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

**FROM: Roberto L. Peña**

**SUBJECT: Fiscal Year To-Date Quarter Ended June 30, 2019  
Administrative Budget vs Actual Expenses (Accrual Basis)**

**DATE: September 16, 2019**

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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 2018-2019 quarter ending June 30, 2019. 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 2018-2019 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 2018-2019, ORS spent \$4,832,301 or 83% of the approved budget of \$5,799,000. Overall expenditure savings are due to staff vacancies, a decrease in investment data processing costs, lower maintenance fees for the new Pension Administration system, and a decrease in attorney and medical fees.

## **Certification**

All Budgetary, Actual and Accrued expenditures for the fiscal year quarter ending June 30, 2019 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 June 30, 2019.

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Roberto L. Peña  
Chief Executive Officer  
Office of Retirement Services

<p align="center"> <b>FEDERATED RETIREMENT SYSTEM</b>  <b>BUDGET TO ACTUALS (ACCRUAL BASIS)</b>  <b>AS OF JUNE (Q4) FY 18-19</b> </p>	
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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 06/30/2019 MV	\$	2,424,367,025
<b>PERSONNEL EXPENSES</b>											
Permanent Staff Expense <sub>1</sub>	714,722	2,961,017	\$ 835,000	\$ 120,278	86%	\$ 3,340,000	\$ 378,983	89%			
<b>TOTAL PERSONNEL EXPENSES</b>	<b>714,722</b>	<b>2,961,017</b>	<b>835,000</b>	<b>120,278</b>	<b>86%</b>	<b>3,340,000</b>	<b>\$ 378,983</b>	<b>89%</b>	<b>13.77679191</b>	<b>12</b>	
<b>NON-PERSONNEL / EQUIPMENT</b>											
Communication	209	976	\$ 500	\$ 292	42%	2,000	\$ 1,024	49%			
CAFR Design	300	300	\$ 375	\$ 75	80%	1,500	\$ 1,200	20%			
Data Processing <sub>2</sub>	155,662	399,297	\$ 121,250	\$ (34,412)	128%	485,000	\$ 85,703	82%			
Dues and Subscriptions <sub>3</sub>	3,648	5,608	\$ 1,250	\$ (2,398)	292%	5,000	\$ (608)	112%			
Equipment / Furniture <sub>4</sub>	-	3,764	\$ 625	\$ 625	0%	2,500	\$ (1,264)	151%			
Insurance <sub>5</sub>	(300)	185,810	\$ 48,750	\$ 49,050	-1%	195,000	\$ 9,190	95%			
IT Hardware/Software <sub>6</sub>	37,272	81,737	\$ 22,500	\$ (14,772)	166%	90,000	\$ 8,263	91%			
Lease / Miscellaneous <sub>7</sub>	1,673	4,175	\$ 1,500	\$ (173)	112%	6,000	\$ 1,825	70%			
LRS - Annual Maintenance Fee <sub>8</sub>	-	49,476	\$ 27,500	\$ 27,500	0%	110,000	\$ 60,524	45%			
Mileage Reimbursement <sub>9</sub>	740	1,784	\$ 375	\$ (365)	197%	1,500	\$ (284)	119%			
Postage	6,428	32,674	\$ 12,500	\$ 6,072	51%	50,000	\$ 17,326	65%			
Printing	6,769	19,847	\$ 10,000	\$ 3,231	68%	40,000	\$ 20,153	50%			
Rent <sub>10</sub>	50,945	201,092	\$ 50,000	\$ (945)	102%	200,000	\$ (1,092)	101%			
Supplies	3,967	15,589	\$ 7,500	\$ 3,533	53%	30,000	\$ 14,411	52%			
Training <sub>11</sub>	1,474	1,298	\$ 1,250	\$ (224)	118%	5,000	\$ 3,702	26%			
Travel	9,356	26,867	\$ 16,250	\$ 6,894	58%	65,000	\$ 38,133	41%			
Non-Employee Board Stipend <sub>12</sub>	5,250	10,750	\$ 4,250	\$ (1,000)	124%	17,000	\$ 6,250	63%			
<b>TOTAL NON-PERSONNEL / EQUIPMENT</b>	<b>283,393</b>	<b>1,041,045</b>	<b>326,375</b>	<b>42,982</b>	<b>87%</b>	<b>1,305,500</b>	<b>\$ 264,455</b>	<b>80%</b>	<b>5</b>	<b>4</b>	
<b>PROFESSIONAL SERVICES</b>											
Cheiron (Actuary) <sub>13</sub>	60,594	209,491	\$ 52,250	\$ (8,344)	116%	209,000	\$ (491)	100%			
Grant Thornton (Independent Auditors) <sub>14</sub>	23,755	101,343	\$ 17,500	\$ (6,255)	136%	70,000	\$ (31,343)	145%			
Choices	-	-	\$ 1,625	\$ 1,625	0%	6,500	\$ 6,500	0%			
Cortex (Governance Services) <sub>15</sub>	34,832	40,038	\$ 12,500	\$ (22,332)	279%	50,000	\$ 9,962	80%			
Ice Miller (Legal - Tax) <sub>16</sub>	7,852	12,464	\$ 6,250	\$ (1,602)	126%	25,000	\$ 12,536	50%			
Reed Smith (Legal - Fiduciary)	42,258	116,323	\$ 62,500	\$ 20,243	68%	250,000	\$ 133,678	47%			
Saltzman & Johnson (Legal - DRO)	22,534	54,369	\$ 26,750	\$ 4,217	84%	107,000	\$ 52,631	51%			
LRS (Ad Hoc Web Maintenance)	204	5,129	\$ 1,625	\$ 1,421	13%	6,500	\$ 1,371	79%			
LRS (Business Continiance Plan)	-	3,954	\$ 1,750	\$ 1,750	0%	7,000	\$ 3,046	56%			
LRS (Change Requests)	-	7,425	\$ 2,500	\$ 2,500	0%	10,000	\$ 2,575	74%			
LRS (Web Hosting)	2,941	11,703	\$ 3,000	\$ 59	98%	12,000	\$ 297	98%			
Pension Benefit Information (PBI) <sub>17</sub>	1,625	3,900	\$ 875	\$ (750)	186%	3,500	\$ (400)	111%			
Temp Agencies <sub>18</sub>	41,531	185,687	\$ 42,250	\$ 719	98%	169,000	\$ (16,687)	110%			
Other Consultant Services	260	1,425	\$ 5,000	\$ 4,740	5%	20,000	\$ 18,575	7%			
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>238,384</b>	<b>753,251</b>	<b>236,375</b>	<b>(2,009)</b>	<b>101%</b>	<b>945,500</b>	<b>\$ 192,249</b>	<b>80%</b>	<b>4</b>	<b>3</b>	
<b>MEDICAL PROVIDERS / SERVICES</b>											
Dr. Kroll/Other Medical Support <sub>19</sub>	18,700	76,988	\$ 52,000	\$ 33,300	36%	208,000	\$ 131,013	37%			
<b>TOTAL MEDICAL DIRECTOR &amp; SUPPORT</b>	<b>18,700</b>	<b>76,988</b>	<b>52,000</b>	<b>33,300</b>	<b>36%</b>	<b>208,000</b>	<b>\$ 131,013</b>	<b>37%</b>	<b>1</b>	<b>0</b>	
<b>GRAND TOTAL</b>	<b>1,255,199</b>	<b>4,832,301</b>	<b>\$ 1,449,750</b>	<b>194,551</b>	<b>87%</b>	<b>\$ 5,799,000</b>	<b>\$ 966,699</b>	<b>83%</b>	<b>24</b>	<b>20</b>	

**Explanation for quarterly variances > \$25,000 and amounts over quaterly and yearly budget.**

- 1 Permanent Staff Expense - Due to staff vacancies.
- 2 Data Processing - Includes payment for invoices from previous quarter. Annual amount is within budget.
- 3 Dues and Subscriptions - New investment-related subscriptions that were not budgeted for.
- 4 Equipment / Furniture - A new pressure sealer was purchased because the City was unable to renew the Annual Service Agreement for the old pressure sealer due to disagreement in terms and conditions.
- 5 Insurance - This fiduciary insurance has been renewed annually in March.
- 6 IT Hardware/Software - Expanding storage for local server and upgrading staffs' computers to Windows 10 to comply with Central IT. Annual amount is within budget.
- 7 Lease / Miscellaneous - Includes payment for invoices from previous quarter. Annual amount is within budget.
- 8 LRS - Annual Maintenance Fee - Already paid for in Q3.
- 9 Mileage Reimbursement - Increase in the number of meetings and travel for both Trustee members and employees.
- 10 Rent - CAM (Common Area Maintenance) fees increased starting January 1, 2019.
- 11 Training - Includes payment for previous quarter. Annual amount is within budget.
- 12 Non-Employee Board Stipend - Includes payments for Q3 reimbursement. Annual amount is within budget.
- 13 Cheiron (Actuary) - Includes payment for invoices from previous quarter. Over annual budget due to excess consulting hours.
- 14 Grant Thornton (Independent Auditors) - In addition to FY17-18 audit fees, we received and processed an invoice for FY18-19 audit early.
- 15 Cortex (Governance Services) - Includes payment for invoices from previous quarter. Annual amount is within budget.
- 16 Ice Miller (Legal - Tax) - Services are provided on an as-needed basis. Annual amount is within budget.
- 17 Pension Benefit Information (PBI) - Fees are split 65% for Fed and 35% for PF. Therefore, Fed will be slightly over budget and PF will be under budget.
- 18 Temp Agencies - Over annual budget due to staff vacancies.
- 19 Dr. Kroll/Other Medical Support - Services are provided on an as-needed basis. Annual amount is within budget.

**FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY  
THROUGH Q4 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	\$ 1,195,713	\$ 2,171,780	13%
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	260,755	890,492	-65%
<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>\$ 1,456,468</b>	<b>\$ 3,211,411</b>	<b>9%</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).