



# Memorandum

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

**FROM: Roberto L. Peña**

**SUBJECT: Administrative Budget vs Actual Expenses for  
Fiscal Year-To-Date Quarter Ended December  
31, 2020 (Accrual Basis)**

**DATE: January 12, 2021**

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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 2020-2021 quarter ending December 31, 2020. 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 December 31, 2020 has some notable variances: personnel expenses exceed the quarterly budget due to an extra pay period. Non-personnel and professional services expenses are lower than the quarterly budget due to the lag in receipt of invoices for data processing, fiduciary insurance, and actuarial services. IT Hardware/Software expenses exceed the quarterly budget due to the purchase of 38 new laptops for staff. LRS Annual Maintenance Fee is over the quarterly budget because the entire annual fee was paid in the quarter. Fiduciary legal expenses also exceed the quarterly budget due to ongoing litigation regarding the Shahrivar matter. Medical providers expenses are lower than the quarterly budget since these services are provided on an as-needed basis. 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 December 31, 2020 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 2020-2021 quarter ending December 31, 2020.

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Roberto L. Peña  
Chief Executive Officer  
Office of Retirement Services

**FEDERATED RETIREMENT SYSTEM  
BUDGET TO ACTUALS (ACCRUAL BASIS)  
AS OF DECEMBER (Q2) FY 20-21**

MAJOR BUDGET CATEGORY	Q2 ACTUALS & ACCRUAL 2020/2021	YTD ACTUALS & ACCRUAL 2020/2021	MODIFIED BUDGET BASED ON QUARTERLY PORTION 2020/2021	QUARTERLY (OVER) UNDER BUDGET	QUARTERLY PERCENT- AGE USED	ANNUAL MODIFIED BUDGET 2020/2021	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 11/30/20 MV	\$ 2,936,320,880
<b>PERSONNEL EXPENSES</b>										
Permanent Staff Expense <sup>1</sup>	871,780	1,580,015	\$ 839,250	\$ (32,530)	104%	\$ 3,357,000	\$ 1,776,985	47%		
<b>TOTAL PERSONNEL EXPENSES</b>	<b>871,780</b>	<b>1,580,015</b>	<b>839,250</b>	<b>(32,530)</b>	<b>104%</b>	<b>3,357,000</b>	<b>1,776,985</b>	<b>47%</b>	<b>11.43267421</b>	<b>5</b>
<b>NON-PERSONNEL / EQUIPMENT</b>										
CAFR Design <sup>2</sup>	402	402	\$ 250	\$ (152)	161%	1,000	\$ 598	40%		
Communication	413	754	\$ 500	\$ 87	83%	2,000	\$ 1,246	38%		
Data Processing <sup>3</sup>	77,122	140,672	\$ 108,750	\$ 31,628	71%	435,000	\$ 294,328	32%		
Dues and Subscriptions	72	144	\$ 1,250	\$ 1,178	6%	5,000	\$ 4,856	3%		
Equipment / Furniture / Lease TI	-	-	\$ 4,750	\$ 4,750	0%	19,000	\$ 19,000	0%		
Insurance <sup>4</sup>	1,775	1,700	\$ 48,250	\$ 46,476	4%	193,000	\$ 191,301	1%		
IT Hardware/Software <sup>5</sup>	61,951	73,744	\$ 30,750	\$ (31,201)	201%	123,000	\$ 49,256	60%		
Lease / Miscellaneous	505	1,352	\$ 1,500	\$ 995	34%	6,000	\$ 4,648	23%		
LRS - Annual Maintenance Fee <sup>6</sup>	47,640	47,640	\$ 12,000	\$ (35,640)	397%	48,000	\$ 360	99%		
Mileage Reimbursement	-	-	\$ 750	\$ 750	0%	3,000	\$ 3,000	0%		
Non - Employee Board Stipend <sup>7</sup>	3,640	3,640	\$ 3,500	\$ (140)	104%	14,000	\$ 10,360	26%		
Postage	6,576	22,572	\$ 12,500	\$ 9,224	53%	50,000	\$ 27,428	45%		
Printing	916	6,986	\$ 10,000	\$ 9,084	9%	40,000	\$ 33,014	17%		
Rent	50,317	83,861	\$ 53,000	\$ 2,683	95%	212,000	\$ 128,139	40%		
Supplies	2,624	2,734	\$ 7,500	\$ 4,876	35%	30,000	\$ 27,266	9%		
Training	442	442	\$ 1,250	\$ 808	35%	5,000	\$ 4,558	9%		
Travel	1,115	854	\$ 8,750	\$ 7,635	13%	35,000	\$ 34,146	2%		
<b>TOTAL NON-PERSONNEL / EQUIPMENT</b>	<b>255,509</b>	<b>387,497</b>	<b>305,250</b>	<b>49,741</b>	<b>84%</b>	<b>1,221,000</b>	<b>833,503</b>	<b>32%</b>	<b>4</b>	<b>1</b>
<b>PROFESSIONAL SERVICES</b>										
Cheiron (Actuary)	32,074	32,074	\$ 52,500	\$ 20,427	61%	210,000	\$ 177,927	15%		
Cortex (Governance Services) <sup>8</sup>	13,259	13,259	\$ 12,500	\$ (758)	106%	50,000	\$ 36,742	27%		
Grant Thornton (Independent Auditors)	-	80,817	\$ 20,750	\$ 20,750	0%	83,000	\$ 2,183	97%		
Ice Miller (Legal - Tax)	468	468	\$ 6,250	\$ 5,782	7%	25,000	\$ 24,532	2%		
LRS (Business Continuance Plan)	-	5,721	\$ 1,500	\$ 1,500	0%	6,000	\$ 279	95%		
LRS (Change Requests)	-	-	\$ 2,500	\$ 2,500	0%	10,000	\$ 10,000	0%		
LRS (Web Hosting + Web Maintenance)	400	968	\$ 1,250	\$ 850	32%	5,000	\$ 4,033	19%		
Other Consultant Services	2,875	5,425	\$ 6,250	\$ 3,375	46%	25,000	\$ 19,575	22%		
The Berwyn Group (replacing PBI)	-	-	\$ 1,000	\$ 1,000	0%	4,000	\$ 4,000	0%		
Reed Smith (Legal - Fiduciary) <sup>9</sup>	93,861	106,709	\$ 50,000	\$ (43,861)	188%	200,000	\$ 93,292	53%		
Saltzman & Johnson (Legal - DRO) <sup>10</sup>	15,762	17,153	\$ 14,250	\$ (1,512)	111%	57,000	\$ 39,847	30%		
Temp Agencies	5,510	5,510	\$ 19,250	\$ 13,740	29%	77,000	\$ 71,490	7%		
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>164,208</b>	<b>268,102</b>	<b>188,000</b>	<b>23,792</b>	<b>87%</b>	<b>752,000</b>	<b>483,898</b>	<b>36%</b>	<b>3</b>	<b>1</b>
<b>MEDICAL PROVIDERS / SERVICES</b>										
Dr. Kroll/Other Medical Support	7,544	11,156	\$ 25,000	\$ 17,456	30%	100,000	\$ 88,844	11%		
<b>TOTAL MEDICAL DIRECTOR &amp; SUPPORT</b>	<b>7,544</b>	<b>11,156</b>	<b>25,000</b>	<b>17,456</b>	<b>30%</b>	<b>100,000</b>	<b>88,844</b>	<b>11%</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>1,299,041</b>	<b>2,246,771</b>	<b>\$ 1,357,500</b>	<b>58,459</b>	<b>96%</b>	<b>\$ 5,430,000</b>	<b>\$ 3,183,229</b>	<b>41%</b>	<b>18</b>	<b>8</b>
<b>Explanation for quarterly variances &gt; \$25,000 and amounts over quarterly and yearly budget.</b>										
<sup>1</sup> Permanent Staff Expense - This quarter has an extra pay period. Annual amount is within budget.										
<sup>2</sup> CAFR Design - One time payment. Annual amount is within budget.										
<sup>3</sup> Data Processing - Lag in receipt of invoices.										
<sup>4</sup> Insurance - The fiduciary insurance is annual and renews in March. The invoice has not been received yet.										
<sup>5</sup> IT Hardware/Software - Includes payment for 38 new laptops for staff. Annual amount is within budget.										
<sup>6</sup> LRS - Annual Maintenance Fee - This maintenance fee is renewed annually. Annual amount is within budget.										
<sup>7</sup> Non - Employee Board Stipend - Annual amount is within budget.										
<sup>8</sup> Cortex (Governance Services) - Services provided as needed. Annual amount is within budget.										
<sup>9</sup> Reed Smith (Legal - Fiduciary) - Includes payment for ongoing litigation from Shahrivar, which was not budgeted for.										
<sup>10</sup> Saltzman & Johnson (Legal - DRO) - Services provided as needed. Annual amount is within budget.										

**FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY  
THROUGH Q2 FY20-21**

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 (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	\$ 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	144,112	54%
<b>LRWL</b>										
COUNSELING & ADVISE ON PROJECT ISSUES	539,750	58,932	186,253	148,080	236,473	260,755	121,576	-	1,012,069	-88%
<b>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>\$ 875,857</b>	<b>\$ 37,500</b>	<b>\$ 4,124,768</b>	<b>-17%</b>
<b>ACCUMULATED ARMOTIZATION</b>						\$ (133,809)	\$ (408,727)	\$ -	\$ (542,536)	
<b>GRAND TOTAL</b>						\$ 1,322,660	\$ 467,130	\$ 37,500	\$ 3,582,232	

\*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).