



Donald C. Kendig, CPA  
Retirement Administrator

## FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

### BOARD OF RETIREMENT

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**DATE:** February 4, 2015

**TO:** Trustees  
Board of Retirement

**FROM:** Donald C. Kendig, CPA  
Retirement Administrator

**STAFF CONTACT:** Becky Van Wyk  
Assistant Retirement Administrator

**SUBJECT:** Budget Status for the Quarter ended December 31, 2014 – RECEIVE AND FILE

#### Background

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2014-15 administrative budget status, on a cash basis at December 31, 2014. This report is prepared on a quarterly basis to inform the Board on the progress of the administrative budget for the current fiscal year.

#### Discussion

The total expenditures reported as of December 31, 2014 were 33% of the adopted budget. Salaries and Benefits were below 50% due to vacancies in the Retirement Coordinator and Account Clerk positions. 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 24% of the budget. Insurance premiums were at 6% because most insurance policies renew in the fourth quarter of the fiscal year. Staff and Board Travel and Education expenditures at 23% and 22% respectively, were due in part to the SACRS conference travel which is one of the largest travel expenditures and occurs in the second and fourth quarters. Professional and Specialized expenditures were at 24% primarily due to the invoices not having been received at the end of the accounting period. Some annual memberships renew in the first and second quarters which account for the used appropriations of 80%.

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).

#### Fiscal and Financial Impacts

There are no known financial impacts to receive and file this Budget Status.

Budget Status December 31, 2014

February 4, 2015

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**Recommended Action**

Receive and file.

**Attachments**

Budget Status (Exhibit A), Investment Expenses (Exhibit B), Maintenance Expenditures (Exhibit C), Information Technology Projects (Exhibit D).

FCERA  
Budget Status Report  
 Fiscal Year 2014-15  
 For the Quarter Ended December 31, 2014

	ADJUSTED BUDGET	EXPENDITURES	UNEXPENDED BUDGET	%
<u>SALARIES &amp; BENEFITS</u>				
Salaries	\$ 1,363,100.00	\$ 546,166.07	\$ 816,933.93	40%
Extra Help	75,700.00	14,749.77	60,950.23	19%
Overtime	151,600.00	43,862.83	107,737.17	29%
Unemployment Insurance	800.00	399.00	401.00	50%
Retirement	769,900.00	321,745.73	448,154.27	42%
FICA Contribution	114,300.00	42,830.78	71,469.22	37%
Workers' Compensation	5,600.00	2,820.00	2,780.00	50%
Health Insurance	184,900.00	72,888.58	112,011.42	39%
Management Life and Disability	1,600.00	331.38	1,268.62	21%
Benefit Administration	2,900.00	1,438.00	1,462.00	50%
TOTAL SALARIES AND BENEFITS	<u>2,670,400.00</u>	<u>1,047,232.14</u>	<u>1,623,167.86</u>	<u>39%</u>
<u>SERVICES &amp; SUPPLIES</u>				
Telephone	9,400.00	3,817.82	5,582.18	41% (1)
Liability Insurance	131,300.00	7,271.16	124,028.84	6% (2)
Maintenance-Bldgs and Grounds	40,900.00	14,196.30	26,703.70	35% (1)
Memberships	7,200.00	5,745.00	1,455.00	80% (3)
Office Expense	95,100.00	34,394.02	60,705.98	36% (1)
Postage	30,400.00	13,343.39	17,056.61	44% (1)
PeopleSoft Human Resources	4,800.00	2,125.34	2,674.66	44% (1)
PeopleSoft Financials	14,900.00	5,593.84	9,306.16	38% (1)
Professional & Specialized	1,057,700.00	255,334.48	802,365.52	24% (1)
Data Processing	151,600.00	60,684.05	90,915.95	40% (1)
Utilities	25,700.00	12,803.80	12,896.20	50% (1)
Commissions/Advisory Boards	12,000.00	5,500.00	6,500.00	46% (1)
Trans, Travel & Education	37,300.00	8,547.89	28,752.11	23% (4)
Travel-Board	61,400.00	13,550.81	47,849.19	22% (4)
Depreciation (non cash transaction)	<u>171,000.00</u>	<u>-</u>	<u>-</u>	<u>0%</u>
TOTAL SERVICES & SUPPLIES	<u>1,850,700.00</u>	<u>442,907.90</u>	<u>1,236,792.10</u>	<u>24%</u>
TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES	<u>4,521,100.00</u>	<u>1,490,140.04</u>	<u>2,859,959.96</u>	<u>33%</u>
<u>FIXED ASSETS</u>				
Furnishings (91070)	<u>10,000.00</u>	<u>-</u>	<u>10,000.00</u>	<u>0%</u> (5)
TOTAL FIXED ASSETS - FURNITURE AND EQUIPMENT	<u>10,000.00</u>	<u>-</u>	<u>10,000.00</u>	<u>0%</u>
TOTAL ADMINISTRATIVE BUDGET	<u>4,531,100.00</u>	<u>1,490,140.04</u>	<u>2,869,959.96</u>	<u>33%</u>
EXCLUDED ASSETS COSTS	<u>1,778,400.00</u>	<u>1,648,893.23</u>	<u>129,506.77</u>	
TOTAL BUDGET	<u>\$ 6,309,500.00</u>	<u>\$ 3,139,033.27</u>	<u>\$ 2,999,466.73</u>	

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

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

(3) Most memberships are renewed by the second quarter

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

(5) No office furnishings purchased in the second quarter.

FCERA  
Schedule of Investment Expenses  
At December 31, 2014

Exhibit B

Detail - 7564	MGR		Paid Quarter ended 9/30/2014	Paid Quarter ended 12/31/2014	Estimate for Prior Unpaid Quarters	Budget Year 2014- 15 Expenditures	Actual Budget Year 2013-14 Expenditures*	
BlackRock Commodities Index Fund	2103	Alternative Investment			96,041.79	(4)	96,041.79	384,167.16 ^
New Mountain (all)		Alternative Investment	-		5,741.00	(6)	5,741.00	11,482.00 ^
Remaining Managers Net Fees with Earnings or Capital Calls		Alternative Investment	-		2,470,851.66	(1) (6)	2,470,851.66	4,941,703.33 ^
<b>Alternative and Private Equity Investment Total</b>		<b>Alternative and Private Equity Investment</b>	<b>-</b>	<b>-</b>	<b>2,572,634.45</b>		<b>2,572,634.45</b>	<b>5,337,352.49 ^</b>
Artisan					253,299.03	(4)	253,299.03	1,013,196.13
Aronson, Johnson & Ortiz		Equity		86,331.00	133,406.75	(4)	219,737.75	533,627.00
Kalmar Investments		Equity	88,178.00	123,028.00		(3)	211,206.00	849,236.00
Mondrian Investment Group (All)		Equity		627,913.52	535,593.28	(4)	1,163,506.80	2,142,373.13
Research Affiliates		Equity		133,609.89	182,158.73	(4)	315,768.62	728,634.91
State Street ( S&P500, TIPS, )		Equity		26,802.91	20,836.29	(4)	47,639.20	83,345.16
Systematic Financial Management		Equity		66,197.67	89,260.64	(4)	155,458.31	357,042.54
Waddell & Reed Investment Manager		Equity		72,298.46	107,961.84	(4)	180,260.30	431,847.37
Wellington		Equity		93,249.39	142,258.42	(4)	235,507.81	569,033.66
Winslow Capital Management		Equity		71,557.71	113,696.86	(4)	185,254.57	454,787.42
<b>Equity Investment Total</b>		<b>Equity Investment Total</b>	<b>88,178.00</b>	<b>1,300,988.55</b>	<b>1,578,471.85</b>		<b>2,967,638.40</b>	<b>7,163,123.32</b>
BlackRock Fixed Income (Institutional Trust)	1005	Fixed Income		168,347.24	158,205.93	(4)	326,553.17	632,823.72
Loomis Sayles & Co. (All)		Fixed Income		160,753.84	170,282.24	(4)	331,036.08	681,128.94
Standish Mellon (closed)		Fixed Income			-	(7)	-	30,526.33
Western Asset Management Co.		Fixed Income		148,137.98	195,611.47	(4)	343,749.45	782,445.88
Barclays US Agg Bond		Fixed Income		39,629.52		(2)	39,629.52	
PIMCO (Pacific Investment Mgmt Co.)		Fixed Income		224,990.35	141,419.49	(4)	366,409.84	565,677.95
<b>Fixed Income Total</b>		<b>Fixed Income Total</b>	<b>-</b>	<b>741,858.93</b>	<b>665,519.13</b>		<b>1,407,378.06</b>	<b>2,692,602.82</b>
Wurts and Associates		Consulting	60,833.34	92,083.34	30,138.89	(5)	183,055.57	361,666.68
Institutional Shareholders		Consulting-Class Action Services			-		-	7,500.00
<b>Consulting Total</b>		<b>Consulting Total</b>	<b>60,833.34</b>	<b>92,083.34</b>	<b>30,138.89</b>		<b>183,055.57</b>	<b>369,166.68</b>
Segal Company		Actuary			-	(2)	-	105,000.00
<b>Actuary Total</b>		<b>Actuary Total</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>105,000.00</b>
Foster Pepper Attorneys		Investment Legal Fees	14,447.00	43,260.00	-	(2)	57,707.00	47,552.38
Reed Smith		Investment Legal Fees			-	(2)	-	693.00
Other Legal Fees (County Counsel) (Notary)		Investment Legal Fees			-	(2)	-	565.00
<b>Investment Legal Fees Total</b>		<b>Investment Legal Fees Total</b>	<b>14,447.00</b>	<b>43,260.00</b>	<b>-</b>		<b>57,707.00</b>	<b>48,810.38</b>
Due Diligence Visits		Other			-	(2)	-	1,901.50
Northern Trust - Custodial		Other		23,750.00	29,000.00	(4)	52,750.00	116,000.00
<b>Other Total</b>		<b>Other Total</b>	<b>-</b>	<b>23,750.00</b>	<b>29,000.00</b>		<b>52,750.00</b>	<b>117,901.50</b>
Federal Express		Delivery of Investment Documents	67.24	108.32	-	(2)	175.56	510.47
Golden State Overnight		Delivery of Investment Documents	13.84	13.29	-	(2)	27.13	-
<b>Delivery of Investment Documents Total</b>		<b>Delivery of Investment Documents Total</b>	<b>81.08</b>	<b>121.61</b>	<b>-</b>		<b>202.69</b>	<b>510.47</b>
<b>Grand Total</b>		<b>Grand Total</b>	<b>163,539.42</b>	<b>2,202,062.43</b>	<b>4,875,764.32</b>		<b>7,241,366.17</b>	<b>15,834,467.66</b>

FCERA  
Schedule of Investment Expenses  
At December 31, 2014

Exhibit B

\* The information reported for Fiscal Year 2013-14 is presented on a cash basis with most including the fourth quarter accrual.

^ Alternative investment totals adjusted to actual expenditures at 6/30/2014.

(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

FCERA  
Schedule of Maintenance Expenditures  
At December 31, 2014

Exhibit C

	1st qtr	2nd qtr	Total
Janitorial	\$ 3,972.00	\$ 3,972.00	\$ 7,944.00
Pest Control		145.53	145.53
Security	1,704.17	2,011.69	3,715.86
Landscaping			-
Other (itemized below)	1,500.72	890.19	2,390.91
Grand Total	<u>\$ 7,176.89</u>	<u>\$ 7,019.41</u>	<u>\$ 14,196.30</u>
<b>Other - Itemized</b>			
FSI labor to change air conditioning filters	192.68	\$ 161.35	354.03
FSI Materials -Air conditioning filters	17.75		17.75
FSI labor to install door strips	927.77		927.77
FSI materials to install door strips	26.93		26.93
Semi-Annual test of the Hirsch controller		175.79	175.79
Kims Plumbing toilet repair parts and labor	142.59	118.77	261.36
Integrated Electronics repair building security system		274.28	274.28
Jorgensen Co.- annual fire extinguisher maintenance and repair	50.00		50.00
Fact Automated Entrances - repair exit gate	143.00		143.00
Pacific Plumbing parts and labor to repair Mens restroom		160.00	160.00
Total Other	<u>\$ 1,500.72</u>	<u>\$ 890.19</u>	<u>\$ 2,390.91</u>

FCERA  
Schedule of Excluded Expenditures  
At December 31, 2014

Exhibit D

**Excluded Assets Costs**

		Adopted Appropriations	Expenditures	Unexpended Appropriations	Approp % Used
Equipment	Replacement Computers,monitors and printers	14,073.00	7,057.23	7,015.77	50.15%
Equipment	Replacement PAS and new EDMS	1,500,177.00	1,080,255.64	419,921.36	72.01%
Equipment	Consulting Services on New Pensions Administration System	258,150.00	556,580.36	(298,430.36)	215.60%
Other Computer Equipment	Peter Stadler Software Maintenance	6,000.00	5,000.00	1,000.00	83.33%
		<u>1,778,400.00</u>	<u>1,648,893.23</u>	<u>129,506.77</u>	<u>92.72%</u>