



Memorandum

**TO: Federated City Employees' Retirement System
Board of Administration**

FROM: Roberto L. Peña

**SUBJECT: Administrative Budget vs Actual Expenses for
Fiscal Year-To-Date Quarter Ended December
31, 2022 (Accrual Basis)**

DATE: January 17, 2023

Attached is an itemized list of the Administrative and Professional Budget vs. Actual Expenses for the Federated City Employees' Retirement System for the fiscal year 2022-2023 quarter ending December 31, 2022. The Budget vs. Actual expenses represent all administrative and professional fees processed by the System, excluding benefit payments and investment related fees.

This budget vs. actual expense report ending December 31, 2022 has some notable variances: personnel expenses are over the quarterly budget due to an extra pay period in December. Professional services expenses are also over the quarterly budget due to an increase in litigation and temporary staff expenses. Overall expenses are within the approved annual budget for each category, even though there are overages in some line items. The approved budget is based on categories and not line items.

Certification

All Budgetary, Actual and Accrued expenditures for the fiscal year quarter ending December 31, 2022 were either approved by the Board or directly authorized by prior Board actions or policies.

Recommendation

Staff recommends acceptance of the Federated City Employees' Retirement System Administrative and Professional Budget vs. Actual & Accrued Expenses report for the fiscal year 2022-2023 quarter ending December 31, 2022.

Roberto L. Peña
Chief Executive Officer
Office of Retirement Services

**FEDERATED RETIREMENT SYSTEM
BUDGET TO ACTUALS (ACCRUAL BASIS)
AS OF DECEMBER (Q2) FY 22-23**

MAJOR BUDGET CATEGORY										
Minor Budget Category	Q2 ACTUALS & ACCRUAL 2022/2023	YTD ACTUALS & ACCRUAL 2022/2023	MODIFIED BUDGET BASED ON QUARTERLY PORTION 2022/2023	QUARTERLY (OVER) UNDER BUDGET	QUARTERLY PERCENT- AGE USED	ANNUAL MODIFIED BUDGET 2022/2023	ANNUAL (OVER) UNDER BUDGET	ANNUAL PERCENT- AGE USED	ANNUAL MODIFIED BUDGET TO BNYM MV OF PLAN ASSETS IN BPS	YTD ACTUALS TO BNYM MV OF PLAN ASSETS IN BPS
	(B)	(A)	(B1)	(B1) - (B)	(B) / (B1)	(A1)	(A1) - (A)	(A) / (A1)	as of 12/31/22 MV	\$ 3,201,348,488
PERSONNEL EXPENSES										
Permanent Staff Expense ₁	1,099,639	1,921,171	\$ 996,500	\$ (103,139)	110%	\$ 3,986,000	\$ 2,064,829	48%		
TOTAL PERSONNEL EXPENSES	1,099,639	1,921,171	996,500	(103,139)	110%	3,986,000	2,064,829	48%	12.45100312	6
NON-PERSONNEL / EQUIPMENT										
Rent	55,172	110,860	\$ 55,500	\$ 328	99%	222,000	\$ 111,140	50%		
Insurance ₂	1,098	3,361	\$ 60,000	\$ 58,903	2%	240,000	\$ 236,640	1%		
IT Hardware/Software	16,453	27,271	\$ 27,250	\$ 10,797	60%	109,000	\$ 81,729	25%		
Postage and printing ₃	37,915	52,905	\$ 21,250	\$ (16,665)	178%	85,000	\$ 32,095	62%		
LRS - Annual Maintenance Fee ₄	-	52,160	\$ 12,500	\$ 12,500	0%	50,000	\$ (2,160)	104%		
Training and travel	8,263	20,620	\$ 6,250	\$ (2,013)	132%	25,000	\$ 4,380	82%		
Other non-personnel and equipment	9,285	15,580	\$ 16,750	\$ 7,465	55%	67,000	\$ 51,420	23%		
TOTAL NON-PERSONNEL / EQUIPMENT	128,185	282,755	199,500	71,315	64%	798,000	515,245	35%	2	1
PROFESSIONAL SERVICES										
Legal ₅	105,209	121,277	\$ 91,250	\$ (13,959)	115%	365,000	\$ 243,723	33%		
Actuary / actuarial audit	35,348	35,348	\$ 56,750	\$ 21,402	62%	227,000	\$ 191,652	16%		
External auditor ₆	42,454	84,908	\$ 21,250	\$ (21,204)	200%	85,000	\$ 92	100%		
Temporary staffing agencies	32,192	56,805	\$ 23,000	\$ (9,192)	140%	92,000	\$ 35,195	62%		
Pension administration system	797	15,209	\$ 5,000	\$ 4,203	16%	20,000	\$ 4,791	76%		
Other professional services	2,550	13,595	\$ 15,250	\$ 12,700	17%	61,000	\$ 47,405	22%		
TOTAL PROFESSIONAL SERVICES	218,550	327,142	212,500	(6,050)	103%	850,000	522,858	38%	3	1
MEDICAL PROVIDERS / SERVICES										
Medical Director & Support	12,310	45,961	\$ 36,250	\$ 23,940	34%	145,000	\$ 99,039	32%		
TOTAL MEDICAL DIRECTOR & SUPPORT	12,310	45,961	36,250	23,940	34%	145,000	99,039	32%	0	0
GRAND TOTAL	1,458,684	2,577,029	\$ 1,444,750	(13,934)	101%	\$ 5,779,000	\$ 3,201,971	45%	18	8

Explanations are provided if the Quarterly variance is at least \$25,000 over budget or at least \$10,000 under budget and/or if the Annual variance is over compared to the annual budget.

₁ Permanent Staff Expense - Includes an extra pay period in December.

₂ Insurance - This fiduciary insurance is annual and renews in April. The invoice has not been received yet.

₃ Postage and printing - Includes postage and printing for Open Enrollment. Annual amount is within budget

₄ LRS - Annual Maintenance Fee - Overage is due to the annual fee increase, which was not budgeted for.

₅ Legal - Services provided as needed. Annual amount is within budget.

₆ External auditor - Annual amount is within budget.

**FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY
THROUGH Q2 FY22-23**

DESCRIPTION	IMPLEMENTATION BUDGET (ENTIRE 5 YEARS) *	EXPENDED FY14-15	EXPENDED FY15-16	EXPENDED FY16-17	EXPENDED FY17-18	EXPENDED FY18-19	EXPENDED FY19-20	EXPENDED FY20-21	EXPENDED FY21-22	EXPENDED FY22-23 (TO DATE)	EXPENDED PROJECT TO- DATE	% REMAINING IN BUDGET
LRS												
IMPLEMENTATION SERVICES	\$ 2,482,640	\$ -	\$ 542,259	\$ 429,073	\$ 4,735	\$ 1,195,713	\$ 663,880	\$ -	\$ -	\$ -	\$ 2,835,661	-14%
PENSION ADMINISTRATION SYSTEM LICENSE FEE	180,000	-	132,927	-	-	-	-	-	-	-	132,927	26%
SOFTWARE (COMMODITY) AND INSTALLATION	9,896	-	-	-	-	-	-	-	-	-	-	100%
REPLACEMENT OF SYSTEM (INCLUDES 5 YEARS POST IMPLEMENTATION COSTS)	313,430	-	16,212	-	-	-	90,400	37,500	37,500	37,500	219,112	30%
LRWL												
COUNSELING & ADVISE ON PROJECT ISSUES	539,750	58,932	186,253	148,080	236,473	260,755	121,576	-	-	-	1,012,069	-88%
TOTAL	\$ 3,525,716	\$ 58,932	\$ 877,650	\$ 577,153	\$ 241,207	\$ 1,456,468	\$ 875,857	\$ 37,500	\$ 37,500	\$ 37,500	\$ 4,199,768	-19%
ACCUMULATED ARMOTIZATION						\$ (133,809)	\$ (408,727)	\$ (412,979)	\$ (641,123)		\$ (1,596,637)	
GRAND TOTAL						\$ 1,322,660	\$ 467,130	\$ (375,479)	\$ (603,623)	\$ 37,500	\$ 2,603,131	

*Please note some budgeted items cannot be capitalized due to the types of services being provided. These items include Software Support Services, Pension Administration System Maintenance Fee, and Disaster Recovery Plan for a total budgeted amount of \$1,115,903 (or \$557,952 per Plan).