

Memorandum



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

FROM: Roberto L. Peña

**SUBJECT: Fiscal Year To-Date Quarter Ended June 30, 2018 DATE: September 11, 2018
Administrative Budget vs Actual Expenses (Accrual Basis)**

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 to date quarter ending June 30, 2018. The Budget vs. Actual expenses represent all administrative and professional fees processed by the system during the fiscal year to date quarter ending June 30, 2018, excluding benefit payments and investment related fees. Overall expenses for fiscal year 2017-2018 are within the approved annual budget for each category, even though there are overages in each line item. Approved budget is based on category and not line item.

Certification

All Budgetary, Actual and Accrued expenditures for the fiscal year quarter ending June 30, 2018 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 2017-2018 quarter ending June 30, 2018.

Roberto L. Peña
Chief Executive Officer
Office of Retirement Services

**FEDERATED RETIREMENT SYSTEM
BUDGET TO ACTUALS (ACCRUAL BASIS)
AS OF JUNE (Q4) FY 17-18**

MAJOR BUDGET CATEGORY										
Minor Budget Category	Q4 ACTUALS 2017/2018	YTD ACTUALS 2017/2018	MODIFIED BUDGET BASED ON QUARTERLY PORTION 2017/2018	QUARTERLY (OVER) UNDER BUDGET	QUARTERLY PERCENT- AGE USED	ANNUAL MODIFIED BUDGET 2017/2018	ANNUAL (OVER) UNDER BUDGET	ANNUAL PERCENT- AGE USED	ANNUAL MODIFIED BUDGET TO STATE STREET MV OF PLAN ASSETS IN BPS	YTD ACTUALS TO STATE STREET MV OF PLAN ASSETS IN BPS
	(B)	(A)	(B1)	(B1) - (B)	(B) / (B1)	(A1)	(A1) - (A)	(A) / (A1)	as of 06/30/2018 MV	\$ 2,338,568,281
PERSONNEL EXPENSES										
Permanent Staff Expense ¹	728,287.00	\$ 2,899,283	\$ 873,450	\$ 145,163	83%	\$ 3,493,800	\$ 594,517	83%		
TOTAL PERSONNEL EXPENSES	728,287.00	2,899,283	873,450	145,163	83%	3,493,800	594,517	83%	15	12
NON-PERSONNEL / EQUIPMENT										
Communication	270.00	1,070	\$ 750	\$ 480	36%	3,000	1,930	36%		
Data Processing ²	262,383.00	556,873	\$ 144,500	\$ (117,883)	182%	578,000	21,127	96%		
Dues and Subscriptions ³	1,868.00	4,365	\$ 1,250	\$ (618)	149%	5,000	635	87%		
Equipment / Furniture	-	0	\$ 625	\$ 625	0%	2,500	2,500	0%		
Insurance ⁴	(300.00)	185,491	\$ 46,250	\$ 46,550	-1%	185,000	(491)	100%		
IT Hardware/Software	11,418.00	44,789	\$ 19,700	\$ 8,282	58%	78,800	34,011	57%		
Lease / Miscellaneous ⁵	5,761.00	9,440	\$ 1,500	\$ (4,261)	384%	6,000	(3,440)	157%		
LRS - Annual Maintenance Fee ⁶	-	106,829	\$ 26,250	\$ 26,250	0%	105,000	(1,829)	102%		
Mileage Reimbursement ⁷	1,333.00	2,136	\$ 375	\$ (958)	355%	1,500	(636)	142%		
Postage	10,451.00	33,532	\$ 15,000	\$ 4,549	70%	60,000	26,468	56%		
Printing	2,239.00	18,812	\$ 11,250	\$ 9,011	20%	45,000	26,188	42%		
Rent	48,940.00	196,107	\$ 50,000	\$ 1,060	98%	200,000	3,893	98%		
Supplies	4,384.00	16,377	\$ 7,500	\$ 3,116	58%	30,000	13,623	55%		
Training ⁸	1,848.00	2,012	\$ 1,250	\$ (598)	148%	5,000	2,988	40%		
Travel	8,185.00	18,550	\$ 16,250	\$ 8,065	50%	65,000	46,450	29%		
TOTAL NON-PERSONNEL / EQUIPMENT	358,780.00	1,196,383	342,450	(16,330)	105%	1,369,800	173,417	87%	6	5
PROFESSIONAL SERVICES										
Non-Employee Board Stipend ⁹	5,500.00	10,000	\$ 3,750	\$ (1,750)	147%	15,000	5,000	67%		
CAFR Design	-	1,200	\$ 300	\$ 300	0%	1,200	-	100%		
Cheiron (Actuary) ¹⁰	132,580.00	174,400	\$ 61,250	\$ (71,330)	216%	245,000	70,600	71%		
Grant Thornton (Independent Auditors)	-	62,232	\$ 17,500	\$ 17,500	0%	70,000	7,768	89%		
Choices	-	798	\$ 1,625	\$ 1,625	0%	6,500	5,702	12%		
Cortex (Governance Services) ¹¹	27,757.00	39,226	\$ 12,500	\$ (15,257)	222%	50,000	10,774	78%		
Ice Miller (Legal - Tax)	4,067.00	22,369	\$ 6,250	\$ 2,183	65%	25,000	2,631	89%		
Reed Smith (Legal - Fiduciary) ¹²	38,889.00	171,210	\$ 75,000	\$ 36,111	52%	300,000	128,790	57%		
Saltzmann & Johnson (Legal - DRO) ¹³	24,645.00	78,400	\$ 17,500	\$ (7,145)	141%	70,000	(8,400)	112%		
LRS (Ad Hoc Web Maintenance)	595.00	5,005	\$ 1,625	\$ 1,030	37%	6,500	1,495	77%		
LRS (Business Continuance Plan)	1,673.00	6,627	\$ 3,750	\$ 2,077	45%	15,000	8,373	44%		
LRS (Change Requests) ¹⁴	6,435.00	15,510	\$ 5,000	\$ (1,435)	129%	20,000	4,490	78%		
LRS (Web Hosting) ¹⁵	3,526.00	12,419	\$ 2,750	\$ (776)	128%	11,000	(1,419)	113%		
Pension Benefit Information (PBI) ¹⁶	1,300.00	4,238	\$ 750	\$ (550)	173%	3,000	(1,238)	141%		
Temp Agencies ¹⁷	74,899.00	166,889	\$ 33,000	\$ (41,899)	227%	132,000	(34,889)	126%		
Other Consultant Services (Education on Pension Plan Issues)	2,210.00	7,150	\$ 5,000	\$ 2,790	44%	20,000	12,850	36%		
TOTAL PROFESSIONAL SERVICES	324,076.00	777,673	247,550	(76,526)	131%	990,200	212,527	79%	4	3
MEDICAL PROVIDERS / SERVICES										
Dr. Kroll/Other Medical Support ¹⁸	33,925.00	119,295	\$ 97,750	\$ 63,825	35%	391,000	271,705	31%		
TOTAL MEDICAL DIRECTOR & SUPPORT	33,925.00	119,295	97,750	63,825	35%	391,000	271,705	31%	2	1
GRAND TOTAL	\$ 1,445,068	\$ 4,992,634	\$ 1,561,200	116,132	93%	\$ 6,244,800	\$ 1,252,166	80%	27	21

Explanation for quarterly variances > \$25,000 and amounts over budget

- ¹ Permanent Staff Expense - Due to staff vacancies.
- ² Data Processing - Risk management database was budgeted for originally but we went with Verus to reduce costs. Quarter went over budget due to late receipt of invoices from previous quarter.
- ³ Dues and Subscriptions - Includes CAFR application renewal. Fee is within annual budgeted amount.
- ⁴ Insurance - This fiduciary insurance is annual and already paid in March. Over budget annually due to 2 additional Trustees, which was not budgeted for.
- ⁵ Lease / Miscellaneous - Charges include job posting fees for 3 new Investment hires , which was not budgeted for.
- ⁶ LRS - Annual Maintenance Fee - The fee is billed annually and renewed in October for an entire year (fee is on existing system, not system under development).
- ⁷ Mileage Reimbursement - Includes reimbursement for both Trustee members and employees. Charges also include previous quarter mileage reimbursement for Trustee. Over budget annually due to additional Trustees.
- ⁸ Training - Fee is within the annual budgeted amount.
- ⁹ Non-employee Board Stipend - Charges also include invoices from previous quarter. Fee is within the annual budgeted amount.
- ¹⁰ Cheiron (Actuary) - Charges also include invoices from previous quarter. Fee is within the annual budgeted amount.
- ¹¹ Cortex (Governance Services) - Charges also include invoices from previous quarter. Fee is within the annual budgeted amount.
- ¹² Reed Smith (Legal - Fiduciary) - Services are provided on an as-needed basis. Fee is within annual budgeted amount.
- ¹³ Saltzmann & Johnson (Legal - DRO) - Services are provided on an as-needed basis.
- ¹⁴ LRS (Change Requests) - Fee is within the annual budgeted amount.
- ¹⁵ LRS (Web Hosting) - The increase is due to the 3% fee increase for monthly services starting Oct 1 2017.
- ¹⁶ Pension Benefit Information (PBI) - The budget is split 50/50, but due to the higher number of Federated members, Federated will be slightly over budget and PF will be slightly under budget.
- ¹⁷ Temp Agencies - Charges also include invoices from previous quarter. Over budget annually due to staff vacancies.
- ¹⁸ Dr. Kroll/IME - Services are provided on an as-needed basis.

**FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY
THROUGH Q4 FY17-18**

DESCRIPTION	IMPLEMENTATION BUDGET (ENTIRE 5 YEARS) *	EXPENDED FY14-15	EXPENDED FY15-16	EXPENDED FY16-17	EXPENDED FY17-18 (TO DATE)	EXPENDED PROJECT TO- DATE	% REMAINING IN BUDGET
LRS							
IMPLEMENTATION SERVICES	\$ 2,482,640	\$ -	\$ 542,259	\$ 429,073	\$ 4,735	\$ 976,067	61%
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	-	-	16,212	95%
LRWL							
COUNSELING & ADVISE ON PROJECT ISSUES	539,750	58,932	186,253	148,080	236,473	629,737	-17%
GRAND TOTAL	\$ 3,525,716	\$ 58,932	\$ 877,650	\$ 577,153	\$ 241,207	\$ 1,754,943	50%

*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).