



Becky Van Wyk
Interim Retirement Administrator

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
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DATE: August 6, 2014

TO: Trustees
Board of Retirement

FROM: Becky Van Wyk
Interim Retirement Administrator

SUBJECT: Budget Status for the Quarter ended June 30, 2014

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2013-14 administrative budget, on a cash basis at June 30, 2014. The total expenditures reported as of June 30, 2014, including encumbrances, were 90% 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 84.92% of the adopted budget.

Appropriations used for Salaries and Benefits were 91% of the adopted 2013-14 budget. The budget anticipated expenditures at 96.28%. Salaries were 91% and were lower as a result of vacancies in the Retirement Coordinator, Account Clerk, and Office Assistant positions in the first quarter of the year and the Retirement Administrator vacancy in the fourth quarter. Temporary workers were utilized to assist with the workload and additional work associated with implementing a replacement pension administration system and changes in the new benefit structure which resulted in extra help expended appropriations of 156%.

Expenditures for Services and Supplies were 89%, including encumbrances, rather than the expected 100.00%. The primary contributing factor to the lower than expected percentage was that the fourth quarter billings were not received by the end of the accounting period. Expenditures for Board and Staff Travel at 56% and 57%, respectively, were less than anticipated when the budget was prepared.

Expenditures exceeding the expected 100% were Postage at 165% and Liability Insurance at 111%. The increase in postage expenditures was due to an unexpected postal rate increase and mailings associated with a retiree election. The primary fiduciary insurance policy

renewed with an increase and the renewal period was extended to cover thirteen months rather than the customary twelve months.

Appropriations used for furniture within the Fixed Asset category were 39%.

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

FCERA
Budget Status Report
 Fiscal Year 2013-14
 For the Quarter Ended June 30, 2014

	ADJUSTED BUDGET	EXPENDITURES	ENCUMBRANCES	UNEXPENDED BUDGET	%
SALARIES & BENEFITS					
Salaries	\$ 1,285,646.00	\$ 1,143,805.94	\$ -	\$ 141,840.06	89%
Extra Help	87,756.00	136,567.02	-	(48,811.02)	156% (1)
Overtime	63,099.00	46,180.92	-	16,918.08	73%
Unemployment Insurance	1,990.00	1,990.00	-	-	100%
Retirement	655,070.00	615,828.01	-	39,241.99	94%
FICA Contribution	106,092.00	84,948.47	-	21,143.53	80%
Workers' Compensation	5,212.00	5,309.00	-	(97.00)	102% (2)
Health Insurance	178,885.00	143,299.49	-	35,585.51	80%
Management Life and Disability	1,606.00	1,079.04	-	526.96	67%
Benefit Administration	3,494.00	3,191.00	-	303.00	91%
TOTAL SALARIES AND BENEFITS	2,388,850.00	2,182,198.89	-	206,651.11	91%
SERVICES & SUPPLIES					
Telephone	9,690.00	8,291.39	-	1,398.61	86% (3)
Liability Insurance	126,680.00	140,430.77	-	(13,750.77)	111% (2) (4)
Maintenance-Bldgs and Grounds	34,269.00	33,764.15	-	504.85	99%
Memberships	7,165.00	7,215.00	-	(50.00)	101% (2)
Office Expense	86,656.00	52,337.32	-	34,318.68	60% (3) (5)
Postage	16,926.00	27,889.99	-	(10,963.99)	165% (2) (6)
PeopleSoft Human Resources	5,241.00	4,474.53	-	766.47	85% (3)
PeopleSoft Financials	15,497.00	12,410.18	-	3,086.82	80% (3)
Professional & Specialized	765,281.00	452,683.12	389,334.29	(76,736.41)	59% (3)
Data Processing	137,417.00	136,060.90	-	1,356.10	99%
Utilities	23,784.00	20,647.98	-	3,136.02	87% (3)
Commissions/Advisory Boards	20,394.00	10,200.00	-	10,194.00	50% (7)
Trans, Travel & Education	45,800.00	25,987.10	-	19,812.90	57% (8)
Travel-Board	61,350.00	34,423.28	-	26,926.72	56% (8)
Depreciation (non cash transaction)	170,814.00	-	-	-	0%
TOTAL SERVICES & SUPPLIES	1,526,964.00	966,815.71	389,334.29	0.00	63%
TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES	3,915,814.00	3,149,014.60	389,334.29	206,651.11	80%
FIXED ASSETS					
Furnishings (90985)	10,000.00	3,911.84	6,088.16	-	39% (9)
TOTAL FIXED ASSETS - FURNITURE AND EQUIPMENT	10,000.00	3,911.84	6,088.16	-	39%
TOTAL ADMINISTRATIVE BUDGET	3,925,814.00	3,152,926.44	395,422.45	206,651.11	80%
EXCLUDED ASSETS COSTS	3,808,000.00	2,101,008.73	1,706,991.27	-	
TOTAL BUDGET	\$ 7,733,814.00	\$ 5,253,935.17	\$ 2,102,413.72	\$ 206,651.11	

- (1) Utilizing temporary workers as extra help to avoid some of the overtime.
 (2) Higher than anticipated at budget preparation
 (3) Fourth quarter billings not all received by the end of the accounting period.
 (4) Primary fiduciary insurance policy renewed for 13 months
 (5) Expenditures were less than anticipated at budget preparation.
 (6) Postal rate increase
 (7) Fewer meetings than anticipated at the time of budget preparation
 (8) Less travel than anticipated at budget preparation
 (9) Minimal purchases of office furnishings

Exhibit B

Detail - 7564	MGR		Paid Quarter ended 9/30/2013	Paid Quarter ended 12/31/2013	Paid Quarter ended 3/31/2014	Paid Quarter ended 6/30/2014	Estimate for Prior Unpaid Quarters		Budget Year 2013-14 Expenditures	Actual Budget Year 2012- 13 Expenditures*	
BlackRock Commodities Index Fund	2103	Alternative Investment	-	94,465.41	92,391.49	97,207.58	83,154.23	(4)	367,218.71	332,616.90	^
New Mountain (all)		Alternative Investment	-				169,209.00	(6)	169,209.00	169,209.00	^
Remaining Managers Net Fees with Earnings or Capital Calls		Alternative Investment	-				5,305,206.20	(1) (6)	5,305,206.20	5,305,206.18	^
Alternative and Private Equity Investment Total		Alternative and Private Equity Investment	-	94,465.41	92,391.49	97,207.58	5,557,569.43		5,841,633.91	5,807,032.08	^
Artisan				222,451.26	238,835.32	252,697.58	237,994.72	(9)	951,978.88	302,136.66	
Aronson, Johnson & Ortiz		Equity		141,181.00	149,782.00	142,141.00	122,989.75	(4)	556,093.75	491,959.00	
Kalmar Investments		Equity	211,454.00	245,174.00	190,309.00	202,299.00		(3)	849,236.00	609,741.00	
Mondrian Investment Group (All)		Equity		482,227.68	504,608.12	534,236.26	504,779.43	(4)	2,025,851.49	2,019,117.71	
Oechsle International Advisors		Equity					-	(7)	-	823,047.44	
Research Affiliates		Equity		150,612.22	183,685.20	205,505.46	179,934.29	(9)	719,737.17	458,470.05	
State Street (S&P500, TIPS,)		Equity		13,948.47	15,343.60	17,669.37	15,221.01	(4)	62,182.45	60,884.04	
Systematic Financial Management		Equity		94,203.64	102,738.95	96,524.27	97,822.29	(9)	391,289.15	293,584.22	
Waddell & Reed Investment Manager		Equity		113,361.49	118,494.34	117,897.67	101,538.25	(4)	451,291.75	406,153.00	
Wellington		Equity		149,749.40	156,152.43	151,490.15	132,025.97	(4)	589,417.95	528,103.89	
Winslow Capital Management		Equity		113,891.67	124,016.60	116,556.58	100,167.30	(4)	454,632.15	400,669.19	
Equity Investment Total		Equity Investment Total	211,454.00	1,728,800.83	1,783,965.56	1,837,017.34	1,492,473.01		7,051,710.74	6,393,866.20	
BlackRock Fixed Income (Institutional Trust)	1005	Fixed Income		150,474.81	155,498.14	161,366.76	157,858.57	(4)	625,198.28	631,434.29	
Loomis Sayles & Co. (All)		Fixed Income		158,994.70	166,331.12	174,614.21	191,176.00	(4)	691,116.03	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	305,598.66	266,668.53	(9)	1,066,674.13	586,851.62	
PIMCO (Pacific Investment Mgmt Co.)		Fixed Income		75,492.41	131,543.45	153,461.42	142,502.44	(8)	502,999.72	-	
Fixed Income Total		Fixed Income Total	-	619,966.87	743,301.03	795,041.05	758,205.54		2,916,514.49	2,423,730.16	
Wurts and Associates		Consulting	59,166.66	89,583.33	91,250.01	91,250.01	30,266.05	(5)	361,516.06	363,192.64	
Institutional Shareholders		Consulting-Class Action Services		-	-	7,500.00			7,500.00	-	
Consulting Total		Consulting Total	59,166.66	89,583.33	91,250.01	98,750.01	30,266.05	(5)	369,016.06	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	25,320.00	-	(2)	27,210.00	35,064.25	
Reed Smith		Investment Legal Fees	-	-	-	693.00	-	(2)	693.00	-	
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	26,013.00	-		28,163.00	37,866.65	
Due Diligence Visits		Other			244.16	1,657.34	-	(2)	1,901.50	7,853.45	
State Street Northern Trust - Custodial		Other		33,352.73	25,147.27	28,750.00	28,463.82	(4)	115,713.82	113,855.27	
Futures Commission Expense		Other					-	(2)	-	6,118.68	
Other Total		Other Total	-	33,352.73	25,391.43	30,407.34	28,463.82		117,615.32	127,827.40	
Federal Express		Delivery of Investment Documents	247.70	197.52	126.19	351.15	-	(2)	922.56	232.05	
Delivery of Investment Documents Total		Delivery of Investment Documents Total	247.70	197.52	126.19	351.15	-		922.56	232.05	
Grand Total		Grand Total	271,938.36	2,565,136.69	2,841,735.71	2,884,787.47	7,866,977.85		16,430,576.08	15,153,747.18	
A - MetWest closed February 2013											
B - Standish Closed July 2013											
* The information reported for Fiscal Year 2012-13 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 four quarters based on prior year fees											
(7) No accrual closed											
(8) Accrual is for one quarter based on average of prior two quarters.											
(9) Accrual is for one quarter based on average of prior three quarters, due to performance fees changing the management fees.											

Fresno County Employees' Retirement Association
Budget Status Report
Through Quarter Ended
June 30, 2014

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	\$ 3,881.54	\$ 14,672.54
Pest Control	97.02	145.53	145.53	145.53	533.61
Security	1,575.59	2,665.89	2,336.40	2,609.19	9,187.07
Landscaping			3,550.00		3,550.00
Other (itemized below)	1,176.57	720.53	2,293.69	1,630.14	5,820.93
Grand Total	\$ 6,446.18	\$ 7,128.95	\$ 11,922.62	\$ 8,266.40	\$ 33,764.15
Other - Itemized					
Haven's parts and labor to repair door lock	\$ 659.25			\$ 644.19	\$ 1,303.44
Materials for testing backflow preventers				76.42	76.42
FSI labor to change air conditioning filters	151.69	\$ 227.53	\$ 151.70		530.92
FSI Materials -Air conditioning filters			67.73	67.73	135.46
Cobb Enterprises - Boardroom projector lift repair	365.63				365.63
FSI labor for replacing light bulbs		455.07	75.84	303.38	834.29
FSI Materials for light replacement throughout the building			315.91	396.84	712.75
Semi-Annual test of the Hirsch controller		37.93		37.93	75.86
Kims Plumbing toilet repair parts and labor				103.65	103.65
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	\$ 1,630.14	\$ 5,820.93