

Date: March 13, 2020
To: Board of Retirement
From: F. Robert Reveles, Financial/Investment Officer
Subject: Fiscal Year 2020 Proposed Revised Budget – Legal/Contracts

Attached you will find a Proposed Revised Budget for fiscal year 2020. The proposed budget amendments are in the Legal and Contract line items. The first amendment is for Legal expenses. As mentioned by the Executive Director in the April Board of Retirement meeting, over the last quarter legal services have increased dramatically. These costs are not expected to decrease to their historical levels for at least another 6 months.

The second amendment is to the Contract line item. The \$27,000 decrease is due to an expected lack of an interim Executive Director.

I recommend the Board move to approve of the budget amendment as presented.

Mendocino County Employees Retirement Association
Fiscal Year 2020
Proposed Budget vs Prior Year Amended Budget

	FY 2020 Adopted Budget (May 2019)	FY 2020 Proposed Budget Amendment (Oct 2020)	FY 2020 Proposed Budget Amendment (Feb 2020)	FY 2020 Proposed Budget Amendment (Apr 2020)	FY 2020 Proposed Budget Amendment (May 2020)	Difference	
						\$	%
Personnel (BU 1920)							
Gross Regular Salaries ¹	\$ 441,493	\$ 459,403	\$ 459,403	\$ 459,403	\$ 459,403	\$ -	0.00%
Retirement	117,476	122,748	122,748	122,748	122,748	-	0.00%
FICA	22,834	23,944	23,944	23,944	23,944	-	0.00%
Medicare	6,294	6,554	6,554	6,554	6,554	-	0.00%
Retirement Cola	26,724	27,966	27,966	27,966	27,966	-	0.00%
Health Insurance	54,106	54,106	54,106	54,106	54,106	-	0.00%
Unemployment Insurance	272	272	272	272	272	-	0.00%
Workers Comp	321	321	321	321	321	-	0.00%
Subtotal	\$ 669,521	\$ 695,314	\$ 695,314	\$ 695,314	\$ 695,314	\$ -	0.00%
Administrative							
Office Expense	\$ 28,266	\$ 28,266	\$ 28,266	\$ 28,266	\$ 28,266	\$ -	0.00%
Legal Expense	325,000	325,000	210,000	250,000	325,000	75,000	30.00%
Audit	40,000	40,000	40,000	40,000	40,000	-	0.00%
Contracts	3,500	13,500	73,500	73,500	46,500	(27,000)	-36.73%
Staff Education and Training	16,800	16,800	16,800	16,800	16,800	-	0.00%
Membership	5,500	5,500	5,500	5,500	5,500	-	0.00%
Subtotal	\$ 419,066	\$ 429,066	\$ 374,066	\$ 414,066	\$ 462,066	\$ 48,000	11.59%
Board Expense							
Fiduciary Insurance	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ -	0.00%
Board Meeting Expense	8,100	8,100	8,100	8,100	8,100	-	0.00%
Board Education and Training	26,070	26,070	26,070	26,070	26,070	-	0.00%
Subtotal	\$ 79,170	\$ 79,170	\$ 79,170	\$ 79,170	\$ 79,170	\$ -	0.00%
Total Personnel, Administrative & Board Expense	\$ 1,167,757	\$ 1,203,550	\$ 1,148,550	\$ 1,188,550	\$ 1,236,550	\$ 48,000	4.04%
Disability							
Administrative Review	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	0.00%
Hearings	80,000	80,000	80,000	80,000	80,000	-	0.00%
Subtotal	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ -	0.00%
625-B Kings Court							
Imputed Rent	\$ 55,089	\$ 55,089	\$ 55,089	\$ 55,089	\$ 55,089	\$ -	0.00%
Subtotal	\$ 55,089	\$ 55,089	\$ 55,089	\$ 55,089	\$ 55,089	\$ -	0.00%
Total Administration Expense	\$ 1,342,845	\$ 1,378,638	\$ 1,323,638	\$ 1,363,638	\$ 1,411,638	\$ 48,000	3.52%
Technology							
LRS/Pension Gold	\$ 159,940	\$ 159,940	\$ 159,940	\$ 159,940	\$ 159,940	\$ -	0.00%
County IT Related Expenses	5,000	5,000	5,000	5,000	5,000	-	0.00%
PCX Scan Station	9,000	9,000	9,000	9,000	9,000	-	0.00%
Subtotal	\$ 173,940	\$ 173,940	\$ 173,940	\$ 173,940	\$ 173,940	\$ -	0.00%
Investment							
Investment Manager Fees	\$ 720,000	\$ 720,000	\$ 720,000	\$ 720,000	\$ 720,000	\$ -	0.00%
Investment Consultant - Callan	175,000	175,000	175,000	175,000	175,000	-	0.00%
Actuary Services - Segal	120,000	120,000	120,000	120,000	120,000	-	0.00%
Custodian Bank - State Street	60,000	60,000	60,000	60,000	60,000	-	0.00%
Internal Investment Monitoring	11,550	11,550	11,550	11,550	11,550	-	0.00%
Subtotal	\$ 1,086,550	\$ 1,086,550	\$ 1,086,550	\$ 1,086,550	\$ 1,086,550	\$ -	0.00%
Capital Improvement Plan	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	0.00%
Total MCERA	\$ 2,628,335	\$ 2,664,129	\$ 2,609,129	\$ 2,649,129	\$ 2,697,129	\$ 48,000	1.81%
Total Administrative Expenses	\$ 1,342,845	\$ 1,378,638	\$ 1,323,638	\$ 1,363,638	\$ 1,411,638		
(Total ex Technology & Investment)							
CERL Administrative Budget Limit	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000		
(Over)/Under CERL Limit	\$ 657,155	\$ 621,362	\$ 676,362	\$ 636,362	\$ 588,362		
MCERA Policy Administrative Budget Limit	\$ 1,506,670	\$ 1,506,670	\$ 1,506,670	\$ 1,506,670	\$ 1,506,670		
(Over)/Under Policy Limit	\$ 163,825	\$ 128,032	\$ 183,032	\$ 143,032	\$ 95,032		
Basis Points Test	0.21%	0.21%	0.21%	0.21%	0.21%		
AAL	\$ 717,461,993	\$ 717,461,993	\$ 717,461,993	\$ 717,461,993	\$ 717,461,993		
Date	6/30/2018	6/30/2018	6/30/2018	6/30/2018	6/30/2018		

¹ Includes 400 Hours in Benefits staff overtime for projects.