

Mendocino County Employees Retirement Association
Fiscal Year 2018
Budget Proposal Overview

OVERVIEW

The attached schedules detail the proposed budget for the Mendocino County Employees Retirement Association (MCERA) for fiscal year 2018 (FY-18). The first schedule compares the FY-18 budget proposal to the FY-17 adopted budget for MCERA. The second schedule compares the FY-18 budget proposal to the FY-17 projected actual expense. The third compares the FY-17 projected actual expense to the FY-17 adopted budget.

The fourth schedule compares the FY-18 proposed budget and the adopted budget for the prior four fiscal years. The fifth schedule compares the FY-18 proposed budget and the actual expenditures in the prior four years, with the FY-17 amount projected based on the first three quarters. These last two schedules provide historical perspective in viewing the budget proposal. Since there are four reference points on each of these schedules, there are no differences presented.

This overview provides additional detail on some of the differences in each section of the FY-18 budget proposal to provide context and information beyond the numbers provided in the schedules. The Audit & Budget Committee recommends the proposed FY-18 budget for adoption by the Board of Retirement.

PERSONNEL

There are no changes in staffing levels in the current proposal. The differences in the FY-18 proposed budget vs the FY-17 adopted budget are the result of known salary increases and corresponding expenses.

ADMINISTRATIVE

The proposed budget for FY-18 in the Administrative category includes an increase of \$16,206 over the FY-17 budget. The primary drivers of the proposed increase are the sub-categories Office Expense and Legal Expense. There are also decreases in budgeted amounts for Audit expense and Staff Education and Training.

The increases in the FY-18 proposed budget for Office Expense are largely the result of replacing and updating the tablets used by the Board of Retirement to access meeting materials electronically. Additionally, the proposal includes funds for three laptops, one replacement and two new. The final major change in the Office Expense sub-category is replacing the conference table in the Board room and the gallery and visitor chairs in the office.

The proposed FY-18 Budget includes an increase in Legal Expenses as well. This change is driven by Staff identified projects that are likely to require input from Tax and Fiduciary Counsel to the Association during the fiscal year.

BOARD EXPENSE

There are no major changes in this category. It should be noted that the Board Education and Training sub-category does include a \$5,000 item for a Strategic Planning Off-Site meeting of the Board.

DISABILITY

The increase in the Administrative Review sub-category relative to the FY-17 budget is the result of a fee increase for MMRO as well as a projected increase in the number of disability cases for review.

625-B KINGS COURT

The imputed rent for the office space occupied by MCERA in the building the Association owns is proposed to increase in FY-18. 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 as this contract specified a 10 Year fee schedule. Based on that schedule the FY-18 Pension Gold fee is \$138,177. An additional \$20,000 is included in the proposed budget as a reserve for possible change orders that may be needed to the system.

INVESTMENT

The New Investment Manager Sub-Category includes this budgeted item in FY-18 in anticipation of the Board hiring a S&P 500 Equal Weighted Index manager via a separately managed account. Additionally, the fee for State Street, our custodian bank, is increased in FY-18 as there would be marginal fees for a separately managed account.

The FY-18 proposed Budget includes lower fees for our consulting actuary relative to the FY-17 Adopted Budget since we conducted an experience study in FY-17 and do not plan to do so again in FY-18. The Association will conduct an actuarial audit in FY-2018; the proposed Budget for this Sub-Category is based upon an estimate of fees for another 1937 Act Plan.

CAPITAL IMPROVEMENT PLAN

There are five areas that we propose addressing in the FY-18 capital improvement plan. The first project involves improving the security of the patio area on the West side of the building in Suite A. The next project is resurfacing the two parking lots. The third project involves signage for the building. The next project involves trees landscaping and irrigation remediation. Finally, the last item involves completing the overhaul of the Association space by improving the kitchen in our office. In total, the budget includes \$47,000 to complete these five projects.

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Proposed Budget vs Prior Year Adopted Budget

	FY 2016/2017		FY 2017/2018		Difference		
	Adopted Budget As Revised - Feb		Proposed Budget		\$	%	
Personnel (BU 1920)							
Gross Regular Salaries	\$	343,514	\$	357,049	\$	13,535	3.94%
Extra Help		-		-		-	0.00%
Retirement		95,990		102,823		6,833	7.12%
FICA		19,447		20,993		1,546	7.95%
Medicare		4,635		4,910		275	5.92%
Retirement Cola		34,315		30,721		(3,594)	-10.47%
Health Insurance		66,586		66,586		-	0.00%
Unemployment Insurance		650		277		(373)	-57.38%
Workers Comp		1,700		323		(1,377)	-81.00%
Subtotal	\$	566,837	\$	583,682	\$	16,845	2.97%
Administrative							
Office Expense	\$	41,644	\$	41,850		206	0.49%
Legal Expense		92,500		118,000		25,500	27.57%
Audit		44,500		40,000		(4,500)	-10.11%
Contracts		900		900		-	0.00%
Staff Education and Training		20,000		15,000		(5,000)	-25.00%
Membership		5,250		5,250		-	0.00%
Subtotal	\$	204,794	\$	221,000	\$	16,206	7.91%
Board Expense							
Fiduciary Insurance	\$	42,000	\$	42,000	\$	-	0.00%
Board Meeting Stipends		7,700		7,100		(600)	-7.79%
Board Education and Training		29,040		26,730		(2,310)	-7.95%
Subtotal	\$	78,740	\$	75,830	\$	(2,910)	-3.70%
Total Personnel, Administrative & Board Expense							
	\$	850,371	\$	880,512	\$	30,141	3.54%
Disability							
Administrative Review	\$	19,480	\$	33,525	\$	14,045	72.10%
Hearing Preparation		35,000		30,000		(5,000)	-14.29%
Hearings		20,000		15,000		(5,000)	-25.00%
Subtotal	\$	74,480	\$	78,525	\$	4,045	5.43%
625-B Kings Court							
Imputed Rent	\$	52,800	\$	52,932	\$	132	0.25%
Subtotal	\$	52,800	\$	52,932	\$	132	0.25%
Total Administrative Expense	\$	977,651	\$	1,011,969	\$	34,318	3.51%

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Proposed Budget vs Prior Year Adopted Budget

	FY 2016/2017		FY 2017/2018		Difference	
	Adopted Budget As Revised - Feb		Proposed Budget		\$	%
Technology						
Automation						
LRS/Pension Gold	\$ 141,579		\$ 158,177	\$	16,598	11.72%
Linea Consultant	57,420		-		(57,420)	-100.00%
County IT Related Expenses	10,000		5,000		(5,000)	-50.00%
PCX Scan Station Project	115,000		10,500		(104,500)	-90.87%
Subtotal	\$ 323,999		\$ 173,677	\$	(150,322)	-46.40%
Investment						
New Investment Manager ¹	\$ 295,000		\$ 30,000	\$	(265,000)	-89.83%
Mondrian Fees	190,000		230,000		40,000	21.05%
Investment Consultant-Callan	163,800		149,968		(13,832)	-8.44%
Actuary Services-Segal	125,000		83,000		(42,000)	-33.60%
Actuarial Audit	-		76,000		76,000	100.00%
State Street	48,500		60,600		12,100	24.95%
Other Investment Expense	1,000		1,000		-	0.00%
Subtotal	\$ 823,300		\$ 630,568	\$	(192,732)	-23.41%
Property Maintenance Plan	\$ 142,000		\$ 47,000	\$	(95,000)	-66.90%
Total MCERA	\$ 2,266,950		\$ 1,863,214	\$	(403,736)	-17.81%
Total Administrative Expenses	\$ 977,651		\$ 1,011,969			
(Total ex Technology & Investment)						
CERL Administrative Cap	\$ 2,000,000		\$ 2,000,000			
(Over)/Under Cap	\$ 1,022,349		\$ 988,031			
MCERA Policy Cap	\$ 1,281,802		\$ 1,327,321			
Balance	\$ 304,151		\$ 315,352			
Basis Points Test	0.21%		0.21%			
AAL	\$ 610,381,849		\$ 632,057,539			
Date	6/30/2015		6/30/2016			

¹ A new manager may be added depending on the outcome of the manager selection portion of the FY '16 Asset/Liability Study.

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Proposed Budget vs Prior Year Projected Actual

	FY 2016/2017		FY 2017/2018		Difference		
	Projected Actual		Proposed Budget		\$	%	
Personnel (BU 1920)							
Gross Regular Salaries	\$	342,008	\$	357,049	\$	15,042	4.40%
Extra Help		-		-		-	0.00%
Retirement		91,096		102,823		11,727	12.87%
FICA		19,092		20,993		1,900	9.95%
Medicare		4,589		4,910		321	7.00%
Retirement Cola		32,713		30,721		(1,991)	-6.09%
Health Insurance		65,674		66,586		913	1.39%
Unemployment Insurance		650		277		(373)	-57.38%
Workers Comp		1,700		323		(1,377)	-81.00%
Subtotal	\$	557,520	\$	583,682	\$	26,162	4.69%
Administrative							
Office Expense	\$	52,060	\$	41,850		(10,210)	-19.61%
Legal Expense		73,000		118,000		45,000	61.64%
Audit		38,500		40,000		1,500	3.90%
Contracts		905		900		(5)	-0.55%
Staff Education and Training		9,500		15,000		5,500	57.89%
Membership		5,095		5,250		155	3.04%
Subtotal	\$	179,060	\$	221,000	\$	41,940	23.42%
Board Expense							
Fiduciary Insurance	\$	41,454	\$	42,000	\$	546	1.32%
Board Meeting Stipends		6,100		7,100		1,000	16.39%
Board Education and Training		6,734		26,730		19,996	296.94%
Subtotal	\$	54,288	\$	75,830	\$	21,542	39.68%
Total Personnel, Administrative & Board Expense							
	\$	790,868	\$	880,512	\$	89,644	11.33%
Disability							
Administrative Review	\$	28,200	\$	33,525	\$	5,325	18.88%
Hearing Preparation		5,000		30,000		25,000	500.00%
Hearings		5,000		15,000		10,000	200.00%
Subtotal	\$	38,200	\$	78,525	\$	40,325	105.56%
625-B Kings Court							
Imputed Rent	\$	52,800	\$	52,932	\$	132	0.25%
Subtotal	\$	52,800	\$	52,932	\$	132	0.25%
Total Administrative Expense	\$	881,868	\$	1,011,969	\$	130,101	14.75%

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Proposed Budget vs Prior Year Projected Actual

	FY 2016/2017		FY 2017/2018		Difference	
	Projected Actual		Proposed Budget		\$	%
Technology						
Automation						
LRS - PAS Project	\$	150,465	\$	158,177	\$	7,712 5.13%
Linea Solutions Consultant		3,341		-		(3,341) -100.00%
PAS Project Related Expenses		5,174		5,000		(174) -3.36%
EDMS Project		100,946		10,500		(90,446) -89.60%
Subtotal	\$	259,926	\$	173,677	\$	(86,249) -33.18%
Investment						
New Investment Manager ¹	\$	-	\$	30,000	\$	30,000 100.00%
Mondrian Fees		198,130		230,000		31,870 16.09%
Investment Consultant-Callan		145,600		149,968		4,368 3.00%
Actuary Services-Segal		153,269		83,000		(70,269) -45.85%
Actuarial Audit		-		76,000		76,000 100.00%
State Street		56,000		60,600		4,600 8.21%
Other Investment Expense		4,200		1,000		(3,200) -76.19%
Subtotal	\$	557,199	\$	630,568	\$	73,369 13.17%
Property Maintenance Plan	\$	140,905	\$	47,000	\$	(93,905) -66.64%
Total MCERA	\$	1,839,898	\$	1,863,214	\$	23,316 1.27%
Total Administrative Expenses	\$	881,868	\$	1,011,969		
(Total ex Technology & Investment)						
CERL Administrative Cap	\$	2,000,000	\$	2,000,000		
(Over)/Under Cap	\$	1,118,132	\$	988,031		
MCERA Policy Cap	\$	1,281,802	\$	1,327,321		
Balance	\$	399,934	\$	315,352		
Basis Points Test		0.21%		0.21%		
AAL	\$	610,381,849	\$	632,057,539		
Date		6/30/2015		6/30/2016		

¹ A new manager may be added depending on the outcome of the manager selection portion of the FY '16 Asset/Liability Study.

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Prior Year Projected Actual vs Prior Year Adopted Budget

	FY 2016/2017		FY 2016/2017		Difference	
	Adopted Budget	As Revised - Feb	Projected	Actual	\$	%
Personnel (BU 1920)						
Gross Regular Salaries	\$	343,514	\$	342,008	\$	(1,506) -0.44%
Extra Help		-		-		- 0.00%
Retirement		95,990		91,096		(4,894) -5.10%
FICA		19,447		19,092		(355) -1.82%
Medicare		4,635		4,589		(47) -1.00%
Retirement Cola		34,315		32,713		(1,603) -4.67%
Health Insurance		66,586		65,674		(913) -1.37%
Unemployment Insurance		650		650		- 0.00%
Workers Comp		1,700		1,700		- 0.00%
Subtotal	\$	566,837	\$	557,520	\$	(9,317) -1.64%
Administrative						
Office Expense	\$	41,644	\$	52,060		10,416 25.01%
Legal Expense		92,500		73,000		(19,500) -21.08%
Audit		44,500		38,500		(6,000) -13.48%
Contracts		900		905		5 0.56%
Staff Education and Training		20,000		9,500		(10,500) -52.50%
Membership		5,250		5,095		(155) -2.95%
Subtotal	\$	204,794	\$	179,060	\$	(25,734) -12.57%
Board Expense						
Fiduciary Insurance	\$	42,000	\$	41,454	\$	(546) -1.30%
Board Meeting Stipends		7,700		6,100		(1,600) -20.78%
Board Education and Training		29,040		6,734		(22,306) -76.81%
Subtotal	\$	78,740	\$	54,288	\$	(24,452) -31.05%
Total Personnel, Administrative & Board						
Expense	\$	850,371	\$	790,868	\$	(59,503) -7.00%
Disability						
Administrative Review	\$	19,480	\$	28,200	\$	8,720 44.76%
Hearing Preparation		35,000		5,000		(30,000) -85.71%
Hearings		20,000		5,000		(15,000) -75.00%
Subtotal	\$	74,480	\$	38,200	\$	(36,280) -48.71%
625-B Kings Court						
Imputed Rent	\$	52,800	\$	52,800	\$	- 0.00%
Subtotal	\$	52,800	\$	52,800	\$	- 0.00%
Total Administrative Expense	\$	977,651	\$	881,868	\$	(95,783) -9.80%

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Prior Year Projected Actual vs Prior Year Adopted Budget

	FY 2016/2017		FY 2016/2017		Difference	
	Adopted Budget As Revised - Feb		Projected Actual		\$	%
Technology						
Automation						
LRS - PAS Project	\$ 141,579		\$ 150,465		\$ 8,886	6.28%
Linea Solutions Consultant	57,420		3,341		(54,079)	-94.18%
PAS Project Related Expenses	10,000		5,174		(4,826)	-48.26%
EDMS Project	115,000		100,946		(14,054)	-12.22%
Subtotal	\$ 323,999		\$ 259,926		\$ (64,073)	-19.78%
Investment						
New Investment Manager ¹	\$ 295,000		\$ -		\$ (295,000)	-100.00%
Mondrian Fees	190,000		198,130		8,130	4.28%
Investment Consultant-Callan	163,800		145,600		(18,200)	-11.11%
Actuary Services-Segal	125,000		153,269		28,269	22.62%
State Street	48,500		56,000		7,500	15.46%
Other Investment Expense	1,000		4,200		3,200	320.00%
Subtotal	\$ 823,300		\$ 557,199		\$ (266,101)	-32.32%
Property Maintenance Plan	\$ 142,000		\$ 140,905		\$ (1,095)	-0.77%
Total MCERA	\$ 2,266,950		\$ 1,839,898		\$ (427,052)	-18.84%
Total Administrative Expenses	\$ 977,651		\$ 881,868			
(Total ex Technology & Investment)						
CERL Administrative Cap	\$ 2,000,000		\$ 2,000,000			
(Over)/Under Cap	\$ 1,022,349		\$ 1,118,132			
MCERA Policy Cap	\$ 1,281,802		\$ 1,281,802			
Balance	\$ 304,151		\$ 399,934			
Basis Points Test	0.21%		0.21%			
AAL	\$ 610,381,849		\$ 610,381,849			
Date	6/30/2015		6/30/2015			

¹ A new manager may be added depending on the outcome of the manager selection portion of the FY '16 Asset/Liability Study.

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Proposed Budget vs Prior 4 Year's Adopted Budgets

	FY 2017/2018 Proposed Budget	FY 2016/2017 Adopted Budget As Revised - Feb	FY 2015/2016 Adopted Budget	FY 2014/2015 Adopted Budget	FY 2013/2014 Adopted Budget
Personnel (BU 1920)					
Gross Regular Salaries	\$ 357,049	\$ 343,514	\$ 326,589	\$ 324,550	\$ 309,816
Extra Help	-	-	-	-	-
Retirement	102,823	95,990	92,941	80,935	78,866
Social Security	20,993	19,447	18,662	19,825	16,890
Medicare	4,910	4,635	4,365	4,640	4,270
Retirement Cola	30,721	34,315	35,983	28,075	30,075
Health Insurance	66,586	66,586	77,533	87,580	54,638
Unemployment Insurance	277	650	2,219	3,215	3,215
Workers Comp	323	1,700	1,627	2,270	1,711
Subtotal	\$ 583,682	\$ 566,837	\$ 559,918	\$ 551,090	\$ 499,481
Administrative					
Office Expense	\$ 41,850	\$ 41,644	\$ 23,000	\$ 12,500	\$ 12,000
Legal Expense	118,000	92,500	115,000	100,000	100,000
Audit	40,000	44,500	45,250	35,250	30,000
Contracts	900	900	10,700	20,000	38,200
Staff Education and Training	15,000	20,000	22,220	11,000	15,000
Community Access ¹	-	-	2,500	3,000	2,600
General Insurance ¹	-	-	1,400	1,500	1,400
Membership	5,250	5,250	5,000	5,000	5,000
Travel In-County ¹	-	-	500	1,100	600
Subtotal	\$ 221,000	\$ 204,794	\$ 225,570	\$ 189,350	\$ 204,800
Board Expense					
Fiduciary Insurance	42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 37,605
Board Meeting Stipends	7,100	7,700	8,000	8,000	7,500
Board Education and Training	26,730	29,040	30,000	20,000	35,000
Subtotal	\$ 75,830	\$ 78,740	\$ 80,000	\$ 70,000	\$ 80,105
Total Personnel, Administrative & Board Expense					
	\$ 880,512	\$ 850,371	\$ 865,488	\$ 810,440	\$ 784,386
Disability					
Administrative Review	\$ 33,525	\$ 19,480	\$ 23,970	\$ 35,000	\$ 45,000
Hearing Preparation	30,000	35,000	35,000	35,000	25,000
Hearings	15,000	20,000	20,000	20,000	20,000
Subtotal	\$ 78,525	\$ 74,480	\$ 78,970	\$ 90,000	\$ 90,000
625-B Kings Court					
Building Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Imputed Rent	52,932	52,800	52,272	53,077	51,531
Subtotal	\$ 52,932	\$ 52,800	\$ 52,272	\$ 53,077	\$ 51,531
Total Administrative Expense	\$ 1,011,969	\$ 977,651	\$ 996,730	\$ 953,517	\$ 925,917

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Proposed Budget vs Prior 4 Year's Adopted Budgets

	FY 2017/2018 Proposed Budget	FY 2016/2017 Adopted Budget As Revised - Feb	FY 2015/2016 Adopted Budget	FY 2014/2015 Adopted Budget	FY 2013/2014 Adopted Budget
Technology					
Automation					
LRS - PAS Project	\$ 158,177	\$ 141,579	\$ 130,058	\$ 130,058	\$ -
Linea Solutions Consultant	-	57,420	201,000	235,070	120,000
PAS Project Related Expenses	5,000	10,000	8,000	37,720	-
EDMS Project	10,500	115,000	115,000	-	-
Subtotal	\$ 173,677	\$ 323,999	\$ 454,058	\$ 402,848	\$ 120,000
Investment					
New Manager/Alliance Bernstein Fees ²	\$ 30,000	\$ 295,000	\$ 75,000	72,000	45000
Mondrian Fees	230,000	190,000	180,000	174,000	120000
Investment Consultant-Callan	149,968	163,800	182,000	151,060	145600
Actuary Services-Segal	83,000	125,000	85,000	127,000	70000
Actuarial Audit	76,000	-	-	-	-
State Street	60,600	48,500	66,000	-	-
Other Investment Expense	1,000	1,000	1,000	-	-
Subtotal	\$ 630,568	\$ 823,300	\$ 589,000	\$ 524,060	\$ 380,600
Capital Improvement Plan	\$ 47,000	\$ 142,000	\$ 50,000	\$ -	\$ -
Total MCERA	\$ 1,863,214	\$ 2,266,950	\$ 2,089,788	\$ 1,880,425	\$ 1,426,517
Total Administrative Expenses (Total ex Technology & Investment)	\$ 1,011,969	\$ 977,651	\$ 996,730	\$ 953,517	\$ 925,917
CERL Administrative Cap	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
(Over)/Under Cap	\$ 988,031	\$ 1,022,349	\$ 1,003,270	\$ 1,046,483	\$ 1,074,083
MCERA Policy Cap	\$ 1,327,321	\$ 1,281,802	\$ 1,227,301	\$ 1,071,969	\$ 1,026,930
Balance	\$ 315,352	\$ 304,151	\$ 230,571	\$ 118,452	\$ 101,013
Basis Points Test	0.21%	0.21%	0.21%	0.21%	0.21%
AAL	\$ 632,057,539	\$ 610,381,849	\$ 584,428,884	\$ 510,461,279	\$489,014,364
Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012

¹ Moved to Office Expense in FY '17

² AB converted to a Mutual Fund in FY '16 and a new manager may be added depending on the outcome of the FY '16 Asset/Liability Study.

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Proposed Budget vs Prior 4 Year's Actual Expenditures

	FY 2017/2018 Proposed Budget	FY 2016/2017 Projected Actual	FY 2015/2016 Actual Expense	FY 2014/2015 Actual Expense	FY 2013/2014 Actual Expense
Personnel (BU 1920)					
Gross Regular Salaries	\$ 357,049	\$ 342,008	\$ 313,018	\$ 252,119	\$ 225,483
Extra Help & Overtime	-	-	6,766	37,001	23,101
Retirement	102,823	91,096	89,917	61,665	55,361
Social Security	20,993	19,092	18,550	14,657	12,015
Medicare	4,910	4,589	4,437	3,936	3,369
Retirement Cola	30,721	32,713	34,169	22,094	25,363
Health Insurance	66,586	65,674	64,891	59,038	46,353
Unemployment Insurance	277	650	841	1,627	3,200
Workers Comp	323	1,700	2,045	2,219	1,321
Subtotal	\$ 583,682	\$ 557,520	\$ 534,634	\$ 454,356	\$ 395,566
Administrative					
Office Expense	\$ 41,850	\$ 52,060	\$ 26,581	\$ 26,792	\$ 31,254
Recruitment	-	-	-	39,987	7,720
Legal Expense	118,000	73,000	71,612	107,838	105,756
Audit	40,000	38,500	37,000	37,877	31,888
Contracts	900	905	6,428	16,564	72,991
Staff Education and Training	15,000	9,500	9,547	8,817	8,182
Community Access ¹	-	-	1,048	2,020	1,480
General Insurance ¹	-	-	-	-	-
Membership	5,250	5,095	5,095	4,665	5,170
Travel In-County ¹	-	-	328	299	479
Subtotal	\$ 221,000	\$ 179,060	\$ 157,639	\$ 244,859	\$ 264,920
Board Expense					
Fiduciary Insurance	42,000	41,454	\$ 39,385	\$ 39,375	\$ 39,385
Board Meeting Stipends	7,100	6,100	6,200	7,300	7,600
Board Education and Training	26,730	6,734	10,730	14,662	12,997
Subtotal	\$ 75,830	\$ 54,288	\$ 56,315	\$ 61,337	\$ 59,982
Total Personnel, Administrative & Board Expense	\$ 880,512	\$ 790,868	\$ 748,588	\$ 760,552	\$ 720,468
Disability					
Administrative Review	\$ 33,525	\$ 28,200	\$ 19,955	\$ 18,362	\$ 64,949
Hearing Preparation	30,000	5,000	-	10,826	31,220
Hearings	15,000	5,000	-	18,582	17,615
Subtotal	\$ 78,525	\$ 38,200	\$ 19,955	\$ 47,770	\$ 113,784
625-B Kings Court					
Building Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Imputed Rent	52,932	52,800	52,272	51,756	51,606
Subtotal	\$ 52,932	\$ 52,800	\$ 52,272	\$ 51,756	\$ 51,606
Total Administrative Expense	\$ 1,011,969	\$ 881,868	\$ 820,815	\$ 860,078	\$ 885,858

Mendocino County Employees Retirement Association
Fiscal Year 2017/2018
Proposed Budget vs Prior 4 Year's Actual Expenditures

	FY 2017/2018 Proposed Budget	FY 2016/2017 Projected Actual	FY 2015/2016 Actual Expense	FY 2014/2015 Actual Expense	FY 2013/2014 Actual Expense
Technology					
Automation					
LRS - PAS Project	\$ 158,177	\$ 150,465	\$ 165,571	\$ -	\$ -
Linea Solutions Consultant	-	3,341	133,017	204,996	75,740
PAS Project Related Expenses	5,000	5,174	30,180	33,604	12,755
EDMS Project	10,500	100,946	32,294	-	-
Subtotal	\$ 173,677	\$ 259,926	\$ 361,062	\$ 238,600	\$ 88,495
Investment					
New Manager/Alliance Bernstein Fees ²	\$ 30,000	\$ -	\$ -	\$ 67,150	\$ 64,680
Mondrian Fees	230,000	198,130	175,885	160,197	159,497
Cornerstone Fees	-	-	-	-	-
Investment Consultant-Callan	149,968	145,600	145,600	145,600	145,600
Actuary Services-Segal	83,000	153,269	106,394	155,030	104,190
Actuarial Audit	76,000	-	-	-	-
State Street	60,600	56,000	22,424	-	-
Other Investment Expense	1,000	4,200	177	(2,253)	(10,110)
Subtotal	\$ 630,568	\$ 557,199	\$ 450,480	\$ 525,725	\$ 463,857
Capital Improvement Plan	\$ 47,000	\$ 140,905	\$ 3,148	\$ -	\$ -
Total MCERA	\$ 1,863,214	\$ 1,839,898	\$ 1,635,505	\$ 1,624,403	\$ 1,438,210
Total Administrative Expenses (Total ex Technology & Investment)	\$ 1,011,969	\$ 881,868	\$ 820,815	\$ 860,078	\$ 885,858
CERL Administrative Cap	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
(Over)/Under Cap	\$ 988,031	\$ 1,118,132	\$ 1,179,185	\$ 1,139,922	\$ 1,114,142
MCERA Policy Cap	\$ 1,327,321	\$ 1,281,802	\$ 1,227,301	\$ 1,071,969	\$ 1,026,930
Balance	\$ 315,352	\$ 399,934	\$ 406,486	\$ 211,891	\$ 141,072
Basis Points Test	0.21%	0.21%	0.21%	0.21%	0.21%
AAL	\$ 632,057,539	\$ 610,381,849	\$ 584,428,884	\$ 510,461,279	\$ 489,014,364
Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012

¹ Moved to Office Expense in FY '17

² AB converted to a Mutual Fund in FY '16 and a new manager may be added depending on the outcome of the FY '16 Asset/Liability Study.

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MENDOCINO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
625-B KINGS COURT
UKIAH, CALIFORNIA 95482-5027

Date: May 10, 2017
To: Board of Retirement
From: James Wilbanks, Retirement Administrator
Subject: Financial Statement Audit Services RFP

The Mendocino County Employees Retirement Association (MCERA) released a request for proposals (RFP) for Financial Statement Audit Services on March 6, 2017. The deadline for submission of proposals was April 7, 2017. We distributed the RFP to a number of firms who provide services in this space and the RFP was available to the public on the MCERA website.

In response to the RFP we received a single proposal, from the firm Brown Armstrong, CPAs. MCERA staff conducted a video conference call with the firm on April 25, 2017. The Audit & Budget Committee reviewed the response to the RFP during its meeting on April 27, 2017. The Committee adopted a motion to recommend the Board of Retirement hire Brown Armstrong, CPAs to provide Financial Statement Audit Services for the Association.