

# Memorandum



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

**FROM: Roberto L. Peña**

**SUBJECT: Fiscal Year To-Date Quarter Ended December 31, 2018 Administrative Budget vs Actual Expenses (Accrual Basis)      DATE: January 16, 2019**

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 December 31, 2018. The Budget vs. Actual expenses represent all administrative and professional fees processed by the system during the fiscal year to date quarter ending December 31, 2018, excluding benefit payments and investment related fees.

This budget vs. actual expense report ending December 31, 2018 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 data processing, fiduciary insurance, and actuary services. Finally, medical providers expenses are lower than quarterly budgets because these services are provided on an as-needed basis.

## **Certification**

All Budgetary, Actual and Accrued expenditures for the fiscal year quarter ending December 31, 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 2018-2019 quarter ending December 31, 2018.

Roberto L. Peña  
Chief Executive Officer  
Office of Retirement Services

**FEDERATED RETIREMENT SYSTEM  
BUDGET TO ACTUALS (ACCRUAL BASIS)  
AS OF DECEMBER (Q2) FY 18-19**

MAJOR BUDGET CATEGORY										
	Q2 ACTUALS & ACCRUAL 2018/2019	YTD ACTUALS & ACCRUAL 2018/2019	MODIFIED BUDGET BASED ON QUARTERLY PORTION 2018/2019	QUARTERLY (OVER) UNDER BUDGET	QUARTERLY PERCENT- AGE USED	ANNUAL MODIFIED BUDGET 2018/2019	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
Minor Budget Category										
	(B)	(A)	(B1)	(B1) - (B)	(B) / (B1)	(A1)	(A1) - (A)	(A) / (A1)	as of 11/30/2018 MV	
PERSONNEL EXPENSES										\$ 2,409,909,513
Permanent Staff Expense <sub>1</sub>	733,118	1,445,417	\$ 835,000	\$ 101,882	88%	\$ 3,340,000	\$ 1,894,583	43%		
TOTAL PERSONNEL EXPENSES	733,118	1,445,417	835,000	101,882	88%	3,340,000	1,894,583	43%	13.85944154	6
NON-PERSONNEL / EQUIPMENT										
Communication	242	487	\$ 500	\$ 258	48%	2,000	1,513	24%		
CAFR Design	-	-	\$ 375	\$ 375	0%	1,500	1,500	0%		
Data Processing <sub>2</sub>	69,505	139,277	\$ 121,250	\$ 51,745	57%	485,000	345,723	29%		
Dues and Subscriptions	373	547	\$ 1,250	\$ 877	30%	5,000	4,453	11%		
Equipment / Furniture	-	-	\$ 625	\$ 625	0%	2,500	2,500	0%		
Insurance <sub>3</sub>	-	1,759	\$ 48,750	\$ 48,750	0%	195,000	193,241	1%		
IT Hardware/Software	15,322	23,839	\$ 22,500	\$ 7,178	68%	90,000	66,161	26%		
Lease / Miscellaneous	401	940	\$ 1,500	\$ 1,099	27%	6,000	5,060	16%		
LRS - Annual Maintenance Fee	26,706	26,706	\$ 27,500	\$ 794	97%	110,000	83,294	24%		
Mileage Reimbursement <sub>4</sub>	584	591	\$ 375	\$ (209)	156%	1,500	909	39%		
Postage	6,338	11,544	\$ 12,500	\$ 6,162	51%	50,000	38,456	23%		
Printing	7,029	8,996	\$ 10,000	\$ 2,971	70%	40,000	31,004	22%		
Rent	49,612	99,224	\$ 50,000	\$ 388	99%	200,000	100,776	50%		
Supplies	4,650	7,842	\$ 7,500	\$ 2,850	62%	30,000	22,158	26%		
Training	75	707	\$ 1,250	\$ 1,175	6%	5,000	4,293	14%		
Travel	6,088	8,078	\$ 16,250	\$ 10,162	37%	65,000	56,922	12%		
Non-Employee Board Stipend	2,750	2,250	\$ 4,250	\$ 1,500	65%	17,000	14,750	13%		
TOTAL NON-PERSONNEL / EQUIPMENT	189,675	332,786	326,375	136,700	58%	1,305,500	972,714	25%	5	1
PROFESSIONAL SERVICES										
Cheiron (Actuary)	30,530	30,530	\$ 52,250	\$ 21,720	58%	209,000	178,470	15%		
Grant Thornton (Independent Auditors) <sub>5</sub>	42,118	77,588	\$ 17,500	\$ (24,618)	241%	70,000	(7,588)	111%		
Choices	-	-	\$ 1,625	\$ 1,625	0%	6,500	6,500	0%		
Cortex (Governance Services)	(4)	(4)	\$ 12,500	\$ 12,504	0%	50,000	50,004	0%		
Ice Miller (Legal - Tax)	1	1	\$ 6,250	\$ 6,249	0%	25,000	24,999	0%		
Reed Smith (Legal - Fiduciary) <sub>6</sub>	20,482	30,383	\$ 62,500	\$ 42,018	33%	250,000	219,618	12%		
Saltzman & Johnson (Legal - DRO)	15,781	22,507	\$ 26,750	\$ 10,969	59%	107,000	84,493	21%		
LRS (Ad Hoc Web Maintenance) <sub>7</sub>	4,875	4,925	\$ 1,625	\$ (3,250)	300%	6,500	1,575	76%		
LRS (Business Continuance Plan)	1,706	3,379	\$ 1,750	\$ 44	98%	7,000	3,621	48%		
LRS (Change Requests)	-	1,320	\$ 2,500	\$ 2,500	0%	10,000	8,680	13%		
LRS (Web Hosting)	2,966	5,821	\$ 3,000	\$ 34	99%	12,000	6,179	49%		
Pension Benefit Information (PBI) <sub>8</sub>	975	1,300	\$ 875	\$ (100)	111%	3,500	2,200	37%		
Temp Agencies <sub>9</sub>	53,693	91,546	\$ 42,250	\$ (11,443)	127%	169,000	77,454	54%		
Other Consultant Services	800	1,425	\$ 5,000	\$ 4,200	16%	20,000	18,575	7%		
TOTAL PROFESSIONAL SERVICES	173,924	270,722	236,375	62,451	74%	945,500	674,778	29%	4	1
MEDICAL PROVIDERS / SERVICES										
Dr. Kroll/Other Medical Support <sub>10</sub>	13,731	23,719	\$ 52,000	\$ 38,269	26%	208,000	184,281	11%		
TOTAL MEDICAL DIRECTOR & SUPPORT	13,731	23,719	52,000	38,269	26%	208,000	184,281	11%	1	0
GRAND TOTAL	1,110,448	2,072,644	\$ 1,449,750	339,302	77%	\$ 5,799,000	\$ 3,726,356	36%	24	9

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

<sub>1</sub> Permanent Staff Expense - Due to staff vacancies.

<sub>2</sub> Data Processing - Lag in receipt of invoices.

<sub>3</sub> Insurance - This fiduciary insurance is annual and renews in May. The invoice has not been received yet.

<sub>4</sub> Mileage Reimbursement - Additional trustee. Annual amount is within budget.

<sub>5</sub> Grant Thornton (Independent Auditors) - Additional audit fees, which was approved by the Board.

<sub>6</sub> Reed Smith (Legal - Fiduciary) - Services are provided on an as-needed basis.

<sub>7</sub> LRS (Ad Hoc Web Maintenance) - Due to timing of work. Annual amount is within budget.

<sub>8</sub> 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.

<sub>9</sub> Temp Agencies - Includes payment for September invoices.

<sub>10</sub> Dr. Kroll/IME - Services are provided on an as-needed basis.

**FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY  
THROUGH Q2 FY18-19**

DESCRIPTION	IMPLEMENTATION BUDGET (ENTIRE 5 YEARS) *	EXPENDED FY14-15	EXPENDED FY15-16	EXPENDED FY16-17	EXPENDED FY17-18	EXPENDED FY18-19 (TO DATE)	EXPENDED PROJECT TO- DATE	% REMAINING IN BUDGET
<b>LRS</b>								
IMPLEMENTATION SERVICES	\$ 2,482,640	\$ -	\$ 542,259	\$ 429,073	\$ 4,735	\$ 723,948	\$ 1,700,015	32%
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%
<b>LRWL</b>								
COUNSELING & ADVISE ON PROJECT ISSUES	539,750	58,932	186,253	148,080	236,473	92,108	721,845	-34%
<b>GRAND TOTAL</b>	<b>\$ 3,525,716</b>	<b>\$ 58,932</b>	<b>\$ 877,650</b>	<b>\$ 577,153</b>	<b>\$ 241,207</b>	<b>\$ 816,055</b>	<b>\$ 2,570,998</b>	<b>27%</b>

\*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).