



Date: May 13, 2020
To: Board of Retirement
From: James Wilbanks, Ph.D., Executive Director
F. Robert Reveles, Financial/Investment Officer
Subject: Fiscal Year 2021 Proposed Budget

OVERVIEW

The attached schedules detail the proposed budget for MCERA for fiscal year 2021 (FY 21). The first schedule compares the FY 21 budget proposal to the FY 20 amended MCERA budget. The second schedule compares the FY 21 budget proposal to the FY 20 projected actual expenditures. The third compares the FY 20 projected actual expenditures to the FY 20 adopted budget. The third schedule is meant as a preview of the fourth quarter budget update. A more detailed analysis of the actual FY 20 budget numbers will be provided with the fourth quarter budget update report. The fourth schedule compares the FY 21 proposed budget and the adopted budget for the prior five fiscal years. The fifth schedule compares the FY21 proposed budget against the actual expenditures in prior years, including the FY 20 year end projection. The last two schedules provide historical perspective in viewing the budget proposal.

This overview provides additional detail on some of the differences in each section of the FY 20 budget proposal to provide context and information beyond the numbers provided in the schedules.

PERSONNEL

The information in the personnel section of the budget is provided to MCERA by the Auditor-Controller based on current staffing levels. There are no changes in staffing levels in the current proposal.

Personnel costs have increased slightly. Most staff within the department will be receiving a 6.03% increase to base pay starting mid-July. This is phase two of three for salary increases because of the Koff Study. Health Insurance costs have increased to the employer as compared to last year.

Similar to last year, the FY 21 Proposed Budget does include funding for 400 hours of staff overtime specifically to address critical projects from the Board Work Plan that require additional focused effort to complete within the desired deadlines. The total funds for staff overtime included in the proposed budget are \$20,668, including FICA and Medicare taxes. The FY 20 budget included a total of \$17,045 for staff overtime.

ADMINISTRATIVE

The proposed budget for FY 21 in the Administrative category includes an increase of \$6,581 from the FY 20 budget. The primary drivers of the proposed increase is the sub-category Legal expense, Staff Education and Training, and Audit fees. Legal fees are expected to increase due to ongoing MCERA



projects. Staff Education and Training have increased due to expected increased attendance to training functions. (Though the recent pandemic creates a lot of uncertainty about when these in person trainings can resume.) Audit fees have increased as result of the new contract. The savings in the Contract line item is due to not having to appoint an interim Executive Director. Membership and Office supplies have increased due to vendor pricing

In addition to the decrease in the Contracts sub-category, the other major change in other sub-categories within the Administrative Category was Legal Expense.

Legal Expense

There is an increase in the legal expense in the FY 21 proposed budget relative to the FY 20 amended budget. All legal counsels have increased their hourly rates compared to prior years. In addition, MCERA have had increased utilization of services. The FY 21 budget proposal includes increases to all legal vendors. (Hansen Bridgett, Nossaman, Sonoma County Counsel, and City of Santa Rosa City Attorney)

BOARD EXPENSE

Fiduciary Insurance rates have lowered in the past year. Board meeting expense increased due to an expanded Audit Committee of three members instead of two. Last year the Strategic Planning off-site meeting was canceled. This year we have included an additional \$5,000 in the budget for that meeting. With two board members stepping down within the last year, the two replacement members will likely need to attend a number of training events. Lodging and Travel costs have generally increased over the last year. The net result is a Board Expense increase of \$3,747, or 4.73% increase relative to the FY 20 amended budget.

DISABILITY

Disability Expense has not changed from prior year.

625-B KINGS COURT

The imputed rent for the office space occupied by MCERA in the building the Association owns is proposed to decrease slightly FY 21. Imputed rent for FY 20 was estimated as a 3% increase, while the State of California measured the rent increase at 2.45%. According to the March 2019 Annual State Lease memo the CPI increase for the leased period was 14.52%, while the previous year was 12.07% (The 2018 Lease memo). The March 2020 Annual State Lease memo shows the CPI increase for the leased period as 16.71% - an increase from the prior year of 2.19%. The increase in imputed rent for MCERA is tied to the increase in rent specified in the lease agreement between the Department of Rehabilitative Services and MCERA.

TECHNOLOGY

With implementation of the Pension Administration System (PAS) fully complete, the majority of the LRS/PensionGold costs are straightforward to predict as they are specified in the contract with Levi, Ray and Shoup (LRS), the provider of the Pension Gold system. This contract specified a 10 Year fee



schedule. Based on that schedule the FY 21 Pension Gold fee is \$143,626. An additional \$14,000 is included in the proposed budget as a reserve for possible change orders that may be needed to the system. (Same as FY 20)

INVESTMENT

There are a few changes in the Investment category for the FY 21 proposed budget. The first change is an anticipated decrease in Investment Manager Fees. Even with the recent market turmoil, because of our long-term view, MCERA has estimated asset balances relatively optimistically. If the expected asset balances do not materialize, the fees paid will be lower.

The next change in the Investment category represents an increase in fees for Investment Consulting services provided by Callan, LLC. In the Callan response to the MCERA request for proposals (RFP) for investment consulting services, conducted in 2018, Callan proposed a fee of \$175,000. With their selection, the new fee went into effect in January, 2019. This contract has an approved 2.5% increase per annum starting January 2021. (Yearly Fee is \$179,375)

There is an increase in the item Actuary Services – Segal relative to the FY 20 because of cost increases in the recently approved contract. This year will cover, in addition to our usual services, the triennial experience study.

Custodial Bank fees are expected to be lower than prior years because of ongoing market turmoil.

Internal Investment Monitoring has remained as proposed in the FY 20 budget. This sub-category includes funds for two distinct areas: regular due diligence meetings with our current investment managers, and access to investment data from an external provider.

TOTAL COMPARISONS

The first schedule shows the proposed FY-21 budget includes a decrease of \$21,972 over the amended FY 20 budget. Across the various budget categories, we see a \$33,205 increase between Personnel, Administrative, Board Expense, Disability and Imputed Rent line items. (MCERA administrative overhead) Overall Investment expenses are expected to be lower than the amended budget by \$53,113.

Much more relevant for a 1937 Act Plan is the Administrative Expenses Sub-Total. The County Employees' Retirement Law of 1937 (CERL or 1937 Act), defines and specifies a limit on these expenses for all plans organized under the act. Administrative Expenses includes any MCERA expenses except for Technology and Investment expenses.

The Administrative Expenses statutory limit is the greater of \$2,000,000 or 21 basis points (0.21%) of the most recent Actuarial Accrued Liabilities (AAL) of the plan. For MCERA, the statutory limit on Administrative Expenses is the \$2,000,000.



MCERA

Fiscal Year 2020 Budget Proposal Continued

The MCERA Board, in the Budget Adoption Policy, specifies that the budget limit for MCERA shall be 21 basis points (0.21%) of the most recent Actuarial Accrued Liabilities of the plan. For FY 21, the AAL is \$747,481,9137 based on the June 30, 2019 actuarial valuation. This AAL results in the MCERA Policy based budget limit for Administrative Expenses of \$1,569,710.

The total Administrative Expenses in the proposed FY 21 budget is \$1,444,844. This proposal is \$555,156 below the statutory limit and \$124,867 below the limit specified by the Board in policy.

Mendocino County Employees Retirement Association
Fiscal Year 2021
Proposed Budget vs Prior Year Amended Budget

	FY 2020		FY 2021		Difference	
	Amended Budget		Proposed Budget			
	Revised (May '20)				\$	%
Personnel (BU 1920)						
Gross Regular Salaries ¹	\$ 459,403	\$	461,502	\$	2,099	0.46%
Retirement	122,748		141,214		18,466	15.04%
FICA	23,944		25,453		1,509	6.30%
Medicare	6,554		6,429		(125)	-1.91%
Retirement Cola	27,966		26,324		(1,642)	-5.87%
Health Insurance	54,106		57,401		3,295	6.09%
Unemployment Insurance	272		272		-	0.00%
Workers Comp	321		321		-	0.00%
Subtotal	\$ 695,314	\$	718,917	\$	23,603	3.39%
Administrative						
Office Expense	\$ 28,266	\$	29,215	\$	949	3.36%
Legal Expense	325,000		358,000		33,000	10.15%
Audit	40,000		41,200		1,200	3.00%
Contracts	46,500		13,510		(32,990)	-70.95%
Staff Education and Training	16,800		20,852		4,052	24.12%
Membership	5,500		5,870		370	6.73%
Subtotal	\$ 462,066	\$	468,647	\$	6,581	1.42%
Board Expense						
Fiduciary Insurance	\$ 45,000	\$	42,000	\$	(3,000)	-6.67%
Board Meeting Expense	8,100		8,300		200	2.47%
Board Education and Training	26,070		32,617		6,547	25.11%
Subtotal	\$ 79,170	\$	82,917	\$	3,747	4.73%
Total Personnel, Administrative & Board Expense	\$ 1,236,550	\$	1,270,481	\$	33,931	2.74%
					-	
Disability					-	
Administrative Review	\$ 40,000	\$	40,000		-	0.00%
Hearings	80,000		80,000		-	0.00%
Subtotal	\$ 120,000	\$	120,000	\$	-	0.00%
625-B Kings Court						
Imputed Rent	\$ 55,089	\$	54,363	\$	(726)	-1.32%
Subtotal	\$ 55,089	\$	54,363	\$	(726)	-1.32%
Total Administration Expense	\$ 1,411,638	\$	1,444,844	\$	33,205	2.35%

Mendocino County Employees Retirement Association
Fiscal Year 2021
Proposed Budget vs Prior Year Amended Budget

	FY 2020	FY 2021	Difference	
	Amended Budget	Proposed Budget		
	Revised (May '20)		\$	%
Technology				
LRS - Pension Gold	\$ 159,940	\$ 157,626	\$ (2,314)	-1.45%
County IT Project Expenses	5,000	5,250	250	5.00%
PCX Scan Station	9,000	9,000	-	0.00%
Subtotal	\$ 173,940	\$ 171,876	\$ (2,064)	-1.19%
Investment				
Investment Manager Fees	\$ 720,000	\$ 650,650	\$ (69,350)	-9.63%
Investment Consultant - Callan	175,000	177,188	2,188	1.25%
Actuary Services - Segal	120,000	136,500	16,500	13.75%
Custodian Bank - State Street	60,000	57,600	(2,400)	-4.00%
Internal Investment Monitoring	11,550	11,500	(50)	-0.43%
Subtotal	\$ 1,086,550	\$ 1,033,437	\$ (53,113)	-4.89%
Capital Improvement Plan	\$ 25,000	\$ 25,000	\$ -	0.00%
Total MCERA	\$ 2,697,129	\$ 2,675,157	\$ (21,972)	-0.81%
Total Administrative Expenses	\$ 1,411,638	\$ 1,444,844		
(Total ex Technology & Investment)				
CERL Administrative Budget Limit	\$ 2,000,000	\$ 2,000,000		
(Over)/Under CERL Limit	\$ 588,362	\$ 555,156		
MCERA Policy Administrative Budget Limit	\$ 1,506,670	\$ 1,569,710		
(Over)/Under Policy Limit	\$ 95,032	\$ 124,867		
Basis Points Test	0.21%	0.21%		
AAL	\$ 717,461,993	\$ 747,481,137		
Date	6/30/2018	6/30/2019		

¹ Includes 400 Hours in Benefits staff overtime for projects.

Mendocino County Employees Retirement Association
Fiscal Year 2020/2021
Proposed Budget vs Prior Year Projected Actual

	FY 2019/2020		FY 2020/2021		Difference	
	Projected		Proposed			
	Actual		Budget		\$	%
Personnel (BU 1920)						
Gross Regular Salaries	\$ 454,974	\$	461,502	\$	6,528	1.43%
Retirement	107,363		141,214		33,851	31.53%
FICA	22,789		25,453		2,664	11.69%
Medicare	6,074		6,429		355	5.84%
Retirement Cola	24,717		26,324		1,607	6.50%
Health Insurance	52,025		57,401		5,376	10.33%
Unemployment Insurance	272		272		-	0.00%
Workers Comp	321		321		-	0.00%
Subtotal	\$ 668,535	\$	718,917	\$	50,381	7.54%
Administrative						
Office Expense	\$ 21,804	\$	29,215		7,411	33.99%
Legal Expense	286,250		358,000		71,750	25.07%
Audit	37,951		41,200		3,249	8.56%
Contracts	76,261		13,510		(62,751)	-82.28%
Staff Education and Training	11,930		20,852		8,922	74.79%
Membership	6,175		5,870		(305)	-4.94%
Subtotal	\$ 440,371	\$	468,647	\$	28,276	6.42%
Board Expense						
Fiduciary Insurance	\$ 41,214	\$	42,000	\$	786	1.91%
Board Meeting Stipends	4,450		8,300		3,850	86.52%
Board Education and Training	8,661		32,617		23,956	276.60%
Subtotal	\$ 54,325	\$	82,917	\$	28,592	52.63%
Total Personnel, Administrative & Board Expense	\$ 1,163,231	\$	1,270,481	\$	107,250	9.22%
Disability						
Administrative Review	\$ 28,868	\$	40,000	\$	11,132	38.56%
Hearings ¹	23,757		80,000		56,243	236.74%
Subtotal	\$ 52,625	\$	120,000	\$	67,375	128.03%
625-B Kings Court						
Imputed Rent	53,885	\$	54,363	\$	477	0.89%
Subtotal	\$ 53,885	\$	54,363	\$	477	0.89%
Total Administrative Expense	\$ 1,269,742	\$	1,444,844	\$	175,102	13.79%

Mendocino County Employees Retirement Association
Fiscal Year 2020/2021
Proposed Budget vs Prior Year Projected Actual

	FY 2019/2020		FY 2020/2021		Difference	
	Projected		Proposed			
	Actual		Budget		\$	%
Technology						
LRS - Pension Gold	\$ 156,199	\$	157,626	\$	1,427	0.91%
County IT Project Expenses	3,231		5,250		2,019	62.49%
PCX Scan Station	9,343		9,000		(343)	-3.67%
Subtotal	\$ 168,773	\$	171,876	\$	3,103	1.84%
Investment						
Investment Manager Fees	\$ 577,471	\$	650,650	\$	73,179	12.67%
Investment Consultant - Callan	175,000		177,188		2,188	1.25%
Custodian Bank - State Street	69,795		57,600		(12,195)	-17.47%
Actuary Services - Segal	119,444		136,500		17,056	14.28%
Internal Investment Monitoring ²	1,050		11,500		10,450	995.24%
Subtotal	\$ 942,760	\$	1,033,437	\$	90,677	9.62%
Property Maintenance Plan	\$ 25,000	\$	25,000	\$	-	0.00%
Total MCERA	\$ 2,406,275	\$	2,675,157	\$	268,882	11.17%
Total Administrative Expenses	\$ 1,269,742	\$	1,444,844			
(Total ex Technology & Investment)						
CERL Administrative Cap	\$ 2,000,000	\$	2,000,000			
(Over)/Under Cap	\$ 730,258	\$	555,156			
MCERA Policy Cap	\$ 1,506,670	\$	1,569,710			
Balance	\$ 236,928	\$	124,867			
Basis Points Test	0.21%		0.21%			
AAL	\$ 717,461,993	\$	747,481,137			
Date	6/30/2018		6/30/2019			

¹ Hearings Preparations and Hearings combined in FY 2019.

² New in FY 2019: Investment manager monitoring, Consultant RFP, Investment Data.

Mendocino County Employees Retirement Association
Fiscal Year 2020/2021
Prior Year Projected Actual vs Prior Year Adopted Budget

	FY 2019/2020 Proposed Budget Amendment (May 2020)		FY 2019/2020 Projected Actual		Difference	
					\$	%
Personnel (BU 1920)						
Gross Regular Salaries	\$	459,403	\$	454,974	\$ (4,429)	-0.96%
Retirement		122,748		107,363	(15,385)	-12.53%
FICA		23,944		22,789	(1,155)	-4.82%
Medicare		6,554		6,074	(480)	-7.32%
Retirement Cola		27,966		24,717	(3,249)	-11.62%
Health Insurance		54,106		52,025	(2,081)	-3.85%
Unemployment Insurance		272		272	-	0.00%
Workers Comp		321		321	-	0.00%
Subtotal	\$	695,314	\$	668,535	\$ (26,779)	-3.85%
Administrative						
Office Expense	\$	28,266	\$	21,804	(6,462)	-22.86%
Legal Expense		325,000		286,250	(38,750)	-11.92%
Audit		40,000		37,951	(2,049)	-5.12%
Contracts		46,500		76,261	29,761	64.00%
Staff Education and Training		16,800		11,930	(4,870)	-28.99%
Membership		5,500		6,175	675	12.27%
Subtotal	\$	462,066	\$	440,371	\$ (21,695)	-4.70%
Board Expense						
Fiduciary Insurance	\$	45,000	\$	41,214	(3,786)	-8.41%
Board Meeting Stipends		8,100		4,450	(3,650)	-45.06%
Board Education and Training		26,070		8,661	(17,409)	-66.78%
Subtotal	\$	79,170	\$	54,325	\$ (24,845)	-31.38%
Total Personnel, Administrative & Board Expense	\$	1,236,550	\$	1,163,231	\$ (73,319)	-5.93%
Disability						
Administrative Review	\$	40,000	\$	28,868	(11,132)	-27.83%
Hearings		80,000		23,757	(56,243)	-70.30%
Subtotal	\$	120,000	\$	52,625	\$ (67,375)	-56.15%
625-B Kings Court						
Imputed Rent	\$	55,089	\$	53,885	(1,203)	-2.18%
Subtotal	\$	55,089	\$	53,885	\$ (1,203)	-2.18%
Total Administrative Expense	\$	1,411,638	\$	1,269,742	\$ (141,897)	-10.05%

Mendocino County Employees Retirement Association
Fiscal Year 2020/2021
Prior Year Projected Actual vs Prior Year Adopted Budget

	FY 2019/2020 Proposed Budget Amendment (May 2020)	FY 2019/2020 Projected Actual	Difference	
			\$	%
Technology				
LRS - Pension Gold	\$ 159,940	\$ 156,199	\$ (3,741)	-2.34%
County IT Project Expenses	5,000	3,231	(1,769)	-35.38%
PCX Scan Station	9,000	9,343	343	3.81%
Subtotal	\$ 173,940	\$ 168,773	\$ (5,167)	-2.97%
Investment				
Investment Manager Fees	\$ 720,000	\$ 577,471	\$ (142,529)	-19.80%
Investment Consultant - Callan	175,000	175,000	-	0.00%
Actuary Services - Segal	120,000	119,444	(556)	-0.46%
Custodian Bank - State Street	60,000	69,795	9,795	16.33%
Internal Investment Monitoring	11,550	1,050	(10,500)	-90.91%
Subtotal	\$ 1,086,550	\$ 942,760	\$ (143,790)	-13.23%
Property Maintenance Plan	\$ 25,000	\$ 25,000	\$ -	0.00%
Total MCERA	\$ 2,697,129	\$ 2,406,275	\$ (290,854)	-10.78%
Total Administrative Expenses	\$ 1,411,638	\$ 1,269,742		
(Total ex Technology & Investment)				
CERL Administrative Cap	\$ 2,000,000	\$ 2,000,000		
(Over)/Under Cap	\$ 588,362	\$ 730,258		
MCERA Policy Cap	\$ 1,506,670	\$ 1,506,670		
Balance	\$ 95,032	\$ 236,928		
Basis Points Test	0.21%	0.21%		
AAL	\$ 717,461,993	\$ 717,461,993		
Date	6/30/2018	6/30/2018		

Mendocino County Employees Retirement Association
Fiscal Year 2020
Proposed Budget vs Prior 5 Years Adopted Budgets

	FY 2016 Adopted Budget	FY 2017 Adopted Budget	FY 2018 Amended Budget	FY 2019 Amended Budget	FY 2020 Amended Budget (May20)	FY 2021 Proposed Budget
Personnel (BU 1920)						
Gross Regular Salaries ¹	\$ 326,589	\$ 343,514	\$ 377,191	\$ 419,888	\$ 459,403	\$ 461,502
Retirement	92,941	95,990	109,559	118,006	122,748	141,214
Social Security	18,662	19,447	21,925	23,717	23,944	25,453
Medicare	4,365	4,635	5,469	5,847	6,554	6,429
Retirement Cola	35,983	34,315	32,718	31,330	27,966	26,324
Health Insurance	77,533	66,586	66,586	49,748	54,106	57,401
Unemployment Insurance	2,219	650	277	265	272	272
Workers Comp	1,627	1,700	323	305	321	321
Subtotal	\$ 559,918	\$ 566,837	\$ 614,049	\$ 649,105	\$ 695,314	\$ 718,917
Administrative						
Office Expense	\$ 23,000	\$ 41,644	\$ 41,850	\$ 38,420	\$ 28,266	\$ 29,215
Legal Expense	115,000	92,500	118,000	200,000	325,000	358,000
Audit	45,250	44,500	40,000	39,400	40,000	41,200
Contracts	10,700	900	900	103,400	46,500	13,510
Staff Education and Training	22,220	20,000	15,000	16,000	16,800	20,852
Membership	5,000	5,250	5,250	5,250	5,500	5,870
Subtotal	\$ 225,570	\$ 204,794	\$ 221,000	\$ 402,470	\$ 462,066	\$ 468,647
Board Expense						
Fiduciary Insurance	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 45,000	\$ 42,000
Board Meeting Expense	8,000	7,700	7,100	8,100	8,100	8,300
Board Education and Training	30,000	29,040	26,730	28,700	26,070	32,617
Subtotal	\$ 80,000	\$ 78,740	\$ 75,830	\$ 78,800	\$ 79,170	\$ 82,917
Total Personnel, Administrative & Board Expense	\$ 865,488	\$ 850,371	\$ 910,879	\$ 1,130,375	\$ 1,236,550	\$ 1,270,481
Disability						
Administrative Review	\$ 23,970	\$ 19,480	\$ 33,525	\$ 38,000	\$ 40,000	\$ 40,000
Hearings	20,000	20,000	15,000	80,000	80,000	80,000
Subtotal	\$ 78,970	\$ 74,480	\$ 78,525	\$ 118,000	\$ 120,000	\$ 120,000
625-B Kings Court						
Imputed Rent	52,272	52,800	52,932	53,484	55,089	54,363
Subtotal	\$ 52,272	\$ 52,800	\$ 52,932	\$ 53,484	\$ 55,089	\$ 54,363
Total Administrative Expense	\$ 996,730	\$ 977,651	\$ 1,042,336	\$ 1,301,859	\$ 1,411,638	\$ 1,444,844

Mendocino County Employees Retirement Association
Fiscal Year 2020
Proposed Budget vs Prior 5 Years Adopted Budgets

	FY 2016 Adopted Budget	FY 2017 Adopted Budget	FY 2018 Amended Budget	FY 2019 Amended Budget	FY 2020 Amended Budget (May20)	FY 2021 Proposed Budget
Technology						
LRS - Pension Gold	\$ 130,058	\$ 141,579	\$ 158,177	\$ 176,040	\$ 159,940	\$ 157,626
County IT Project Expenses	8,000	10,000	5,000	5,000	5,000	5,250
PCX Scan Station	115,000	115,000	10,500	9,000	9,000	9,000
Subtotal	\$ 454,058	\$ 323,999	\$ 173,677	\$ 190,040	\$ 173,940	\$ 171,876
Investment						
Investment Manager Fees	\$ 75,000	\$ 295,000	\$ 30,000	\$ 649,368	\$ 720,000	\$ 650,650
Investment Consultant - Callan	182,000	163,800	149,968	150,168	175,000	177,188
Actuary Services - Segal	85,000	125,000	98,000	87,000	120,000	136,500
Custodian Bank - State Street	66,000	48,500	60,600	60,000	60,000	57,600
Internal Investment Monitoring ²	1,000	1,000	1,000	19,500	11,550	11,500
Subtotal	\$ 589,000	\$ 823,300	\$ 645,568	\$ 966,036	\$ 1,086,550	\$ 1,033,437
Capital Improvement Plan	\$ 50,000	\$ 142,000	\$ 112,000	\$ 15,000	\$ 25,000	\$ 25,000
Total MCERA	\$ 2,089,788	\$ 2,266,950	\$ 1,973,581	\$ 2,472,935	\$ 2,697,129	\$ 2,675,157
Total Administrative Expenses (Total ex Technology & Investment)	\$ 996,730	\$ 977,651	\$ 1,042,336	\$ 1,301,859	\$ 1,411,638	\$ 1,444,844
CERL Administrative Cap	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
(Over)/Under Cap	\$ 1,003,270	\$ 1,022,349	\$ 957,664	\$ 698,141	\$ 588,362	\$ 555,156
MCERA Policy Cap	\$ 1,227,301	\$ 1,281,802	\$ 1,327,321	\$ 1,427,087	\$ 1,506,670	\$ 1,569,710
Balance	\$ 230,571	\$ 304,151	\$ 284,985	\$ 125,228	\$ 95,032	\$ 124,867
Basis Points Test	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%
AAL	\$ 584,428,884	\$ 610,381,849	\$ 632,057,539	\$ 679,565,362	\$ 717,461,993	\$ 747,481,137
Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2018

¹ Includes Staff overtime for projects in FY-19 & FY-20 & FY-21.

² New in FY-19: Investment manager monitoring, Investment Data.

Mendocino County Employees Retirement Association
Fiscal Year 2020
Proposed Budget vs Prior 4 Years Actual Expenditures or Budget

	FY 2017 Actual Expense	FY 2018 Actual Expense	FY 2019 Actual Expense	FY 2020 Projected Expense	FY 2021 Proposed Budget
Personnel (BU 1920)					
Gross Regular Salaries ¹	\$ 337,024	\$ 372,876	\$ 389,838	\$ 454,974	\$ 461,502
Retirement	91,096	103,669	107,177	107,363	141,214
Social Security	19,438	21,367	21,543	22,789	25,453
Medicare	4,669	5,233	5,372	6,074	6,429
Retirement Cola	32,713	31,116	29,239	24,717	26,324
Health Insurance	65,674	58,136	46,578	52,025	57,401
Unemployment Insurance	353	277	265	272	272
Workers Comp	286	323	305	321	321
Subtotal	\$ 551,253	\$ 592,996	\$ 600,316	\$ 668,535	\$ 718,917
Administrative					
Office Expense	\$ 54,777	\$ 40,374	\$ 38,834	\$ 21,804	\$ 29,215
Legal Expense	70,320	94,281	174,655	286,250	358,000
Audit	38,500	43,432	42,217	37,951	41,200
Contracts	905	3,510	3,419	76,261	13,510
Staff Education and Training	12,142	10,043	12,134	11,930	20,852
Membership	5,095	5,165	5,665	6,175	5,870
Subtotal	\$ 181,739	\$ 196,805	\$ 276,924	\$ 440,371	\$ 468,647
Board Expense					
Fiduciary Insurance	\$ 41,344	\$ 41,346	\$ 41,188	\$ 41,214	\$ 42,000
Board Meeting Expense	5,600	5,200	5,600	4,450	8,300
Board Education and Training	7,209	24,127	10,796	8,661	32,617
Subtotal	\$ 54,153	\$ 70,673	\$ 57,584	\$ 54,325	\$ 82,917
Total Personnel, Administrative & Board Expense	\$ 787,145	\$ 860,474	\$ 934,824	\$ 1,163,231	\$ 1,270,481
Disability					
Administrative Review	\$ 32,150	\$ 49,607	\$ 44,355	\$ 28,868	\$ 40,000
Hearings	3,414	37,462	59,643	23,757	80,000
Subtotal	\$ 35,564	\$ 106,669	\$ 103,998	\$ 52,625	\$ 120,000
625-B Kings Court					
Imputed Rent	52,800	52,932	53,484	53,885	54,363
Subtotal	\$ 52,800	\$ 52,932	\$ 53,484	\$ 53,885	\$ 54,363
Total Administrative Expense	\$ 875,509	\$ 1,020,075	\$ 1,092,306	\$ 1,269,742	\$ 1,444,844

Mendocino County Employees Retirement Association
Fiscal Year 2020
Proposed Budget vs Prior 4 Years Actual Expenditures or Budget

	FY 2017 Actual Expense	FY 2018 Actual Expense	FY 2019 Actual Expense	FY 2020 Projected Expense	FY 2021 Proposed Budget
Technology					
LRS - Pension Gold	\$ 148,697	\$ 154,946	\$ 182,646	\$ 156,199	\$ 157,626
County IT Project Expenses	8,025	-	-	3,231	5,250
PCX Scan Station	91,862	8,500	-	9,343	9,000
Subtotal	\$ 251,925	\$ 163,446	\$ 182,646	\$ 168,773	\$ 171,876
Investment					
Investment Manager Fees	\$ -	\$ 497,833	\$ 533,362	\$ 577,471	\$ 650,650
Investment Consultant - Callan	147,784	152,218	164,734	175,000	177,188
Actuary Services - Segal	157,129	128,474	125,278	119,444	136,500
Custodian Bank - State Street	62,421	54,076	40,363	69,795	57,600
Internal Investment Monitoring ⁶	-	894	1,081	1,050	11,500
Subtotal	\$ 576,266	\$ 883,495	\$ 864,818	\$ 942,760	\$ 1,033,437
Capital Improvement Plan	\$ 141,380	\$ 102,617	\$ -	\$ 25,000	\$ 10,000
Total MCERA	\$ 1,845,080	\$ 2,169,633	\$ 2,139,770	\$ 2,406,275	\$ 2,660,157
Total Administrative Expenses (Total ex Technology & Investment)	\$ 875,509	\$ 1,020,075	\$ 1,092,306	\$ 1,269,742	\$ 1,444,844
CERL Administrative Cap	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
(Over)/Under Cap	\$ 1,124,491	\$ 979,925	\$ 907,694	\$ 730,258	\$ 555,156
MCERA Policy Cap	\$ 1,281,802	\$ 1,281,802	\$ 1,427,087	\$ 1,506,670	\$ 1,569,710
Balance	\$ 406,293	\$ 261,727	\$ 334,781	\$ 236,928	\$ 124,867
Basis Points Test	0.21%	0.21%	0.21%	0.21%	0.21%
AAL	\$ 610,381,849	\$ 610,381,849	\$ 679,565,362	\$ 717,461,993	\$ 747,481,137
Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019

¹ Includes \$20,000 in staff overtime for projects.

² New in FY 2019: Investment manager monitoring, Investment Data.