

Date: September 18, 2024
To: Board of Retirement
From: F. Robert Reveles, Retirement Financial Investment Officer
Subject: Fiscal Year 2024 Final Budget Update

Attached you will find the final Budget Update for fiscal year 2024. This final report is the same as the previous report with three small changes to Office Expense, Custodian Bank – State Street, and Property Maintenance Plan.

Office Expense is slightly greater due to the addition of year-end In-County travel reimbursements to staff, postage, our Zoom license, and advertising (from April) for the Retirement Specialist I position.

Custodian Bank – State Street is lower due to a small, unexpected credit.

Quarterly Property Maintenance Plan is lower because of a manual adjustment error made on the quarterly report. YTD Property Maintenance Plan is unaffected.

Total MCERA Expenses are \$2,451, or 0.06%, greater than the original budget update, while Total Administrative Expenses (ex-Technology & Investment) are \$2,465, or 0.17% greater than the original budget update.

Mendocino County Employees Retirement Association				
Fiscal Year 2024 Budget Comparison				
Schedule 1A: Current Year Quarter vs Prior Year Quarter				
	FY 2023	FY 2024		
	Apr-Jun	Apr-Jun	Difference	
	Actual	Actual	\$	%
Administrative				
Personnel	\$ 249,261	\$ 241,684	(7,577)	-3.04%
Office Expense	6,089	8,862	2,773	45.54%
Legal Expense	24,391	32,924	8,533	34.98%
Audit	-	-	-	0.00%
Consulting - Actuary	111,250	10,816	(100,434)	-90.28%
Contracts	24,590	25,960	1,370	5.57%
Staff Education and Training	307	4,951	4,644	1512.70%
Membership	-	-	-	0.00%
Imputed Rent (625-B Kings Court)	14,085	14,514	429	3.05%
Subtotal	\$ 429,973	\$ 339,711	\$ (90,262)	-20.99%
Board Expense				
Fiduciary Insurance	\$ -	\$ -	-	0.00%
Board Meeting Stipends	1,125	1,025	(100)	-8.89%
Board Education and Training	3,000	3,000	-	0.00%
Subtotal	\$ 4,125	\$ 4,025	\$ (100)	-2.42%
Total Administrative & Board Expense	\$ 434,098	\$ 343,736	\$ (90,362)	-20.82%
Disability				
Administrative Review	\$ -	\$ 1,800	\$ 1,800	100.00%
Hearings ¹	-	-	-	0.00%
Subtotal	\$ -	\$ 1,800	\$ 1,800	100.00%
Total Administrative, Board, and Disability Expense	\$ 434,098	\$ 345,536	\$ (88,562)	-20.40%
Technology				
LRS - Pension Gold	\$ 10,763	\$ 7,163	\$ (3,600)	-33.45%
County IT Project Expenses	1,758	17,938	16,180	920.36%
PCX Scan Station	4,196	4,406	210	5.00%
Subtotal	\$ 16,717	\$ 29,507	\$ 12,790	76.51%
Investment				
Investment Manager Fees ²	\$ 335,811	\$ 460,267	124,456	37.06%
Investment Consultant - Callan	47,114	48,292	1,178	2.50%
Custodian Bank - State Street	16,741	17,933	1,192	7.12%
Actuary Services - Valuation	-	-	-	0.00%
Investment Monitoring ³	-	3,525	3,525	100.00%
Subtotal	\$ 399,666	\$ 530,017	\$ 130,351	32.61%
Property Maintenance Plan	\$ -	\$ 16,882	\$ 16,882	100.00%
Total MCERA Expenses	\$ 850,481	\$ 921,942	\$ 71,461	8.40%
Total Administrative Expenses	\$ 434,098	\$ 345,536	\$ (88,562)	-20.40%
(Total ex Technology & Investment)				

¹ All Hearing related expenses including any hearing preparations.

² Investment fees paid directly to managers.

³ Investment manager monitoring, consultant RFP due diligence, investment data.

Mendocino County Employees Retirement Association				
Fiscal Year 2024 Budget Comparison				
Schedule 1B: Current Year To Date vs Prior Year To Date				
	FY 2023	FY 2024		
	Jul-Jun	Jul-Jun	Difference	
	Actual	Actual	\$	%
Administrative				
Personnel	\$ 844,640	\$ 837,399	(7,241)	-0.86%
Office Expense	22,711	49,298	26,587	117.07%
Legal Expense	126,497	168,527	42,030	33.23%
Audit	41,200	50,500	9,300	22.57%
Consulting - Actuary	164,044	105,897	(58,147)	-35.45%
Contracts	40,002	48,873	8,871	22.18%
Staff Education and Training	12,189	13,109	920	7.55%
Membership	6,170	6,475	305	4.94%
Imputed Rent (625-B Kings Court)	56,339	58,055	1,716	3.05%
Subtotal	\$ 1,313,792	\$ 1,338,133	\$ 24,341	1.85%
Board Expense				
Fiduciary Insurance	\$ 69,793	\$ 73,201	3,408	4.88%
Board Meeting Stipends	4,800	5,350	550	11.46%
Board Education and Training	5,788	3,365	(2,423)	-41.86%
Subtotal	\$ 80,381	\$ 81,916	\$ 1,535	1.91%
Total Administrative & Board Expense	\$ 1,394,173	\$ 1,420,049	\$ 25,876	1.86%
Disability				
Administrative Review	\$ 22,250	\$ 35,011	\$ 12,761	57.35%
Hearings ¹	353	71	(282)	-79.89%
Subtotal	\$ 22,603	\$ 35,082	\$ 12,479	55.21%
Total Administrative, Board, and Disability Expense	\$ 1,416,776	\$ 1,455,131	\$ 38,355	2.71%
Technology				
LRS - Pension Gold	\$ 177,764	\$ 217,270	\$ 39,506	22.22%
County IT Project Expenses	14,567	28,656	14,089	96.72%
PCX Scan Station	10,458	10,981	523	5.00%
Subtotal	\$ 202,789	\$ 256,907	\$ 54,118	26.69%
Investment				
Investment Manager Fees ²	\$ 1,104,102	\$ 1,678,776	574,674	52.05%
Investment Consultant - Callan	186,158	190,812	4,654	2.50%
Custodian Bank - State Street	63,493	69,239	5,746	9.05%
Actuary Services - Segal	72,000	75,000	3,000	4.17%
Investment Monitoring ³	249	14,631	14,382	5775.90%
Subtotal	\$ 1,426,002	\$ 2,028,458	\$ 602,456	42.25%
Property Maintenance Plan	\$ -	\$ 64,055	\$ 64,055	100.00%
Total MCERA Expenses	\$ 3,045,567	\$ 3,804,551	\$ 758,984	24.92%
Total Administrative Expenses	\$ 1,416,776	\$ 1,455,131	\$ 38,355	2.71%
(Total ex Technology & Investment)				
¹ All Hearing related expenses including any hearing preparations.				
² Investment fees paid directly to managers.				
³ Investment manager monitoring, consultant RFP due diligence, investment data.				

Mendocino County Employees Retirement Association				
Fiscal Year 2024 Budget Comparison				
Schedule 2A: Current Year Quarter vs Current Quarter Budget				
	FY 2024	FY 2024		
	Apr-Jun	Apr-Jun	Difference	
	Budget	Actual	\$	%
Administrative				
Personnel	\$ 270,894	\$ 241,684	(29,210)	-10.78%
Office Expense	6,220	8,862	2,642	42.46%
Legal Expense	65,875	32,924	(32,951)	-50.02%
Audit	-	-	-	0.00%
Consulting - Actuary	14,835	10,816	(4,019)	-27.09%
Contracts	20,528	25,960	5,432	26.46%
Staff Education and Training	2,399	4,951	2,552	106.38%
Membership	-	-	-	0.00%
Imputed Rent (625-B Kings Court)	14,514	14,514	0	0.00%
Subtotal	\$ 395,265	\$ 339,711	\$ (55,554)	-14.05%
Board Expense				
Fiduciary Insurance	\$ -	\$ -	-	0.00%
Board Meeting Stipends	2,025	1,025	(1,000)	-49.38%
Board Education and Training	12,294	3,000	(9,294)	-75.60%
Subtotal	\$ 14,319	\$ 4,025	\$ (10,294)	-71.89%
Total Administrative & Board Expense	\$ 409,584	\$ 343,736	\$ (65,848)	-16.08%
Disability				
Administrative Review	\$ 10,000	\$ 1,800	\$ (8,200)	-82.00%
Hearings ¹	20,000	-	(20,000)	-100.00%
Subtotal	\$ 30,000	\$ 1,800	\$ (28,200)	-94.00%
Total Administrative, Board, and Disability Expense	\$ 439,584	\$ 345,536	\$ (94,048)	-21.39%
Technology				
LRS - Pension Gold	\$ 9,000	\$ 7,163	\$ (1,837)	-20.41%
County IT Project Expenses	2,566	17,938	15,372	599.03%
PCX Scan Station	4,159	4,406	247	5.95%
Subtotal	\$ 15,725	\$ 29,507	\$ 13,782	87.65%
Investment				
Investment Manager Fees ²	\$ 328,914	\$ 460,267	131,353	39.94%
Investment Consultant - Callan	48,292	48,292	0	0.00%
Custodian Bank - State Street	18,000	17,933	(67)	-0.37%
Actuary Services - Valuation	-	-	-	0.00%
Investment Monitoring ³	4,525	3,525	(1,000)	-22.10%
Subtotal	\$ 399,731	\$ 530,017	\$ 130,286	32.59%
Property Maintenance Plan	\$ 292,690	\$ 16,882	\$ (275,808)	-94.23%
Total MCERA Expenses	\$ 1,147,730	\$ 921,942	\$ (225,788)	-19.67%
Total Administrative Expenses	\$ 439,584	\$ 345,536	\$ (94,048)	-21.39%
(Total ex Technology & Investment)				

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³ Investment manager monitoring, consultant RFP due diligence, investment data.

Mendocino County Employees Retirement Association				
Fiscal Year 2024 Budget Comparison				
Schedule 2B: Current Year To Date vs Current Budget Year To Date				
	FY 2024	FY 2024	Difference	
	Jul-Jun	Jul-Jun		
	Budget	Actual	\$	%
Administrative				
Personnel	\$ 922,174	\$ 837,399	(84,775)	-9.19%
Office Expense	46,989	49,298	2,309	4.91%
Legal Expense	225,500	168,527	(56,973)	-25.27%
Audit	50,500	50,500	-	0.00%
Consulting - Actuary	68,341	105,897	37,556	54.95%
Contracts	63,908	48,873	(15,035)	-23.53%
Staff Education and Training	22,502	13,109	(9,393)	-41.74%
Membership	6,170	6,475	305	4.94%
Imputed Rent (625-B Kings Court)	58,055	58,055	(0)	0.00%
Subtotal	\$ 1,464,139	\$ 1,338,133	\$ (126,006)	-8.61%
Board Expense				
Fiduciary Insurance	\$ 77,116	\$ 73,201	(3,915)	-5.08%
Board Meeting Stipends	8,100	5,350	(2,750)	-33.95%
Board Education and Training	35,344	3,365	(31,979)	-90.48%
Subtotal	\$ 120,560	\$ 81,916	\$ (38,644)	-32.05%
Total Administrative & Board Expense	\$ 1,584,699	\$ 1,420,049	\$ (164,650)	-10.39%
Disability				
Administrative Review	\$ 40,000	\$ 35,011	\$ (4,989)	-12.47%
Hearings ¹	80,000	71	(79,929)	-99.91%
Subtotal	\$ 120,000	\$ 35,082	\$ (84,918)	-70.77%
Total Administrative, Board, and Disability Expense	\$ 1,704,699	\$ 1,455,131	\$ (249,568)	-14.64%
Technology				
LRS - Pension Gold	\$ 206,535	\$ 217,270	\$ 10,735	5.20%
County IT Project Expenses	25,035	28,656	3,621	14.46%
PCX Scan Station	10,671	10,981	310	2.90%
Subtotal	\$ 242,241	\$ 256,907	\$ 14,666	6.05%
Investment				
Investment Manager Fees ²	\$ 1,315,657	\$ 1,678,776	363,119	27.60%
Investment Consultant - Callan	190,812	190,812	0	0.00%
Custodian Bank - State Street	70,200	69,239	(961)	-1.37%
Actuary Services - Segal	75,000	75,000	-	0.00%
Investment Monitoring ³	18,100	14,631	(3,469)	-19.17%
Subtotal	\$ 1,669,769	\$ 2,028,458	\$ 358,689	21.48%
Property Maintenance Plan	\$ 292,690	\$ 64,055	\$ (228,636)	-78.12%
Total MCERA Expenses	\$ 3,909,399	\$ 3,804,551	\$ (104,848)	-2.68%
Total Administrative Expenses	\$ 1,704,699	\$ 1,455,131	\$ (249,568)	-14.64%
(Total ex Technology & Investment)				
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