



FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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DATE: January 18, 2012

TO: Trustees, Board of Retirement

FROM: Becky Van Wyk
Assistant Retirement Administrator

SUBJECT: Budget Status for the Quarter Ended December 31, 2011

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2011-12 administrative budget, on a cash basis, at December 31, 2011. The total expenditures reported as of December 31, 2011 were 35% of the adopted budget. Expenditures were less than the expected 50%, primarily due to the timing of purchases that will occur later in the year as explained below.

Expenditures for Services and Supplies were 29% of the budget. Insurance premiums renew in the fourth quarter of the fiscal year resulting in expenditures of only 10% of the expected at this point. SACRS conference travel expenditures were not all processed for payment by the end of the second quarter, which contributed to the 37% for the Board Travel and Education. The Pension Administration System implementation began in September, with 27% of the expected expenditures for the current year occurring by December 31, 2011. As the project moves into expedited mode during the coming months, we will experience greater expenditures being reported. The majority of the postage and printing expenditures have historically been to distribute the Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report to members and interested parties. Implementation of alternative methods of distribution, including electronic distribution of the CAFR, will reduce these expenditures dramatically this year. Unlike the other expenditures, the majority of the memberships have renewed with CALAPRS and NCPERS memberships renewing 50% higher than anticipated at the time the budget was prepared, resulting in the expenditures at 112%.

As requested by your Board previously, I have included additional information on the amounts paid to the investment managers and related professionals (Exhibit B) and expenditures for maintenance of the Administrative Building (Exhibit C).

Please note that investment related expenses are not part of the administrative budget and are therefore not included in the analysis of the administrative budget. The information is presented as informational only. Please contact me if you have any questions. Thank you.

FCERA
Budget Status Report
Fiscal Year 2011-12
For the Quarter Ended December 31, 2011

	ADOPTED APPROPRIATIONS	EXPENDITURES	UNEXPENDED APPROPRIATIONS	% APPROP USED	% APPROP COMMITTED
<u>SALARIES & BENEFITS</u>					
Salaries	\$ 1,220,957.00	\$ 613,444.00	\$ 607,513.00	50%	50%
Extra Help	65,716.00	24,968.67	40,747.33	38%	38%
Overtime	61,096.00	15,296.60	45,799.40	25%	25%
Unemployment Insurance	7,975.00	3,987.50	3,987.50	50%	50%
Retirement	593,829.00	285,086.12	308,742.88	48%	48%
FICA Contribution	95,997.00	42,915.75	53,081.25	45%	45%
Workers' Compensation	4,174.00	2,087.00	2,087.00	50%	50%
Health Insurance	174,690.00	73,983.40	100,706.60	42%	42%
Management Life and Disability	1,279.00	490.18	788.82	38%	38%
Benefit Administration	2,901.00	1,450.50	1,450.50	50%	50%
TOTAL SALARIES AND BENEFITS	2,228,614.00	1,063,709.72	1,164,904.28	48%	48%
<u>SERVICES & SUPPLIES</u>					
Telephone	3,200.00	1,518.55	1,681.45	47%	47%
Liability Insurance	115,386.00	11,196.43	104,189.57	10%	(1) 10%
Maintenance-Bldgs and Grounds	37,557.00	16,518.40	21,038.60	44%	44%
Memberships	6,015.00	6,745.00	(730.00)	112%	(2) 112%
Office Expense	50,423.00	26,661.51	23,761.49	53%	53%
Postage	32,334.00	11,348.07	20,985.93	35%	(3) 35%
PeopleSoft Human Resources	4,724.00	1,911.40	2,812.60	40%	40%
PeopleSoft Financials	14,659.00	6,402.88	8,256.12	44%	44%
Professional & Specialized	1,200,150.00	329,377.53	870,772.47	27%	(3) 27%
Data Processing	118,160.00	35,275.85	82,884.15	30%	(3) 30%
Other Computer Equipment	18,000.00	7,500.00	10,500.00	42%	42%
Utilities	27,211.00	11,934.81	15,276.19	44%	44%
Commissions/Advisory Boards	18,000.00	5,800.00	12,200.00	32%	32%
Trans, Travel & Education	31,960.00	12,174.76	19,785.24	38%	(4) 38%
Travel-Board	23,100.00	8,574.47	14,525.53	37%	(5) 37%
TOTAL SERVICES & SUPPLIES	1,700,879.00	492,939.66	1,207,939.34	29%	29%
TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES	3,929,493.00	1,556,649.38	2,372,843.62	40%	40%
<u>FIXED ASSETS</u>					
Pension System, Computers, Furnishings,	825,000.00	99,171.37	725,828.63	12%	(6) 12%
TOTAL FIXED ASSETS - FURNITURE AND EQUIPMENT	825,000.00	99,171.37	725,828.63	12%	12%
TOTAL BUDGET	\$ 4,754,493.00	\$ 1,655,820.75	\$ 3,098,672.25	35%	35%

(1) Insurance premiums renew in the fourth quarter.

(2) CALAPRS and NCPERS memberships were each 50% higher than anticipated at the time the budget was prepared.

(3) Second quarter billings not all received by the end of the accounting period.

(4) Staff travel and education does not spread out evenly over the four quarters.

(5) Expenditures for the first major travel and education expense in the fiscal year the SACRS Fall Conference have not all been processed for payment at the end of the second quarter.

(6) Pension system expenditures have not come through by the end of the accounting period.

FCERA
Budget Status
Schedule of Investment Fees
For the Quarter Ended December 31, 2011

Exhibit B

Detail - 7564		Paid Quarter ended 9/30/2011	Paid Quarter ended 12/31/2011	Estimate for Prior Unpaid Quarters	Budget Year 2011- 12 Expenditures	Actual Budget Year 2010-11 Expenditures*
Blackrock Institutional Trust	Alternative Investment		83,836.24	70,803.20 (4)	154,639.44	283,212.79 ^
Blackstone	Alternative Investment			27,400.50 (5)(1)	27,400.50	54,801.00 ^
Hamilton Lane	Alternative Investment			237,600.00 (5)(1)	237,600.00	475,200.00 ^
KKR Mezzanine Partners I	Private Equity		112,510.00	- (4)(1)	112,510.00	-
New Mountain (all)	Alternative Investment		90,063.00	67,068.75 (4)(1)	157,131.75	268,275.00 ^
Warburg (all)	Alternative Investment			170,882.50 (5)(1)	170,882.50	341,766.00 ^
Remaining Managers Net Fees with Earnings	Alternative Investment			1,760,968.34 (5)	1,760,968.34	3,521,936.66 ^
	Alternative and Private Equity Investment	-	286,409.24	2,334,723.29	2,621,132.53	4,945,190.45 ^
Aronson, Johnson & Ortiz	Equity		107,070.00	108,140.50 (4)	215,210.50	432,562.00 ^
Intech	Equity			- (9)		324,778.96 ^ Closed FY 2011
Kaimar Investments	Equity	172,120.00	141,081.00	- (3)	313,201.00	967,778.00 ^
Mondrian Investment Group (All)	Equity		229,337.78	537,999.27 (4)	767,337.05	2,151,997.07 ^
Oechsle International Advisors	Equity		311,812.56	229,461.56 (4)	541,274.12	917,846.24 ^
Research Affiliates	Equity		33,271.64	5,764.22 (13)	39,035.86	23,056.88 ^ New Manager
State Street (S&P500, TIPS, Russell 1000, 2000)	Equity			47,348.46 (5)	47,348.46	94,696.92 ^ Closed FY 2011 Russell 1000,2000
Systematic Financial Management	Equity		69,801.16	102,127.15 (12)	171,928.31	408,508.60 ^
Templeton	Equity			- (9)		715,253.08 ^ Closed FY 2011
Waddell & Reed Investment Manager	Equity		94,882.90	52,872.52 (4)	147,755.42	211,490.08 ^
Wellington	Equity		109,722.44	113,764.84 (4)	223,507.28	455,139.37 ^
Winslow Capital Management	Equity		95,616.32	53,738.76 (4)	149,355.06	214,955.05 ^
	Equity Total	172,120.00	1,192,595.80	1,251,237.28	2,615,953.08	6,918,082.25
BlackRock	Fixed Income		91,852.80	87,848.60 (4)	179,701.40	351,394.39 ^
Loomis Sayles & Co. (All)	Fixed Income		179,609.11	184,193.47 (4)	343,802.68	696,773.86 ^
Met West TALF Mgmt fees netted out of earnings	Fixed Income			125,340.80 (5)	125,340.80	250,681.60 ^
Pimco	Fixed Income			25,717.25	25,717.25	102,869.00 ^ Closed FY 2011
Standish Mellon	Fixed Income		85,389.87	87,176.53 (4)	172,576.40	348,706.12 ^
Western Asset Management Co.	Fixed Income		73,808.91	85,041.01 (4)	158,849.92	340,164.03 ^
	Fixed Income Total	-	430,670.69	575,317.66	1,005,988.35	2,050,589.00
Wurts and Associates	Consulting	55,833.32	84,583.32	- (3)	140,416.64	331,666.65 ^
	Consulting Total	55,833.32	84,583.32	-	140,416.64	331,666.65
Segal Company	Actuary			30,500.00 (5)	30,500.00	61,000.00 ^
	Actuary Total	-	-	30,500.00	30,500.00	61,000.00
Foster Pepper Attorneys	Investment Legal Fees	4,507.00	10,895.00	- (3)	15,402.00	91,069.50 ^
Reed Smith	Investment Legal Fees			- (2)	-	-
Other Legal Fees (County Counsel)	Investment Legal Fees			- (2)	-	-
	Investment Legal Fees Total	4,507.00	10,895.00	-	15,402.00	91,069.50
Salaries and Benefits	Fresno Station	1,146.04	873.77	- (2)	2,019.81	12,983.12 ^
	Fresno Station Total	1,146.04	873.77	-	2,019.81	12,983.12
Due Diligence Visits	Other			- (2)	-	2,748.63 ^
State Street - Custodial	Other		28,924.79	31,201.26 (4)	60,126.05	124,805.05 ^
	Other Total	-	28,924.79	31,201.26	60,126.05	127,553.68
State Street - wire fees	Investment Wire Fees			- (2)	-	-
Fresno County wire fees	Investment Wire Fees			- (2)	-	60.00 ^
	Investment Wire Fees Total	-	-	-	-	60.00
Federal Express	Delivery of Investment Documents	28.00		- (2)	28.00	298.17 ^
Golden State Overnight	Delivery of Investment Documents			- (2)	-	-
	Delivery of Investment Documents Total	28.00	-	-	28.00	298.17
	Grand Total	233,634.36	2,034,952.61	4,222,979.49	6,491,566.46	14,538,472.82

FCERA
Budget Status
Schedule of Investment Fees
For the Quarter Ended December 31, 2011

Exhibit B

* The information reported for Fiscal Year 2010-11 is presented on a cash basis with most including the fourth quarter accrual.

^ Alternative investment totals adjusted to actual expenditures at 6/30/2011.

(1) Most private markets net management fees with earnings, so additional payment is not required. The netted management fees which are reported in the Comprehensive Annual Financial Report each year are typically within 1-2% of the total commitment.

(2) No accrual is estimated, use actual expenditures

(3) Paid through current quarter, no accrual needed

(4) Accrual is for one quarter based on prior year fees

(5) Accrual is for two quarters based on prior year fees

(6) Accrual is for three quarters based on prior year fees

(7) Accrual is for four quarters based on prior year fees

(8) New contract or existing, accrual is for one quarter, based on actual invoice for two quarters

(9) No accrual due to closing of the contract

(10) No fees submitted through Sept 2011, executed agreement not yet received unable to accrue.

(11) Accrual is for two quarters based on an average of the prior amounts paid.

(12) Accrual is for one quarter based on an average of prior amounts paid.

(13) Accrual is for one quarter based on actual invoice

(14) Accrual is for one month based on actual invoice

(15) Accrual is for one quarter based on prior year fees less amount paid in September

Fresno County Employees' Retirement Association
Budget Status Report
For the Quarter Ended December 31, 2011

Exhibit C

ACCOUNT 7220 MAINTENANCE DETAIL

	1st qtr	2nd qtr	Total
Janitorial	\$ 3,597.00	\$ 3,597.00	\$ 7,194.00
Pest Control	97.02	145.53	242.55
Security	1,608.55	1,328.95	2,937.50
Other (itemized below)	3,925.32	2,219.03	6,144.35
	<u>\$ 9,227.89</u>	<u>\$ 7,290.51</u>	<u>\$ 16,518.40</u>
Other - Itemized			
Kertel Communications - labor and materials for rewiring phone lines for cubicle remodel and repair conference room phone.	\$ 1,489.86		\$ 1,489.86
GSA labor - change A/C filters and stock clerk fee	282.21	\$ 291.57	573.78
GSA material - Air Conditioner Filters	62.34		62.34
GSA labor - sidewalk and parking improvements	610.83		610.83
Hirsch Charges	442.48	294.98	737.46
Superior Hardware materials and labor to repair door using a Dorma low energy operator	495.65		495.65
Superior Hardware materials and labor to repair the lock on the front interior door.		884.69	884.69
Semi-Annual test and inspection of the backup batteries in the Hirsch controller labor and material		90.82	90.82
Patton Air Conditioning labor to repair air conditioner.		476.5	476.50
Kims Plumbing Toilet Repair-Womens' Restroom	482.49		482.49
GSA - labor billing to replace lights, adjust light fixtures, and diagnose the need for ballast replacement.	45.13		45.13
Howe Electric repair lighting ballast		180.47	180.47
Material - paint for shelves	14.33		14.33
	<u>\$ 3,925.32</u>	<u>\$ 2,219.03</u>	<u>\$ 6,144.35</u>