



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

**DATE:** February 6, 2013

**TO:** Trustees, Board of Retirement

**FROM:** *Becky Van Wyk*  
Becky Van Wyk  
Assistant Retirement Administrator

**SUBJECT:** Budget Status for the Quarter ended December 31, 2012

The attached report (Exhibit A) represents the Retirement Association's Fiscal Year 2012-13 administrative budget, on a cash basis at December 31, 2012. The total expenditures reported as of December 31, 2012 were 36% of the adopted budget.

Salaries and benefits were below 50% due to a vacancy and salaries at less than budgeted. 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 26% of the budget. Insurance premiums were at 5% because most insurance policies renew in the second and fourth quarters of the fiscal year and the second quarter expenditures had not processed by the end of the current quarter. Staff and Board Travel and Education expenditures at 23% and 34% respectively, were due in part to the timing of the travel. Professional and Specialized expenditures were at 29% 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 accounts for the used appropriations of 66%.

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.

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

	ADOPTED BUDGET	EXPENDITURES	UNEXPENDED BUDGET	%	
<b><u>SALARIES &amp; BENEFITS</u></b>					
Salaries	\$ 1,265,783.00	\$ 524,916.83	\$ 740,866.17	41%	(1)
Extra Help	120,874.00	86,210.95	34,663.05	71%	(1)
Overtime	63,663.00	18,154.90	45,508.10	29%	(1)
Unemployment Insurance	6,106.00	3,053.00	3,053.00	50%	
Retirement	671,280.00	273,735.69	397,544.31	41%	(1)
FICA Contribution	100,158.00	39,872.05	60,285.95	40%	(1)
Workers' Compensation	5,212.00	2,606.00	2,606.00	50%	
Health Insurance	170,048.00	69,764.86	100,283.14	41%	(1)
Management Life and Disability	1,279.00	502.32	776.68	39%	(1)
Benefit Administration	3,494.00	1,747.00	1,747.00	50%	
<b>TOTAL SALARIES AND BENEFITS</b>	<b>2,407,897.00</b>	<b>1,020,563.60</b>	<b>1,387,333.40</b>	<b>42%</b>	
<b><u>SERVICES &amp; SUPPLIES</u></b>					
Telephone	11,282.00	3,845.93	7,436.07	34%	(2)
Liability Insurance	124,278.00	5,971.86	118,306.14	5%	(3)
Maintenance-Bldgs and Grounds	52,736.00	13,738.00	38,998.00	26%	(2)
Memberships	7,165.00	4,745.00	2,420.00	66%	(4)
Office Expense	62,829.00	24,075.68	38,753.32	38%	(2)
Postage	28,104.00	7,748.19	20,355.81	28%	(2)
PeopleSoft Human Resources	5,522.00	2,000.34	3,521.66	36%	(2)
PeopleSoft Financials	16,639.00	7,297.91	9,341.09	44%	(2)
Professional & Specialized	702,903.00	201,606.18	501,296.82	29%	(2)
Data Processing	87,730.00	55,580.67	32,149.33	63%	
Utilities	28,807.00	11,427.48	17,379.52	40%	(2)
Commissions/Advisory Boards	20,394.00	6,532.00	13,862.00	32%	(2)
Trans, Travel & Education	45,800.00	10,487.11	35,312.89	23%	(5)
Travel-Board	23,100.00	7,838.48	15,261.52	34%	(5)
Depreciation (non cash transaction)	158,928.00	-	-	0%	
<b>TOTAL SERVICES &amp; SUPPLIES</b>	<b>1,376,217.00</b>	<b>362,894.83</b>	<b>854,394.17</b>	<b>26%</b>	
<b>TOTAL SALARIES, BENEFITS, SERVICES AND SUPPLIES</b>	<b>3,784,114.00</b>	<b>1,383,458.43</b>	<b>2,241,727.57</b>	<b>37%</b>	
<b><u>FIXED ASSETS</u></b>					
Furnishings, iPads	10,000.00	-	10,000.00	0%	(6)
<b>TOTAL FIXED ASSETS - FURNITURE AND EQUIPMENT</b>	<b>10,000.00</b>	<b>-</b>	<b>10,000.00</b>	<b>0%</b>	
<b>TOTAL ADMINISTRATIVE BUDGET</b>	<b>3,794,114.00</b>	<b>1,383,458.43</b>	<b>2,251,727.57</b>	<b>36%</b>	
<b>EXCLUDED ASSETS COSTS</b>	<b>2,032,839.00</b>	<b>792,160.67</b>	<b>1,240,678.33</b>		
<b>TOTAL BUDGET</b>	<b>\$ 5,826,953.00</b>	<b>\$ 2,175,619.10</b>	<b>\$ 3,492,405.90</b>		

(1) Utilizing temporary workers as extra help to avoid some of the overtime and covering a vacant coordinator position.

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

(3) Insurance premiums renew in the third and fourth quarters of the fiscal year.

(4) SACRS membership renewed in the first quarter.

(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) No furnishings were purchased in the first two quarters.

Fresno County Employees' Retirement Association  
Schedule of Excluded Management Fees  
For the Quarter Ended December 31, 2012

Exhibit B

Detail - 7564		Paid Quarter ended 9/30/2012	Paid Quarter ended 12/31/2012	Estimate for Prior Unpaid Quarters	Budget Year 2012- 13 Expenditures	
Blackrock Institutional Trust	Alternative Investment	-	162,598.57	78,163.88	(4)	240,762.45 ^
New Mountain (all)	Alternative Investment	-	59,006.00	42,898.75	(4)	101,904.75 ^
Warburg Pincus & Co.	Alternative Investment	-	-	1,675.00	(5)	1,675.00 ^
Remaining Managers Net Fees with Earnings or Capital Calls	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>2,973,419.71</b>		<b>3,195,024.28 ^</b>
Aronson, Johnson & Ortiz	Equity		113,338.00	112,956.75	(4)	226,294.75
Kalmar Investments	Equity	122,466.00	148,827.00	-	(3)	271,293.00
Mondrian Investment Group (All)	Equity	-	493,311.41	449,249.05	(4)	942,560.46
Oechsle International Advisors	Equity	-	302,953.03	319,891.73	(4)	622,844.76
Research Affiliates	Equity	-	35,465.93	35,128.90	(4)	70,594.83
State Street ( S&P500, TIPS, )	Equity	-	8,692.10	18,739.88	(4)	27,431.98
Systematic Financial Management	Equity	-	62,898.98	64,664.92	(4)	127,563.90
Waddell & Reed Investment Manager	Equity	-	96,863.84	101,792.01	(4)	198,655.85
Wellington	Equity	-	121,922.26	116,243.72	(4)	238,165.98
Winslow Capital Management	Equity	-	95,144.55	101,090.95	(4)	196,235.50
	<b>Equity Investment Total</b>	<b>122,466.00</b>	<b>1,479,417.10</b>	<b>1,319,757.91</b>		<b>2,921,641.01</b>
BlackRock Commodities Index Fund	Fixed Income	-	78,775.27	108,070.89	(4)	186,846.16
Loomis Sayles & Co. (All)	Fixed Income	-	205,646.58	189,304.98	(4)	394,951.56
Met West TALF Mgmt fees netted out of earning	Fixed Income	-	-	105,300.04	(5)	105,300.04
Standish Mellon	Fixed Income	-	93,499.61	87,731.67	(4)	181,231.28
Western Asset Management Co.	Fixed Income	-	95,576.90	59,962.45	(4)	155,539.35
	<b>Fixed Income Total</b>	-	<b>473,498.36</b>	<b>560,370.03</b>		<b>1,023,868.39</b>
Wurts and Associates	Consulting	28,750.00	115,833.33	28,472.22	(13)	173,055.55
	<b>Consulting Total</b>	<b>28,750.00</b>	<b>115,833.33</b>	<b>28,472.22</b>		<b>173,055.55</b>
Segal Company	Actuary	-	-	82,500.00	(5)	82,500.00
	<b>Actuary Total</b>	-	-	<b>82,500.00</b>		<b>82,500.00</b>
Foster Pepper Attorneys	Investment Legal Fees	-	1,680.00	-	(2)	1,680.00
Reed Smith	Investment Legal Fees	-	-	-	(2)	-
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>4,482.40</b>
Salaries and Benefits	Fresno Station	-	-	-	(15)	-
Professional Expenses	Fresno Station	-	-	-	(15)	-
	<b>Fresno Station Total</b>	-	-	-		-
Due Diligence Visits	Other	-	4,042.28	-	(2)	4,042.28
State Street - Custodial	Other	-	-	58,451.30	(5)	58,451.30
Futures Commission Expense	Other	-	-	-	(2)	-
	<b>Other Total</b>	-	<b>4,042.28</b>	<b>58,451.30</b>		<b>62,493.58</b>
State Street - wire fees	Investment Wire Fees	-	-	-	(2)	-
Fresno County wire fees	Investment Wire Fees	-	10.00	-	(2)	10.00
	<b>Investment Wire Fees Total</b>	-	<b>10.00</b>	-		<b>10.00</b>
Federal Express	Delivery of Investment Documents	-	-	-	(2)	-
Golden State Overnight	Delivery of Investment Documents	-	-	-	(2)	-
	<b>Delivery of Investment Documents Total</b>	-	-	-		-
	<b>Grand Total</b>	<b>151,216.00</b>	<b>2,298,888.04</b>	<b>5,012,971.17</b>		<b>7,463,075.21</b>

\* 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 6/30/2012.

(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 four quarters based on prior year fees

(8) New contract or existing, accrual is for one quarter, based on actual invoice for two quarters

(9) No accrual due to closing of the contract

(10) Accrual is for two quarters based on an average of the prior amounts paid.

(11) Accrual is for one quarter based on an average of prior amounts paid.

(12) Accrual is for one quarter based on actual invoice

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

(14) Accrual is for two months based on actual invoice

(15) Fresno Station has closed

Fresno County Employees' Retirement Association  
Budget Status Report  
For quarter ended December 31, 2012

Exhibit C

**ACCOUNT 7220 MAINTENANCE DETAIL**

	1st qtr	2nd qtr	Total
Janitorial	\$ 3,597.00	\$ 3,597.00	\$ 7,194.00
Pest Control	97.02	145.53	242.55
Security	1,696.05	2,895.23	4,591.28
Other (itemized below)	270.83	1,439.34	1,710.17
Grand Total	\$ 5,660.90	\$ 8,077.10	\$ 13,738.00
<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	620.75
Hirsch Charges - Repair Hirsch panel not working		82.78	82.78
Semi-Annual test of the Hirsch controller		41.39	41.39
Howe Electric electrical panel added receptacle for printer		942.76	942.76
Total Other	\$ 270.83	\$ 1,439.34	\$ 1,710.17

Fresno County Employees' Retirement Association  
Schedule of Excluded Costs  
For the Period Ended December 31, 2012

Exhibit D

**Excluded Assets Costs**

Account		Program		Adopted Budget	Expenditures	% Used
8300	Equipment	90905	Replacement Computers,monitors and printers	5,363.00	7,066.23	100.00%
8300	Equipment	90905	New Computers, Monitors, and software to test new Pensions Administration System	10,212.00	735.29	93.00%
8300	Equipment	90821	Replacement PAS and new EDMS	1,331,014.00	111,464.22	92.00%
8300	Equipment	90906	Consulting Services on New Pensions Administration System	664,250.00	641,974.93	3.00%
7297	Other Computer Equipment		Peter Stadler Software Maintenance	12,000.00	5,000.00	58.00%
7297	Other Computer Equipment		Wyatt Workorders *	10,000.00	25,920.00	100.00%
				<u>2,032,839.00</u>	<u>792,160.67</u>	61.00%

\* \$15,000 July 2012 Work Order 2 - Addition of Tier IV

\* \$8,160 August 2012 Work Order 2 - Addition of Tier IV

\* \$840 September 2012 Work Order 2 - Addition of Tier IV

\* \$1,920 October 2012 Work Order 2 - Addition of Tier IV