Section 3.0 FINANCIAL AND ADMINISTRATIVE OVERSIGHT

3.3 BUDGET APPROVAL POLICY

Adopted: October 14, 2025

Purpose

Consistent with Article XVI, Section 17 of the California Constitution and pursuant to the Los Angeles City Charter, Section 1106, the Board has the sole and exclusive responsibility to administer its system, including the authority to defray the expenses of administering the retirement system. In accordance with the Los Angeles Administrative Code, Section 1160, the Board is required to prepare and transmit an annual budget to the Mayor and Controller. The LACERS budget is comprised of the Administrative Expense Budget, the Health Care Fund Administrative Expense Budget ("115" Trust), the Investment Management Fees and Expenses Budget, and the City's contribution to the LACERS Retirement Trust Fund and 115 Trust Fund. The Board also approves the personnel and annual resolutions (included within the budget schedules) that accompany the annual budget and are submitted to the Mayor for inclusion in the City's proposed and adopted budget.

This policy establishes the process for approving and amending the annual budget by the Board.

I. Guidelines

A. General Provisions

1. The Board is responsible for:
    a. Adopting the annual budget, personnel, and annual resolutions.
    b. Approving the asset allocations and investment contracts, which set fee rates used to establish the Investment Management Fee Budget.
    c. Adopting the actuarial valuation in November, which sets the annual contribution rate (a percentage of City payroll) that the City will provide to LACERS to fund the retirement benefits for City employees.
    d. Considering programs and Annual Business Plan initiatives to fund the upcoming fiscal year reflected in the Administrative Budget.
    e. Approving budget amendments to the Adopted Budget amount.

2. The General Manager is responsible for:
    a. Preparing and presenting the proposed annual budget.
    b. Transmitting the annual budget, personnel, and annual resolutions for inclusion in the Mayor's Proposed Budget, which is due to the City Council by April 20th, and final Adopted Budget by June for the fiscal year beginning July 1st.

B. Proposed Budget Presentation

1. The General Manager will present to the Board a proposed administrative expense budget for the upcoming fiscal year that supports the organizational goals and initiatives aligned with the Annual Business Plan and LACERS' Strategic Plan.

2. The proposed annual budget will be comprised of the following components:
    a. Administrative Expense Budget – consists of five broad expenditure categories
        - Personnel Services (Salaries, Overtime, Employee Benefits)
        - Professional Services

- Information Technology
- Education/Training and Travel
- Office Expenses

b. Health Care Fund Administrative Expense Budget ("115" Trust) – self-insured health care fund for retiree medical, dental, and vision benefits
c. Investment Management Fees and Expenses
d. City Contribution to the LACERS Retirement Trust Fund and 115 Trust Fund

3. Personnel and Annual Resolutions accompanying the annual budget may include the following documents, but are not limited to:
   a. Positions and Salaries
   b. Organization Chart
   c. Delegation of Authority to the General Manager to Approve Transfers between Appropriation Accounts
   d. Authorization for LACERS Departmental Exemplary Staff Recognition Program
   e. Other resolutions delegating authority to the Board or General Manager

II. Adoption, Amendment, Transfers, and Reporting

A. The preliminary proposed annual budget will be presented to the Board no later than March 31st of each year.

B. The final proposed annual budget will be adopted and approved by the Board no later than May 31st of each year.

C. When unexpected budgetary expenses are projected or arise, the General Manager may request that the Board amend the current fiscal year's budget by providing justification for the amendment, expected impact, and the cost of the amendment for the remainder of the budget year.

D. Charter Section 343(b) and Administrative Code, Section 5.36 authorizes the Board to transfer funds between budget appropriation accounts within the limits prescribed by the City Administrative Officer for the most current fiscal year. The Board approves and delegates authority to the General Manager to move funds between appropriation accounts to help manage expenditures efficiently and promptly.