



Phillip Kapler
Retirement Administrator

Agenda Item No. _____

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
Dr. Rod Coburn, III, Chair
Alan Cade, Jr., Vice Chair
Marion Austin
Laura P. Basua
Judith G. Case McNairy
Vicki Crow
Robert Dowell
Eulalio Gomez
Steven J. Jolly

DATE: January 15, 2014

TO: Trustees, Board of Retirement

FROM: Becky Van Wyk 
Assistant Retirement Administrator

SUBJECT: Budget Status for the Quarter ended December 30, 2013

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2013-14 administrative budget, on a cash basis, at December 31, 2013. The total expenditures reported as of December 31, 2013 were 33% of the adopted budget. Expenditures were less than the expected 50%, primarily due to the timing of purchases and travel that will occur later in the year as explained below.

Salaries and Benefits, in total, were below 50% due to vacancies in the Retirement Coordinator, Account Clerk and Office Assistant positions in the first quarter of the year which impacted the salaries and benefits accounts. Extra help expenditures were at 71% due to hiring extra help staff to backfill the vacant positions. Some of the extra help staff was retained to help reduce the impact of training new staff, implementing changes to the pension administration system resulting from the new benefit structure, and the additional work associated with implementing a replacement pension administration system. We expect to include a request for a budget increase in a future agenda item to your Board to accommodate the additional costs of the extra help staff through the end of the fiscal year.

Expenditures for Services and Supplies were 24% of the budget, primarily due to the timing of expenditures. For example, most insurance policies renew during the fourth quarter of the year, resulting in expenditures of only 8% at December 31st; while most memberships renew during the second quarter of the year, resulting in expenditures at 95% of the appropriation as of the same date. Office expense (30% of appropriated amount at December 31st) should increase substantially during the remaining part of the year when the revisions to the member handbooks are completed. Travel, for the Board and Staff, will increase in the last part of the year due to attendance at conferences arranged by the California Association of Public Retirement Systems, the State Association of County Retirement Systems and the Governmental Finance Officers Association which all occur between March and June.

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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). Also included is a report on the excluded costs for information technology related projects (Exhibit D).

Please contact me if you have any questions. Thank you.

FCERA
Budget Status Report
 Fiscal Year 2013-14
 For the Quarter Ended December 31, 2013

	Adopted BUDGET	EXPENDITURES	UNEXPENDED BUDGET	%	
<u>SALARIES & BENEFITS</u>					
Salaries	\$ 1,285,646.00	\$ 496,908.56	\$ 788,737.44	39%	
Extra Help	87,756.00	62,137.59	25,618.41	71%	(1)
Overtime	63,099.00	21,155.57	41,943.43	34%	
Unemployment Insurance	1,990.00	995.00	995.00	50%	
Retirement	655,070.00	268,229.16	386,840.84	41%	
FICA Contribution	106,092.00	36,312.51	69,779.49	34%	
Workers' Compensation	5,212.00	2,654.50	2,557.50	51%	
Health Insurance	178,885.00	59,677.59	119,207.41	33%	
Management Life and Disability	1,606.00	515.12	1,090.88	32%	
Benefit Administration	3,494.00	1,595.50	1,898.50	46%	
TOTAL SALARIES AND BENEFITS	2,388,850.00	950,181.10	1,438,668.90	40%	(1)
<u>SERVICES & SUPPLIES</u>					
Telephone	9,690.00	4,402.97	5,287.03	45%	
Liability Insurance	126,680.00	9,633.12	117,046.88	8%	(2)
Maintenance-Bldgs and Grounds	34,269.00	13,575.13	20,693.87	40%	
Memberships	7,165.00	6,795.00	370.00	95%	(3)
Office Expense	86,656.00	26,021.36	60,634.64	30%	(4)
Postage	16,926.00	8,990.16	7,935.84	53%	
PeopleSoft Human Resources	5,241.00	1,938.96	3,302.04	37%	(4)
PeopleSoft Financials	15,497.00	5,823.88	9,673.12	38%	(4)
Professional & Specialized	765,281.00	178,259.81	587,021.19	23%	(4)
Data Processing	137,417.00	58,328.02	79,088.98	42%	(4)
Utilities	23,784.00	11,446.46	12,337.54	48%	
Commissions/Advisory Boards	20,394.00	4,600.00	15,794.00	23%	(4)
Trans, Travel & Education	45,800.00	12,539.87	33,260.13	27%	(5)
Travel-Board	61,350.00	17,799.20	43,550.80	29%	(5)
Depreciation (non cash transaction)	170,814.00	-	-	0%	
TOTAL SERVICES & SUPPLIES	1,526,964.00	360,153.94	995,996.06	24%	
TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES	3,915,814.00	1,310,335.04	2,434,664.96	33%	
<u>FIXED ASSETS</u>					
Furnishings (90985)	10,000.00	-	10,000.00	0%	
TOTAL FIXED ASSETS - FURNITURE AND EQUIPMENT	10,000.00	-	10,000.00	0%	
TOTAL ADMINISTRATIVE BUDGET	3,925,814.00	1,310,335.04	2,444,664.96	33%	
EXCLUDED ASSETS COSTS	3,808,000.00	-	3,808,000.00		
TOTAL BUDGET	\$ 7,733,814.00	\$ 1,310,335.04	\$ 6,252,664.96		

(1) Utilizing temporary workers as extra help to avoid some of the overtime.

(2) Some insurance policies renew in the fourth quarter.

(3) Most memberships are renewed by the second quarter.

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

(5) Board and Staff travel do not occur uniformly within each quarter.

Fresno County Employees' Retirement Association
Budget Status Report
Schedule of Investment Expenditures
For the Quarter Ended December 31, 2013

Exhibit B

Detail - 7564	MGR	Paid Quarter ended 9/30/2013	Paid Quarter ended 12/31/2013		Budget Year 2013-14 Expenditures	Actual Budget Year 2012-13 Expenditures*	
BlackRock Commodities Index Fund	2103	-	94,465.41	(4)	177,619.64	332,616.90	^
New Mountain (all)		-		(6)	84,604.50	169,209.00	^
Remaining Managers Net Fees with Earnings or Capital Calls		-		(1) (6)	2,652,603.10	5,305,206.18	^
Alternative and Private Equity Investment Total		-	94,465.41		2,914,827.24	5,807,032.08	^
Artisan			222,451.26	(4)	297,985.43	302,136.66	
Aronson, Johnson & Ortiz			141,181.00	(4)	264,170.75	491,959.00	
Kalmar Investments		211,454.00	245,174.00	(3)	456,628.00	609,741.00	
Mondrian Investment Group (All)			482,227.68	(4)	987,007.11	2,019,117.71	
Oechsle International Advisors				(7)	-	823,047.44	
Research Affiliates			150,612.22	(4)	265,229.73	458,470.05	
State Street (S&P500, TIPS,)			13,948.47	(4)	29,169.48	60,884.04	
Systematic Financial Management			94,203.64	(4)	167,599.70	293,584.22	
Waddell & Reed Investment Manager			113,361.49	(4)	214,899.74	406,153.00	
Wellington			149,749.40	(4)	281,775.37	528,103.89	
Winslow Capital Management			113,891.67	(4)	214,058.97	400,669.19	
Equity Investment Total		211,454.00	1,726,800.83		3,178,524.27	6,393,866.20	
BlackRock Fixed Income (Institutional Trust)	1005		150,474.81	(4)	308,333.38	631,434.29	
Loomis Sayles & Co. (All)			158,994.70	(4)	350,170.70	764,704.01	
Met West TALF Mgmt fees netted out of earnings				A	-	56,350.71	
Standish Mellon			30,526.33	(4)	126,623.71	384,389.53	
Western Asset Management Co.			204,478.62	(4)	351,191.53	586,851.62	
PIMCO			75,492.41				
Fixed Income Total		-	619,966.87		1,136,319.32	2,423,730.16	
Wurts and Associates		59,166.66	89,583.33	(5)	179,016.04	363,192.64	
Consulting Total		59,166.66	89,583.33		179,016.04	363,192.64	
Foster Pepper Attorneys		1,040.00	540.00	(2)	1,580.00	35,064.25	
Other Legal Fees (County Counsel) (Notary)		30.00	230.00	(2)	260.00	2,802.40	
Investment Legal Fees Total		1,070.00	770.00		1,840.00	37,866.65	
Due Diligence Visits				(2)	-	7,853.45	
State Street/ Northern Trust - Custodial			33,352.73	(4)	61,816.55	113,855.27	
Futures Commission Expense				(2)	-	6,118.68	
Other Total		-	33,352.73		61,816.55	127,827.40	
Federal Express		247.70	197.52	(2)	445.22	232.05	
Delivery of Investment Documents Total		247.70	197.52		445.22	232.05	
Grand Total		271,938.36	2,565,136.69		7,472,788.65	15,153,747.18	
A - MetWest closed February 2013							
* The information reported for Fiscal Year 2011-12 is presented on a cash basis with most including the fourth quarter accrual.							
^ Alternative investment totals adjusted to actual expenditures at 6/30/2013.							
(1) Most private markets net management fees with earnings or net from capital calls, 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 one month based on actual invoice							
(6) Accrual is for two quarters based on prior year fees							
(7) No accrual closed							

Fresno County Employees' Retirement Association
 Budget Status Report
 Building Maintenance and Repairs
 For quarter ended December 31, 2013

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	1,575.59	2,665.89	4,241.48
Other (itemized below)	1,176.57	720.53	1,897.10
Grand Total	\$ 6,446.18	\$ 7,128.95	\$ 13,575.13
Other - Itemized			
Haven's door lock repair	\$ 659.25		\$ 659.25
FSI labor to change air conditioning filters	151.69	227.53	379.22
Cobb Enterprises - Boardroom projector lift repair	365.63		365.63
GSA labor for replacing light bulbs		455.07	455.07
Semi-Annual test of the Hirsch controller		37.93	37.93
Total Other	\$ 1,176.57	\$ 720.53	\$ 1,897.10

Fresno County Employees' Retirement Association
 Budget Status Report
 Excluded It Expenditures
 Fiscal Year 2013-14
 For the Quarter Ended December 31, 2013

Exhibit D

Excluded Assets Costs						
Account		Adopted Appropriations	Expenditures	Unexpended Appropriations	Approp % Used	Approp Committed
8300	Replacement Computers, monitors and printers	7,000.00	6,629.05	370.95	94.70%	94.70%
8300	Replacement PAS and new EDMS	2,764,050.00	254,250.32	2,509,799.68	9.20%	9.20%
8300	Consulting Services on New Pensions Administration System	1,014,950.00	427,333.96	587,616.04	42.10%	42.10%
7297	Peter Stadler Software Maintenance	12,000.00	5,000.00	7,000.00	41.67%	41.67%
7297	Wyatt Workorders	10,000.00	-	10,000.00	0.00%	0.00%
		3,808,000.00	693,213.33	3,114,786.67	18.20%	18.20%