



FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
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Becky Van Wyk
Interim Retirement Administrator

DATE: May 7, 2014

TO: Trustees
Board of Retirement

FROM: Becky Van Wyk 
Interim Retirement Administrator

SUBJECT: Budget Status for the Quarter ended March 31, 2014

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2013-14 administrative budget, on a cash basis, at March 31, 2014. The total expenditures reported as of March 31, 2014 were 55% of the adopted budget. Expenditures were less than the expected 75%, 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 75% 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 176% 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 35% of the budget, primarily due to the timing of expenditures. For example, the primary fiduciary insurance policy which accounts for 90% of the insurance appropriations, renews in the fourth quarter of the year, resulting in expenditures of only 8% at March 31st. Memberships have all renewed for the current fiscal year with NCPERS membership increasing by \$50, resulting in appropriations used at 101%. Office expense (47% of appropriated amount at March 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 State Association of County Retirement Systems and the Governmental Finance Officers Association which occur between April and June.

Postage is at 90% of appropriations due to an unexpected increase in the postage rate and mailings associated with a retiree election.

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 March 31, 2014

	ADJUSTED BUDGET	EXPENDITURES	UNEXPENDED BUDGET	%	
<u>SALARIES & BENEFITS</u>					
Salaries	\$ 1,285,646.00	\$ 820,949.73	\$ 464,696.27	64%	
Extra Help	87,756.00	154,876.67	(67,120.67)	176%	(1)
Overtime	63,099.00	31,408.40	31,690.60	50%	
Unemployment Insurance	1,990.00	1,492.50	497.50	75%	
Retirement	655,070.00	440,426.31	214,643.69	67%	
FICA Contribution	106,092.00	60,502.36	45,589.64	57%	
Workers' Compensation	5,212.00	3,981.75	1,230.25	76%	
Health Insurance	178,885.00	100,624.09	78,260.91	56%	
Management Life and Disability	1,606.00	850.52	755.48	53%	
Benefit Administration	3,494.00	2,393.25	1,100.75	68%	
TOTAL SALARIES AND BENEFITS	2,388,850.00	1,617,505.58	771,344.42	68%	(1)
<u>SERVICES & SUPPLIES</u>					
Telephone	9,690.00	6,150.76	3,539.24	63%	(4)
Liability Insurance	126,680.00	9,633.12	117,046.88	8%	(2)
Maintenance-Bldgs and Grounds	34,269.00	25,497.75	8,771.25	74%	
Memberships	7,165.00	7,215.00	(50.00)	101%	(3)
Office Expense	86,656.00	40,974.55	45,681.45	47%	(4)
Postage	16,926.00	15,281.32	1,644.68	90%	(6)
PeopleSoft Human Resources	5,241.00	3,215.03	2,025.97	61%	(4)
PeopleSoft Financials	15,497.00	9,125.76	6,371.24	59%	(4)
Professional & Specialized	765,281.00	254,925.42	510,355.58	33%	(4)
Data Processing	137,417.00	100,764.26	36,652.74	73%	(4)
Utilities	23,784.00	15,018.33	8,765.67	63%	(4)
Commissions/Advisory Boards	20,394.00	6,800.00	13,594.00	33%	(4)
Trans, Travel & Education	45,800.00	14,458.26	31,341.74	32%	(5)
Travel-Board	61,350.00	20,819.78	40,530.22	34%	(5)
Depreciation (non cash transaction)	170,814.00	-	-	0%	
TOTAL SERVICES & SUPPLIES	1,526,964.00	529,879.34	826,270.66	35%	
TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES	3,915,814.00	2,147,384.92	1,597,615.08	55%	
<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	2,147,384.92	1,607,615.08	55%	
EXCLUDED ASSETS COSTS	3,808,000.00	1,445,792.35	2,362,207.65		
TOTAL BUDGET	\$ 7,733,814.00	\$ 3,593,177.27	\$ 3,969,822.73		

- (1) Utilizing temporary workers as extra help to avoid some of the overtime.
 (2) Primary fiduciary insurance policy renews in the fourth quarter.
 (3) Memberships renewed higher than anticipated at budget preparation.
 (4) Third quarter billings not all received by the end of the accounting period.
 (5) Board and Staff travel do not occur uniformly within each quarter.
 (6) Postage higher than anticipated at budget preparation.

Detail - 7564		Paid Quarter ended 9/30/2013	Paid Quarter ended 12/31/2013	Paid Quarter ended 3/31/2014	Estimate for Prior Unpaid Quarters		Budget Year 2013-14 Expenditures	Actual Budget Year 2012-13 Expenditures*
BlackRock Commodities Index	Alternative Investment	-	94,465.41	92,391.49	83,154.23	(4)	270,011.13	332,616.90
New Mountain (all)	Alternative Investment	-			84,604.50	(6)	84,604.50	169,209.00
Remaining Managers Net Fees with Earnings or Capital Calls	Alternative Investment	-			2,652,603.10	(1) (6)	2,652,603.10	5,305,206.18
Alternative and Private Equity Investment Total	Alternative and Private Equity Investment	-	94,465.41	92,391.49	2,820,361.83		3,007,218.73	5,807,032.08
Artisan			222,451.26	238,835.32	75,534.17	(4)	536,820.75	302,136.66
Aronson, Johnson & Ortiz	Equity		141,181.00	149,782.00	122,989.75	(4)	413,952.75	491,959.00
Kalmar Investments	Equity	211,454.00	245,174.00	190,309.00		(3)	646,937.00	609,741.00
Mondrian Investment Group (All)	Equity		482,227.68	504,608.12	504,779.43	(4)	1,491,615.23	2,019,117.71
Oechsle International Advisors	Equity				-	(7)	-	823,047.44
Research Affiliates	Equity		150,612.22	183,685.20	114,617.51	(4)	448,914.93	458,470.05
State Street (S&P500, TIPS,)	Equity		13,948.47	15,343.60	15,221.01	(4)	44,513.08	60,884.04
Systematic Financial Management	Equity		94,203.64	102,738.95	73,396.06	(4)	270,338.65	293,584.22
Waddell & Reed Investment Manager	Equity		113,361.49	118,494.34	101,538.25	(4)	333,394.08	406,153.00
Wellington	Equity		149,749.40	156,152.43	132,025.97	(4)	437,927.80	528,103.89
Winslow Capital Management	Equity		113,891.67	124,016.60	100,167.30	(4)	338,075.57	400,669.19
Equity Investment Total	Equity Investment Total	211,454.00	1,726,800.83	1,783,965.56	1,240,269.44		4,962,489.83	6,393,866.20
BlackRock Fixed Income (Institutional Trust)	Fixed Income		150,474.81	155,498.14	157,858.57	(4)	463,831.52	631,434.29
Loomis Sayles & Co. (All)	Fixed Income		158,994.70	166,331.12	191,176.00	(4)	516,501.82	764,704.01
Met West TALF Mgmt fees netted out of earnings	Fixed Income				-	A	-	56,350.71
Standish Mellon (closed)	Fixed Income		30,526.33		-	B	30,526.33	384,389.53
Western Asset Management Co.	Fixed Income		204,478.62	289,928.32	146,712.91	(4)	641,119.85	586,851.62
PIMCO (Pacific Investment Mgmt Co.)	Fixed Income		75,492.41	131,543.45	131,543.45	(2)		-
Fixed Income Total	Fixed Income Total	-	619,966.87	743,301.03	627,290.93		1,651,979.52	2,423,730.16
Wurts and Associates	Consulting	59,166.66	89,583.33	91,250.01	30,266.05	(5)	270,266.05	363,192.64
Consulting Total	Consulting Total	59,166.66	89,583.33	91,250.01	30,266.05		270,266.05	363,192.64
Segal Company	Actuary			105,000.00	-	(2)	105,000.00	-
Actuary Total	Actuary Total	-	-	105,000.00	-		105,000.00	-
Foster Pepper Attorneys	Investment Legal Fees	1,040.00	540.00	310.00	-	(2)	1,890.00	35,064.25
Other Legal Fees (County Counsel) (Notary)	Investment Legal Fees	30.00	230.00		-	(2)	260.00	2,802.40
Investment Legal Fees Total	Investment Legal Fees Total	1,070.00	770.00	310.00	-		2,150.00	37,866.65
Due Diligence Visits	Other			244.16	-	(2)	244.16	7,853.45
State Street/ Northern Trust - Custodial	Other		33,352.73	25,147.27	28,463.82	(4)	86,963.82	113,855.27
Other Total	Other Total	-	33,352.73	25,391.43	28,463.82		87,207.98	127,827.40
Federal Express	Delivery of Investment Documents	247.70	197.52	126.19	-	(2)	571.41	232.05
Delivery of Investment Documents Total	Delivery of Investment Documents Total	247.70	197.52	126.19	-		571.41	232.05
Grand Total	Grand Total	271,938.36	2,565,136.69	2,841,735.71	4,746,652.08		10,086,883.53	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, account closed								

Fresno County Employees' Retirement Association
Budget Status Report
through quarter ended
March 31, 2014

Exhibit C

	ACCOUNT 7220 MAINTENANCE DETAIL			
	1st qtr	2nd qtr	3rd qtr	Total
Janitorial	\$ 3,597.00	\$ 3,597.00	\$ 3,597.00	\$ 10,791.00
Pest Control	97.02	145.53	145.53	388.08
Security	1,575.59	2,665.89	2,336.40	6,577.88
Landscaping			3,550.00	3,550.00
Other (itemized below)	1,176.57	720.53	2,293.69	4,190.79
Grand Total	\$ 6,446.18	\$ 7,128.95	\$ 11,922.62	\$ 25,497.75
Other - Itemized				
Haven's door lock repair	\$ 659.25			\$ 659.25
FSI labor to change air conditioning filters	151.69	227.53	151.70	530.92
FSI Materials -Air conditioning filters			67.73	67.73
Cobb Enterprises - Boardroom projector lift repair	365.63			365.63
FSI labor for replacing light bulbs		455.07	75.84	530.91
FSI Materials for light replacement throughout the building			315.91	315.91
Semi-Annual test of the Hirsch controller		37.93		37.93
Howe Electric repair and replace 4 pole contactor for lights inside the building			212.31	212.31
Patton Air Conditioning parts and labor air conditioner belts			674.20	674.20
Pacific Plumbing parts and labor to repair a frozen pipe			250.00	250.00
Vortex parts and labor to repair automatic front door			546.00	546.00
Total Other	\$ 1,176.57	\$ 720.53	\$ 2,293.69	\$ 4,190.79