DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

September 13, 2016

Issue: Amendment Two to Fiscal Year 2015-2016 Budget

Attachment: Proposed Amendment Two to Fiscal Year 2015-2016 Budget

Discussion: Amendment Two revises the following categories:

Increases of $65,000 to Temporary Help Services
$55,000 to Data Services
$175,000 to Legal
$25,000 to Actuarial
$20,000 to Furniture, Fixtures & Equipment
$7,000 to Custodial Fees
$5,000 to Parking
$2,000 to Food Supplies
$1,000 to Accounting
$1,000 to Printing
$1,000 to Reimbursement for Vehicle Use

Reduction from Investment Managers Fees of $357,000.

The net change to the Budget is zero.

The Fund utilizes temporary help to fill accounting positions. Although the original budget for temporary help was 3 months, the contract was extended until we can complete the hiring process for permanent employees. The Fund began to incur costs associated with Tier B, which affected pension accounting software (CPAS), data services and actuarial expenses. Other Tier B operational expenses include legal costs for the extended review of Chapter 40A and printing costs to update forms and member educational collateral.

Strong turnout at quarterly seminars increased food supplies, parking and mileage reimbursement costs. The FFE account has increased due to implementation of the new filing system to improve tracking of member files.

Recommendation: Approve the proposed Amendment Two to FY 2015-2016 Budget.

EMPLOYEES' RETIREMENT FUND
EXPENDITURE BUDGET

	2015/2016 Budget	YTD EXPENDITURES Thru 8/31/16	AMENDMENTS	RESTATED BUDGET	% CHANGE	YTD % APPROPRIATION
ADMINISTRATIVE						
Salaries	2,318,200	1,842,181	-90,100	2,228,100	-3.89%	82.68%
Merits	0	0		0	0.00%	0.00%
Service Incentive Pay	1,400	1,488	100	1,500	7.14%	99.20%
Lump Sum Pay	129,400	77,556		129,400	0.00%	59.94%
Pensions	515,600	254,969		515,600	0.00%	49.45%
Flexible Benefits	165,000	137,121		165,000	0.00%	83.10%
FICWA/Medicare	80,000	25,514		80,000	0.00%	31.89%
Workers' Compensation	8,200	160		8,200	0.00%	1.95%
Temporary Help Services	150,740	274,655	155,000	370,740	102.83%	74.08%
sub total			65,000			
Supplies	35,000	20,672		35,000	0.00%	59.06%
Food Supplies	13,000	13,304	2,000	15,000	15.38%	88.70%
Meter Postage	50,000	44,812		50,000	0.00%	89.62%
Reference Books		0		0	0.00%	0.00%
Printing	42,500	53,158	16,000	58,500	37.65%	90.87%
City Forces	5,000	0		5,000	0.00%	0.00%
Copier	13,358	7,387		13,358	0.00%	55.30%
Property Insurance	0	0		0	0.00%	0.00%
Liability Insurance	177,400	173,227		177,400	0.00%	97.65%
Membership Dues	23,698	13,781		23,698	0.00%	58.15%
Subscriptions	4,300	4,050		4,300	0.00%	94.18%
Professional Development/Travel	152,000	131,243		152,000	0.00%	86.34%
Reimbursement for Vehicle Use	300	450	1,000	1,300	333.33%	34.59%
Data Services	92,278	138,303	55,000	147,278	59.60%	93.91%
Rent	270,000	234,871		270,000	0.00%	86.99%
Parking	35,500	36,888	5000	40,500	14.08%	91.08%
Indirect Cost	0	0		0	0.00%	0.00%
sub total			79,000			
Legal	500,000	709,154	325,000	825,000	65.00%	85.96%
Accounting	60,000	60,666	1,000	61,000	1.67%	99.45%
Audit	60,000	43,725		60,000	0.00%	72.88%
Actuary	115,000	129,122	25,000	140,000	21.74%	92.23%
Election	18,000	14,915		18,000	0.00%	82.86%
Other	10,000	19,581	10,000	20,000	100.00%	97.90%
sub total			361,000			
Total	**5,045,874**	**4,462,954**	505,000	**5,550,874**	10.01%	80.40%
BENEFITS MANAGEMENT						
Disabilities/Continuations/Etc	16,000	5,032		16,000	0.00%	31.45%
Pension Benefit Information	1,500	0		1,500	0.00%	0.00%
Communications	0	0		0	0.00%	0.00%
Total	**17,500**	**5,032**	0	**17,500**	0.00%	28.75%
INVESTMENTS MANAGEMENT						
Manager Fees	13,358,800	7,651,365	-577,000	12,781,800	-4.32%	59.86%
Investment Consultant	340,000	255,000		340,000	0.00%	75.00%
Custodial Fees	210,000	216,024	7,000	217,000	3.33%	99.55%
Total	**13,908,800**	**8,122,389**	-570,000	**13,338,800**	-4.10%	60.89%
CAPITAL						
Furniture, Fixtures, Equipment	20,000	1,323	40,000	60,000	200.00%	2.21%
Computer Equipment	88,800	87,419	25,000	113,800	28.15%	76.82%
Total	**108,800**	**88,742**	65,000	**173,800**	59.74%	51.06%
Total Budget and Expenditures	**19,080,974**	**12,679,116**	0	**19,080,974**	0.00%	66.45%

Note: The budgeted manager fees include all funds except for real estate and private equity. Therefore, the actual fees are accrued, and reported above based upon actual invoices paid in the following period.