MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION

BUDGET ADOPTION POLICY

I. PURPOSE

The Board of Retirement annually adopts a budget covering the expenses of administering the retirement system. The administration expenses incurred in any year will be charged against the earnings of the retirement fund. The purpose of the Budget Adoption Policy is to establish the process by which the Board of Retirement adopts the MCERA annual budget.

II. ROLES

1. The preparation and presentation of the proposed budget is the responsibility of the Executive Director.

2. The adoption and quarterly monitoring of the annual budget is the responsibility of the Board of Retirement.

III. POLICY GUIDELINES

1. The Executive Director will present to the Board of Retirement a proposed budget for the next fiscal year that supports the initiatives set out in the Strategic Plan. The proposed budget will be distributed to Trustees at least two weeks prior to the Board of Retirement meeting in May of each year. Trustees may ask questions or submit recommended changes to the Executive Director at least one week prior to the May Board of Retirement meeting. The Executive Director shall consider the questions and suggested changes submitted by Trustees, and shall prepare a final proposed budget to be included on the May Board of Retirement meeting agenda. The Board may amend the proposed budget.

2. The format of the proposed budget will organize expenditures within MCERA into various categories to facilitate comparison of the budget over time as well as an accurate measure of Administrative Expenses in accordance with the 1937 Act.

3. The administrative expenses of the Association shall not exceed twenty-one hundredths of one percent (0.21%) of MCERA's actuarial accrued liability, unless authorized by a separate vote of the Board of Retirement.

4. The Executive Director is granted the authority to determine which purchases not exceeding $25,000.00 are to be treated as capital expenses and which are to be expensed in the year of purchase and shall be reported to the Board in a timely manner.

5. The Executive Director is granted authority to shift funds not to exceed a limit of $25,000 within a category to accomplish the goals set forth in the Strategic Plan and shall be reported to the Board in a timely manner. Funds may not be moved from one category to another without approval of the Board of Retirement.

6. The Executive Director may request that the Board amend the budget for the current fiscal year by presenting reasons for the budget amendment, its expected impact, and the cost of the amendment for the remainder of the budget year.

7. The Executive Director shall endeavor not to exceed expenditure levels specified in the approved or amended budget.

8. The Executive Director shall provide quarterly budget reports to the Board of Retirement.

IV. POLICY REVIEW

The Board shall review this policy at least every three years to ensure that it remains relevant and appropriate.

V. POLICY HISTORY

This policy was adopted by the Board of Retirement on February 20, 2013.

This policy was amended by the Board of Retirement on January 19, 2016.

This policy was amended by the Board of Retirement on July 19, 2017.

This policy was amended by the Board of Retirement on May 15, 2019.