



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  
Vicki Crow  
Eulalio Gomez  
Steven J. Jolly  
John P. Souza  
Regina Wheeler, Alternate

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**DATE:** May 1, 2013  
**TO:** Trustees, Board of Retirement  
**FROM:** Becky Van Wyk  
Assistant Retirement Administrator  
**SUBJECT:** Budget Status for the Quarter ended March 31, 2013

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2012-13 administrative budget, on a cash basis at March 31, 2013. The total expenditures reported as of March 31, 2013 were 61% of the adopted budget.

Salaries and benefits were below 75% due to staff vacancies and salaries at less than budgeted. Expenditures were less than the expected 75%, primarily due to the timing of purchases that will occur later in the year as explained below.

Expenditures for Services and Supplies were 51% of the budget. Insurance premiums were at 5% because the renewal cycle for existing policies occurs in the fourth quarter. Staff Travel and Education expenditures were at 36% due, in part, to the timing of the travel and to reduced travel due to the impact that vacancies have had on workload. Specialized trustee training attended by new Board members resulted in travel expenditures at 125%. Professional and Specialized expenditures were at 59% primarily due to the invoices not having been received at the end of the accounting period.

Data processing expenses from the County of Fresno Information Technology Services Department (IT) for the additional databases required during the implementation of the pension administration system and the expanded electronic storage with the conversion of member records to electronic files resulted in expenditures of 112% at the end of the quarter. The County implemented a new billing process for IT services that allows them to recoup more of their costs. These additional charges were not anticipated in the budget and include charging for actual storage of electronic files. We anticipate that actual expenditures will exceed the budgeted amount by approximately \$58,000. However, overall expenditures are well within the adopted budget at this time.

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.

Please note that investment related expenses and the excluded costs discussed above are not part of the administrative budget and are therefore not included in the analysis of the administrative budget. The information is presented as informational only.

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

FCERA  
Budget Status Report  
 Fiscal Year 2012-13  
 For the Quarter Ended March 31, 2013

	ADOPTED BUDGET	EXPENDITURES	UNEXPENDED BUDGET	%	
<u>SALARIES &amp; BENEFITS</u>					
Salaries	\$ 1,265,783.00	\$ 847,375.81	\$ 418,407.19	67%	(1)
Extra Help	120,874.00	115,825.48	5,048.52	96%	(1)
Overtime	63,663.00	35,268.52	28,394.48	55%	(1)
Unemployment Insurance	6,106.00	4,579.50	1,526.50	75%	
Retirement	671,280.00	442,364.07	228,915.93	66%	(1)
FICA Contribution	100,158.00	64,415.57	35,742.43	64%	(1)
Workers' Compensation	5,212.00	3,909.00	1,303.00	75%	
Health Insurance	170,048.00	112,117.25	57,930.75	66%	(1)
Management Life and Disability	1,279.00	811.44	467.56	63%	(1)
Benefit Administration	3,494.00	2,620.50	873.50	75%	
TOTAL SALARIES AND BENEFITS	<u>2,407,897.00</u>	<u>1,629,287.14</u>	<u>778,609.86</u>	<u>68%</u>	
<u>SERVICES &amp; SUPPLIES</u>					
Telephone	11,282.00	6,514.33	4,767.67	58%	(2)
Liability Insurance	124,278.00	6,026.86	118,251.14	5%	(3)
Maintenance-Bldgs and Grounds	52,736.00	25,329.02	27,406.98	48%	(2)
Memberships	7,165.00	5,585.00	1,580.00	78%	
Office Expense	62,829.00	42,920.48	19,908.52	68%	(2)
Postage	28,104.00	10,635.87	17,468.13	38%	(2)
PeopleSoft Human Resources	5,522.00	3,285.59	2,236.41	60%	(2)
PeopleSoft Financials	16,639.00	11,563.26	5,075.74	69%	(2)
Professional & Specialized	702,903.00	414,050.50	288,852.50	59%	(2)
Data Processing	87,730.00	97,934.48	(10,204.48)	112%	(4)
Utilities	28,807.00	15,789.83	13,017.17	55%	(2)
Commissions/Advisory Boards	20,394.00	10,407.00	9,987.00	51%	(2)
Trans, Travel & Education	45,800.00	16,273.20	29,526.80	36%	(5)
Travel-Board	23,100.00	28,928.93	(5,828.93)	125%	(6)
Depreciation (non cash transaction)	158,928.00	-	-	0%	
TOTAL SERVICES & SUPPLIES	<u>1,376,217.00</u>	<u>695,244.35</u>	<u>522,044.65</u>	<u>51%</u>	
TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES	<u>3,784,114.00</u>	<u>2,324,531.49</u>	<u>1,300,654.51</u>	<u>61%</u>	
<u>FIXED ASSETS</u>					
Furnishings, iPads	10,000.00	1,076.78	8,923.22	11%	(7)
TOTAL FIXED ASSETS - FURNITURE AND EQUIPMENT	<u>10,000.00</u>	<u>1,076.78</u>	<u>8,923.22</u>	<u>11%</u>	
TOTAL ADMINISTRATIVE BUDGET	<u>3,794,114.00</u>	<u>2,325,608.27</u>	<u>1,309,577.73</u>	<u>61%</u>	
EXCLUDED ASSETS COSTS	<u>2,032,839.00</u>	<u>1,078,533.77</u>	<u>954,305.23</u>		
TOTAL BUDGET	<u>\$ 5,826,953.00</u>	<u>\$ 3,404,142.04</u>	<u>\$ 2,263,882.96</u>		

- (1) Utilizing temporary workers as extra help to avoid some of the overtime and covering vacant coordinator positions.  
 (2) Third quarter billings not all received by the end of the accounting period.  
 (3) Insurance premiums renew in the fourth quarter of the fiscal year.  
 (4) ITSD costs have increased due to a more precise cost allocation package that now includes charges for electronic storage.  
 (5) Expenditures for the SACRS Spring Conference come through in the fourth quarter and they represent the majority of the travel amounts for the second half of the year.  
 (6) New Board members attending trustee training.  
 (7) Minimal purchases of office furnishings.

Fresno County Employees' Retirement Association  
Schedule of Excluded Management Fees  
For the Quarter Ended March 31, 2013

Exhibit B

Detail - 7564		Paid Quarter ended 9/30/2012	Paid Quarter ended 12/31/2012	Paid Quarter ended 3/31/2013	Estimate for Prior Unpaid Quarters	Budget Year 2012 13 Expenditures	
Blackrock Institutional Trust	Alternative Investment	-	162,598.57	163,133.33	78,163.88 (4)	403,895.78	^
New Mountain (all)	Alternative Investment	-	59,006.00	-	- (1) (3)	59,006.00	^
Warburg Pincus & Co. Remaining Managers Net Fees with Earnings or Capital Calls	Alternative Investment	-	-	-	2,512.50 (6)	2,512.50	^
	Alternative Investment	-	-	-	2,850,682.08 (1) (5)	2,850,682.08	^
	<b>Alternative and Private Equity Investment</b>	-	<b>221,604.57</b>	<b>163,133.33</b>	<b>2,931,358.46</b>	<b>3,316,096.36</b>	<b>^</b>
Aronson, Johnson & Ortiz	Equity	-	113,338.00	116,655.00	112,956.75 (4)	342,949.75	
Kalmar Investments	Equity	122,466.00	148,827.00	153,395.00	- (3)	424,688.00	
Mondrian Investment Group (All)	Equity	-	493,311.41	524,324.84	449,249.05 (4)	1,466,885.30	
Oechsle International Advisors	Equity	-	302,953.03	320,178.65	319,891.73 (4)	943,023.41	
Research Affiliates	Equity	-	35,465.93	288,003.63	35,128.90 (4)	358,598.46	
State Street ( S&P500, TIPS, )	Equity	-	8,692.10	10,212.51	18,739.88 (4)	37,644.49	
Systematic Financial Management	Equity	-	62,898.98	65,562.87	64,664.92 (4)	193,126.77	
Waddell & Reed Investment Manager	Equity	-	96,863.84	99,497.07	101,792.01 (4)	298,152.92	
Wellington	Equity	-	121,922.26	126,367.25	116,243.72 (4)	364,533.23	
Winslow Capital Management	Equity	-	95,144.55	97,348.86	101,090.95 (4)	293,584.36	
	<b>Equity Investment Total</b>	<b>122,466.00</b>	<b>1,479,417.10</b>	<b>1,801,545.68</b>	<b>1,319,757.91</b>	<b>4,723,186.69</b>	
BlackRock Commodities Index Fund	Fixed Income	-	78,775.27	76,297.18	108,070.89 (4)	263,143.34	
Loomis Sayles & Co. (All)	Fixed Income	-	205,646.58	262,574.17	100,304.98 (4)	568,525.73	
Met West TALF Mgmt fees netted out of earning	Fixed Income	-	-	-	157,950.06 (6)	157,950.06	
Standish Mellon	Fixed Income	-	93,499.61	96,043.82	87,731.67 (4)	277,275.10	
Western Asset Management Co.	Fixed Income	-	95,576.90	139,101.50	59,962.45 (4)	294,640.85	
	<b>Fixed Income Total</b>	-	<b>473,498.36</b>	<b>574,016.67</b>	<b>514,020.05</b>	<b>1,561,535.08</b>	
Wurts and Associates	Consulting	28,750.00	115,833.33	88,749.99	28,472.22 (7)	261,805.54	
	<b>Consulting Total</b>	<b>28,750.00</b>	<b>115,833.33</b>	<b>88,749.99</b>	<b>28,472.22</b>	<b>261,805.54</b>	
Segal Company	Actuary	-	-	-	123,750.00 (6)	123,750.00	
	<b>Actuary Total</b>	-	-	-	<b>123,750.00</b>	<b>123,750.00</b>	
Foster Pepper Attorneys	Investment Legal Fees	-	1,680.00	5,960.60	- (2)	7,640.60	
Other Legal Fees (County Counsel)	Investment Legal Fees	-	2,802.40	-	- (2)	2,802.40	
	<b>Investment Legal Fees Total</b>	-	<b>4,482.40</b>	<b>5,960.60</b>	-	<b>10,443.00</b>	
Due Diligence Visits	Other	-	4,042.28	269.30	- (2)	4,311.58	
State Street - Custodial	Other	-	-	57,606.84	29,225.65 (2)	86,832.49	
Registration for CFTC Identifier		-	-	200.00	(2)		
	<b>Other Total</b>	-	<b>4,042.28</b>	<b>58,076.14</b>	<b>29,225.65</b>	<b>91,144.07</b>	
State Street - wire fees	Investment Wire Fees	-	-	-	- (2)	-	
Fresno County wire fees	Investment Wire Fees	-	10.00	10.00	- (2)	20.00	
	<b>Investment Wire Fees Total</b>	-	<b>10.00</b>	<b>10.00</b>	-	<b>20.00</b>	
	<b>Grand Total</b>	<b>151,216.00</b>	<b>2,298,888.04</b>	<b>2,691,492.41</b>	<b>4,946,584.29</b>	<b>10,087,980.74</b>	

^ Alternative investment totals adjusted to actual expenditures at 6/30/2012.

(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 two quarters based on prior year fees

(6) Accrual is for three quarters based on prior year fees

(7) Accrual is for one month based on actual invoice

Fresno County Employees' Retirement Association  
Budget Status Report  
For quarter ended March 31, 2013

Exhibit C

	ACCOUNT 7220 MAINTENANCE DETAIL			
	1st qtr	2nd qtr	3rd qtr	Total
Janitorial	\$ 3,597.00	\$ 3,597.00	\$ 3,612.51	\$ 10,806.51
Pest Control	97.02	145.53	145.53	388.08
Security	1,696.05	2,895.23	2,594.03	7,185.31
Landscaping	-	-	3,550.00	3,550.00
Other (itemized below)	270.83	1,439.34	1,688.95	3,399.12
Grand Total	\$ 5,660.90	\$ 8,077.10	\$ 11,591.02	\$ 25,329.02
<b>Other - Itemized</b>				
Lowe's - Window Film and application kit	\$ 22.49			\$ 22.49
GSA labor and materials- change A/C filters	248.34	\$ 372.41	\$ 316.55	937.30
Hirsch Charges - Repair Hirsch panel not working		82.78		82.78
Semi-Annual test of the Hirsch controller		41.39		41.39
Kims Plumbing Toilet Repair- Mens' Restroom			103.65	103.65
Batteries and tool for toilet repair - Mens' restroom			50.27	50.27
Helios TFB - repair the phone system			696.98	696.98
Integrated Electronics repair building security system			225.00	225.00
Howe Electric repair the alarm system			159.00	159.00
Howe Electric electrical panel added receptacle for printer		942.76		942.76
Douglas Automatics - repair exit gate			137.50	137.50
Total Other	\$ 270.83	\$ 1,439.34	\$ 1,688.95	\$ 3,399.12