

**BUDGET TO ACTUAL
2017 - Year End Review**

Description		2016 Actual	2017 Budget	2017 Actual	Budget Variance \$ Over/(Under)	Budget Variance % Over/(Under)
1	Salaries and benefits	\$ 3,741,187	\$ 4,199,476	\$ 3,974,419	\$ (225,057)	(5.4%)
2	Employment expenses	8,897	3,009	3,378	369	12.3%
3	Memberships and dues	16,695	17,600	15,315	(2,285)	(13.0%)
4	Staff meetings	643	1,000	-	(1,000)	(100.0%)
5	Employee service recognition	2,490	1,960	1,208	(752)	(38.4%)
6	Member educational programs	7,349	2,500	65	(2,435)	(97.4%)
7	Member outreach programs	360	720	-	(720)	(100.0%)
8	Disability medical evaluations	19,156	12,500	7,360	(5,140)	(41.1%)
9	Elections	67,508	10,000	19,060	9,060	90.6%
10	Board meetings	16,704	13,360	8,317	(5,043)	(37.8%)
11	Conference registration/materials - Board	34,358	51,615	5,872	(45,743)	(88.6%)
12	Travel - Board	43,966	128,335	11,848	(116,487)	(90.8%)
13	Mileage - Board	13,898	5,000	2,193	(2,807)	(56.1%)
14	Conference/training registration/materials - Staff	37,093	32,450	5,613	(26,837)	(82.7%)
15	Travel - Staff	539,787	60,550	23,517	(37,033)	(61.2%)
16	Building expenses, incl capitalizable fixed assets	29,512	599,266	406,036	(193,230)	(32.2%)
17	Office supplies	22,515	31,800	25,217	(6,583)	(20.7%)
18	Leased equipment	25,157	20,500	23,707	3,207	15.6%
19	Postage	3,524	27,700	30,564	2,864	10.3%
20	Printing	114,114	5,635	3,660	(1,975)	(35.1%)
21	Repairs and maintenance	2,003	97,508	82,085	(15,423)	(15.8%)
22	Subscriptions	1,097	2,510	1,838	(672)	(26.8%)
23	Records storage	327,713	1,200	1,206	6	0.5%
24	Liability insurance	301,536	447,667	440,706	(6,961)	(1.6%)
25	Bank/security custodian services	612,675	328,600	257,847	(70,753)	(21.5%)
26	Actuarial services	59,000	600,000	524,097	(75,903)	(12.7%)
27	Accounting services	142,500	59,000	59,000	-	0.0%
28	Independent audit	634,805	149,500	149,500	-	0.0%
29	Investment consultant and reporting	40,110	575,000	487,712	(87,288)	(15.2%)
30	Legal fees	2,578,393	2,514,800	1,220,073	(1,294,727)	(51.5%)
31	Legislative consultants	250,014	324,000	319,085	(4,915)	(1.5%)
32	Public relations	25,000	290,000	247,104	(42,896)	(14.8%)
33	Miscellaneous professional services	92,171	122,000	103,559	(18,441)	(15.1%)
34	Communications (phone/internet)	68,359	64,312	52,087	(12,225)	(19.0%)
35	Business continuity	40,176	13,500	13,839	339	2.5%
36	Network security	29,849	35,000	12,967	(22,033)	(63.0%)
37	Pension administration software & WMS	263,418	271,000	316,323	45,323	16.7%
38	Information technology projects	125,756	20,000	-	(20,000)	(100.0%)
39	IT subscriptions/services/licenses	37,791	122,950	86,351	(36,599)	(29.8%)
40	IT software/hardware	22,543	39,800	9,371	(30,429)	(76.5%)
41	Contingency reserve	280	-	165	165	-
Gross Total		\$ 10,400,102	\$ 11,303,323	\$ 8,952,264	\$ (2,351,059)	(22.6%)
Less: Allocation to Supplemental Plan Budget*		84,813	95,222	75,416	(19,806)	(20.8%)
Total Regular Plan Budget		\$ 10,315,289	\$ 11,208,101	\$ 8,876,848	\$ (2,331,253)	(22.6%)

* Split to Supplemental is based on allocation % per JPMorgan at 12-31-17 .8424%

**BUDGET TO ACTUAL
2017 - Year End Review**

Budget vs Actual variance (>5% and \$5K)

ITEM	BUDGET	ACTUAL	\$ VARIANCE	% VARIANCE	EXPLANATION
1 Pension administration software & WMS	271,000	316,323	45,323	17%	Actual expenses exceeded budget due to the modifications to the software required to implement the benefit changes under HB 3158 (\$91k).
2 Elections	10,000	19,060	9,060	91%	Budget anticipated one Trustee election. HB 3158 required an additional Trustee election.
3 Board meetings	13,360	8,317	(5,043)	-38%	Food cost was lower due to fewer meetings being held after the passage of HB 3158.
4 Disability medical evaluations	12,500	7,360	(5,140)	-41%	Fewer evaluations than anticipated.
5 Office supplies	31,800	25,217	(6,583)	-21%	Staff vacancies and focused effort on reducing volume of supplies.
6 Communications (phone/internet)	64,312	52,087	(12,225)	-19%	Wireless costs are down due to elimination of Trustee tables and no cell phone purchases for new Trustees. Office Internet charges were lower than anticipated.
7 Repairs and maintenance	97,508	82,085	(15,423)	-16%	The budget is split almost evenly between building related repairs and maintenance and non-building repairs, a majority being technology related. The actual building related repairs and maintenance were very close to budget, the saving relates to other items that were anticipated but were not needed.
8 Miscellaneous professional services	122,000	103,559	(18,441)	-15%	\$14,350 of the savings relates to leasing commissions and marketing expenses for the 3rd and 4th floors. Small savings in several other anticipated expenses.
9 Information technology projects	20,000	-	(20,000)	-100%	All optional IT projects were put on hold during the legislative process and the HB 3158 implementation.
10 Network security	35,000	12,967	(22,033)	-63%	A network security audit was not performed in 2017. 2016 audit items continue to be implemented.
11 Conference/training registration/materials - Staff	32,450	5,613	(26,837)	-83%	Fewer conferences attended than planned due to legislative process and HB 3158 implementation.
12 IT software/hardware	39,800	9,371	(30,429)	-76%	Only two computers were purchased in 2017. Computers and other equipment from vacant positions and stock were redeployed as necessary. Tablets were not purchased for new Trustees.
13 IT subscriptions/services/licenses	122,950	86,351	(36,599)	-30%	Savings was due to several items: IT outsourcing (\$16K), retired software subscriptions (\$5k), Adobe reduction (\$2k), change in disaster recovery (\$5k). Firewall subscription late in the year minimal amortization (\$8k).
14 Travel - Staff	60,550	23,517	(37,033)	-61%	Less due diligence travel than anticipated and fewer conferences attended than planned. Cancellation of workshop.
15 Public relations	290,000	247,104	(42,896)	-15%	The budget was increased during the year contemplating the need to use the PR firm to assist with developing member communication materials and presentations explaining the changes with HB3158. Staff prepared all of the letters, materials and presentations internally.
16 Conference registration/materials - Board	51,615	5,872	(45,743)	-89%	Fewer conferences than anticipated; no attendance of Wharton programs; less tuition reimbursement than anticipated.
17 Bank/security custodian services	328,600	257,847	(70,753)	-22%	Custody fees were less than anticipated due to the reduction in the number of accounts and CUSIPs in the portfolio.
18 Actuarial services	600,000	524,097	(75,903)	-13%	Budget was increased during the year due to the HB 3158 legislative process and HB 3158 implementation. Actual costs were less than the mid-year estimate.
19 Investment consultant and reporting	575,000	487,712	(87,288)	-15%	The NEPC consulting fee was less than budget due to the decline in portfolio size. No NEPC due diligence travel costs were incurred.
20 Travel - Board	128,335	11,848	(116,487)	-91%	No due diligence travel and fewer conferences attended than expected. Cancellation of workshop.
21 Building expenses, incl capitalizable fixed assets	599,266	406,036	(193,230)	-32%	Property taxes were \$100k less than budget because DFPF filed for a retroactive property tax exemption on the 3rd and 4th floors and was reimbursed for a portion of property taxes paid. An additional \$93k for tenant improvements in the leased space was included the budget and not incurred.
22 Salaries and benefits	4,199,476	3,974,419	(225,057)	-5%	Savings due to staff vacancies and a reduction in the compensated absence liability.
23 Legal fees	2,514,800	1,220,073	(1,294,727)	-51%	Legal expenses were offset by an insurance recovery in the amount of approximately \$1.151M.