



Memorandum

**TO: Police and Fire Department Retirement Plan
Board of Administration**

FROM: John Flynn

**SUBJECT: Administrative Budget vs Actual Expenses for
Fiscal Year To-Date Quarter Ended June
30, 2024 (Accrual Basis)**

DATE: September 23, 2024

Attached is an itemized list of the Administrative Budget vs. Actual Expenses for the Police and Fire Department Retirement Plan for the fiscal year 2023-2024 quarter ending June 30, 2024. The Budget vs. Actual expenses represent all administrative and professional fees processed by the Plan, excluding benefit payments and investment related fees.

Overall expenses for fiscal year 2023-2024 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. In the fiscal year 2023-2024, ORS expensed \$7,522,755 or 99% of the approved budget of \$7,614,000, which is a 19% year-over-year increase in expenses. In addition, Staff is requesting the Board to approve the reallocation of the FY23-24 administrative budget, reducing \$60,000 from the non-personnel category while increasing the professional category and medical services category by \$10,000 and \$50,000 respectively. The reallocation is necessary due to the professional and medical services categories exceeding the categories budget. The reallocation has no effect on the total administrative budget, but in the discussion that follows on the categories budget, the reallocation is included.

For the personnel category, ORS spent \$4,958,630 or 99% of the \$4,992,000 budget. This is a 12% increase in spending compared to last year, driven by annual salary increases, filling vacant positions, and adding new roles. The headcount for fiscal year 2023-2024 is 42 full-time employees, 1 overstrength position, and 5 rehired retiree positions, compared to 41 full-time employees, and 4 rehired retiree positions for fiscal year 2022-2023. For the non-personnel category, ORS spent \$747,876 or 87% of the \$799,000 budget, which is consistent with last year's spending of \$707,786. For the professional services category, ORS spent \$1,408,395 or almost 100% of the \$1,413,000 budget, reflecting a 42% year-over-year increase due to unanticipated expenditures related to general and disability legal services, as well as one-time expenditures such as the recruitment for a new CEO, agreed upon procedures conducted by the external auditors, and the actuarial experience study. For the medical services category, ORS spent \$407,854 or 99% of the \$410,000 budget. This represents an increase of 125% compared to last year, up from \$180,869, primarily due to an increase in disability cases as a result of the change in disability procedures.

Certification

All Budgetary, Actual and Accrued expenditures for the fiscal year quarter ending June 30, 2024 were either approved by the Board or directly authorized by prior Board actions or policies.

Recommendation

Staff recommends acceptance of the Police and Fire Department Retirement Plan Administrative Budget vs. Actual & Accrued Expenses report for the fiscal year 2023-2024 quarter ending June 30, 2024.

John Flynn
Chief Executive Officer
Office of Retirement Services

**POLICE AND FIRE DEPARTMENT PLAN
BUDGET TO ACTUALS (ACCRUAL BASIS)
AS OF JUNE (Q4) FY 23-24**

MAJOR BUDGET CATEGORY											
Minor Budget Category	Q4 ACTUALS & ACCRUAL 2023/2024	YTD ACTUALS & ACCRUAL 2023/2024	MODIFIED BUDGET BASED ON QUARTERLY PORTION 2023/2024	QUARTERLY (OVER) UNDER BUDGET	QUARTERLY PERCENT-AGE USED	ANNUAL MODIFIED BUDGET 2023/2024	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 06/30/24 MV	\$	5,426,440,215
PERSONNEL EXPENSES											
Permanent Staff Expense ₁	1,422,127	4,958,630	\$ 1,248,000	\$ (174,127)	114%	\$4,992,000	\$ 33,370	99%			
TOTAL PERSONNEL EXPENSES	1,422,127	4,958,630	1,248,000	(174,127)	114%	4,992,000	33,370	99%	9	9	
NON-PERSONNEL / EQUIPMENT											
Rent ₂	41,046	237,239	\$ 57,500	\$ 16,454	71%	230,000	(7,239)	103%			
Insurance ₃	189,154	192,955	\$ 64,000	\$ (125,154)	296%	256,000	63,045	75%			
IT Hardware/Software	55,062	115,168	\$ 32,500	\$ (22,562)	169%	130,000	14,832	89%			
Postage and printing	14,156	47,758	\$ 16,250	\$ 2,094	87%	65,000	17,242	73%			
LRS - Annual Maintenance Fee	-	54,591	\$ 13,750	\$ 13,750	0%	55,000	409	99%			
Training and travel	8,954	26,365	\$ 7,500	\$ (1,454)	119%	30,000	3,635	88%			
Other non-personnel and equipment	32,533	73,799	\$ 23,250	\$ (9,283)	140%	93,000	19,201	79%			
TOTAL NON-PERSONNEL / EQUIPMENT	340,905	747,876	214,750	(126,155)	159%	859,000	111,124	87%	2	1	
<i>With reallocation of Category Budget per Board's Approval</i>						799,000	51,124	94%			
PROFESSIONAL SERVICES											
Legal ₄	403,027	754,610	\$ 194,250	\$ (208,777)	207%	777,000	22,390	97%			
Actuary / actuarial audit	52,734	276,819	\$ 72,500	\$ 19,766	73%	290,000	13,181	95%			
External auditor ₅	-	102,634	\$ 27,500	\$ 27,500	0%	110,000	7,366	93%			
Temporary staffing agencies	32,632	114,241	\$ 33,000	\$ 368	99%	132,000	17,759	87%			
Pension administration system	8,995	25,144	\$ 8,500	\$ (495)	106%	34,000	8,856	74%			
Other professional services ₆	119,897	134,947	\$ 15,000	\$ (104,897)	799%	60,000	(74,947)	225%			
TOTAL PROFESSIONAL SERVICES	617,285	1,408,395	350,750	(266,535)	176%	1,403,000	(5,395)	100%	3	3	
<i>With reallocation of Category Budget per Board's Approval</i>						1,413,000	4,605	100%			
MEDICAL PROVIDERS / SERVICES											
Medical Director & Support ₇	137,942	407,854	\$ 90,000	\$ (47,942)	153%	360,000	(47,854)	113%			
TOTAL MEDICAL PROVIDERS / SERVICES	137,942	407,854	90,000	(47,942)	153%	360,000	(47,854)	113%	1	1	
<i>With reallocation of Category Budget per Board's Approval</i>						410,000	2,146	99%			
GRAND TOTAL	2,518,259	7,522,755	\$ 1,903,500	(614,759)	132%	\$ 7,614,000	\$ 91,245	99%	14	14	

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

- ₁ Permanent Staff Expense - May has an additional pay period. Annual amount is within budget.
- ₂ Rent - Overage is due to increase in Common Area Maintenance and Taxes, which was not budgeted for.
- ₃ Insurance - Annual fiduciary insurance payment. Annual amount is within budget.
- ₄ Legal - Includes payments for previous quarter. Annual amount is within budget.
- ₅ External auditor - Annual amount is within budget.
- ₆ Other professional services - Overage is due to additional litigation requested by the City, which was not budgeted for.
- ₇ Medical Director & Support - Overage is due to increase in medical cases, which was not budgeted for. The annual amount is within budget after reallocation of category budget per the Board's approval

**POLICE & FIRE PLAN ASSET BUDGET SUMMARY
THROUGH Q3 FY23-24**

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	EXPENDED FY23-24 (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	75,000	294,112	6%
LRWL													
COUNSELING & ADVISE ON PROJECT ISSUES	539,750	58,933	186,253	148,080	236,473	260,755	121,576	-	-	-	-	1,012,069	-88%
GRAND TOTAL	\$ 3,525,716	\$ 58,933	\$ 877,650	\$ 577,153	\$ 241,207	\$ 1,456,468	\$ 875,857	\$ 37,500	\$ 37,500	\$ 37,500	\$ 75,000	\$ 4,274,768	-21%
ACCUMULATED ARMOTIZATION						\$ (133,809)	\$ (408,727)	\$ (412,979)	\$ (422,869)	\$ (428,565)	\$ (439,957)	\$ (2,246,905)	
GRAND TOTAL						\$ 1,322,660	\$ 467,130	\$ (375,479)	\$ (385,369)	\$ (391,065)	\$ (364,957)	\$ 2,027,863	

*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).