



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 June
30, 2021 (Accrual Basis)**

DATE: September 23, 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 2020-2021 quarter ending June 30, 2021. The Budget vs. Actual expenses represent all administrative and professional fees processed by the System, excluding amortization expense, benefit payments and investment related fees.

Overall expenses for fiscal year 2020-2021 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 2020-2021, ORS spent \$5,046,041 or 93% of the approved budget of \$5,430,000. Overall expenditure savings are due to staff vacancies, lower office supplies cost, reduced travel reimbursement, and a decrease in temporary staff and medical fees.

Certification

All Budgetary, Actual and Accrued expenditures for the fiscal year quarter ending June 30, 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 2020-2021 quarter ending June 30, 2021.

Roberto L. Peña
Chief Executive Officer
Office of Retirement Services

**FEDERATED RETIREMENT SYSTEM
BUDGET TO ACTUALS (ACCRUAL BASIS)
AS OF JUNE (Q4) FY 20-21**

MAJOR BUDGET CATEGORY	Q4 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 06/30/21 MV	\$
PERSONNEL EXPENSES										
Permanent Staff Expense ¹	880,621	3,198,023	\$ 839,250	\$ (41,371)	105%	\$ 3,357,000	\$ 158,977	95%		
TOTAL PERSONNEL EXPENSES	880,621	3,198,023	839,250	(41,371)	105%	3,357,000	158,977	95%	10.42383926	10
NON-PERSONNEL / EQUIPMENT										
CAFR Design	-	402	\$ 250	\$ 250	0%	1,000	\$ 598	40%		
Communication ²	529	1,734	\$ 500	\$ (29)	106%	2,000	\$ 266	87%		
Data Processing ³	179,262	393,268	\$ 108,750	\$ (70,512)	165%	435,000	\$ 41,732	90%		
Dues and Subscriptions ⁴	4,329	5,794	\$ 1,250	\$ (3,079)	346%	5,000	\$ (794)	116%		
Equipment / Furniture / Lease TI	-	-	\$ 4,750	\$ 4,750	0%	19,000	\$ 19,000	0%		
Insurance ⁵	211,431	214,453	\$ 48,250	\$ (163,181)	438%	193,000	\$ (21,453)	111%		
IT Hardware/Software ⁶	38,688	140,399	\$ 30,750	\$ (7,938)	126%	123,000	\$ (17,399)	114%		
Lease / Miscellaneous	1,074	3,620	\$ 1,500	\$ 426	72%	6,000	\$ 2,380	60%		
LRS - Annual Maintenance Fee	-	47,640	\$ 12,000	\$ 12,000	0%	48,000	\$ 360	99%		
Mileage Reimbursement	(40)	(40)	\$ 750	\$ 790	-5%	3,000	\$ 3,040	-1%		
Non - Employee Board Stipend ⁷	6,802	13,822	\$ 3,500	\$ (3,302)	194%	14,000	\$ 178	99%		
Postage ⁸	14,458	54,215	\$ 12,500	\$ (1,958)	116%	50,000	\$ (4,215)	108%		
Printing	5,338	26,880	\$ 10,000	\$ 4,662	53%	40,000	\$ 13,120	67%		
Rent	51,623	186,327	\$ 53,000	\$ 1,377	97%	212,000	\$ 25,673	88%		
Supplies	97	8,016	\$ 7,500	\$ 7,403	1%	30,000	\$ 21,984	27%		
Training	980	1,547	\$ 1,250	\$ 270	78%	5,000	\$ 3,453	31%		
Travel	2,493	6,383	\$ 8,750	\$ 6,257	28%	35,000	\$ 28,617	18%		
TOTAL NON-PERSONNEL / EQUIPMENT	517,062	1,104,460	305,250	(211,812)	169%	1,221,000	116,540	90%	4	3
PROFESSIONAL SERVICES										
Cheiron (Actuary)	28,135	184,566	\$ 52,500	\$ 24,365	54%	210,000	\$ 25,434	88%		
Cortex (Governance Services) ⁹	11,516	50,390	\$ 12,500	\$ 984	92%	50,000	\$ (390)	101%		
Grant Thornton (Independent Auditors)	-	80,817	\$ 20,750	\$ 20,750	0%	83,000	\$ 2,183	97%		
Ice Miller (Legal - Tax)	-	2,545	\$ 6,250	\$ 6,250	0%	25,000	\$ 22,455	10%		
LRS (Business Continuation Plan) ¹⁰	5,893	11,614	\$ 1,500	\$ (4,393)	393%	6,000	\$ (5,614)	194%		
LRS (Change Requests)	-	-	\$ 2,500	\$ 2,500	0%	10,000	\$ 10,000	0%		
LRS (Web Hosting + Web Maintenance) ¹¹	7,664	9,145	\$ 1,250	\$ (6,414)	613%	5,000	\$ (4,145)	183%		
Other Consultant Services	4,000	12,725	\$ 6,250	\$ 2,250	64%	25,000	\$ 12,275	51%		
The Berwyn Group (replacing PBI) ¹²	1,707	1,707	\$ 1,000	\$ (707)	171%	4,000	\$ 2,293	43%		
Reed Smith (Legal - Fiduciary) ¹³	111,324	290,189	\$ 50,000	\$ (61,324)	223%	200,000	\$ (90,189)	145%		
Saltzman & Johnson (Legal - DRO) ¹⁴	20,265	43,184	\$ 14,250	\$ (6,015)	142%	57,000	\$ 13,816	76%		
Temp Agencies	9,706	23,573	\$ 19,250	\$ 9,544	50%	77,000	\$ 53,427	31%		
TOTAL PROFESSIONAL SERVICES	200,210	710,455	188,000	(12,210)	106%	752,000	41,545	94%	2	2
MEDICAL PROVIDERS / SERVICES										
Dr. Kroll/Other Medical Support	21,946	33,103	\$ 25,000	\$ 3,054	88%	100,000	\$ 66,897	33%		
TOTAL MEDICAL DIRECTOR & SUPPORT	21,946	33,103	25,000	3,054	88%	100,000	66,897	33%	0	0
GRAND TOTAL	1,619,839	5,046,041	\$ 1,357,500	(262,339)	119%	\$ 5,430,000	\$ 383,959	93%	17	16

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

- ¹ Permanent Staff Expense - Year end trueup adjustment and new hire. Annual amount is within budget.
- ² Communication - Annual amount is within budget.
- ³ Data Processing - Includes payment for previous quarter invoices due to lag in receipt. Annual amount is within budget.
- ⁴ Dues and Subscriptions - Over annual budget due to several new investment-related subscriptions, which were not budgeted for.
- ⁵ Insurance - Overage is due to unbudgeted increase in fiduciary insurance due to the "hard market" cycle that has caught up in the insurance realm.
- ⁶ IT Hardware/Software - Includes payment for previous quarter invoices due to lag in receipt. Over annual budget due to laptop and accessories purchase for remote work, which we did not budget enough for.
- ⁷ Non-Employee Board Stipend - Includes payment for Q3 stipend. Annual amount is within budget.
- ⁸ Postage - Includes payment for previous quarters' invoices. Over annual budget due to increase in mailing.
- ⁹ Cortex (Governance Services) - Over annual budget due to expenses reimbursement.
- ¹⁰ LRS (Business Continuation Plan) - Over annual budget due to prepayment.
- ¹¹ LRS (Web Hosting + Web Maintenance) - Includes payment for PageCenterX Software Maintenance for V3, which was not budgeted for.
- ¹² The Berwyn Group (replacing PBI) - Annual amount is within budget.
- ¹³ Reed Smith (Legal - Fiduciary) - Over annual budget due to ongoing litigation, which was not budgeted for.
- ¹⁴ Saltzman & Johnson (Legal - DRO) - Services provided as needed. Annual amount is within budget.

**FEDERATED CITY EMPLOYEE PLAN ASSET BUDGET SUMMARY
THROUGH Q4 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)	\$ (412,979)	\$ (955,514)	
GRAND TOTAL						\$ 1,322,660	\$ 467,130	\$ (375,479)	\$ 3,169,254	

*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).