



Phillip Kapler
Retirement Administrator

Agenda Item No. _____

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
Eulalio Gomez, Chair
John P. Souza, Vice Chair
Marion Austin
Laura P. Basua
Dr. Rod Coburn, III
Franz Criego
Vicki Crow
Steven J. Jolly
Phil Larson
Regina Wheeler, Alternate

DATE: September 5, 2012

TO: Trustees, Board of Retirement

FROM: Becky Van Wyk
Assistant Retirement Administrator

SUBJECT: Budget Status for the Quarter Ended June 30, 2012

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2011-12 administrative budget, on a cash basis at June 30, 2012. The total expenditures reported as of June 30, 2012, including encumbrances, were 95% of the adopted budget. Please note that this percentage does not agree to the estimated expenditures included in the budget presentation due to estimates used for the budget presentation and that FCERA has historically encumbered all available balances (excluding salaries and benefits) at year end to ensure adequate funding for unexpected invoices. The budget presentation estimated expenditures at 98.60% of the adopted budget.

Appropriations used for Salaries and Benefits were 99% of the adopted 2011-12 budget. The budget anticipated expenditures at 97.92%. Salaries were 101% due to the unanticipated annual leave payout issued to the prior Administrator.

Expenditures for Services and Supplies were 87%, including encumbrances. The budget anticipated expenditures at 99.16%. The primary contributing factor to the lower than expected percentage is that the fourth quarter billings were not received by the end of the accounting period. Staff travel was 68% with expenditures lower than anticipated due in part to the delay in reimbursing June travel until the new fiscal year began.

Expenditures exceeding the expected 100% were the telephone expense at 178% due to the expenditures for the wireless connections for the Board of Retirement iPADS that were not anticipated at the time the budget was prepared. Memberships with CALAPRS and NCPERS renewed higher than anticipated at the time the budget was prepared resulting in expenditures of 119% of appropriations for the fiscal year.

Appropriations used for fixed assets were 52%. Within the Fixed assets, budgeted amounts for the Board of Retirement's iPADS were fully expended. Furnishings were budgeted in the 2011-12 year but not expended.

With the exception of Salaries and Benefits, all remaining appropriations were encumbered to pay for the outstanding invoices and work in process.

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

Excluded Assets Costs is part of the new presentation for the budget and includes adjustments approved for the 2011-12 Budget. This category includes the replacement of the Pension Administration System, the new Electronic Data Management System, and consulting for the New Pensions System.

I will be available to answer any questions you may have.

FCERA
Budget Status Report
Fiscal Year 2011-12
For the Quarter Ended June 30, 2012

	ADOPTED APPROPRIATIONS	ADJUSTMENT TO APPROPRIATIONS	ADJUSTED APPROPRIATIONS	EXPENDITURES	ENCUMBRANCES	UNEXPENDED APPROPRIATIONS	% APPROP USED	% APPROP COMMITTED
SALARIES & BENEFITS								
Salaries	\$ 1,220,957.00	\$ -	\$ 1,220,957.00	\$ 1,237,186.02	\$ -	\$ (16,229.02)	101%	(1) 101%
Extra Help	65,716.00	-	65,716.00	53,007.09	-	12,708.91	81%	81%
Overtime	61,096.00	-	61,096.00	52,657.08	-	8,438.92	86%	86%
Unemployment Insurance	7,975.00	-	7,975.00	7,975.00	-	-	100%	100%
Retirement	593,829.00	-	593,829.00	592,847.45	-	981.55	100%	100%
FICA Contribution	95,997.00	-	95,997.00	91,840.77	-	4,356.23	95%	95%
Workers' Compensation	4,174.00	-	4,174.00	4,174.00	-	-	100%	100%
Health Insurance	174,690.00	-	174,690.00	163,868.17	-	10,700.83	94%	94%
Management Life and Disability	1,279.00	-	1,279.00	870.42	-	308.58	76%	76%
Benefit Administration	2,901.00	-	2,901.00	2,901.00	-	-	100%	100%
TOTAL SALARIES AND BENEFITS	2,228,614.00	-	2,228,614.00	2,207,348.00	-	21,266.00	99%	99%
SERVICES & SUPPLIES								
Telephone	3,200.00	-	3,200.00	5,708.21	-	(2,508.21)	178%	(2) 178%
Liability Insurance	115,386.00	-	115,386.00	120,896.93	-	(5,510.93)	105%	(3) 105%
Maintenance-Bldgs and Grounds	37,557.00	-	37,557.00	33,274.75	4,731.67	(449.42)	89%	101%
Memberships	6,015.00	-	6,015.00	7,165.00	-	(1,150.00)	119%	(4) 119%
Office Expense	50,423.00	-	50,423.00	47,548.43	3,101.88	(225.31)	94%	100%
Postage	32,334.00	-	32,334.00	25,051.20	7,282.80	-	77%	(5) 100%
PeopleSoft Human Resources	4,724.00	-	4,724.00	4,093.91	630.09	-	87%	(6) 100%
PeopleSoft Financials	14,659.00	-	14,659.00	14,378.82	280.18	-	98%	100%
Professional & Specialized	1,200,150.00	(534,000.00)	666,150.00	638,010.56	20,427.17	9,712.27	95%	99%
Data Processing	118,160.00	-	118,160.00	95,096.17	23,063.83	-	80%	(6) 100%
Other Computer Equipment	18,000.00	(18,000.00)	-	-	-	-	-	-
Utilities	27,211.00	-	27,211.00	21,789.11	5,470.29	(47.40)	80%	(6) 100%
Commissions/Advisory Boards	18,000.00	-	18,000.00	13,766.50	4,233.50	-	76%	100%
Trans, Travel & Education	31,960.00	-	31,960.00	21,736.60	4,608.26	5,615.14	68%	(7) 82%
Travel-Board	23,100.00	-	23,100.00	23,485.92	5,050.22	(5,486.14)	102%	124%
Depreciation (non cash transaction)	-	170,000.00	170,000.00	-	-	-	-	-
TOTAL SERVICES & SUPPLIES	1,700,879.00	(382,000.00)	1,318,879.00	1,069,999.11	78,879.89	-	81%	87%
TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES	3,929,493.00	(382,000.00)	3,547,493.00	3,277,347.11	78,879.89	21,266.00	92%	95%
FIXED ASSETS								
Furnishings, iPads	20,000.00	(800.00)	19,200.00	10,000.00	9,200.00	-	52%	(8) 100%
Pension System, Computers	805,000.00	(805,000.00)	-	-	-	-	-	-
TOTAL FIXED ASSETS - FURNITURE AND EQUIPMENT	825,000.00	(805,800.00)	19,200.00	10,000.00	9,200.00	-	52%	100%
TOTAL ADMINISTRATIVE BUDGET	4,754,493.00	(1,187,800.00)	3,566,693.00	3,287,347.11	88,079.89	21,266.00	92%	95%
EXCLUDED ASSETS COSTS	-	1,357,800.00	1,609,900.00	1,397,497.96	209,848.76	2,553.28	-	-
TOTAL BUDGET	\$ 4,754,493.00	\$ 170,000.00	\$ 5,176,593.00	\$ 4,684,845.07	\$ 297,928.65	\$ 23,819.28	-	-

(1) Salaries includes the prior Administrator's annual leave payout which was not anticipated at the time the budget was prepared.

(2) Telephone has an additional expenditure for the Board iPADS internet service, that was not anticipated at the time the budget was prepared.

(3) Insurance premiums renewed higher than anticipated at the time the budget was prepared.

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

(5) Fewer mailings than anticipated at the time the budget was prepared.

(6) Fourth quarter billings not all received by the end of the accounting period.

(7) Fewer staff attended the SACRS Fall Conference. Reimbursement for June travel was not processed by the end of the accounting period.

(8) iPad purchases were fully expended, but furnishings were not expended in the fiscal year.

Detail - 7564		Paid Quarter ended 9/30/2011	Paid Quarter ended 12/31/2011	Paid Quarter ended 3/31/2012	Paid Quarter ended 6/30/2012	Estimate for Prior Unpaid Quarters	Budget Year 2011-12 Expenditures	Actual Budget Year 2010-11 Expenditures*
Blackrock Institutional Trust	Alternative Investment		83,836.24	78,261.98	77,853.01	70,803.20 (4)	310,764.43	283,212.79 ^
Blackstone	Alternative Investment					54,801.00 (7)(1)	54,801.00	54,801.00 ^
Hamilton Lane	Alternative Investment					475,200.00 (7)(1)	475,200.00	475,200.00 ^
KKR Mezzanine Partners I	Private Equity		112,510.00		3,591.00	(2)(1)	116,101.00	-
New Mountain (all)	Alternative Investment		90,063.00			201,206.25 (6)(1)	201,268.25	268,275.00 ^
Warburg (all)	Alternative Investment					341,765.00 (7)(1)	341,765.00	341,765.00 ^
Remaining Managers Net Fees with Earnings	Alternative Investment					3,521,836.68 (7)	3,521,836.68	3,521,836.68 ^
	Alternative and Private Equity Investment	-	286,409.24	78,261.98	81,454.01	4,685,712.13	5,111,837.36	4,945,190.45 ^
Aronson, Johnson & Ortiz	Equity		107,070.00	111,265.00	121,845.00	108,140.50 (4)	448,420.50	432,562.00 ^
Intech	Equity					- (9)	-	324,778.96 ^ Closed FY 2011
Kalmar Investments	Equity	172,120.00	141,081.00	159,035.00	179,230.00	- (3)	651,486.00	967,778.00 ^
Mondrian Investment Group (All)	Equity		229,337.78	620,307.39	487,847.20	537,899.27 (4)	1,875,491.84	2,151,967.07 ^
Oechsle International Advisors	Equity		311,812.56	313,211.05	312,060.20	229,461.56 (4)	1,166,545.37	917,846.24 ^
Research Affiliates	Equity		33,271.64	36,158.41	37,022.25	5,784.22 (13)	112,216.52	23,056.88 ^ New Manager
State Street (S&P500, TIPS, Russell 1000, 2000)	Equity			31,223.50	12,831.94	47,348.49 (5)	91,403.96	94,696.92 ^ Closed FY 2011 Russell 1000,2000
Systematic Financial Management	Equity		69,801.16	55,432.18		204,254.30 (11)	329,487.64	409,508.60 ^
Templeton	Equity					- (9)	-	715,253.08 ^ Closed FY 2011
Waddell & Reed Investment Manager	Equity		94,682.90	104,545.15	104,916.78	52,872.52 (4)	357,217.35	211,460.08 ^
Wellington	Equity		109,722.44	112,289.79	125,348.92	113,784.84 (4)	461,146.99	455,139.37 ^
Winslow Capital Management	Equity		95,616.32	61,959.59	114,127.40	53,738.76 (4)	355,442.07	214,955.05 ^
	Equity Total	172,120.00	1,192,696.80	1,635,427.06	1,496,336.69	1,353,364.43	5,848,837.98	6,918,062.25
BlackRock	Fixed Income		91,852.80	93,052.06	103,290.51	87,848.60 (4)	376,043.97	351,394.39 ^
Loomis Sayles & Co. (All)	Fixed Income		179,609.11	185,375.35	194,384.06	164,193.47 (4)	723,562.01	658,773.86 ^
Met West TALF Mgmt fees netted out of earnings	Fixed Income					250,681.60 (7)	250,681.60	250,681.60 ^
Pimco	Fixed Income					- (9)	-	102,669.00 ^ Closed FY 2011
Standish Mellon	Fixed Income		85,399.87	86,243.96	89,058.47	87,176.53 (4)	347,878.83	348,706.12 ^
Western Asset Management Co.	Fixed Income		73,608.91	70,342.89	85,697.99	85,041.01 (4)	324,890.80	340,164.03 ^
	Fixed Income Total	-	430,670.69	435,614.26	482,431.05	674,941.21	2,023,067.21	2,060,689.00
Wurts and Associates	Consulting	55,833.32	84,583.32	86,250.00	86,250.00	- (3)	312,916.64	331,666.65 ^
	Consulting Total	55,833.32	84,583.32	86,250.00	86,250.00	-	312,916.64	331,666.65
Segal Company	Actuary			62,000.00		45,750.00 (6)	107,750.00	61,000.00 ^
	Actuary Total	-	-	62,000.00	-	45,750.00	107,750.00	61,000.00
Foster Pepper Attorneys	Investment Legal Fees	4,507.00	10,895.00	5,285.00	19,270.00	- (3)	39,957.00	91,069.50 ^
Reed Smith	Investment Legal Fees					- (2)	-	-
Other Legal Fees (County Counsel)	Investment Legal Fees					- (2)	-	-
	Investment Legal Fees	4,507.00	10,895.00	5,285.00	19,270.00	-	39,957.00	91,069.50
Salaries and Benefits	Fresno Station	1,146.04	873.77	102.75	154.12	- (2)	2,278.68	12,983.12 ^
Professional Expenses	Fresno Station				3,011.65			
	Fresno Station Total	1,146.04	873.77	102.75	3,165.77	-	2,278.68	12,983.12
Due Diligence Visits	Other					- (2)	-	2,748.63 ^
State Street - Custodial	Other		28,924.79	28,864.56	28,837.25	31,201.26 (4)	117,827.86	124,805.05 ^
	Other Total	-	28,924.79	28,864.56	28,837.25	31,201.26	117,827.86	127,553.68
State Street - wire fees	Investment Wire Fees					- (2)	-	-
Fresno County wire fees	Investment Wire Fees					- (2)	-	60.00 ^
	Investment Wire Fee	-	-	-	-	-	-	60.00
Federal Express	Delivery of Investment	28.00			29.81	- (2)	57.81	298.17 ^
Golden State Overnight	Delivery of Investment Documents			12.58		- (2)	12.58	-
	Delivery of Investme	28.00	-	12.58	29.81	-	70.39	298.17
	Grand Total	233,634.36	2,034,952.61	2,331,218.19	2,198,768.58	6,770,969.03	13,554,531.12	14,538,472.82

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

Exhibit B

^ 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 quarter ended June 30, 2012

Exhibit C

ACCOUNT 7220 MAINTENANCE DETAIL					
	1st qtr	2nd qtr	3rd qtr	4th qtr	Total
Janitorial	\$ 3,597.00	\$ 3,597.00	\$ 3,597.00	\$ 3,597.00	\$ 14,388.00
Pest Control	97.02	145.53	145.53	97.02	485.10
Security	1,608.55	1,328.95	1,613.73	1,879.52	6,430.75
Landscaping	-	-	3,550.00	-	3,550.00
Other (itemized below)	3,925.32	2,219.03	2,501.90	(225.35)	8,420.90
	<u>\$ 9,227.89</u>	<u>\$ 7,290.51</u>	<u>\$ 11,408.16</u>	<u>\$ 5,348.19</u>	<u>\$ 33,274.75</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	\$ 247.24	\$ 86.65	909.67
GSA material - Air Conditioner Filters	62.34		57.99		120.33
GSA labor - sidewalk and parking improvements	610.83		1,277.19	(1,888.02)	-
Hirsch Charges - Access control	442.48	294.98	442.48	442.48	1,622.42
Hirsch Charges - Reset the hirsch panels			45.41		45.41
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		45.41	136.23
Patton Air Conditioning labor to repair air conditioner.		476.5	295.25		771.75
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			902.60	947.73
Howe Electric repair lighting ballast		180.47			180.47
Material - paint for shelves	14.33				14.33
Jorgensen Co.- annual fire extinguisher maintenance and repair			48.00		48.00
GSA - labor to replace water damaged ceiling tiles			88.34		88.34
Struble DBA Chambers Design Assoc-repair of two task chairs				183.53	183.53
	<u>\$ 3,925.32</u>	<u>\$ 2,219.03</u>	<u>\$ 2,501.90</u>	<u>\$ (225.35)</u>	<u>\$ 8,420.90</u>