



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 March
31, 2021 (Accrual Basis)**

DATE: April 13, 2021

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 2021-2021 quarter ending March 31, 2021. 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 March 31, 2021 has some notable variances: personnel expenses are lower than the quarterly budget due to staff vacancies. Non-personnel services expenses are lower than the quarterly budget due to the lag in receipt of invoices for data processing and fiduciary insurance. Postage and printing expenses exceeded the quarterly budget due to payments for previous quarters' invoices. Professional services expenses exceeded the quarterly budget due to payments to Cheiron for the Annual Actuarial Report and payments to Cortex for previous quarters' invoices. Fiduciary legal expenses also exceeded the quarterly budget due to an ongoing litigation. Overall, all expenses are within the approved annual budget for each category as of March 31, 2021.

Certification

All Budgetary, Actual and Accrued expenditures for the fiscal year quarter ending March 31, 2021 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 2021-2021 quarter ending March 31, 2021.

Roberto L. Peña
Chief Executive Officer
Office of Retirement Services

<p align="center"> FEDERATED RETIREMENT SYSTEM BUDGET TO ACTUALS (ACCRUAL BASIS) AS OF MARCH (Q3) FY 20-21 </p>	
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MAJOR BUDGET CATEGORY												
	Q3 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												
											as of 02/28/21 MV	\$ 3,027,748,893
PERSONNEL EXPENSES												
Permanent Staff Expense ₁	737,387	2,317,402	\$ 839,250	\$ 101,863	88%	\$ 3,357,000	\$ 1,039,598	69%				
TOTAL PERSONNEL EXPENSES	737,387	2,317,402	839,250	101,863	88%	3,357,000	1,039,598	69%	11.08744522	8		
NON-PERSONNEL / EQUIPMENT												
CAFR Design	-	402	\$ 250	\$ 250	0%	1,000	\$ 598	40%				
Communication	451	1,205	\$ 500	\$ 49	90%	2,000	\$ 795	60%				
Data Processing ₂	73,334	214,006	\$ 108,750	\$ 35,416	67%	435,000	\$ 220,994	49%				
Dues and Subscriptions ₃	1,322	1,466	\$ 1,250	\$ (72)	106%	5,000	\$ 3,534	29%				
Equipment / Furniture / Lease TI	-	-	\$ 4,750	\$ 4,750	0%	19,000	\$ 19,000	0%				
Insurance ₄	1,323	3,022	\$ 48,250	\$ 46,928	3%	193,000	\$ 189,978	2%				
IT Hardware/Software	27,967	101,711	\$ 30,750	\$ 2,783	91%	123,000	\$ 21,289	83%				
Lease / Miscellaneous	1,194	2,546	\$ 1,500	\$ 306	80%	6,000	\$ 3,454	42%				
LRS - Annual Maintenance Fee	-	47,640	\$ 12,000	\$ 12,000	0%	48,000	\$ 360	99%				
Mileage Reimbursement	-	-	\$ 750	\$ 750	0%	3,000	\$ 3,000	0%				
Non - Employee Board Stipend	3,380	7,020	\$ 3,500	\$ 120	97%	14,000	\$ 6,980	50%				
Postage ₅	17,185	39,757	\$ 12,500	\$ (4,685)	137%	50,000	\$ 10,243	80%				
Printing ₆	14,557	21,543	\$ 10,000	\$ (4,557)	146%	40,000	\$ 18,457	54%				
Rent	50,843	134,704	\$ 53,000	\$ 2,157	96%	212,000	\$ 77,296	64%				
Supplies	5,185	7,919	\$ 7,500	\$ 2,315	69%	30,000	\$ 22,081	26%				
Training	125	567	\$ 1,250	\$ 1,125	10%	5,000	\$ 4,433	11%				
Travel	3,036	3,890	\$ 8,750	\$ 5,714	35%	35,000	\$ 31,110	11%				
TOTAL NON-PERSONNEL / EQUIPMENT	199,900	587,398	305,250	105,350	65%	1,221,000	\$ 633,602	48%	4	2		
PROFESSIONAL SERVICES												
Cheiron (Actuary) ₇	124,358	156,431	\$ 52,500	\$ (71,858)	237%	210,000	\$ 53,569	74%				
Cortex (Governance Services) ₈	25,616	38,874	\$ 12,500	\$ (13,116)	205%	50,000	\$ 11,126	78%				
Grant Thornton (Independent Auditors)	-	80,817	\$ 20,750	\$ 20,750	0%	83,000	\$ 2,183	97%				
Ice Miller (Legal - Tax)	2,077	2,545	\$ 6,250	\$ 4,173	33%	25,000	\$ 22,455	10%				
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)	514	1,481	\$ 1,250	\$ 736	41%	5,000	\$ 3,519	30%				
Other Consultant Services	3,300	8,725	\$ 6,250	\$ 2,950	53%	25,000	\$ 16,275	35%				
The Berwyn Group (replacing PBI)	-	-	\$ 1,000	\$ 1,000	0%	4,000	\$ 4,000	0%				
Reed Smith (Legal - Fiduciary) ₉	72,157	178,865	\$ 50,000	\$ (22,157)	144%	200,000	\$ 21,135	89%				
Saltzmann & Johnson (Legal - DRO)	5,766	22,919	\$ 14,250	\$ 8,484	40%	57,000	\$ 34,081	40%				
Temp Agencies	8,358	13,868	\$ 19,250	\$ 10,892	43%	77,000	\$ 63,132	18%				
TOTAL PROFESSIONAL SERVICES	242,143	510,245	188,000	(54,143)	129%	752,000	\$ 241,755	68%	2	2		
MEDICAL PROVIDERS / SERVICES												
Dr. Kroll/Other Medical Support	-	11,156	\$ 25,000	\$ 25,000	0%	100,000	\$ 88,844	11%				
TOTAL MEDICAL DIRECTOR & SUPPORT	-	11,156	25,000	25,000	0%	100,000	\$ 88,844	11%	0	0		
GRAND TOTAL	1,179,431	3,426,202	\$ 1,357,500	178,069	87%	\$ 5,430,000	\$ 2,003,798	63%	18	11		
Explanation for quarterly variances > \$25,000 and amounts over quarterly and yearly budget.												
₁ Permanent Staff Expense - Due to staff vacancies.												
₂ Data Processing - Lag in receipt of invoices.												
₃ Dues and Subscriptions - Annual amount is within budget.												
₄ Insurance - This fiduciary insurance is annual and renews in March. The invoice has not been received yet.												
₅ Postage - Includes payment for previous quarters' invoices. Annual amount is within budget.												
₆ Printing - Includes payment for previous quarters' invoices. Annual amount is within budget.												
₇ Cheiron (Actuary) - Includes payment for Annual Actuarial Report. Annual amount is within budget.												
₈ Cortex (Governance Services) - Includes payment for previous quarters' invoices. Annual amount is within budget.												
₉ Reed Smith (Legal - Fiduciary) - Includes payment for ongoing litigation, which was not budgeted for.												

**FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY
THROUGH Q3 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
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	144,112	54%
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	\$ 4,124,768	-17%
ACCUMULATED ARMOTIZATION						\$ (133,809)	\$ (408,727)	\$ -	\$ (542,536)	
GRAND TOTAL						\$ 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).