

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
BUDGET POLICY AND ADOPTION PROCESS**

**Approved: July 14, 2010
Amended: February 9, 2011
Amended: May 4, 2011
Reviewed: December 11, 2013
Amended: May 6, 2015
Amended: May 9, 2018
Reviewed: May 5, 2021**

I. Purpose

The purpose of this Budget Policy and Adoption Process is to establish the method and procedure by which the annual administrative budget of the Marin County Employees' Retirement Association is presented, deliberated and approved by the Retirement Board.

II. Objective

1. To provide the Retirement Administrator and the Retirement Board with a clear process for establishing its annual administrative budget.
2. To ensure that the budget is presented and adopted in a timely manner to avoid problems transitioning from one fiscal year to the next.

III. Assumptions and Principles

1. Section 31522.1 of the California Government Code authorizes the Retirement Board to appoint the personnel necessary to administer the Marin County Employees' Retirement Association (MCERA).
2. Section 31580.2 of the California Government Code provides that upon appointment of such personnel, the Retirement Board will adopt an annual budget covering the entire expense of the administration of MCERA for the fiscal year.
3. Section 31580.2 of the California Government Code currently provides that the entire expense of the administration shall be paid from the earnings of MCERA and limits the expense of administration to twenty-one-hundredths of one percent (21 basis points) of MCERA's total accrued actuarial liability. Although no specific date for determining MCERA's total accrued liability for this purpose is set in the Government Code, for MCERA purposes, this date in practice has been, and is intended to continue to be, June 30 of the immediate prior fiscal year. In addition, 31580.2 provides that computer hardware, software, and consulting expenses are no longer subject to the administrative budget cap.
4. Article XVI, Section 17 of the Constitution of the State of California grants plenary authority to the MCERA Retirement Board over the administration of MCERA, along with the fiduciary

responsibility to the members and beneficiaries of MCERA for the prompt delivery of benefits and related services, as well as a secondary duty to the plan sponsors to minimize their contributions.

5. The duties and responsibilities of the Retirement Board require an open and cogent process for setting the administrative spending parameters for the fiscal year.
6. The Retirement Administrator is charged with the responsibility to administer the Association within the budget parameters established by the Retirement Board in its annual budget.

IV. Guidelines

1. General Provisions

- A. The development of the proposed budget is the responsibility of the Retirement Administrator.
- B. The review of the proposed budget is the responsibility of the Finance and Risk Management Committee.
- C. The final review, approval and adoption of the Budget is the responsibility of the Retirement Board.

2. Proposed Budget – Board Package

- A. Although the Budget will be adopted by expense category total, it will be presented in both program and line item format.
- B. The program overview/policy presentation will include specific program goals to which the Retirement Administrator will commit for the fiscal year.
- C. The line item presentation will include the previous year's actual expenditures, the current year's budget, the current fiscal year's estimated expenditures, and the budget year's proposed expenditures and a statement setting forth how the previous program goals were or were not met.
- D. The line item presentation will include a list of the positions to be authorized for the budget year, and an organizational chart.

3. The Retirement Board's Budget Deliberations

- A. Program expenditures to assure the prompt delivery of benefits and related services to the members and beneficiaries of the Association will receive primary consideration

- B. The Proposed Budget Package will be brought before the Finance and Risk Management Committee for public discussion and deliberation during as many meetings as necessary for the Committee to recommend a Proposed Budget Packet to the Board.
- C. The Proposed Budget Package that is recommended by the Finance and Risk Management Committee will be considered during at least one Board meeting. If the Board requests material changes in the Proposed Budget Package, a revised Proposed Budget Package will be considered at a subsequent Board meeting.

4. Adoption, Amendment and Review

- A. The budget and authorized position list will be adopted by the Retirement Board.
- B. Retirement Administrator may ask the Board of Retirement to amend the budget for the current fiscal year by presentation of the reasons for the amendment, its impact, the program/policy or goal changes involved in the amendment and the cost of the amendment for the remainder of the fiscal year.
- C. The Retirement Administrator will provide quarterly budget review reports to the Retirement Board with comments on variances of ten percent (10%) or more from the adopted budget and a mid-year budget report at the Retirement Board's February meeting or following the first calendar-year meeting of the Finance and Risk Management Committee. The mid-year report may be used to explore program initiatives for the following fiscal year.

V. Process Review

The Retirement Board shall review this Policy at least every three years to ensure that it remains relevant and appropriate. The Policy may be amended from time to time by majority vote of the Board.

VI. Retirement Administrator's Certificate

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees' Retirement Association, hereby certify that this policy was reviewed and made effective by the Marin County Employees' Retirement Association on May 5, 2021.



Retirement Administrator