



FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT

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Donald C. Kendig, CPA
Retirement Administrator

DATE: November 2, 2016

TO: Board of Retirement

FROM: Donald C. Kendig, CPA
Retirement Administrator

Staff Contact: Bryan Anderson
Accountant

SUBJECT: Budget Status for the Quarter Ended September 30, 2016 – RECEIVE AND FILE

Recommended Action(s)

1. Receive and file.

Fiscal and Financial Impacts

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

Discussion

Under Exhibit A, the total expenditures reported as of September 30, 2016 were 16% of the adopted budget. Salaries and Benefits, at 18%, were below the expected 25% due to delays in filling vacancies and the use of Linea consultants, for system data conversion, which resulted in a reduction of overtime and FICA contributions. Health insurance costs, at 25%, are set by the County and dependent on the type of plan the employee enrolls in.

Expenditures for Services and Supplies were 13% of the budget. Office Expense and Professional and Specialized expenditures were at 10% and 13% respectively, primarily due to the invoices not having been received at the end of the accounting period. Insurance premiums were 0% to date due to the fiduciary insurance renewal on fiscal year 2016-17 being paid in advance in June 2016. Staff Travel and Education expenditures at 3% were due in part to the CALAPRS Administrators Institute and Abilene Paradox materials. SACRS conference travel, which is one of the largest travel expenditures, occurs in the second and fourth quarters. Staff will be receiving Covey training in the third quarter, and CALAPRS training costs will appear in the second quarter for recent staff travel.

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).

Attachments(s)

1. Budget Status (Exhibit A)
2. Investment Expenses (Exhibit B)
3. Maintenance Expenditures (Exhibit C)
4. Information Technology Projects (Exhibit D)

Background

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2016-17 administrative budget status, on a cash basis at September 30, 2016. This report is prepared on a quarterly basis to inform the Board on the progress of the administrative budget for the current fiscal year.

FCERA
Budget Status Report
 Fiscal Year 2016-17
 For the Quarter Ended September 30, 2016

	ADOPTED APPROPRIATIONS	ADJUSTMENT TO APPROPRIATIONS	ADJUSTED BUDGET	EXPENDITURES	UNEXPENDED BUDGET	%
SALARIES & BENEFITS						
Salaries	\$ 1,549,700.00	\$ -	\$ 1,549,700.00	\$ 283,415.31	\$ 1,266,284.69	18%
Extra Help	20,500.00	-	20,500.00	3,155.56	17,344.44	15%
Overtime	101,000.00	-	101,000.00	3,525.32	97,474.68	3% (1)
Unemployment Insurance	1,100.00	-	1,100.00	271.25	828.75	25%
Retirement	814,200.00	-	814,200.00	150,892.64	663,307.36	19%
FICA Contribution	121,700.00	-	121,700.00	20,496.76	101,203.24	17%
Workers' Compensation	4,900.00	-	4,900.00	1,228.50	3,671.50	25%
Health Insurance	228,800.00	-	228,800.00	56,521.53	172,278.47	25%
Management Life and Disability	2,000.00	-	2,000.00	230.58	1,769.42	12%
Benefit Administration	3,700.00	-	3,700.00	915.75	2,784.25	25%
TOTAL SALARIES AND BENEFITS	2,847,600.00	-	2,847,600.00	520,653.20	2,326,946.80	18%
SERVICES & SUPPLIES						
Telephone	14,500.00	-	14,500.00	2,004.93	12,495.07	14%
Liability Insurance	134,000.00	-	134,000.00	621.25	133,378.75	0% (2)
Maintenance-Bldgs and Grounds	48,000.00	-	48,000.00	9,511.31	38,488.69	20%
Memberships	15,700.00	-	15,700.00	4,000.00	11,700.00	25%
Office Expense	131,600.00	-	131,600.00	13,011.87	118,588.13	10% (3)
Postage	34,400.00	-	34,400.00	9,732.03	24,667.97	28%
PeopleSoft Human Resources	4,000.00	-	4,000.00	1,045.12	2,954.88	26%
PeopleSoft Financials	12,000.00	-	12,000.00	2,687.29	9,312.71	22%
Professional & Specialized	1,572,000.00	-	1,572,000.00	200,413.70	1,371,586.30	13% (3)
Data Processing	131,000.00	-	131,000.00	30,012.49	100,987.51	23%
Utilities	34,000.00	-	34,000.00	6,677.29	27,322.71	20%
Commissions/Advisory Boards	12,000.00	-	12,000.00	2,000.00	10,000.00	17%
Trans, Travel & Education	68,800.00	-	68,800.00	2,403.85	66,396.15	3% (4)
Travel-Board	72,000.00	-	72,000.00	20,274.56	51,725.44	28%
TOTAL SERVICES & SUPPLIES	2,284,000.00	-	2,284,000.00	304,395.69	1,979,604.31	13%
TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES	5,131,600.00	-	5,131,600.00	825,048.89	4,306,551.11	16%
FIXED ASSETS						
Furnishings	10,000.00	-	10,000.00	-	10,000.00	0%
TOTAL FIXED ASSETS - FURNITURE AND EQUIPMENT	10,000.00	-	10,000.00	-	10,000.00	0%
TOTAL ADMINISTRATIVE BUDGET	5,141,600.00	-	5,141,600.00	825,048.89	4,316,551.11	16%
EXCLUDED ASSETS COSTS	232,200.00	-	232,200.00	75,001.03	157,198.97	
TOTAL BUDGET	\$ 5,373,800.00	\$ -	\$ 5,373,800.00	\$ 900,049.92	\$ 4,473,750.08	

- (1) Reduction due to the hiring of additional staff and use of Linea employees for backlog
 (2) Driver Alliant Insurance policy renewal on fiscal year 2016-17 paid in advance in June 2016
 (3) First quarter billings not all received by the end of the accounting period
 (4) Board and Staff travel do not occur uniformly within each quarter

FCERA
Schedule of Investment Expenses
At June 30, 2016

Exhibit B

Detail - 7564		Paid Quarter ended 9/30/2016	Estimate for Prior Unpaid Quarters		Budget Year 2016-17 Expenditures	Actual Budget Year 2015-16 Expenditures*
Invesco Commodity Trust Fund	Alternative Investment		216,189.31	(4)	216,189.31	864,757.23
Remaining Managers Net Fees with Earnings or Capital Calls	Alternative Investment		3,838,344.64	(1) (6)	3,838,344.64	7,676,689.28 ^
Alternative and Private Equity Investment						
Total	Alternative and Private Equity Investment	-	4,054,533.95		4,054,533.95	8,541,446.51 ^
Artisan			279,301.43	(4)	279,301.43	1,117,205.72
Aronson, Johnson & Ortiz	Equity		-	(4)	-	-
Kalmar Investments	Equity	130,542.00	-	(3)	130,542.00	513,571.00
Mondrian Investment Group (All)	Equity		564,915.69	(4)	564,915.69	2,259,662.76
Research Affiliates	Equity		59,657.25	(4)	59,657.25	238,628.99
State Street (S&P500, TIPS,)	Equity		30,790.15	(4)	30,790.15	123,160.61
Systematic Financial Management	Equity		66,345.23	(4)	66,345.23	265,380.91
Waddell & Reed Investment Manager	Equity		160,670.28	(4)	160,670.28	642,681.13
Equity Investment Total	Equity Investment Total	130,542.00	1,161,680.03		1,292,222.03	5,160,291.12
Brandywine Global	Fixed Income		70,344.47	(4)	70,344.47	281,377.86
Loomis Sayles & Co. (All)	Fixed Income		153,676.54	(4)	153,676.54	614,706.16
Western Asset Management Co.	Fixed Income		91,901.66	(4)	91,901.66	367,606.65
Barclays US Agg Bond	Fixed Income		-	(2)	-	74,758.90
PIMCO (Pacific Investment Mgmt Co.)	Fixed Income		189,960.48	(4)	189,960.48	759,841.93
Eaton Vance	Fixed Income		277,115.63	(1) (4)	277,115.63	1,108,462.50
Fixed Income Total	Fixed Income Total	-	782,998.78		782,998.78	3,206,754.00
Verus Advisory Inc	Consulting	64,166.66	31,805.55	(5)	95,972.21	381,666.64
Institutional Shareholders	Consulting-Class Action Services		-	(2)	-	1,875.00
Consulting Total	Consulting Total	64,166.66	31,805.55		95,972.21	383,541.64
Segal Company	Actuary		-	(2)	-	109,000.00
Actuary Total	Actuary Total	-	-		-	109,000.00
Foster Pepper Attorneys	Investment Legal Fees	36,470.00	-	(2)	36,470.00	234,242.70
Reed Smith	Investment Legal Fees		-	(2)	-	4,358.25
Other (County Counsel, Baker Manock, Notary)	Investment Legal Fees	83.80	-	(2)	83.80	334.50
Investment Legal Fees Total	Investment Legal Fees Total	36,553.80	-		36,553.80	238,935.45
Due Diligence Visits	Other	1,371.33	-	(2)	1,371.33	5,153.17
Northern Trust - Custodial	Other		28,750.00	(4)	28,750.00	115,000.00
Other Total	Other Total	1,371.33	28,750.00		30,121.33	120,153.17
Federal Express	Delivery of Investment Documents	324.58	-	(2)	324.58	236.70
Golden State Overnight	Delivery of Investment Documents		-	(2)	-	13.44
Delivery of Investment Documents Total	Delivery of Investment Documents Total	324.58	-		324.58	250.14
Grand Total	Grand Total	232,958.37	6,059,768.31		6,292,726.68	17,760,372.03

FCERA
Schedule of Investment Expenses
At June 30, 2016

Exhibit B

* The information reported for Fiscal Year 2015-16 is presented on a cash basis with most including the fourth quarter accrual.

^ Alternative investment totals adjusted to actual expenditures at 6/30/2016.

- (1) Management fees are netted with earnings or 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

FCERA
Schedule of Maintenance Expenditures
At September 30, 2016

Exhibit C

	ACCOUNT 7220 MAINTENANCE DETAIL	
	1st qtr	Total
Janitorial	\$ 5,932.48	\$ 5,932.48
Pest Control	97.02	97.02
Security	2,529.07	2,529.07
Other (itemized below)	952.74	952.74
Grand Total	\$ 9,511.31	\$ 9,511.31
Other - Itemized		
FSI labor to change air conditioning filters	\$ 304.92	\$ 304.92
Jerico Fire Protection Co - Annual Backflow Inspection	165.00	165.00
Labor to install No Parking signs	482.82	482.82
Total Other	\$ 952.74	\$ 952.74

FCERA
 Schedule of Excluded Expenditures
 At September 30, 2016

Exhibit D

Excluded Costs				Adopted	Adjusted		Unexpended	Approp
Account	Program			Appropriations	Appropriations	Expenditures	Appropriations	% Used
8300	Equipment	90906 *	Replacement Computers,monitors and printers	7,200.00	7,200.00	847.43	6,352.57	11.77%
8300	Equipment	90906	Replacement PAS	150,000.00	150,000.00	50,000.00	100,000.00	33.33%
8300	Equipment	90906	Consulting Services on New Pension Administration System	75,000.00	75,000.00	24,153.60	50,846.40	32.20%
			Total Excluded Assets	<u>232,200.00</u>	<u>232,200.00</u>	<u>75,001.03</u>	<u>157,198.97</u>	<u>32.30%</u>
			Total Excluded Costs	<u>232,200.00</u>	<u>232,200.00</u>	<u>75,001.03</u>	<u>157,198.97</u>	<u>32.30%</u>

* Recorded under program number 91183, budget revision pending to update program