CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

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

FROM: John Flynn

SUBJECT: **Administrative Budget vs Actual Expenses for Fiscal Year-To-Date Quarter Ended September 30, 2025 (Accrual Basis)**

DATE: October 21, 2025

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 2025-2026 quarter ending September 30, 2025. 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 September 30, 2025 has some notable variances: personnel expenses are lower than the quarterly budget due to staff vacancies. Non-personnel and professional services expenses are also lower than the quarterly budget due to the lag in receipt of invoices for fiduciary insurance, legal and actuarial services. 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 September 30, 2025 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 2025-2026 quarter ending September 30, 2025.

John Flynn
Chief Executive Officer
Office of Retirement Services

FEDERATED RETIREMENT SYSTEM
BUDGET TO ACTUALS (ACCRUAL BASIS)
AS OF SEPTEMBER (Q1) FY 25-26

MAJOR BUDGET CATEGORY / Minor Budget Category	Q1 ACTUALS & ACCRUAL 2025/2026	YTD ACTUALS & ACCRUAL 2025/2026	MODIFIED BUDGET BASED ON QUARTERLY PORTION 2025/2026	QUARTERLY (OVER) UNDER BUDGET	QUARTERLY PERCENT-AGE USED	ANNUAL MODIFIED BUDGET 2025/2026	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 09/30/25 MV	$ 4,093,414,286
PERSONNEL EXPENSES										
Permanent Staff Expense [1]	994,933	994,933	$ 1,245,250	$ 250,317	80%	$ 4,981,000	$ 3,986,067	20%		
TOTAL PERSONNEL EXPENSES	***994,933***	***994,933***	***1,245,250***	***250,317***	***80%***	***4,981,000***	***$ 3,986,067***	***20%***	***12.17***	***2.43***
NON-PERSONNEL / EQUIPMENT										
Rent	41,465	41,465	$ 62,500	$ 21,036	66%	250,000	$ 208,536	17%		
Insurance [2]	3,946	3,946	$ 52,000	$ 48,054	8%	208,000	$ 204,054	2%		
IT Hardware/Software	21,747	21,747	$ 26,500	$ 4,753	82%	106,000	$ 84,253	21%		
Postage and printing	3,325	3,325	$ 20,000	$ 16,675	17%	80,000	$ 76,675	4%		
Training and travel	9,913	9,913	$ 15,000	$ 5,087	66%	60,000	$ 50,087	17%		
Office supplies and board meeting expense	4,759	4,759	$ 7,500	$ 2,741	63%	30,000	$ 25,241	16%		
Other non-personnel and equipment [3]	7,125	7,125	$ 34,000	$ 26,875	21%	136,000	$ 128,875	5%		
TOTAL NON-PERSONNEL / EQUIPMENT	***92,280***	***92,280***	***217,500***	***125,220***	***42%***	***870,000***	***$ 777,720***	***11%***	***2.13***	***0.23***
PROFESSIONAL SERVICES										
Legal [4]	67,507	67,507	$ 131,750	$ 64,243	51%	527,000	$ 459,493	13%		
Actuary / actuarial audit [5]	-	-	$ 58,250	$ 58,250	0%	233,000	$ 233,000	0%		
External auditor	52,950	52,950	$ 46,250	$ (6,700)	114%	185,000	$ 132,050	29%		
Temporary staffing agencies	10,805	10,805	$ 28,750	$ 17,945	38%	115,000	$ 104,195	9%		
Governance services	-	-	$ 18,750	$ 18,750	0%	75,000	$ 75,000	0%		
Pension administration system [6]	118,336	118,336	$ 32,875	$ (85,461)	360%	131,500	$ 13,165	90%		
Other professional services [7]	2,117	2,117	$ 28,625	$ 26,508	7%	114,500	$ 112,383	2%		
TOTAL PROFESSIONAL SERVICES	***251,715***	***251,715***	***345,250***	***93,535***	***73%***	***1,381,000***	***$ 1,129,285***	***18%***	***3.37***	***0.61***
MEDICAL PROVIDERS / SERVICES										
Medical Director & Support [8]	4,527	4,527	$ 36,250	$ 31,723	12%	145,000	$ 140,473	3%		
TOTAL MEDICAL DIRECTOR & SUPPORT	***4,527***	***4,527***	***36,250***	***31,723***	***12%***	***145,000***	***$ 140,473***	***3%***	***0.35***	***0.01***
GRAND TOTAL	***1,343,455***	***1,343,455***	***$ 1,844,250***	***500,795***	***73%***	***$ 7,377,000***	***$ 6,033,545***	***18%***	***18.02***	***3.28***

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 - Due to staff vacancies.

[2] Insurance - This fiduciary insurance is annual. The invoice has not been received yet.

[3] Other non-personnel and equipment - Lag in receipt of invoices.

[4] Legal - Lag in receipt of invoices.

[5] Actuary / actuarial audit - Lag in receipt of invoices.

[6] Pension administration system - Annual payment for maintenane and hosting fees. Annual amount is within budget.

[7] Other professional services - Lag in receipt of invoices.

[8] Medical Director & Support - Services provided as needed.

FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY
THROUGH Q1 FY25-26

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	EXPENDED FY24-25	EXPENDED FY25-26 (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 POST IMPLEMENTATION COSTS)	313,430	-	16,212	-	-	-	90,400	37,500	37,500	37,500	75,000	77,500	-	371,612	-19%
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	$ 75,000	$ 77,500	$ -	$ 4,352,268	-23%
ACCUMULATED ARMOTIZATION						$ (133,809)	$ (408,727)	$ (412,979)	$ (422,869)	$ (428,565)	$ (439,957)	$ (459,352)	$ -	$ (2,706,257)	
GRAND TOTAL						$ 1,322,660	$ 467,130	$ (375,479)	$ (385,369)	$ (391,065)	$ (364,957)	$ (381,852)	$ -	$ 1,646,011	

*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).