

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM

BUDGET APPROVAL PROCESS

I. PURPOSE

The purpose of this Budget Approval Process is to establish the process by which the annual administrative budget of the Santa Barbara County Employees' Retirement System is presented to, deliberated and approved by the Retirement Board.

II. OBJECTIVES

1. To provide the Retirement Administrator and the 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 Santa Barbara County Employees' Retirement System.
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 administration of the System for the fiscal year.
3. Section 31580.2 of the California Government Code provides that the entire expense of administration shall be paid from the earnings of the Retirement System and limits the expense for administration at eighteen-hundredths of one percent of the total assets of the Retirement System.
4. Article XVI, Section 17 of the Constitution of the State of California grants plenary authority to the Retirement Board over the administration of the System along with the fiduciary responsibility to the members and beneficiaries of the System for the prompt delivery of benefits and related services, and to the County of Santa Barbara to minimize the employer 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 System within the budget parameters established by the Board in its annual budget.

IV. GUIDELINES

1. GENERAL PROVISIONS

- A. The development of the proposed budget is the exclusive responsibility of the Retirement Administrator.
- B. The adoption of the Budget is the exclusive 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 formats.
- 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 expenditure, the current year's budget, the current fiscal year's estimated expenditures, and the budget year's proposed expenditure and a statement setting forth how the previous year 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.
- E. The Board package will also include a presentation of any undistributed earnings from prior years.

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 System will receive primary consideration.
- B. The Proposed Budget Package will be brought before the Board for two separate public hearings

4. **ADOPTION, AMENDMENT AND REVIEW**

- A. The budget and authorized position list will be adopted by the Board after the second public hearing.

- B. The Retirement Administrator may ask the Board 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 significant (the higher of fifteen percent or \$100,000) deviations from the adopted budget and a mid-year budget review at the Retirement Board's February meeting. The mid-year review 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.

VI. AMENDMENT HISTORY

This Process was adopted by the Retirement Board on October 24, 2001, revised April 13, 2005, and July 23, 2008.