



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 June
30, 2024 (Accrual Basis)**

DATE: September 23, 2024

Attached is an itemized list of the Administrative Budget vs. Actual Expenses for the Federated City Employees' Retirement System 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 System, 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 \$6,518,752 or 97% of the approved budget of \$6,704,000, which is a 16% year-over-year increase in expenses.

For the personnel category, ORS spent \$4,406,995 or 99% of the \$4,456,000 budget. Compared to last year, this is a 12% increase in spending, due to annual salary increases, filling vacant positions, and adding new positions. 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 \$851,767 or 98% of the \$872,000 budget. This represents a 17% increase from last year, primarily due to laptop replacements and a one-time settlement payment. For the professional services category, ORS spent \$1,177,174 or 96% of the \$1,231,000 budget, reflecting a 38% year-over-year increase due to increased legal services. For the medical services category, ORS spent \$82,816 or 57% of the \$145,000 budget, which is consistent with last year's spending of \$84,712.

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 Federated City Employees' Retirement System 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

**FEDERATED RETIREMENT SYSTEM
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	\$	3,565,020,076
PERSONNEL EXPENSES											
Permanent Staff Expense ¹	1,267,132	4,406,995	\$ 1,114,000	\$ (153,132)	114%	\$ 4,456,000	\$ 49,005	99%			
TOTAL PERSONNEL EXPENSES	1,267,132	4,406,995	1,114,000	(153,132)	114%	4,456,000	\$ 49,005	99%	12.49922835	12	
NON-PERSONNEL / EQUIPMENT											
Rent ²	41,046	237,239	\$ 57,500	\$ 16,454	71%	230,000	\$ (7,239)	103%			
Insurance ³	185,014	188,816	\$ 60,000	\$ (125,014)	308%	240,000	\$ 51,184	79%			
IT Hardware/Software	55,062	115,168	\$ 32,500	\$ (22,562)	169%	130,000	\$ 14,832	89%			
Postage and printing	30,868	83,406	\$ 25,000	\$ (5,868)	123%	100,000	\$ 16,594	83%			
LRS - Annual Maintenance Fee	-	54,591	\$ 13,750	\$ 13,750	0%	55,000	\$ 409	99%			
Training and travel ⁴	14,554	39,227	\$ 7,500	\$ (7,054)	194%	30,000	\$ (9,227)	131%			
Other non-personnel and equipment ⁵	93,196	133,319	\$ 21,750	\$ (71,446)	428%	87,000	\$ (46,319)	153%			
TOTAL NON-PERSONNEL / EQUIPMENT	419,740	851,767	218,000	(201,740)	193%	872,000	\$ 20,233	98%	2	2	
PROFESSIONAL SERVICES											
Legal ⁶	317,091	555,651	\$ 153,500	\$ (163,591)	207%	614,000	\$ 58,349	90%			
Actuary / actuarial audit ⁷	31,938	253,277	\$ 73,750	\$ 41,812	43%	295,000	\$ 41,723	86%			
External auditor ⁸	-	102,634	\$ 23,750	\$ 23,750	0%	95,000	\$ (7,634)	108%			
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 ⁹	110,777	126,227	\$ 15,250	\$ (95,527)	726%	61,000	\$ (65,227)	207%			
TOTAL PROFESSIONAL SERVICES	501,433	1,177,174	307,750	(193,683)	163%	1,231,000	\$ 53,826	96%	3	3	
MEDICAL PROVIDERS / SERVICES											
Medical Director & Support	20,129	82,816	\$ 36,250	\$ 16,121	56%	145,000	\$ 62,184	57%			
TOTAL MEDICAL DIRECTOR & SUPPORT	20,129	82,816	36,250	16,121	56%	145,000	\$ 62,184	57%	0	0	
GRAND TOTAL	2,208,434	6,518,752	\$ 1,676,000	(532,434)	132%	\$ 6,704,000	\$ 185,248	97%	19	18	

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 Training and travel - Overage is due to general increase in travel, which was not budgeted for.
- ⁵ Other non-personnel and equipment - Overage is due to a litigation settlement, which was not budgeted for.
- ⁶ Legal - Includes payments for previous quarter. Annual amount is within budget.
- ⁷ Actuary / actuarial audit - Services provided as needed. Annual amount is within budget.
- ⁸ External auditor - Overage is due to additional investment management fee audit, which was not budgeted for.
- ⁹ Other professional services - Overage is due to additional litigation requested by the City, which was not budgeted for.

**FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY
THROUGH Q4 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	58,932	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	\$ 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).