFR)

- FISCAL SERVICES**
1. Annual budget: needs and cost analysis
 2. Administrative accounting and reconciliations
 3. Accounts payable
 4. Administrative asset acquisition: furnishings, supplies, required equipment upgrades and maintenance contracts
 5. Personnel and Payroll functions
 6. Information Technology management; program applications and technological upgrades
 7. Training coordination
 8. Liaison to various County committees
 9. Coordination of publication printing and distribution
 10. Coordination of Board elections
 11. Facilities/space management
 12. Retirement Board and SCERS staff travel

FINAL ADMINISTRATIVE FUNDING REQUEST



FINAL BUDGET REQUEST SUMMARY

BUDGET OBJECT	Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request	Final Administrative Funding Request	Final IT Funding Request FY 2016-2017
		(Including IT) FY 2015-2016		(Including IT) FY 2015-2016		(Excluding IT) FY 2015-2016	(Including IT) FY 2016-2017	
10 - Salaries & Benefits	\$6,563,093	\$4,893,406	\$4,693,501	\$3,505,767	\$6,804,579	\$5,094,142	\$4,721,774	\$372,368
20 - Services & Supplies	4,454,707	2,413,604	4,117,522	2,512,207	5,826,023	3,566,643	2,398,737	1,167,906
30 - Other Charges	355,041	346,316	351,426	344,027	362,752	355,013	35,029	319,984
Subtotal	11,372,841	7,653,326	9,162,449	6,362,001	12,993,354	9,015,798	7,155,540	1,860,258
70 - Appropriation for Contingencies	125,000	125,000	-	-	125,000	125,000	125,000	-
Total	\$11,497,841	\$7,778,326	\$9,162,449	\$6,362,001	\$13,118,354	\$9,140,798	\$7,280,540	\$1,860,258

BUDGET LIMIT FOR ADMINISTRATIVE EXPENSES (Pursuant to Government Code Section 31580.2)

Total Final Administrative Funding Request FY 2016-2017	\$9,140,798
Total Computer Software and Hardware and Computer Technology Consulting Services Cost (IT Costs)	(1,860,258)
Administrative Expenses Excluding IT Costs	\$7,280,540
Total Actuarial Accrued Liability of the Retirement System as of June 30, 2015	\$9,028,679,000

Budget Limit for Administrative Expenses is Twenty-one Hundredths of One Percent	0.21%	\$18,960,226
Less: Administrative Expenses Excluding IT Costs	0.08%	7,280,540
Budget Limit in Excess of Administrative Expenses Excluding IT Costs	0.13%	\$11,679,686

FINAL BUDGET REQUEST DETAIL

SUB-OBJECT	ACCOUNT TITLE	Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Actual Administrative Expenses (Excluding IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017	Final Administrative Funding Request (Excluding IT) FY 2016-2017	Final IT Funding Request FY 2016-2017
OBJECT 10 - SALARIES & BENEFITS										
10111000	SALARIES & WAGES-REGULAR EMPLOYEES	\$4,218,956	\$3,095,130	\$2,933,047	\$2,178,927	\$2,078,295	\$4,390,066	\$3,236,283	\$2,991,499	\$244,784
10112400	SALARIES & WAGES-COMMITTEE MEMBERS	9,600	4,800	6,100	3,050	3,050	9,600	4,800	4,800	-
10113100	SALARIES & WAGES-STRAIGHT TIME O/T	8,000	8,000	7,081	7,061	7,001	8,000	7,600	6,800	800
10113200	SALARIES & WAGES-TIME & ONE HALF O/T	54,000	54,000	61,458	58,756	51,827	60,000	57,000	51,000	6,000
10114100	SALARIES & WAGES-PREMIUM PAY	50,381	26,119	48,567	25,212	24,655	54,909	27,889	22,833	5,056
10114300	ALLOWANCES	5,400	3,240	5,445	3,268	3,268	5,400	3,240	3,240	-
10115200	TERMINAL PAY	69,402	54,997	69,284	49,214	49,214	77,169	61,641	58,610	3,031
10121000	RETIREMENT-NORMAL & UAAL	739,035	555,640	516,930	386,320	368,078	685,663	514,863	473,275	41,588
10121100	RETIREMENT-1995/2003 POB DEBT SERVICE	234,298	166,796	234,298	166,796	158,757	270,276	199,706	184,639	15,067
10121200	RETIREMENT-2004 POB DEBT SERVICE	113,694	80,938	113,694	80,938	77,037	132,532	97,928	90,545	7,383
10121300	HEALTH SAVINGS-EMPLOYER COST	35,750	29,313	24,780	20,492	19,641	35,750	29,573	27,947	1,626
10121400	401A PLAN-EMPLOYER COST	14,371	7,272	8,744	5,135	4,960	15,162	8,015	6,467	1,548
10122000	OASDI-EMPLOYER COST	317,944	239,727	216,914	165,070	156,836	327,743	249,851	230,747	19,104
10123000	GROUP INSURANCE-EMPLOYER COST	677,310	555,394	432,451	343,732	338,043	715,173	583,091	557,664	25,427
10124000	WORKERS COMPENSATION INS-EMPLR COST	14,244	11,470	14,244	11,470	11,029	16,194	11,966	11,064	902
10125000	UNEMPLOYMENT INS-EMPLOYER COST	708	570	464	326	312	942	696	644	52
OBJECT TOTAL		6,563,093	4,893,406	4,693,501	3,505,767	3,352,003	6,804,579	5,094,142	4,721,774	372,368
OBJECT 20 - SERVICES & SUPPLIES										
20200500	ADVERTISING/LEGAL NOTICES	2,500	2,500	-	-	-	2,500	2,500	2,500	-
20202200	BOOKS/PERIODICALS SUPPLY	3,000	3,000	76	76	76	3,000	3,000	3,000	-
20202400	PERIODICALS & SUBSCRIPTIONS	10,000	6,078	7,872	3,027	3,027	10,000	3,606	3,606	-
20202900	BUSINESS CONFERENCES	68,721	25,650	48,226	22,212	19,344	89,639	37,253	34,378	2,875
20203100	BUSINESS TRAVEL	62,000	2,000	8,015	1,304	1,304	62,000	2,000	2,000	-
20203500	EDUCATION & TRAINING SERVICES	8,000	8,000	1,872	1,368	1,358	8,000	8,000	8,000	-

FINAL BUDGET REQUEST DETAIL (CONTINUED)

SUB-OBJECT	ACCOUNT TITLE	Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Actual Administrative Expenses (Excluding IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017	Final Administrative Funding Request (Excluding IT) FY 2016-2017	Final IT Funding Request FY 2016-2017
20203700	EMPLOYEE TUITION REIMBURSEMENT	8,400	8,400	-	-	-	8,400	8,400	8,400	-
20203800	EMPLOYEE RECOGNITION	12,500	8,517	12,174	8,522	8,145	13,000	10,755	10,164	591
20203900	EMPLOYEE TRANSPORTATION	1,000	1,000	198	25	25	1,000	1,000	1,000	-
20205100	INSURANCE-LIABILITY	20,714	16,680	20,714	16,680	16,039	23,693	19,601	18,524	1,077
20205200	INSURANCE-FIDUCIARY LIABILITY	107,036	86,192	106,935	86,091	82,781	108,106	89,433	84,519	4,914
20206100	MEMBERSHIPS	30,330	13,071	35,235	9,901	9,901	35,618	9,797	9,647	150
20207600	OFFICE SUPPLIES	37,600	30,278	13,437	11,341	10,925	37,600	31,105	29,396	1,709
20208100	POSTAGE SERVICES	10,000	8,800	7,132	5,845	5,845	10,000	10,000	10,000	-
20208500	PRINTING SERVICES	37,000	37,000	24,326	20,532	20,532	37,000	30,609	28,927	1,682
20226100	OFFICE EQUIPMENT MAINTENANCE SERVICES	6,000	4,832	1,275	1,076	1,037	6,000	4,964	4,691	273
20226200	OFFICE EQUIPMENT MAINTENANCE SUPPLIES	2,000	1,611	1,008	851	820	2,000	1,655	1,564	91
20226400	OFFICE EQUIPMENT MODULAR FURNITURE	15,000	12,079	-	-	-	15,000	12,409	11,727	682
20227500	RENTS/LEASES-EQUIPMENT	30,000	25,300	17,651	14,898	14,352	30,000	24,818	23,454	1,364
20244300	MEDICAL SERVICES	360,000	360,000	500,197	500,197	500,197	500,000	500,000	500,000	-
20250200	ACTUARIAL SERVICES	165,000	99,000	178,546	111,546	111,546	200,000	99,000	99,000	-
20252100	TEMPORARY CLERICAL SERVICES	40,000	40,000	76,516	76,516	76,516	40,000	40,000	40,000	-
20253100	LEGAL SERVICES	1,600,000	-	1,227,907	-	-	1,600,000	-	-	-
20254100	PERSONNEL SERVICES	38,417	30,936	36,173	28,692	27,572	48,409	40,047	37,847	2,200
20254400	SAFETY PROGRAM SERVICES	957	771	860	674	647	996	824	779	45
20256100	REPORTING SERVICES	125,000	125,000	183,011	183,011	183,011	200,000	200,000	200,000	-
20256200	TRANSCRIBING SERVICES	38,000	38,000	23,152	23,152	23,152	30,000	30,000	30,000	-
20259100	OTHER PROFESSIONAL SERVICES	200,000	198,600	138,939	138,837	138,837	200,000	200,000	200,000	-
20259101	INFORMATION TECHNOLOGY CONSULTANTS	-	-	151,800	124,532	-	1,000,000	827,273	-	827,273
20281200	DATA PROCESSING SUPPLIES	55,100	44,370	15,141	12,421	-	55,100	45,583	-	45,583
20281700	ELECTION SERVICES	60,000	60,000	35,491	35,491	35,491	60,000	60,000	60,000	-
20283200	INTERPRETER SERVICES	500	500	-	-	-	500	500	500	-
20291100	SYSTEMS DEVELOPMENT SERVICES	225,140	181,297	214,370	175,863	-	234,318	193,845	-	193,845

FINAL BUDGET REQUEST DETAIL (CONTINUED)

SUB-OBJECT	ACCOUNT TITLE	Adopted Administrative Funding			Actual Administrative		Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017	Final Administrative Funding Request (Excluding IT) FY 2016-2017	Final IT Funding Request FY 2016-2017
		Total Funding Requirement FY 2015-2016	Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Expenses (Including IT) FY 2015-2016	Expenses (Excluding IT) FY 2015-2016				
20291200	SYSTEMS DEVELOPMENT SUPPLIES	28,176	22,689	22,688	18,613	-	25,198	20,846	-	20,846
20291300	DEPARTMENT OF FINANCE SERVICES	250,000	250,000	179,976	179,976	179,976	250,000	250,000	250,000	-
20291600	WIDE AREA NETWORK	35,480	28,571	35,480	29,107	-	37,049	30,650	-	30,650
20291700	ALARM SERVICES	721	581	721	591	-	997	825	-	825
20292100	GS-PRINTING SERVICES	20,000	20,000	19,227	19,227	19,227	20,000	20,000	20,000	-
20292200	GS-MAIL/POSTAGE CHARGES	110,000	110,000	131,989	131,989	131,989	140,000	140,000	140,000	-
20292300	GS-MESSENGER SERVICES	3,666	3,666	3,636	3,636	3,636	3,609	3,609	3,609	-
20292500	GS-PURCHASING SERVICES	1,445	1,164	1,445	1,164	1,119	975	807	763	44
20292700	GS-WAREHOUSING CHARGES	1,542	1,242	1,402	1,102	1,102	1,542	1,276	1,206	70
20292800	GS-CO EQUIP. RENTAL-LIGHT VEHICLES	2,500	2,500	-	-	-	2,500	2,500	2,500	-
20294200	COUNTY FACILITY USE CHARGES	1,995	1,606	1,995	1,606	1,544	2,478	2,050	1,937	113
20294300	LEASED PROPERTY USE CHARGES	580,000	467,053	592,756	486,279	472,009	630,000	521,182	492,546	28,636
20296200	PARKING	15,000	7,500	15,164	7,953	7,749	15,000	7,875	7,264	611
20298300	GS-SURPLUS PROPERTY MGT	1,527	1,230	1,527	1,230	1,183	1,796	1,486	1,404	82
20298700	GS-TELEPHONE USAGE	21,740	15,340	21,267	15,053	13,751	22,000	14,560	12,885	1,675
20298900	GS-TELEPHONE INSTALLATION	1,000	1,000	-	-	-	1,000	1,000	1,000	-
	OBJECT TOTAL	4,454,707	2,413,604	4,117,522	2,512,207	2,125,765	5,826,023	3,566,643	2,398,737	1,167,906
OBJECT 30 - OTHER CHARGES										
30332000	DEPRECIATION EXPENSE	44,805	36,080	41,190	33,791	32,799	44,805	37,066	35,029	2,037
30348000	COUNTYWIDE COST ALLOCATION	310,236	310,236	310,236	310,236	-	317,947	317,947	-	317,947
	OBJECT TOTAL	355,041	346,316	351,426	344,027	32,799	362,752	355,013	35,029	319,984
OBJECT 70 - CONTINGENCIES										
70790100	APPROPRIATION FOR CONTINGENCIES	125,000	125,000	-	-	-	125,000	125,000	125,000	-
	OBJECT TOTAL	125,000	125,000	-	-	-	125,000	125,000	125,000	-
	TOTAL EXPENSES	\$11,497,841	\$7,778,326	\$9,162,449	\$6,362,001	\$5,510,567	\$13,118,354	\$9,140,798	\$7,280,540	\$1,860,258

FINAL BUDGET REQUEST JUSTIFICATION

	Adopted Administrative		Actual Administrative		Final Administrative
Total Funding Requirement FY 2015-2016	Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Funding Request (Including IT) FY 2016-2017

OBJECT 10 - SALARIES AND EMPLOYEE BENEFITS

10111000 - Salaries & Wages - Regular Employees

\$4,218,956	\$3,095,130	\$2,933,047	\$2,178,927	\$4,390,066	\$3,236,283
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Request includes all regular salaries/wages and education incentives paid to SCERS staff. The budget request was calculated by SCERS based on Annual Salary Adjustment dates. Budget Request assumes a 4% cost-of-living adjustment in exchange for employees picking up an increased portion of normal retirement costs as part of the negotiation between the County and Labor Relations. It also assumes a salary adjustment of 1% in lieu of the cost-of-living adjustment that would have been received in FY 2009-2010 and FY 2010-2011 for rep units 010, 028, 034, 050, and 080. Vacancies were budgeted at the highest step (9) based on the likelihood of hiring transferred employees.

During FY 2015-2016, a number of positions were entirely or partially vacant during the year, including Chief Investment Officer, Retirement Investment Officer, Senior IT (TBD), Accountant, Administrative Services Officer, Office Specialist, Senior Personnel Specialist, Senior Account Clerk, Retirement Benefits Specialist, and Senior Retirement Benefits Specialist. This resulted in actual amounts less than budget.

10112400 - Salaries & Wages - Committee Members

\$9,600	\$4,800	\$6,100	\$3,050	\$9,600	\$4,800
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Four appointed Board members and two elected retired members, who are not County employees, are paid for Retirement Board meeting attendance at a rate of \$100 for each meeting. The budget request provides for twelve regular meetings and four special meetings.

10113100 - Salaries & Wages - Straight Time Overtime

\$8,000	\$8,000	\$7,081	\$7,061	\$8,000	\$7,600
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Budget request is to allow monetary compensation for overtime due to operational needs, leaves of absence and temporarily vacant positions. Certain employees are allowed to choose the method of compensation they prefer for overtime work. Some SCERS job classifications are paid straight time for overtime, and others are paid time and one half for overtime. See account 10113200 for time and one half overtime.

FINAL BUDGET REQUEST JUSTIFICATION (CONTINUED)

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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10113200 - Salaries & Wages - Time & One Half Overtime

\$54,000	\$54,000	\$61,458	\$58,756	\$60,000	\$57,000
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Budget request is to allow monetary compensation for overtime due to operational needs and vacant positions. Certain employees are allowed to choose the method of compensation they prefer for overtime work. Some SCERS job classifications are paid straight time for overtime, and others are paid time and one half for overtime. See account 10113100 for straight time overtime.

10114100 - Salaries & Wages - Premium Pay

\$50,381	\$26,119	\$48,567	\$25,212	\$54,909	\$27,889
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Budget request is for 3.35% differential for management employees and 5% differential for employees who perform out of class duties due to vacant positions.

10114300 - Allowances

\$5,400	\$3,240	\$5,445	\$3,268	\$5,400	\$3,240
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Budget request is for car allowance provided to the Chief Executive Officer.

10115200 - Terminal Pay

\$69,402	\$54,997	\$69,284	\$49,214	\$77,169	\$61,641
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Terminal pay represents payment for accrued leave balances upon termination or retirement. Estimated expenses include accruals for vacation balances which will be payable upon termination of the employee and for one-half of sick leave balances for management employees who will be eligible to retire in FY 2016-2017. Fifteen employees will be eligible to retire during FY 2016-2017. There were twelve employees eligible to retire during FY 2015-2016 but only one actually retired in FY 2015-2016.

10121000 - Retirement - Normal & UAAL

\$739,035	\$555,640	\$516,930	\$386,320	\$685,663	\$514,863
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Request is for the employer cost of normal and unfunded actuarial accrued liability (UAAL) contributions related to SCERS employees. Total contribution rates range from 14.13% to 16.66% depending on the employee's membership tier and representation unit.

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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10121100 - Retirement - 1995/2003 POB Debt Service

\$234,298	\$166,796	\$234,298	\$166,796	\$270,276	\$199,706
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Requested amount is for the employer cost of 1995/2003 Pension Obligation Bond (POB) Debt Service related to SCERS employees' retirement and is allocated to SCERS by the County of Sacramento (County).

10121200 - Retirement - 2004 POB Debt Service

\$113,694	\$80,938	\$113,694	\$80,938	\$132,532	\$97,928
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Requested amount is for the employer cost of 2004 POB Debt Service related to SCERS employees' retirement and is allocated to SCERS by the County.

10121300 - Health Savings - Employer Cost

\$35,750	\$29,313	\$24,780	\$20,492	\$35,750	\$29,573
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Budget request is for the Retirement Health Savings Plan (RHSP) for eligible SCERS employees. The RHSP provides tax-free savings during employment for payment of premiums and other qualified post-employment medical expenses. SCERS contributes \$25 per pay period for each eligible employee.

10121400- 401(a) Plan - Employer Cost

\$14,371	\$7,272	\$8,744	\$5,135	\$15,162	\$8,015
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Budget request is for the 401(a) Retirement Savings Deferred Compensation Plan for management employees. The employer will provide a match of up to 1% of the employee's salary including premium pay and auto allowance.

10122000 - OASDI - Employer Cost

\$317,944	\$239,727	\$216,914	\$165,070	\$327,743	\$249,851
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The employer contribution to federally-mandated Social Security and Medicare.

FINAL BUDGET REQUEST JUSTIFICATION (CONTINUED)

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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10123000 - Group Insurance - Employer Cost

\$677,310	\$555,394	\$432,451	\$343,732	\$715,173	\$583,091
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The employer cost of SCERS employees' health insurance and dental insurance based on the County Personnel Budget Report for FY 2016-2017.

10124000 - Workers Compensation Insurance - Employer Cost

\$14,244	\$11,470	\$14,244	\$11,470	\$16,194	\$11,966
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Sacramento County is self-insured for Workers' Compensation Insurance claims. The County also purchases excess Workers' Compensation Insurance to cover claims above a self-insured retention of \$3.0 million. Request is for SCERS' share of the costs as calculated by County analysts based on 70% 5-year claims history and 30% estimated risk calculated by weighted payroll.

10125000 - Unemployment Insurance - Employer Cost

\$708	\$570	\$464	\$326	\$942	\$696
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Sacramento County is self-insured for unemployment insurance claims. Request is for SCERS' share of the costs as calculated by County analysts based on 90% 5-year claims history and 10% total full-time equivalent (FTE) positions.

OBJECT 10 TOTAL

\$6,563,093	\$4,893,406	\$4,693,501	\$3,505,767	\$6,804,579	\$5,094,142
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OBJECT 20 - SERVICES & SUPPLIES

20200500 - Advertising/Legal Notices

\$2,500	\$2,500	\$0	\$0	\$2,500	\$2,500
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Expenses related to publicizing public hearings, legal notices, employment announcements, and solicitations for professional consultants and service providers.

20202200 - Books/Periodicals Supply

\$3,000	\$3,000	\$76	\$76	\$3,000	\$3,000
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Budget request is for publications for the Retirement Board and staff, including law books and updates affecting County Employees' Retirement Law of 1937, booklets and pamphlets, and GASB accounting pronouncements and other professional literature.

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20202400 - Periodicals & Subscriptions

\$10,000	\$6,078	\$7,872	\$3,027	\$10,000	\$3,606
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Budget request is for subscriptions, including ALM Recorder, the Wall Street Journal, Barrons, RIA Pension and Benefits Advisor, Public Retirement Journal, Westlaw, and Sacramento Bee.

20202900 - Business Conferences

\$68,721	\$25,650	\$48,226	\$22,212	\$89,639	\$37,253
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Budget request is for Board members and staff to attend fiduciary educational seminars, meetings, and conferences. Costs include hotel, transportation, meals, and other travel expenses. Conferences include:

- State Association of County Retirement Systems (SACRS) Conferences, Meetings, and Seminars
- California Association of Public Employees' Retirement Systems (CALAPRS) Conferences and Meetings
- National Association of Public Pension Attorneys (NAPPA) Conference
- Government Finance Officers Association (GFOA) Conferences
- Public Retirement Information Systems Management (PRISM) Conference
- Institutional Limited Partnership Association (ILPA) Conferences
- Society for Human Resources Management (SHRM) Conferences and Meetings
- Public Funds Forum
- U.S. Pensions Summit
- Council of Institutional Investors Conferences

20203100 - Business Travel

\$62,000	\$2,000	\$8,015	\$1,304	\$62,000	\$2,000
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Request is for business travel expenses, such as mileage, tolls and parking, when staff travel and attend seminars, meetings, workshops, and training, which have not been anticipated or accounted for in account 20202900.

Total projected funding requirement includes \$60,000 for the costs of due diligence visitations which will be charged against investment earnings.

20203500 - Education & Training Services

\$8,000	\$8,000	\$1,872	\$1,368	\$8,000	\$8,000
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Amount is for staff training seminars, workshops, and other training directly related to their job duties.

FINAL BUDGET REQUEST JUSTIFICATION (CONTINUED)

	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20203700 – Employee Tuition Reimbursement

\$8,400	\$8,400	\$0	\$0	\$8,400	\$8,400
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Education/tuition reimbursement maximum benefit ranges from \$1,200 to \$1,500 per employee depending on the employee’s bargaining unit.

20203800 - Employee Recognition

\$12,500	\$8,517	\$12,174	\$8,522	\$13,000	\$10,755
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Purchases of Retirement Board meeting refreshments and meals, breakroom water and coffee supplies, refreshments for monthly staff meetings and other employee recognition items.

20203900 - Employee Transportation

\$1,000	\$1,000	\$198	\$25	\$1,000	\$1,000
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Mileage reimbursement for SCERS staff and Board members when they use private vehicles for SCERS business.

20205100 - Insurance-Liability

\$20,714	\$16,680	\$20,714	\$16,680	\$23,693	\$19,601
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Request is for SCERS’ share of County liability insurance allocated to SCERS by the County.

20205200 - Insurance-Fiduciary Liability

\$107,036	\$86,192	\$106,935	\$86,091	\$108,106	\$89,433
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Request is for SCERS’ annual fiduciary insurance policy.

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20206100 - Memberships

\$30,330	\$13,071	\$35,235	\$9,901	\$35,618	\$9,797
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Annual dues for the professional associations included below:

- Council of Institutional Investors (\$10,400)
- National Institute on Retirement Security (\$8,000)
- State Association of County Retirement Systems (\$6,000)
- Institutional Limited Partnership Association (\$4,000)
- California Association of Public Employees Retirement Systems (CALAPRS) (\$2,500)
- AICPA (\$1,105)
- National Association of Public Pension Attorneys (\$700)
- Government Finance Officers Association (\$690)
- State Bar of California & SV Paralegal Association (\$550)
- CFA Institute (\$550)
- State Board of Accountancy (\$360)
- CAIA Association (\$350)
- Society for Human Resource Management (\$190)
- Public Retirement Information Systems Management (\$150)
- National Notary Association (\$73)

20207600 - Office Supplies

\$37,600	\$30,278	\$13,437	\$11,341	\$37,600	\$31,105
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Purchases of consumable supplies and miscellaneous office items.

20208100 - Postage Services

\$10,000	\$8,800	\$7,132	\$5,845	\$10,000	\$10,000
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Postage services for mail preparation by contract vendor such as presort, stuffing and sealing envelopes, and United States Postal Services including direct mailings. Federal Express charges and other express mailing service charges are also included. Postage costs related to mailing payroll warrants, notices, annual statements, and forms to SCERS members are accounted for in account 20292200.

FINAL BUDGET REQUEST JUSTIFICATION (CONTINUED)

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20208500 - Printing Services

\$37,000	\$37,000	\$24,326	\$20,532	\$37,000	\$30,609
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Specialty printing, rush orders, and quantity printing including the Comprehensive Annual Financial Report, the Annual Financial Report Summary, member annual statements, notices to members, envelopes, folders, portfolios, and stationery. Depending upon quantity and type of printing, the services are provided by either the Department of General Services or contract vendors. Costs for printing services performed by contract vendors are included here. Printing services performed by the Department of General Services are included in account 20292100.

20226100 - Office Equipment Maintenance Services

\$6,000	\$4,832	\$1,275	\$1,076	\$6,000	\$4,964
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Services provided are for non-routine, preventive, and corrective maintenance on business machines and office equipment which are not covered by equipment lease agreements (see account 20227500) or provided by Department of Technology (DTech) (see account 20291200).

20226200 - Office Equipment Maintenance Supplies

\$2,000	\$1,611	\$1,008	\$851	\$2,000	\$1,655
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Purchases of maintenance supplies for business machines and office equipment which are not covered by service or lease agreements (see account 20227500).

20226400 - Office Equipment Modular Furniture

\$15,000	\$12,079	\$0	\$0	\$15,000	\$12,409
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Purchases of chairs, tables, filing cabinets, and other office furniture.

20227500 - Rents/Leases - Equipment

\$30,000	\$25,300	\$17,651	\$14,898	\$30,000	\$24,818
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Lease fees for photocopiers and office equipment, including maintenance and repair service. The lease includes the replacement of consumables which results in a reduction of costs for print/toner cartridges.

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20244300 - Medical Services

\$360,000	\$360,000	\$500,197	\$500,197	\$500,000	\$500,000
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Costs incurred in conjunction with processing applications for disability retirement, including independent medical examinations, laboratory work, and specialized copying services.

Expenses are affected by the number and/or complexity of disability applications and may vary greatly from budgeted amounts. Disability cases are subject to review and input by legal counsel, healthcare advisors, as well as the applicant, and may be delayed at any point in the application process.

20250200 - Actuarial Services

\$165,000	\$99,000	\$178,546	\$111,546	\$200,000	\$99,000
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Routine actuarial services to be provided by Segal Consulting and any special studies requested by the Retirement Board. Costs related to the annual actuarial valuation and the experience study are not charged to the administrative budget.

20252100 - Temporary Clerical Services

\$40,000	\$40,000	\$76,516	\$76,516	\$40,000	\$40,000
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Funding for temporary services to cover operational needs, temporary vacancies, leaves of absences, and projects as needed.

20253100 - Legal Services

\$1,600,000	\$0	\$1,227,907	\$0	\$1,600,000	\$0
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Funding is for legal services from contract vendor for specialized legal consulting and representation and County Counsel related to disability matters. Legal costs are not part of the administrative budget.

20254100 - Personnel Services

\$38,417	\$30,936	\$36,173	\$28,692	\$48,409	\$40,047
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Requested amount is for the central human resources, employee benefits, and labor relations services provided by the County Department of Personnel Services. The costs are determined by the County and assigned to SCERS.

FINAL BUDGET REQUEST JUSTIFICATION (CONTINUED)

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20254400 - Safety Program Services

\$957	\$771	\$860	\$674	\$996	\$824
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The Safety program is responsible for managing the Countywide Safety/Accident Prevention and Industrial Hygiene programs. The costs of the Safety program are calculated by the County of Sacramento based on a 70% 5-year claims history and 30% estimated risk calculated by weighted payroll and assigned to SCERS.

20256100 - Reporting Services

\$125,000	\$125,000	\$183,011	\$183,011	\$200,000	\$200,000
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Request is for contract services provided by qualified professionals acting as hearing officers for disability retirement cases as required by the Retirement Board. Expenses for this account are affected by the number and/or complexity of disability applications, and thus expenses may vary greatly from budgeted amounts.

20256200 - Transcribing Services

\$38,000	\$38,000	\$23,152	\$23,152	\$30,000	\$30,000
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Request is for qualified legal reporters to record disability retirement hearings, prepare transcripts as necessary, and copy medical reports. Expenses are affected by the number and/or complexity of disability applications, and thus expenses may vary greatly from budgeted amounts.

20259100 - Other Professional Services

\$200,000	\$198,600	\$138,939	\$138,837	\$200,000	\$200,000
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Request is for professional services, including specialty consultation regarding strategic planning and board governance, private investigations, death file match information, and other professional services as needed, such as financial audits and human resources consultants. Charges may include court-ordered payment of other parties' attorney fees incurred in preparing and presenting appeals to Superior Court.

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20259101 - Information Technology Consultants

\$0	\$0	\$151,800	\$124,532	\$1,000,000	\$827,273
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Expenses related to SCERS’s IT Modernization Program, including consulting services, project management, temporary staffing, data conversion, software and hardware costs. The program will be comprised of a multi-phase, multi-year sequence of projects.

Fiscal Year	Estimated Cost - Low	Estimated Cost - High
2016-2017	\$500,000	\$1,000,000
2017-2018	1,600,000	2,750,000
2018-2019	2,400,000	4,250,000
2019-2020	2,650,000	4,600,000
2020-2021	3,500,000	5,200,000
Total	\$10,650,000	\$17,800,000

20281200 - Data Processing Supplies

\$55,100	\$44,370	\$15,141	\$12,421	\$55,100	\$45,583
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Request is for purchase of computers and computer monitors, laptop computers, printers, related equipment, and software. Request includes costs for equipment and supplies used for the scanning of paper-based record.

20281700 - Election Services

\$60,000	\$60,000	\$35,491	\$35,491	\$60,000	\$60,000
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Budget request is for the Retirement Board election including one Miscellaneous, one Retiree, and one Alternate Retiree Board Representatives.

20283200 - Interpreter Services

\$500	\$500	\$0	\$0	\$500	\$500
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Charges for foreign language interpreter services for members.

FINAL BUDGET REQUEST JUSTIFICATION (CONTINUED)

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20291100 - Systems Development Services

\$225,140	\$181,297	\$214,370	\$175,863	\$234,318	\$193,845
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Department of Technology (DTech) charges SCERS for ongoing maintenance, revision and/or enhancement of existing automated systems, development and implementation of new systems, and for projects continuing from prior years. Labor estimates for these services are prepared by DTech based upon the requirements for each program/application. DTech and SCERS staff reach agreement prior to the commencement of work.

20291200 - Systems Development Supplies

\$28,176	\$22,689	\$22,688	\$18,613	\$25,198	\$20,846
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DTech costs for providing maintenance and supplies for existing automation equipment. The cost of these services is established by DTech.

20291300 - Department of Finance Services

\$250,000	\$250,000	\$179,976	\$179,976	\$250,000	\$250,000
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Request is for services performed by the Department of Finance. Fixed costs for services are allocated to SCERS. Variable costs for services are based on the number of warrants processed by Department of Finance.

20291600 - Wide Area Network

\$35,480	\$28,571	\$35,480	\$29,107	\$37,049	\$30,650
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Requested amount is for Data Wide Area Network (WAN) and WAN Perimeter Security Support services provided by DTech and assigned to SCERS.

20291700 - Alarm Services

\$721	\$581	\$721	\$591	\$997	\$825
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Request is for Intrusion Alarm Monitoring services provided by DTech which is based upon the occupancy and the number of services utilized.

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20292100 - GS - Printing Services

\$20,000	\$20,000	\$19,227	\$19,227	\$20,000	\$20,000
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Quantity printing, including forms, form letters, and other materials provided by Department of General Services. See account 20208500 for costs of printing services performed by contract vendors.

20292200 - GS - Mail/Postage Charges

\$110,000	\$110,000	\$131,989	\$131,989	\$140,000	\$140,000
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Request is for U.S. postage and handling fees for sorted and unsorted first class mailings and certified mailings provided by the Department of General Services including distribution of notices and forms to SCERS members. Prepaid postage costs for warrant and annual statement mailings are also included here. Mailing services performed by external vendors are included in account 20208100.

20292300 - GS - Messenger Services

\$3,666	\$3,666	\$3,636	\$3,636	\$3,609	\$3,609
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Request is for delivery of County inter-departmental mail based on one daily delivery stop.

20292500 - GS - Purchasing Services

\$1,445	\$1,164	\$1,445	\$1,164	\$975	\$807
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Allocated cost for assistance from County General Services, Purchasing Division Buying Teams, related to contract and purchasing services.

20292700 - GS - Warehousing Charges

\$1,542	\$1,242	\$1,402	\$1,102	\$1,542	\$1,276
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Storage of essential records. Request is based on the usage of 160 square feet at a monthly rate established by General Services.

FINAL BUDGET REQUEST JUSTIFICATION (CONTINUED)

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20292800 - GS - County Equipment Rental - Light Vehicles

\$2,500	\$2,500	\$0	\$0	\$2,500	\$2,500
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SCERS staff and Retirement Board members' use of County vehicles for SCERS business. SCERS is charged an estimated per diem.

20294200 - County Facility Use Charges

\$1,995	\$1,606	\$1,995	\$1,606	\$2,478	\$2,050
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Allocated cost for County shared meeting room space costs which are based on the number of permanent positions at SCERS.

20294300 - Leased Property Use Charges

\$580,000	\$467,053	\$592,756	\$486,279	\$630,000	\$521,182
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Lease for suite of offices at 980 9th Street at the monthly rate of \$46,929 per month. Budget request includes after hours utilities plus miscellaneous building items and service requests, such as fire extinguishers, locks and keys, storage fees and other services.

20296200 - Parking Charges

\$15,000	\$7,500	\$15,164	\$7,953	\$15,000	\$7,875
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Monthly parking for management staff and parking coupons for the Retirement Board members during Board meetings and for other official business.

20298300 - GS - Surplus Property Management

\$1,527	\$1,230	\$1,527	\$1,230	\$1,796	\$1,486
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Request is for assistance in the acquisition and disposition of surplus property and allocated based on the number of employees at SCERS.

20298700 - GS - Telephone Usage

\$21,740	\$15,340	\$21,267	\$15,053	\$22,000	\$14,560
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Ongoing access to the County telephone system, including long distance charges, mobile devices, message charges, line charges, voice mail, fax machine, and telephone service administrative costs.

Total Funding Requirement FY 2015-2016	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Total Expenses FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Total Funding Requirement FY 2016-2017	Final Administrative Funding Request (Including IT) FY 2016-2017
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20298900 - GS - Telephone Installation

\$1,000	\$1,000	\$0	\$0	\$1,000	\$1,000
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Connection to the County telephone system, telephone equipment installation, and modifications to service.

OBJECT 20 TOTAL

\$4,454,707	\$2,413,604	\$4,117,522	\$2,512,207	\$5,826,023	\$3,566,643
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OBJECT 30 - OTHER CHARGES

30332000 – Depreciation Expense

\$44,805	\$36,080	\$41,190	\$33,791	\$44,805	\$37,066
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Depreciation expense for fixed assets such as furniture and office equipment, including workstations, tables, and chairs.

30348000 - Countywide Cost Allocation

\$310,236	\$310,236	\$310,236	\$310,236	\$317,947	\$317,947
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SCERS' portion of general overhead expenses distributed throughout the County as calculated by the Department of Finance and referenced in the Allocated Cost Package for FY 2016-2017. The cost allocation is based on centralized administrative costs that are allocated county wide based on two-year-old actual cost information.

OBJECT 30 TOTAL

\$355,041	\$346,316	\$351,426	\$344,027	\$362,752	\$355,013
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OBJECT 70 - CONTINGENCY APPROPRIATIONS

70790100 - Appropriation for Contingencies

\$125,000	\$125,000	\$0	\$0	\$125,000	\$125,000
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A contingency amount of \$125,000 is requested consistent with prior years.

OBJECT 70 TOTAL

\$125,000	\$125,000	\$0	\$0	\$125,000	\$125,000
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SCERS ESTIMATED PERSONNEL COSTS - TOTAL FUNDING REQUIREMENT

Class Title	Class Code	Estimated Total Annual Salary Earned Account 10111000	Premium Pay Account 10114100	401A Plan Account 10121400	FICA Account 10122000	Medicare Account 10122000	Retirement Account 10121000	Health Savings Account 10121300
Accountant	27548	\$61,616	\$-	\$-	\$3,820	\$893	\$8,706	\$650
Accountant	27548	61,616	-	-	3,820	893	8,706	650
Accounting Manager	27560	105,454	3,533	1,090	6,757	1,580	18,157	650
Accounting Technician	27610	59,217	-	-	3,671	859	9,866	650
Administrative Services Officer Level 1	27603	73,059	-	-	4,530	1,059	10,323	650
Asst Retirement Administrator - Benefits	29089	147,329	4,936	1,523	7,347	2,208	25,367	650
Asst Retirement Administrator - Investments	29448	147,329	8,619	1,559	7,347	2,261	25,981	650
Asst Retirement Administrator - Operations	29090	147,329	4,936	1,523	7,347	2,208	25,367	650
Chief Investment Officer - Retirement	27736	173,200	5,802	1,790	7,347	2,596	16,535	650
Information Technology Analyst Level 2	27517	94,419	-	-	5,854	1,369	15,730	650
Office Assistant Level 2	28206	33,904	-	-	2,102	492	4,791	650
Office Assistant Level 2	28206	33,082	-	-	2,051	480	4,674	650
Office Specialist Level 2	28215	47,022	-	-	2,915	682	7,735	650
Office Specialist Level 2	28215	41,805	-	-	2,592	606	5,907	650
Office Specialist Level 2	28215	47,022	-	-	2,915	682	6,644	650
Paralegal	28232	55,200	-	-	3,422	800	9,080	650
Personnel Specialist Level 2	28944	55,812	1,395	-	3,547	830	9,531	650
Retirement Administrator	28318	199,153	6,672	2,058	7,347	3,037	34,290	650
Retirement Benefits Specialist Level 1	29488	43,667	-	-	2,707	633	6,170	650
Retirement Benefits Specialist Level 1	29488	43,187	-	-	2,678	626	6,102	650
Retirement Benefits Specialist Level 1	29488	58,603	-	-	3,633	850	8,281	650
Retirement Benefits Specialist Level 2	29489	55,812	-	-	3,460	809	9,298	650
Retirement Benefits Specialist Level 2	29489	55,812	-	-	3,460	809	7,886	650
Retirement Benefits Specialist Level 2	29489	55,812	-	-	3,460	809	9,298	650
Retirement Benefits Specialist Level 2	29489	55,812	-	-	3,460	809	9,298	650
Retirement Benefits Specialist Level 2	29489	58,603	-	-	3,633	850	8,281	650
Retirement Benefits Specialist Level 2	29489	58,603	-	-	3,633	850	8,281	650
Retirement Benefits Specialist Level 2	29489	58,603	-	-	3,633	850	8,281	650
Retirement Benefits Specialist Level 2	29489	57,208	-	-	3,547	830	8,083	650
Retirement Disability Specialist	28927	91,308	-	-	5,661	1,324	15,020	650
Retirement Disability Specialist	28927	91,308	-	-	5,661	1,324	15,020	650
Retirement General Counsel	29215	160,003	5,360	1,654	7,347	2,398	24,920	650

SCERS ESTIMATED PERSONNEL COSTS - TOTAL FUNDING REQUIREMENT (CONTINUED)

Class Title	Class Code	Estimated Total Annual Salary Earned Account 10111000	Premium Pay Account 10114100	401A Plan Account 10121400	FICA Account 10122000	Medicare Account 10122000	Retirement Account 10121000	Health Savings Account 10121300
Retirement Investment Officer	29404	125,635	-	-	7,347	1,822	16,535	650
Retirement Investment Officer	29404	125,635	-	-	7,347	1,822	16,535	650
Retirement Services Analyst	29274	91,308	-	-	5,661	1,324	15,212	650
Retirement Services Analyst	29274	91,308	-	-	5,661	1,324	15,212	650
Retirement Services Manager	29031	119,726	4,011	1,237	7,347	1,794	20,615	650
Retirement Services Supervisor	29032	70,637	-	-	4,379	1,024	11,768	650
Retirement Services Supervisor	29032	70,637	-	-	4,379	1,024	11,768	650
Retirement Services Supervisor	29032	70,637	-	-	4,379	1,024	11,768	650
Retirement Services Supervisor	29032	69,735	-	-	4,324	1,011	11,618	650
Senior Accountant	27545	87,612	-	-	5,432	1,270	14,596	650
Senior Accountant	27545	77,297	-	-	4,792	1,121	11,649	650
Senior Accounting Manager	27564	119,726	4,011	1,237	7,347	1,794	20,615	650
Senior Information Technology Analyst	27516	106,968	3,583	1,106	6,854	1,603	18,418	650
Senior Office Assistant	28203	47,149	-	-	2,923	684	7,756	650
Senior Office Specialist	28212	51,344	-	-	3,183	744	8,446	650
Senior Personnel Specialist	28943	57,640	-	-	3,574	836	8,145	650
Senior Retirement Benefits Specialist	29490	61,408	-	-	3,807	890	10,231	650
Senior Retirement Benefits Specialist	29490	64,478	-	-	3,998	935	10,742	650
Senior Retirement Benefits Specialist	29490	54,896	-	-	3,404	796	7,757	650
Senior Retirement Benefits Specialist	29490	61,408	-	-	3,807	890	8,677	650
Senior Retirement Benefits Specialist	29490	64,478	-	-	3,998	935	9,111	650
Senior Retirement Benefits Specialist	29490	64,478	-	-	3,998	935	9,111	650
Senior Retirement Benefits Specialist	29490	64,478	-	-	3,998	935	9,111	650
Sub Total		4,346,527	52,858	14,777	252,643	63,843	677,005	35,750
Estimate of Expired CTO to be Paid to Employees		11,474	-	-	684	166	2,237	N/A
Estimate of Management Buybacks of Vacation Accruals		32,065	1,074	331	254	604	5,521	N/A
Sub Total		43,539	1,074	331	938	770	7,758	-
		4,390,066	53,932	15,108	253,581	64,613	684,763	35,750
Estimate of Overtime Pay		68,000	N/A	N/A	4,216	986	N/A	N/A
Estimate of Terminal Pay		77,169	977	N/A	3,037	1,183	N/A	N/A
Auto Allowance		5,400	N/A	54	-	127	900	N/A
Sub Total		150,569	977	54	7,253	2,296	900	-
Grand Total		\$4,540,635	\$54,909	\$15,162	\$260,834	\$66,909	\$685,663	\$35,750

SCERS ESTIMATED PERSONNEL COSTS - ALLOCATED TO INVESTMENT EXPENSES

Class Title	Class Code	Percentage Allocated to Investment Expenses	Estimated Total Annual Salary Earned Account 10111000	Premium Pay Account 10114100	401A Plan Account 10121400	FICA Account 10122000	Medicare Account 10122000	Retirement Account 10121000	Health Savings Account 10121300
Accountant	27548	50%	\$30,808	\$-	\$-	\$1,910	\$447	\$4,353	\$ 325
Accountant	27548	25%	15,404	-	-	955	223	2,177	163
Accounting Manager	27560	50%	52,727	1,767	545	3,379	790	9,079	325
Accounting Technician	27610	50%	29,609	-	-	1,836	430	4,933	325
Asst Retirement Administrator - Investments	29448	100%	147,329	8,619	1,559	7,347	2,261	25,981	650
Asst Retirement Administrator - Operations	29090	20%	29,466	987	305	1,469	442	5,073	130
Chief Investment Officer - Retirement	27736	100%	173,200	5,802	1,790	7,347	2,596	16,535	650
Information Technology Analyst Level 2	27517	15%	14,163	-	-	878	205	2,360	98
Office Specialist Lv 2	28215	10%	4,702	-	-	292	68	774	65
Paralegal	28232	40%	22,080	-	-	1,369	320	3,632	260
Retirement Administrator	28318	40%	79,661	2,669	823	2,939	1,215	13,716	260
Retirement General Counsel	29215	100%	160,003	5,360	1,654	7,347	2,398	24,920	650
Retirement Investment Officer	29404	100%	125,635	-	-	7,347	1,822	16,535	650
Retirement Investment Officer	29404	100%	125,635	-	-	7,347	1,822	16,535	650
Senior Accountant	27545	15%	11,595	-	-	719	168	1,747	98
Senior Accountant	27545	85%	74,470	-	-	4,617	1,080	12,407	553
Senior Accounting Manager	27564	30%	35,918	1,203	371	2,204	538	6,185	195
Senior Office Assistant	28203	10%	4,715	-	-	292	68	776	65
Senior Office Specialist	28212	10%	5,134	-	-	318	74	845	65
Sub Total			1,142,254	26,407	7,047	59,912	16,967	168,563	6,177
Estimate of Expired CTO to be Paid to Employees			3,986	N/A	N/A	59	58	584	N/A
Estimate of Management Buybacks of Vacation Accruals			7,543	253	78	127	162	1,294	N/A
Sub Total			11,529	253	78	186	220	1,878	-
			1,153,783	26,660	7,125	60,098	17,187	170,441	6,177
Estimate of Terminal Pay			15,528	360	N/A	276	280	N/A	N/A
Auto Allowance			2,160	N/A	22	-	51	359	N/A
Sub Total			17,688	360	22	276	331	359	-
Grand Total			\$1,171,471	\$27,020	\$7,147	\$60,374	\$17,518	\$170,800	\$6,177

SCERS SUMMARY OF POSITIONS

Class Code	Class Title	Requested	Actual	Requested
		2015-2016	2015-2016	2016-2017
27548	Accountant	1.0	1.0	2.0
27560	Accounting Manager	1.0	1.0	1.0
27610	Accounting Technician	1.0	1.0	1.0
27603	Administrative Services Officer, Level 1	0.0	1.0	1.0
29089	Assistant Retirement Administrator - Benefits	1.0	1.0	1.0
29448	Assistant Retirement Administrator - Investments	1.0	1.0	1.0
29090	Assistant Retirement Administrator - Operations	1.0	1.0	1.0
27736	Chief Investment Officer - Retirement	1.0	1.0	1.0
27517	Information Technology Application Analyst 2	1.0	1.0	1.0
28206	Office Assistant, Level 2	1.0	2.0	2.0
28215	Office Specialist, Level 2	4.0	3.0	3.0
28232	Paralegal	1.0	1.0	1.0
28218	Personnel Analyst	1.0	0.0	0.0
28944	Personnel Specialist, Level 2	1.0	1.0	1.0
28318	Retirement Administrator	1.0	1.0	1.0
29489	Retirement Benefits Specialist Level 1/2	11.0	11.0	11.0
28927	Retirement Disability Specialist	2.0	2.0	2.0
29215	Retirement General Counsel	1.0	1.0	1.0
29404	Retirement Investment Officer	2.0	2.0	2.0
29274	Retirement Services Analyst	2.0	2.0	2.0
29031	Retirement Services Manager	1.0	1.0	1.0
29032	Retirement Services Supervisor	4.0	4.0	4.0
27541	Senior Account Clerk	1.0	1.0	0.0
27545	Senior Accountant	2.0	2.0	2.0
27564	Senior Accounting Manager	1.0	1.0	1.0
27516	Senior IT (TBD)	1.0	0.0	1.0
28203	Senior Office Assistant	1.0	1.0	1.0
28212	Senior Office Specialist	1.0	1.0	1.0
28943	Senior Personnel Specialist	1.0	1.0	1.0
29490	Senior Retirement Benefits Specialist	7.0	7.0	7.0
Budget Unit Total		55.0	54.0	55.0

ESTIMATED TRAVEL EXPENSES

Event Date	Event	Attendee(s)	Total Funding Requirement FY 2016-2017	Expenses Charged Against Investment Earnings
Jul-16	SACRS Public Pension Investment Management Program	Board Member and/or Management Staff	\$6,783	\$6,783
Aug-16	Principles for Pension Management for Trustees	Board Members	6,626	3,373
Sep-16	Annual Public Funds Forum	Chief Executive Officer	926	370
Sep-16	CALAPRS Benefits Round Table	Management, Staff Member	1,290	-
Sep-16	CALAPRS Attorneys' Round Table	General Counsel	695	695
Sep-16	CALAPRS Administrators' Institute	Chief Executive Officer	1,681	672
Sep-16	Council of Institutional Investors	Board Members and/or Management Staff	2,948	2,948
Sep-16	CALAPRS Trustees' Round Table	Board Members	1,222	611
Oct-16	CALAPRS Accountants' Round Table	Staff Members	2,443	1,099
Nov-16	SACRS Fall Conference	Management Staff, Board Members	10,450	6,009
Jan-17	CALAPRS Administrators' Round Table	Chief Executive Officer	493	197
Jan-17	CALAPRS Advanced Principles of Pension Management	Board Members	4,008	2,004
Feb-17	CALAPRS Trustees' Round Table	Board Members	920	460
Feb-17	NAPPA 2017 Winter Seminar	General Counsel	1,663	1,663
Mar-17	CALAPRS General Assembly	Management Staff, Board Members	9,858	5,668
Apr-17	U.S. Pensions Summit, TBD	Management, Staff Members	2,525	1,010
Apr-17	CALAPRS Accountants' Round Table	Management, Staff Members	1,623	730
Apr-17	Council of Institutional Investors, TBD	Board Members and/or Management Staff	2,344	2,344
Apr-17	Public Retirement Information Systems Management Conference	Senior Accounting Manager, Information Technology Application Analyst	3,710	835
May-17	SACRS Spring Conference	Management Staff, Board Members	11,000	6,325
May-17	GFOA Conference	Chief Operations Officer , Senior Accounting Manager	3,948	987
Jun-17	Institutional Limited Partnership Association Conference	General Counsel, Deputy Chief Investment Officer	4,108	4,108
Jun-17	CALAPRS Benefits Round Table	Management, Staff Member	930	-
Jun-17	CALAPRS Administrators' Round Table	Chief Executive Officer	498	199
Jun-17	SHRM Annual Conference	Chief Operations Officer	3,134	627
Jun-17	NAPPA Legal Education Conference	Chief Executive Officer, General Counsel	3,813	2,669
Total			\$89,639	\$52,386

APPENDIX

SUMMARY OF CHANGES FROM PROPOSED BUDGET REQUEST TO FINAL BUDGET REQUEST

FY 2016-2017 Final Budget Request | A1

SUB-OBJECT	ACCOUNT TITLE	FY 2016-17 Proposed Budget Total	FY 2016-17 Final Budget Total	FY 2016-17 Increase/ (Decrease) Total	FY 2016-17 Proposed Budget Administrative	FY 2016-17 Final Budget Administrative	FY 2016-17 Increase/ (Decrease) Administrative	Description
OBJECT 10 - SALARIES & BENEFITS								
10111000	SALARIES & WAGES-REGULAR EMPLOYEES	4,393,879	4,390,066	(3,813)	3,246,630	3,236,283	(10,347)	Due to the reclass of Sr. Account Clerk to Accountant and change in allocation to investments.
10114100	SALARIES & WAGES-PREMIUM PAY	56,389	54,909	(1,480)	29,221	27,889	(1,332)	
10115200	TERMINAL PAY	76,207	77,169	962	60,619	61,641	1,022	
10121000	RETIREMENT-NORMAL & UAAL	686,012	685,663	(349)	516,712	514,863	(1,849)	
10122000	OASDI-EMPLOYER COST	327,915	327,743	(172)	250,509	249,851	(658)	
10123000	GROUP INSURANCE-EMPLOYER COST	715,173	715,173	-	578,057	583,091	5,034	
	OBJECT 10 TOTAL			(4,852)			(8,130)	
OBJECT 20 - SERVICES & SUPPLIES								
20205200	INSURANCE-FIDUCIARY LIABILITY	113,506	108,106	(5,400)	93,900	89,433	(4,467)	Due to decrease in County allocated costs.
	OBJECT 20 TOTAL			(5,400)			(4,467)	
	TOTAL			(10,252)			(12,597)	

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ADMINISTRATIVE FUNDING REQUIREMENT ESTIMATED PERCENTAGE CHANGES

SUB-OBJECT	ACCOUNT TITLE	A	B	C	D	E	F
		Actual Administrative Expenses FY 2014-2015	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Final Administrative Funding Request (Including IT) FY 2016-2017	% Change Column A Column C	% Change Column B Column D
OBJECT 10 - SALARIES & BENEFITS							
10111000	SALARIES & WAGES-REGULAR EMPLOYEES	\$2,111,333	\$3,095,130	\$2,178,927	\$3,236,283	3%	5%
10112400	SALARIES & WAGES-COMMITTEE MEMBERS	3,000	4,800	3,050	4,800	2%	0%
10113100	SALARIES & WAGES-STRAIGHT TIME O/T	6,799	8,000	7,061	7,600	4%	-5%
10113200	SALARIES & WAGES-TIME & ONE HALF O/T	52,324	54,000	58,756	57,000	12%	6%
10114100	SALARIES & WAGES-PREMIUM PAY	21,445	26,119	25,212	27,889	18%	7%
10114300	ALLOWANCES	3,210	3,240	3,268	3,240	2%	0%
10115200	TERMINAL PAY	18,373	54,997	49,214	61,641	168%	12%
10121000	RETIREMENT-NORMAL & UAAL	444,709	555,640	386,320	514,863	-13%	-7%
10121100	RETIREMENT-1995/2003 POB DEBT SERVICE	162,060	166,796	166,796	199,706	3%	20%
10121200	RETIREMENT-2004 POB DEBT SERVICE	83,087	80,938	80,938	97,928	-3%	21%
10121300	HEALTH SAVINGS-EMPLOYER COST	20,656	29,313	20,492	29,573	-1%	1%
10121400	401A PLAN-EMPLOYER COST	4,473	7,272	5,135	8,015	15%	10%
10122000	OASDI-EMPLOYER COST	159,739	239,727	165,070	249,851	3%	4%
10123000	GROUP INSURANCE-EMPLOYER COST	343,364	555,394	343,732	583,091	0%	5%
10124000	WORKERS COMPENSATION INS-EMPLR COST	9,958	11,470	11,470	11,966	15%	4%
10125000	UNEMPLOYMENT INS-EMPLOYER COST	717	570	326	696	-55%	22%
	OBJECT TOTAL	3,445,247	4,893,406	3,505,767	5,094,142	2%	4%
OBJECT 20 - SERVICES & SUPPLIES							
20200500	ADVERTISING/LEGAL NOTICES	-	2,500	-	2,500	***	0%
20202200	BOOKS/PERIODICALS SUPPLY	22	3,000	76	3,000	245%	0%
20202400	PERIODICALS & SUBSCRIPTIONS	3,914	6,078	3,027	3,606	-23%	-41%
20202900	BUSINESS CONFERENCES	17,150	25,650	22,212	37,253	30%	45%
20203100	BUSINESS TRAVEL	709	2,000	1,304	2,000	84%	0%
20203500	EDUCATION & TRAINING SERVICES	927	8,000	1,368	8,000	48%	0%
20203700	EMPLOYEE TUITION REIMBURSEMENT	1,020	8,400	-	8,400	-100%	0%
20203800	EMPLOYEE RECOGNITION	8,234	8,517	8,522	10,755	3%	26%
20203900	EMPLOYEE TRANSPORTATION	6	1,000	25	1,000	317%	0%
20205100	INSURANCE-LIABILITY	14,881	16,680	16,680	19,601	12%	18%
20205200	INSURANCE-FIDUCIARY LIABILITY	85,073	86,192	86,091	89,433	1%	4%
20206100	MEMBERSHIPS	14,178	13,071	9,901	9,797	-30%	-25%
20207600	OFFICE SUPPLIES	17,131	30,278	11,341	31,105	-34%	3%
20208100	POSTAGE SERVICES	6,114	8,800	5,845	10,000	-4%	14%
20208500	PRINTING SERVICES	16,330	37,000	20,532	30,609	26%	-17%
20226100	OFFICE EQUIPMENT MAINTENANCE SERVICES	872	4,832	1,076	4,964	23%	3%
20226200	OFFICE EQUIPMENT MAINTENANCE SUPPLIES	-	1,611	851	1,655	***	3%
20226400	OFFICE EQUIPMENT MODULAR FURNITURE	-	12,079	-	12,409	***	3%
20227500	RENTS/LEASES-EQUIPMENT	11,927	25,300	14,898	24,818	25%	-2%

ADMINISTRATIVE FUNDING REQUIREMENT ESTIMATED PERCENTAGE CHANGES (CONTINUED)

SUB-OBJECT	ACCOUNT TITLE	A	B	C	D	E	F
		Actual Administrative Expenses FY 2014-2015	Adopted Administrative Funding Request (Including IT) FY 2015-2016	Actual Administrative Expenses (Including IT) FY 2015-2016	Final Administrative Funding Request (Including IT) FY 2016-2017	% Change Column A Column C	% Change Column B Column D
20244300	MEDICAL SERVICES	355,537	360,000	500,197	500,000	41%	39%
20250200	ACTUARIAL SERVICES	96,790	99,000	111,546	99,000	15%	0%
20252100	TEMPORARY CLERICAL SERVICES	6,763	40,000	76,516	40,000	***	0%
20253100	LEGAL SERVICES	-	-	-	-	***	***
20254100	PERSONNEL SERVICES	29,866	30,936	28,692	40,047	-4%	29%
20254400	SAFETY PROGRAM SERVICES	558	771	674	824	21%	7%
20256100	REPORTING SERVICES	122,944	125,000	183,011	200,000	49%	60%
20256200	TRANSCRIBING SERVICES	23,547	38,000	23,152	30,000	-2%	-21%
20259100	OTHER PROFESSIONAL SERVICES	212,018	198,600	138,837	200,000	-35%	1%
20259101	COMPUTER CONSULTANTS	-	-	124,532	827,273	***	***
20281200	DATA PROCESSING SUPPLIES	14,152	44,370	12,421	45,583	-12%	3%
20281700	ELECTION SERVICES	-	60,000	35,491	60,000	***	0%
20283200	INTERPRETER SERVICES	360	500	-	500	-100%	0%
20291100	SYSTEMS DEVELOPMENT SERVICES	161,142	181,297	175,863	193,845	9%	7%
20291200	SYSTEMS DEVELOPMENT SUPPLIES	15,807	22,689	18,613	20,846	18%	-8%
20291300	DEPARTMENT OF FINANCE SERVICES	194,499	250,000	179,976	250,000	-7%	0%
20291600	WIDE AREA NETWORK	27,620	28,571	29,107	30,650	5%	7%
20291700	ALARM SERVICES	614	581	591	825	-4%	42%
20292100	GS-PRINTING SERVICES	17,153	20,000	19,227	20,000	12%	0%
20292200	GS-MAIL/POSTAGE CHARGES	109,354	110,000	131,989	140,000	21%	27%
20292300	GS-MESSENGER SERVICES	3,452	3,666	3,636	3,609	5%	-2%
20292500	GS-PURCHASING SERVICES	1,067	1,164	1,164	807	9%	-31%
20292700	GS-WAREHOUSING CHARGES	581	1,242	1,102	1,276	90%	3%
20292800	GS-CO EQUIP. RENTAL-LIGHT	62	2,500	-	2,500	-100%	0%
20294200	COUNTY FACILITY USE CHARGES	1,768	1,606	1,606	2,050	-9%	28%
20294300	LEASED PROPERTY USE CHARGES	443,631	467,053	486,279	521,182	10%	12%
20296200	PARKING	7,803	7,500	7,953	7,875	2%	5%
20298300	GS-SURPLUS PROPERTY MGT	1,017	1,230	1,230	1,486	21%	21%
20298700	GS-TELEPHONE USAGE	15,221	15,340	15,053	14,560	-1%	-5%
20298900	GS-TELEPHONE INSTALLATION	-	1,000	-	1,000	***	0%
OBJECT TOTAL		2,061,814	2,413,604	2,512,207	3,566,643	22%	48%
OBJECT 30 - OTHER CHARGES							
30332000	DEPRECIATION EXPENSE	35,775	36,080	33,791	37,066	-6%	3%
30348000	COUNTYWIDE COST ALLOCATION	311,084	310,236	310,236	317,947	-0%	2%
OBJECT TOTAL		346,859	346,316	344,027	355,013	-1%	3%
OBJECT 70 - CONTINGENCIES							
70790100	APPROPRIATION FOR CONTINGENCIES	-	125,000	-	125,000	***	0%
OBJECT TOTAL		-	125,000	-	125,000	0%	0%
TOTAL EXPENSES		\$5,853,920	\$7,778,326	\$6,362,001	\$9,140,798	9%	18%

ESTIMATED INVESTMENT EXPENSES

TO BE PAID FROM INVESTMENT EARNINGS

FISCAL YEAR 2016-2017

<u>Contractor</u>	<u>Service Provided</u>	<u>Fee</u>
Custodian		
State Street Bank and Trust Co. California	Custody Administration	\$284,000
State Street Bank and Trust Co. California	Compliance Monitoring	50,000
Portfolio Analytics		
State Street Analytics	Performance and Transaction Cost	142,000
Investment Managers		
Equity-Domestic		
Alliance Bernstein L.P.	Passive Large Cap Index	220,000
Brown Advisory	Active Large Cap Growth	236,000
CenterSquare Investment Management	Active U.S. REITs	357,000
Dalton, Greiner, Hartman, Maher & Co. LLC	Active Small Cap Value	467,000
Eagle Capital Management	Active Large Cap Value	1,920,000
Huber Capital Management	Active Large Cap Growth	830,000
JP Morgan Asset Management	130/30	902,000
UBS Small Cap Growth	Active Small Cap Growth	165,000
Weatherbie Capital, LLC	Active Small Cap Growth	179,000
Wedge Capital Management	Active Small Cap Value	763,000
Absolute Return		
AQR Delta Fund II, L.P.	Absolute Return Fund	986,000
Brevan Howard LLC	Absolute Return Fund	704,000
Elliott Associates L.P.	Absolute Return Fund	1,127,000
Jana Partners Qualified, L.P.	Absolute Return Fund	698,000
Lakewood Capital Partners, L.P.	Absolute Return Fund	1,019,000
Laurion Capital Management L.P.	Absolute Return Fund	1,283,000
Och-Ziff Domestic Partners II, L.P.	Absolute Return Fund	780,000
SC Absolute Return Fund, LLC	Absolute Return Fund	1,869,000
SC Absolute Return Fund, LLC- Series B	Absolute Return Fund	1,041,000
Third Point Partners Qualified L.P.	Absolute Return Fund	770,000
Equity-International		
Baillie Gifford EM All Cap	Active Emerging Mkts All Cap	674,000
CBRE Clarion Securities	Active International REITs	323,000
Lazard Asset Management	Active International Large Cap (ACWI)	1,118,000
LSV Asset Management	Active Dev Mkts Large Cap	1,803,000
Mondrian Emerging Markets Equity Fund, L.P.	Active Emerging Mkts All Cap	870,000
Mondrian Emerging Markets Small Cap Equity Fund, L.P.	Active Emerging Mkts Small Cap Value	323,000
Mondrian International Small Cap Equity Fund, L.P.	Active Dev Mkts Small Cap	625,000
William Blair & Co.	Active Dev Mkts Small Cap	957,000
William Blair Emerging Markets Small Cap Growth Collective Investment Fund	Active Emerging Mkts Small Cap Growth	266,000

ESTIMATED INVESTMENT EXPENSES (CONTINUED)

<u>Contractor</u>	<u>Service Provided</u>	<u>Fee</u>
Investment Managers		
Fixed Income		
Brandywine Global Investment Management, LLC	Active Global	800,000
Metropolitan West	Active Core Plus	780,000
Neuberger Berman Fixed Income LLC	Enhanced Index	220,000
Prudential Investment Management	Active Core Plus	740,000
SC Credit Opportunities Mandate, LLC	Active Credit	1,000,000
Real Assets		
ArcLight Energy Partners Fund VI, L.P.	Real Assets Private Fund	600,000
Atalaya SCERS SMA, LLC	Real Assets Private Fund	312,500
BlackRock Realty Advisors I	Core Real Estate Separate Account Properties	975,500
BlackRock Realty Advisors II	Core Real Estate Separate Account Properties	110,000
Blackstone Resources Select Offshore Fund Ltd	Commodity Fund	635,000
Brookfield Infrastructure Fund III, L.P.	Real Assets Private Fund	600,000
Carlyle Power Partners II, L.P.	Real Assets Private Fund	600,000
Cornerstone Real Estate Advisers	Separate Properties	429,000
EnCap Energy Capital Fund IX, L.P.	Real Assets Private Fund	495,000
EnCap Energy Capital Fund X, L.P.	Real Assets Private Fund	600,000
EnCap Flatrock Midstream Fund III, L.P.	Real Assets Private Fund	300,000
First Reserve Energy Infrastructure Fund II, L.P.	Real Assets Private Fund	560,000
Hammes Partners II, L.P.	Core Real Estate Fund	375,000
IFM Global Infrastructure Fund	Real Assets Private Fund	577,500
Jamestown Premier Property Fund, L.P.	Core Real Estate Fund	162,000
MetLife Core Property Fund, L.P.	Core Real Estate Fund	202,100
Pantheon SCERS SIRF MM, LLC	Real Assets Private Fund	450,000
Prime Property Fund, LLC	Core Real Estate Fund	361,200
Principal US Property Account	Core Real Estate Fund	332,500
Prologis Targeted Europe Logistics Fund, L.P.	Core Real Estate Fund	266,000
Prologis Targeted US Logistics Fund, L.P.	Core Real Estate Fund	380,000
Quantum Energy Partners VI, L.P.	Real Assets Private Fund	612,500
SSgA Real Asset Strategy	Passive Real Assets Fund	900,000
Strategic Commodities Fund LTD	Commodities Fund	275,000
Townsend Real Estate Fund, L.P.	Core Real Estate Fund	156,250
Wastewater Opportunity Fund, LLC	Real Assets Private Fund	500,000
Future Overlay		
State Street Global Advisors	Asset Allocation Overlay	600,000

ESTIMATED INVESTMENT EXPENSES (CONTINUED)

<u>Contractor</u>	<u>Service Provided</u>	<u>Fee</u>
Investment Managers		
Private Equity		
Abbott Capital Private Equity Fund VI, L.P.	Private Equity Fund	281,000
Accel-KKR Capital Partners IV, L.P.	Private Equity Fund	338,000
Accel-KKR Capital Partners V, L.P.	Private Equity Fund	360,000
Accel-KKR Growth Capital II, L.P.	Private Equity Fund	263,000
Atalaya Special Opportunities Fund VI, L.P.	Private Equity Fund	375,000
Athyrium Opportunities Fund II, L.P.	Private Equity Fund	480,000
Dyal Capital Partners II, L.P.	Private Equity Fund	700,000
Garrison Opportunity Fund III, L.P.	Private Equity Fund	400,000
H.I.G. Bayside Loan Opportunity Fund III (Europe)	Private Equity Fund	600,000
H.I.G. Capital Partners V, L.P.	Private Equity Fund	280,000
H.I.G. Europe Capital Partners II, L.P.	Private Equity Fund	378,000
HarbourVest Partners International PEP VI, L.P.	Private Equity Fund	435,000
HarbourVest Partners VIII, L.P.	Private Equity Fund	500,000
Khosla Ventures IV, L.P.	Private Equity Fund	200,000
Khosla Ventures V, L.P.	Private Equity Fund	400,000
Linden Capital Partners III, L.P.	Private Equity Fund	700,000
Marlin Equity IV, L.P.	Private Equity Fund	400,000
Marlin Heritage, L.P.	Private Equity Fund	300,000
Marlin Heritage Europe, L.P.	Private Equity Fund	300,000
New Enterprise Associates 14, L.P.	Private Equity Fund	313,000
New Enterprise Associates 15, L.P.	Private Equity Fund	438,000
Private Equity Partners X, L.P.	Private Equity Fund	750,000
RRJ Capital Master Fund II, L.P.	Private Equity Fund	700,000
RRJ Capital Master Fund III, L.P.	Private Equity Fund	800,000
Spectrum Equity Investors VII, L.P.	Private Equity Fund	450,000
Summit Partners Credit Fund L.P.	Private Equity Fund	300,000
Summit Partners Credit Fund II, L.P.	Private Equity Fund	131,000
Summit Partners Venture Fund III, L.P.	Private Equity Fund	164,000
Summit Partners Venture Capital Fund IV, L.P.	Private Equity Fund	350,000
Thomas Bravo Fund XI, L.P.	Private Equity Fund	450,000
Thoma Bravo Fund XII, L.P.	Private Equity Fund	450,000
TPG Opportunities Partners III, L.P.	Private Equity Fund	525,000
Trinity Ventures XI, L.P.	Private Equity Fund	625,000
Trinity Ventures XII, L.P.	Private Equity Fund	625,000
TSG7 A, L.P.	Private Equity Fund	320,000
TSG7 B, L.P.	Private Equity Fund	100,000
Waterland Private Equity Fund V, L.P.	Private Equity Fund	612,000
Waterland Private Equity Fund VI Overflow Fund, C.V.	Private Equity Fund	120,000
Waterland Private Equity Fund VI, C.V.	Private Equity Fund	480,000
Wayzata Opportunities Fund III, L.P.	Private Equity Fund	450,000

ESTIMATED INVESTMENT EXPENSES (CONTINUED)

<u>Contractor</u>	<u>Service Provided</u>	<u>Fee</u>
Investment Managers		
Opportunities		
AEW Value Investors	Value Added Real Estate Fund	40,000
Allegis Value Trust	Value Added Real Estate Fund	100,000
Atalaya Special Opportunities Fund V, L.P.	Opportunistic Credit Fund	375,000
CIM Fund VIII, L.P.	Opportunistic Real Estate Fund	525,000
ECE European Prime Shopping Centre Fund II, SCS-SIF	Value Added Real Estate Fund	525,000
European Real Estate Debt Fund II, L.P.	Real Estate Debt Fund	750,000
Hines US Office Value Fund II, L.P.	Value Added Real Estate Fund	150,000
KKR Real Estate Partners Americas, L.P.	Opportunistic Real Estate Fund	450,000
NREP Nordic Strategies Fund, FCP-FIS	Value Added Real Estate Fund	375,000
NREP Nordic Strategies Fund II, SCSp	Value Added Real Estate Fund	525,000
Och-Ziff Real Estate Fund III, L.P.	Opportunistic Real Estate Fund	525,000
Consultant - General		
BSR & Co.	Tax Consultant - India	22,000
CliffWater LLC	Alternative Assets Investment Consultant	450,000
Glass Lewis Proxy Analysis	Corporate Actions	38,000
Investor Responsibility Support Services, Inc.	Class Action Research	25,000
Institutional Shareholder Services	Corporate Actions	57,000
MSCI Inc.	Market Data	1,000
Segal Consulting	Actuarial Consultant	101,000
The Townsend Group	Real Estate Investment Consultant	225,000
Verus Advisory, Inc.	General Investment Consultant	300,000
Zephyr Associates, Inc.	Investment Manager Research Software	14,000
	Subtotal	62,074,050
Salaries & Benefits Allocated to Investment Expenses		1,710,439
Services & Supplies Allocated to Investment Expenses*		2,158,380
Other Charges		7,739
	Total	\$65,950,608
*Includes costs related to due diligence visitations		
Board policy requires regular on-site reviews of investment manager operations. Such review includes a requirement to visit manager offices once every 3 years after the initial hiring visit. For the next year, five such visits are scheduled.		\$20,000
Prospective Manager Due Diligence Visits		40,000
		<u>\$60,000</u>

Note: Establishing a direct investing platform compared to investing in fund-of-funds vehicles within the alternative assets portfolio will make year-to-year comparisons difficult. While SCERS' fund-of-funds investments invest in underlying funds directly, the investment fees for these funds are not displayed, and it is only the fees for the fund-of-funds that are included. Accordingly, this will make fund-of-funds investments appear less expensive than if both sets of fees were displayed.

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SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM

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