

*City of Fresno Retirement Systems*  
**Adopted Budget**



**Fiscal Year 2007/2008**

**CITY OF FRESNO RETIREMENT SYSTEMS**

**ADOPTED BUDGET  
FISCAL YEAR 2007/2008**

**TABLE OF CONTENTS**

**Executive Summary**

**Budget Message from Retirement Administrator.....i**

Organizational Structure .....2  
Retirement Board Members .....3  
Administration of the Systems .....6

**Retirement Operating**

Report to the Retirement Boards ..... 18  
Annual Appropriation Resolution for 2008 ..... 20  
Retirement Administration Operating Budget..... 23  
Budgeted Revenues..... 23  
Employee Detail – Authorized Positions ..... 24  
Travel Budget ..... 25  
Deferred Compensation Administration Budget ..... 26

**Employees Retirement System**

Report to the Employees Retirement Board ..... 28  
Annual Appropriation Resolution for FY 2008 ..... 29  
Employees Trust Fund Budget..... 32

**Fire and Police Retirement System**

Report to the Fire and Police Retirement Board..... 34  
Annual Appropriation Resolution for FY 2008 ..... 35  
Fire and Police Trust Fund Budget..... 38

**Combined Systems Budget ..... 40**



June 6, 2007

Dear Retirement Board Members and Members of the Systems:

CFRS's stewardship of the City of Fresno Retirement Trust Funds requires adherence to the highest standard of fiduciary conduct in our management of the System's flow of funds. These Adopted Budgets set forth management's reports and best estimates of the budgets during the current and next fiscal years.

The growth of the combined System assets surpassed the \$2 billion level last year and it is important to note that the Board's have sustained this substantial growth while maintaining a solid and consistent long term investment performance.

As we enter the fourth year of a strong financial recovery in the investment markets, the Budgets that the Boards are considering for adoption should continue to generate financial relief for the City of Fresno in the form of substantial reduced normal pension contributions as projected by the Board's actuary in the recent update of the Surplus Projection Studies.

### **AUTHORITY**

CFRS's is administered pursuant to the Charter of the City of Fresno, Articles 2-17, 2-17A and 2-18 of the Fresno Municipal Code, other relevant State and Federal governing statutes, regulations and case law.

### **CFRS POLICIES DRIVE THE ALLOCATION OF RESOURCES**

CFRS's Administrative and Trust Fund Budgets are managed in accordance with the law and the Board's adopted policies, including but not limited to the Board Rules of the Retirement Boards, CFRS's Mission and Goals and CFRS's Annual Budget Resolutions.

These key policies drive the allocation of staff and contractual resources within the budget process. These key policies are also mirrored in CFRS's Investment Objectives and Policy Statement, which governs the allocation of pension contributions, investment income and investment expenses.

Likewise, retirement benefit payments, refunds and actuarial matters are governed in accordance with the policies of the Retirement Boards.

#### **CITY OF FRESNO FIRE & POLICE BOARD**

PAUL CLIBY, CHAIR

BRIAN BURRY, VICE CHAIR

CARLA LOMBARDI

KEN NERLAND

K.C. CHEN

#### **CITY OF FRESNO EMPLOYEES BOARD**

CARLA LOMBARDI, CHAIR

MARVELL FRENCH, VICE CHAIR

FRANK H. BALEKIAN, JR.

DANNY AGUIRRE

KEN NERLAND

#### **RETIREMENT ADMINISTRATOR**

STANLEY L. MCDIVITT

## **CFRS's BUSINESS PLAN AND BUDGET REPORTS**

### **CHALLENGES AND ACCOMPLISHMENTS**

In addition to CFRS's normal activities, the following accomplishments with unique challenges were met during the current fiscal year and new challenges for the coming fiscal year have been identified.

#### **CFRS'S Realty Holding Corporation**

With tenant improvements completed and the building fully occupied in November 2006, staff prepared CFRS Realty Holding Corporation Financial Statements for the years ended June 30, 2006 and 2005 for review and discussion with the Board of Directors. The Board approved a policy for periodic appraisals to properly value CFRS asset which is recorded by our shareholders as an investment and the recommendation to have the financial statement records audited by an independent auditing firm. In January 2007, a Request for Proposal (RFP) was issued jointly with the City of Fresno Retirement Systems with a request for respondents to provide separate bids for the annual audits for the Retirement Systems and the CFRS Realty Holding Corporation. The CFRS Board of Directors approved the recommendation to retain Brown Armstrong to provide annual auditing services for the CFRS Realty Holding Corporation for the fiscal years ending June 30, 2007 through June 30, 2011

#### **Benefit & Actuarial Services**

##### **Actuarial:**

Effective May 25, 2006, the Boards retained The Segal Company to provide the Systems' actuarial services.

The Boards, with the assistance of its actuary and staff, completed the annual actuarial valuations and six-year Surplus Projection studies using alternative approaches that included for the first time demographic assumptions that forecast the growth based on City Budget Office projections.

##### **Legal Services:**

During the current fiscal year legal Counsel, the Board's actuary and staff continued to participate in the FORCE litigation Case, involving significant litigation issues surrounding pensionable compensation. After numerous recalculations for retirees, the parties have reached an agreement on the terms for the settlement of the FORCE Case for retirees and payment was made to the FORCE retirees in April 2007. A settlement agreement was recently reached for the Active members of the Employees Retirement System pending court approval.

#### **Investment Services**

**Investment Services Updates:** After completing a major restructuring of the international equity portfolio's at the beginning of the fiscal year, the Boards also conducted a core plus fixed income manager search during the fiscal year and will make decisions following the upcoming Asset/Liability Model and Manager Structure study. The Board's Investment Objectives and Policy Statement was updated to

incorporate the comprehensive Manager Search and Selection Process and revise the process and procedures for Manager Retention Evaluation, simplify the policy on Proxy Voting and allow international equity managers the discretion to cease voting proxies in so-called "share-blocking" markets, and implement thorough revision of the policy for international equity portfolios – developed and emerging markets to restrict investment in countries contained in the MSCI EAFE or MSCI EMF indices.

The Boards' Investment Committee and staff, during the coming fiscal year, will perform an Asset/Liability Model and Manager Structure study and conduct a comprehensive review of the policy fixed income portfolios including high yield and development of a new policy for core plus fixed income.

### **Board & Management Support Services**

**Benefits Administration System:** The Boards' established a key component of Disaster Preparedness, by approving a contract with Levi, Ray and Shoup ("LRS") for their PensionGold Secure Platinum support agreement which enables staff to continue operations regardless of the state of our own building in the case of a disaster. In the coming fiscal year another element of the Disaster Preparedness/Business Continuance Plan will be finalized as staff completes the development of an actual manual for staff or others to use in dealing with issues such as escaping the building, reporting for work, or dealing with a work interruption in the case of a disaster.

Staff continues to participate with LRS in the development of a disability tracking module within PensionGold. It is anticipated that the module will include historical data concerning each disability.

**CFRS's First Website:** CFRS's staff working diligently with LRS and released the new CFRS's website in August 2006. The website includes the addition of retirement benefit and DROP balance calculators and has become the source of information from interested parties.

In the coming year, staff will continue to improve the ease of use, appearance, and content of CFRS's website for the members' convenience.

**CFRS's Risk Management Program:** During the current fiscal year, staff strengthened several elements of CFRS's risk management effort working closely with the Northern Trust Compliance System to implement new policy risk controls. Staff further strengthened elements of CFRS's risk and investment management efforts by creating new performance reports and documenting issues of adherence with the Boards' policies.

**City Deferred Compensation Web-page:** As part of our efforts to support the City's Deferred Compensation Board, staff will continue efforts to establish a Deferred Compensation web-page on the City's website to enhance the ability of employees to access information about deferred compensation and establish and maintain their accounts. Staff also conducted a Deferred Compensation Board member election, and the results will be finalized in June 2007.

**Image Document Management System:** Staff will begin building the foundation for a sustainable image document management system during the coming fiscal

year. When all of our documents and files are digitized and a copy of that data is stored off site, the basic disaster backup plans will be fully established.

## **FY 2008 BUDGET REPORT**

This Report consists of the following sections:

### **Introduction**

- Transmittal Report from Retirement Administrator
- CFRS's Budget Report for the Systems
- Strategic Staff Services
- CFRS's Budget Initiatives and status 2006-2007
- CFRS's Budget Initiatives 2007-2008
- Administrative Organizational Structure
- Professional Services Providers

### **Retirement Office Operating Budget**

- Budget Report
- Annual Appropriation Resolution
- Annual Budget for Retirement Office
- Employee Detail – authorized positions
- Deferred Compensation Budget

### **Trust Fund Budgets**

- Employees Retirement System Trust Fund Budget for FY 2008
- Fire and Police Retirement System Trust Fund Budget for FY 2008
- Combined Trust Fund Budgets for information purposes

All CFRS staff members have contributed to the development of our adopted budgets and I want to personally thank staff and our consultants.

For those wishing to review additional sources and uses information, CFRS's Comprehensive Annual Financial Reports, CFRS's Investment Objectives and Policy Statement and Actuarial Valuation Reports can be viewed at the CFRS's Office.

Respectfully submitted,

Stanley L. McDivitt  
Retirement Administrator

*City of Fresno Retirement Systems*  
**Organizational Structure**

*City of Fresno Retirement Systems*

**ORGANIZATIONAL STRUCTURE**

**Administration of the System**

The City of Fresno Retirement Systems (CFRS) is a defined benefit plan administered under the City of Fresno Charter and Municipal Code. The plan provides retirement, disability, survivor, and death benefits to eligible City employees and their eligible beneficiaries.

**Description of the Systems**

The Employees Retirement System was established on June 1, 1939 and is maintained and governed by Article 18 of Chapter 2 of the City of Fresno Municipal Code. The Employees Retirement System provides retirement benefits for all qualified non-sworn employees of the City of Fresno.

The Fire and Police Retirement System was established on July 1, 1955 and is maintained and governed by Articles 17 and 17A of the Fresno Municipal Code. The Fire and Police Retirement System provides retirement allowances to all full-time sworn safety members employed by the City of Fresno. The System provides lifetime retirement, disability, and death benefits to its safety members.

Each System is administered by a five-member Retirement Board.

**For the Employees System:**

- Two City Management employees who are appointed by the Mayor and confirmed by the City Council
- Two elected employees: one elected Blue Collar employee and one elected White Collar employee
- One Outside Member elected by the other four Board members.

**For the Fire and Police System:**

- Two City Management employees who are appointed by the Mayor and confirmed by the City Council
- Two elected employees: one elected Fire employee and one elected Police employee
- One Outside Member elected by the other four Board members.

The four elected members serve four-year terms. The City Management and Outside members serve continuous terms.

**ORGANIZATIONAL STRUCTURE**

**RETIREMENT BOARD MEMBERS  
as of June 30, 2007**

**Danny Aguirre**

*Employees Retirement Board*

*elected by Manual Workers*

Danny is a Building Services Supervisor in the City of Fresno General Services Department. Danny was elected in April 2006 and is a member of the Administrative Committee. His term expires on June 30, 2010.

**Frank Balekian**

*Employees Retirement Board*

*elected by Clerical and Supervisory members*

Frank is an Accountant Auditor in the City of Fresno Finance Department. Frank was elected in 1984. His term expires on June 30, 2008.

**Brian Burry, Vice Chair**

*Fire and Police Retirement Board*

*elected by the Police members*

Brian is a Police Officer for the City of Fresno. Brian was elected in 1996 and serves as Vice Chair of the Fire and Police Board and is currently a member of the Investment Committee. Brian's term expires on June 30, 2008.

**K.C. Chen, Ph.D., CFA**

*Fire and Police Retirement Board*

*appointed by the Board*

K.C. is a Theodore F. Brix Professor of Finance at California State University, Fresno. K.C. was appointed to the Fire and Police Retirement Board in February 2006 and is a member of the Investment Committee. His term is continuous.

**Paul Cliby, Chair**

*Fire and Police Retirement Board*

*elected by the Fire members*

Paul is a Firefighter Specialist for the City of Fresno Fire Department. Paul joined the Fire and Police Board in 2002 and has served as Chair of the Fire & Police Board for the last 2 years. He is currently Chairman of the Investment Committee and is a member of the Administrative Committee. Paul's term expires on June 30, 2010.

**Carla Lombardi, Chair**

*Employees & Fire and Police Retirement Boards*

*appointed by the Mayor and confirmed by the City Council*

Carla is a Management Analyst for the City of Fresno Fire Department. Carla was appointed to serve on both Boards in 1996 and has served as Vice Chair of the Employees Board for the last 5 years. She currently serves as Chair of the Administrative Committee and is a member of the Investment Committee. Her term is continuous.

**Marvell French, Vice Chair**

*Employees Retirement Board*

*appointed by the Board*

Marvell is Senior Vice-President of Premier Valley Bank. Marvell was appointed by the Employees Retirement Board in 2000. She currently serves as Vice Chair of the Employees Board and is a member of the Administrative Committee. Marvell's term is continuous.

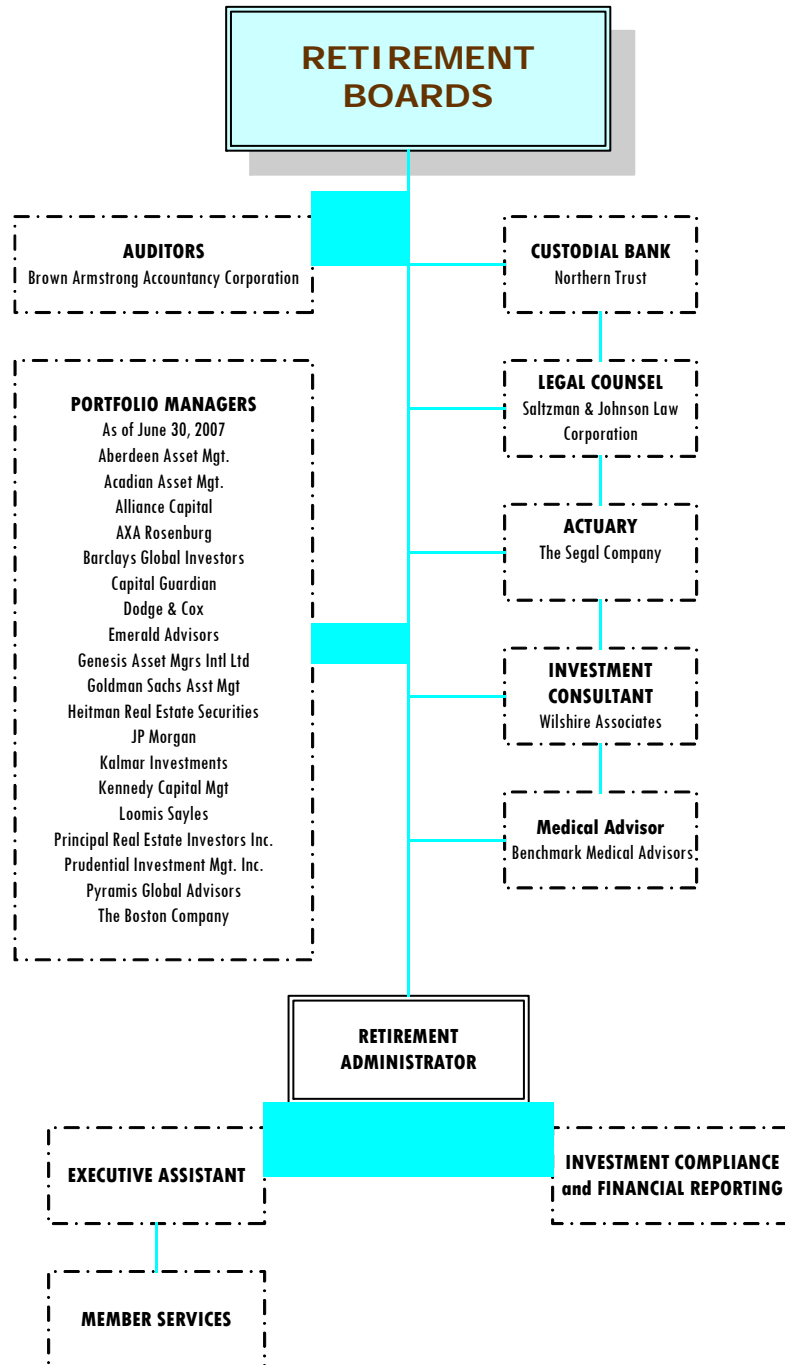
**Ken Nerland**

*Employees & Fire and Police Retirement Boards*

*appointed by the Mayor and confirmed by the City Council*

Ken is the Director of the General Services Department for the City of Fresno. Ken was appointed in 2005 and is a member of the Investment Committee. His term is continuous.

City of Fresno Retirement Systems  
**ORGANIZATIONAL STRUCTURE**



*City of Fresno Retirement Systems*  
Administration of the Systems

## **ADMINISTRATION OF THE SYSTEMS**

CFRS is managed in accordance with the City Charter, the Municipal Code and the Board's adopted policies, including but not limited to the Regulations of the Retirement Boards, CFRS's Mission and Goals, CFRS's Strategic Services and CFRS's Annual Budget Initiatives.

These key policies are also mirrored in CFRS's Investment Objectives and Policy Statement, which governs the allocation and management of employer and member contributions and investment income, as well as investment expense.

Likewise, benefit payments, refunds, and actuarial matters are governed in accordance with the Board Rules and Regulations of the Retirement Boards.

The Board defines its duties as follows:

- Grant Earned Benefits & Provide for the Disbursement of those Benefits
- Provide for the Investment & Safekeeping of Retirement Fund Assets
- Assure the Actuarial Soundness of the System
- Establish & Arrange for the Collection of Contributions
- Manage the Systems in accordance with the Law
- Define Fiduciary & Ministerial Responsibilities and Effectively Delegate them to Designated Fiduciaries
- Select & Monitor the Performance of Designated Fiduciaries, including but not limited to investment managers, consultants and other advisors
- Approve & Monitor Internal Controls & Audit Programs

The Boards have delegated responsibility for the management of the Systems to its Retirement Administrator.

**CFRS's Staff:** CFRS's operations are managed by the Retirement Administrator who serves at the pleasure of the Retirement Boards. The Administrator is a City Employee and CFRS member who serves under contract to the Boards. CFRS's staff is responsible for administering the policies and programs approved by the Boards. Reporting to the Administrator are the Assistant Retirement Administrator, the Benefits Manager and the Executive Assistant. The Benefits Manager and her staff administer CFRS's Benefit & Information Technology programs.

**ADMINISTRATION OF THE SYSTEMS**

The Assistant Retirement Administrator and her staff are responsible for (1) establishing and maintaining internal controls designed to protect the assets of the Fund; (2) overseeing and monitoring the Board's independent investment managers and other consultants; (3) maintaining the accounting records of the Systems; (4) compiling data necessary for, and preparing, financial statements in conformity with generally accepted accounting principals and applicable requirements; and (5) preparing and monitoring CFRS's annual budgets.

**CFRS's Staff**

	<b>2008</b>	<b>2007</b>
<b>Total Staffing</b>	9	9
Benefits Section	4	4
Investment Section	2	2
Executive Section	3	3

**Professional Services:** The Boards retain independent advisors to perform specific professional services essential to the Funds. The Actuary provides the Systems with a review of the demographics and actuarial funded status of the Systems and recommends modifications to the economic and non-economic assumptions and member and employer contribution rates. The Investment Consultant assists the Boards with the development, implementation and monitoring of the Fund's asset allocation and manager structure; the maintenance of CFRS's Investment Plan; and the measurement of the managers' and the Fund's performance. Style-specific Asset Class Investment Managers are retained to invest and reinvest the assets of the Systems. A global custodian holds in trust the Fund's actively managed assets and provides accounting and performance reports for all investment assets.

**City Services:** CFRS utilizes the City where it is cost-effective to do so. Currently, CFRS uses the services of the Information Services Department for technical support and maintenance such as telecommunications, internet, and local area network (LAN), and Central Printing Services for City interoffice routing, regular and certified mail, courier services, mass printing and copier maintenance.

**CFRS's Benefit Programs**

CFRS exists for the sole purpose of administering the funding for and payment of benefits authorized by the City of Fresno Charter and Municipal Code.

## ADMINISTRATION OF THE SYSTEMS

### **Administrative and Professional Budget Policy:**

- CFRS's budgets are a tool for financial planning and operational control.
- The budgets spell out how resources are being used in the current fiscal year and will be used in the coming fiscal year to accomplish the goals, programs, and projects identified in the budgets.
- The administrative and professional budgets shall be presented to the Retirement Boards annually.
- The Retirement Boards shall revise and approve the administrative budget annually.
- The Board shall approve its professional budgets in the individual contracts for professional services. Staff shall provide the Board with a projection of estimated contractual expenditures for the Board's review and acceptance annually.
- Quarterly comparisons of amounts spent versus the amounts budgeted shall be provided to the Board with routine checks that expenditures are being made according to plan in accordance with the Board's Administrative Oversight Policy.
- Comparisons of investment performance to various performance goals shall be provided to the Investment Committee monthly and quarterly.
- The aggregate expenditure level approved by the Boards may not be amended without the approval of the Boards.
- The Boards may amend Budget Category appropriations throughout the Fiscal Year. Such changes shall be by amendment to the Board's Budget Resolution for the fiscal year.
- The Boards have delegated the Retirement Administrator authority to approve on-going reallocation of monies among line items within each Category. However, the Boards have retained unto themselves the authority to reallocate monies between Categories. The Retirement Administrator will inform the Boards of all reallocations.

**CFRS Benefits:** CFRS administers retirement, disability and death benefits based on defined benefit formulas as defined in the Fresno Municipal Code.

**CFRS's Professional Services Expenses:** Staff prepares a professional services budget annually for review by the Boards. The professional services budget is utilized by the Boards to assess, meet, and monitor its contractual obligations related to the management of the Systems. The expenditure authority for each professional services contract is set forth in the terms of the contract. The Boards are authorized under the Charter and Municipal Code to expend funds from the Systems for specific professional services.

**ADMINISTRATION OF THE SYSTEMS**

Professional Services expenses include investment management, investment consulting, global custody, actuarial and contract legal.

The Retirement Boards employ professional investment managers to maximize the return on assets and minimize risk. Investment Management expenses are primarily dependent upon the market value of the assets under management and the negotiated fee schedule of the individual Investment Management Agreements. They are performance driven to the extent that as market values increase so does management fees. The converse relationship is also true. Other professional service expenses related to investments are driven by contractual agreement.

Although investment fees are netted from investment income for financial reporting purposes, they are reflected at gross for budgetary purposes.

Investment management expenses are budgeted to increase at the same rate as projected annual market values. The accrual basis of accounting is used to record professional expenses for budget and financial statement purposes.

Performance of the investment managers is reviewed monthly and quarterly by the Investment Committee.

Professional service expenses are reviewed quarterly by the Administrative Committee to verify conformance with the respective contracts.

**CFRS's Benefit Disbursements:** Included within benefit disbursements are Service Retirements, Service Connected Disability Retirements, Non Service Connected Disability Retirements, DROP program benefits, QDRO benefits, monthly continuance benefits for Beneficiaries and Survivors of deceased members, one-time Lump Sum Death Benefits, refunds of Member Contributions and Interest, and Post Retirement Supplemental Benefits.

The budgeting of benefit disbursements is primarily dependent upon the projected number of employees in retirement, the projected number of beneficiaries and survivors receiving benefits, the number of active employees eligible for disability benefits, the number of active employees leaving the employment of the City prior to receiving pension benefits and the annual cost-of-living adjustments. In order to project annual benefit disbursements, a computation of historical increases in these categories is made, adjusted for any known variances and the expected cost-of-living adjustment, and the resulting factor is applied to the previous year's actual expenses. Benefit disbursements are vested rights and not subject to the Board's appropriation authority although the Boards do approve an appropriation for control purposes.

## **STRATEGIC STAFF SERVICES**

### **MEMBER BENEFIT & ACTUARIAL SERVICES**

- Implement the Benefit Services Plan, including individual member counseling
- Establish Eligibility & Process Applications for Membership & Benefits
- Provide for & Monitor Payment of Benefits & Refunds
- Accurately Maintain & Monitor Member & Benefit Databases
- Provide Timely, Accurate & Useful Services, Reports & Recommendations for Members, Retirees, Beneficiaries & the Board

### **INVESTMENT MANAGEMENT SERVICES**

- Implement the Investment Plan
- Monitor Manager & Custodial Activity
- Project & Monitor Retirement Fund Cash Flows
- Provide Timely, Accurate & Useful Reports & Recommendations to the Boards

### **BOARD SUPPORT SERVICES**

- Faithfully execute the Duties & Responsibilities Delegated by the Boards
- Support the Boards in its execution of their Powers & Duties
- Provide Timely, Accurate & Useful Information & Recommendations to the Boards
- Direct the Benefits, Investments & Management Services Programs
- Provide Member Education, Public Information & Inter-Agency Services
- Propose, Implement & Monitor Internal Control Systems

### **MANAGEMENT SERVICES**

- Implement the Management Services Plan, including Human Resources, Information Systems, Fiscal, Accounting, Analytical, Facilities & Support Services
- Manage Contracts
- Maintain liaison with providers of City support services

## **CFRS's BUDGET INITIATIVES AND RESULTS 2006-2007**

### **I. Member Benefit Services Plan**

- a) Review and improve, as needed, the ease of use, appearance and content of the CFRS's website for the member's convenience: CFRS's website released in August 2006, has been updated with additional reports and materials. This is an ongoing process.
- b) Evaluate new member seminars emphasizing financial planning strategies for members at an early stage in their career. Staff continued to expand presentations and conducted special seminars for the incoming members of the North Central Fire District.
- c) Evaluate web based presentations to supplement member educational programs, including new employee orientation, financial planning seminars and brown bag presentations. This is an ongoing assignment.
- d) Evaluate mass correspondence and/or distribution strategies. Adopted policy for noticing Public Hearings.
- e) Review Member Benefit Services for risk exposure and Report to Boards. This is an ongoing project.
- f) Complete implementation of Disability Tracking System for PensionGold. The loading of data into the System is still in progress.
- g) Design a complete payroll information download into PensionGold for maintenance of historical payroll data as part of the recent litigation settlement.

### **II. Actuarial Services Plan**

- a) Revise Economic & Actuarial Assumptions, if appropriate. The Segal Company made suggestions which may be considered for the June 30, 2007 Actuarial Valuations.
- b) Complete June 30, 2006 Actuarial Valuations. The Segal Company completed the 2006 Actuarial Valuations and reports were posted to the CFRS website.
- c) Provide Technical Support to City and unions regarding retirement issues. This is an ongoing assignment that staff completes as necessary.
- d) Revise Surplus Projection Modeling and Analysis, if appropriate. The Segal Company completed special actuarial studies projecting the availability of surplus earnings in the Retirement Systems over the next seven actuarial valuations using two approaches one which considers the projected growth in City positions over the next six years.
- e) Review of The Segal Company performance and Contract. To be conducted prior to the end of the current fiscal year.

**ADMINISTRATION OF THE SYSTEMS**

**III. Investment Management Services Plan**

- a) Enhance and document risk-monitoring procedures. Staff updated the Northern Trust compliance module to reflect changes in policy for the International Equity Portfolios – Developed and Emerging Markets and results are monitored on a daily basis. This is an ongoing project that staff updates as necessary.
- b) Perform and implement conclusion originating from the studies of CFRS's Asset / Liability Model and Manager Structure, if appropriate. There was no Asset/Liability Study conducted in this fiscal year, a study will be conducted in August 2007.
- c) Review and amend, if necessary, CFRS's Investment Plan. The Boards Investment Objectives and Policy Statement was revised to implement modifications to the policy for International Equity portfolios, Proxy Voting and the Manager Search and Selection Process as well as the Manager Retention Evaluation process.
- d) Perform Investment Manager search(es) as/if necessary. We performed a Core Plus manager search and retention decisions will be made once the Asset/Liability Study is completed in August 2007.
- e) Review and implement, if necessary, inclusion of risk evaluations with the monthly reports. This is an ongoing process which is monitored by staff on a monthly basis.
- f) Strengthen investment manager monitoring program. Monthly program monitored by staff.
- g) Perform annual review of all Investment Managers, Investment Consultants, and the Global Custodian. Monthly meetings were held with each of the Systems' investment managers and an Investment report to the Boards will be developed for distribution in the coming year.

**IV. Board Support Services**

- a) Evaluate CFRS's Total Plan Risk. This is an ongoing project.
- b) Strengthen Internal Control / Audit Documentation: A policy was implemented to promote good internal control standards and review outstanding payroll and accounts payable checks, establish follow-up procedures to ensure that payees of unclaimed or uncashed checks are contacted promptly and that all outstanding checks are cashed timely.
- c) Complete the Annual Independent Audit of CFRS's Financial Statements. Audits were completed in a timely manner.
- d) Publish Annual Comprehensive Annual Financial Reports. CAFR Reports were issued timely.
- e) Review the Board's essential policy resolutions. Review is an ongoing assignment.
- g) Continue development of CFRS's budget document. Staff continues to enhance the annual budget documentation.

**ADMINISTRATION OF THE SYSTEMS**

**V. Management Services Plan**

- a) Development of Emergency Procedures & Business Continuity Plans. An initial backup plan was developed and implemented with LRS.
- b) Enhance Monthly Financial Reports
- c) Ensure that CFRS's technological infrastructure is secure and capable of supporting current and new applications.
- d) Evaluate & implement integrated document creation, storage, retrieve and disposal procedures. This will be conducted in FY 2008.
- e) Evaluate the life cycle replacement of servers, personal computers, laptops, printers and other electronic products and software.
- f) Perform ongoing evaluation of communications technologies & applications

**VI. Human Resources Plan**

- a) Establish a Management Succession Plan. Discussions were held with the Administrative Committee and Boards. This is an ongoing project.
- b) Recruit and replace retiring Retirement Benefits Manager. Recruitment was conducted and internal candidate Yvonne Arellano was hired to replace Carol Eland who retired. Karen Burrington, Sr. Administrative Clerk, moved out of state and was replaced by Alex Villa through a Citywide recruitment.
- c) Conduct Annual Performance Reviews with Each Employee. Annual reviews were conducted.
- d) Continue Professional Development & Training. This is an ongoing assignment.
- e) Participate in citywide Classification and Compensation Study. Reviewed and suggested changes related to Retirement Office positions to retain the specialization required for continued professional development of the Retirement Office staff.

**CFRS's BUDGET INITIATIVES FOR 2007-2008**

**I. Member Benefit Services Plan**

- a) Re-design a complete payroll information download into PensionGold for maintenance of historical payroll data as part of the recent litigation settlement and recalculation and notification of 225 DROP accounts due to the settlement.
- b) Evaluate new member seminars emphasizing financial planning strategies for members at an early stage in their career. Staff will continue to expand presentations and conducted special seminars as necessary.
- c) Evaluate web-based presentations to supplement member educational programs, including new employee orientation, financial planning seminars, and brown bag presentations. This is an ongoing assignment.
- d) Review Member Benefit Services for risk exposure and Report to Boards. This is an ongoing project.
- e) Complete implementation of Disability Tracking System for PensionGold. The loading of data into the System is still in progress.
- g) Review and improve, as needed, the ease of use, appearance, and content of the CFRS's website for the member's convenience: This is an ongoing process.

**II. Actuarial Services Plan**

- a) Revise Economic & Actuarial Assumptions, if appropriate. The Segal Company will be completing their first Experience studies and will make suggestions, which may be considered, for the June 30, 2007 Actuarial Valuations.
- b) Complete June 30, 2007 Actuarial Valuations. The Segal Company will be performing the 2007 Actuarial Valuations and reports and staff will be assisting and providing data for the studies.
- c) Provide Technical Support to City and unions regarding retirement issues. This is an ongoing assignment that staff completes as necessary.
- d) Revise Surplus Projection Modeling and Analysis, if necessary or appropriate.
- e) Review of The Segal Company performance and Contract. To be conducted annually prior to the end of the current fiscal year.

**ADMINISTRATION OF THE SYSTEMS**

**III. Investment Management Services Plan**

- a) Enhance and document risk-monitoring procedures. Staff will continue to update the Northern Trust compliance module to reflect changes in policy. This is an ongoing project that staff updates as necessary.
- b) Perform and implement conclusions originating from the studies of CFRS's Asset / Liability Model and Manager Structure, as necessary.
- c) Review and amend, CFRS's Investment policies as necessary.
- d) Perform Investment Manager search(es) as necessary.
- e) Review and implement, if necessary, inclusion of risk evaluations with the monthly reports. This is an ongoing process which is monitored by staff on a monthly basis.
- f) Strengthen investment manager monitoring program. Monthly program monitored by staff.
- g) Perform annual review of all Investment Managers, Investment Consultants, and the Global Custodian. Monthly meetings will be held with each of the Systems' investment managers and an Investment report to the Boards will be developed for distribution in the coming year.
- h) As directed by the Investment Committee, we will either negotiate a contract renewal with our existing provider or issue a request for proposals for Global Custodian services.

**IV. Board Support Services**

- a) Evaluate CFRS's Total Plan Risk. This is an ongoing project.
- b) Strengthen Internal Control/Audit Documentation:
- c) Complete the Annual Independent Audit of CFRS's Financial Statements.
- d) Publish Annual Comprehensive Annual Financial Reports for both Systems and CFRS's Realty Holding Corporation.
- e) Review the Board's essential policy resolutions. Review is an ongoing assignment.
- g) Continue development of CFRS's budget document. Staff continues to enhance the annual budget documentation.

**V. Management Services Plan**

- a) Development of Emergency Procedures & Business Continuity Plans.
- b) Enhance Monthly Financial Reports
- c) Ensure that CFRS's technological infrastructure is secure and capable of supporting current and new applications.
- d) Evaluate & implement integrated document creation, storage, retrieve and disposal procedures. This project will be started in FY 2008.

**ADMINISTRATION OF THE SYSTEMS**

- e) Evaluate the life cycle replacement of servers, personal computers, laptops, printers and other electronic products and software.
- f) Perform ongoing evaluation of communications technologies & applications

**VI. Human Resources Plan**

- a) Establish and maintain a Management Succession Plan. This is an ongoing project.
- b) Conduct Annual Performance Reviews with Each Employee.
- c) Continue Professional Development & Training. This is an ongoing assignment.
- d) Continue to participate in the citywide Classification and Compensation Study.

*City of Fresno Retirement Systems*  
Retirement Operating

# Operating Budget

Acct #	Account Description	Budget FY2007	Budget Subm. FY2008	Net Change From Prior Yr	Proposed Budget FY 2008	Change From Base
<b>Employee Services</b>						
55101	Permanent Salaries	519,800	541,500	21,700	541,500	21,700
51102/4/5	Permanent Fringe	78,600	82,500	3,900	78,100	(500)
51103	Employee Leave Payoff-Non Term	39,400	6,400	(33,000)	6,400	(33,000)
51401	Premium Pay	10,000	20,000	10,000	20,000	10,000
<b>Employee Services Total</b>		<b>647,800</b>	<b>650,400</b>	<b>(7,400)</b>	<b>646,000</b>	<b>(11,800)</b>
<b>Operations &amp; Maintenance</b>						
51403	Commission Stipends (Board Members)	5,800	5,800	0	5,800	-
52302	Gen Svc Pens Oblig Bond Dbt Svc	16,500	16,000	(500)	16,000	(500)
52901	Recurring Vehicle Allowance	3,600	3,600	0	3,600	0
<b>Operations &amp; Maintenance Total</b>		<b>25,900</b>	<b>25,400</b>	<b>(500)</b>	<b>25,400</b>	<b>(500)</b>
<b>InterDepartmental Charges</b>						
59102	City Attorney - Variable Charges	4,000	4,000	0	4,000	0
59103	Budget (BMSD) - Variable Charges	1,300	1,400	100	1,400	100
59106	HR-Operations - Variable Charges	4,200	4,100	(100)	4,100	(100)
59107	Training Unit Charges HR	700	700	0	700	0
59108	HR-Labor Relations - Variable Charges	0	0	0	0	0
59109	Finance - Variable Charges	6,400	5,700	(700)	5,800	(600)
59114	Internal Audit - Variable Charges	500	500	0	500	0
59201	Fixed Interdept Reimb - Gen Fund	0	14,400	14,400	14,400	14,400
59302	Info Systems Service Charge	13,400	15,500	2,100	15,500	0
59303	Info Systems Equip Charge	12,700	13,900	1,200	13,900	0
59304	Property Self-Insurance Charges	100	100	0	100	0
59305	Liability Self-Insurance Charges	100	100	0	100	0
59306	Messenger / Mail / Copier Service Charges	43,200	69,100	25,900	69,100	25,900
59307	Telephone Service Charges	18,000	13,800	(4,200)	13,900	(4,100)
59309	Facilities Management Charge	0	100	100	100	100
59315	Employee/Visitor Parking Permit	0	100	100	100	100
59320	Call Center Charges	3,000	400	(2,600)	400	(2,600)
59321	Microsoft Migration	0	6,100	6,100	7,400	7,400
<b>InterDepartmental Charges Total</b>		<b>107,600</b>	<b>150,000</b>	<b>42,400</b>	<b>151,500</b>	<b>33,200</b>
<b>Contingency</b>						
61001	Contingency / Reserve	0	0	0	0	0
<b>Grand Total</b>		<b>781,300</b>	<b>825,800</b>	<b>34,500</b>	<b>822,900</b>	<b>20,900</b>

# Budgeted Revenues

Account Description	Budget FY 2007	Initial Budget FY2008	Net Change	Budget Base FY 2008	Base Change FY 2008
<b>Charges for Services</b>					
Carryover from prior year	0	0	0	0	0
Reimb from City Def. Comp.	32,100	33,200	1,100	33,200	1,100
Reimb fm Employees Retirement Trust	374,600	396,300	21,700	394,850	20,250
Reimb fm Fire & Police Retirement Trust	374,600	396,300	21,700	394,850	20,250
<b>Total Charges for Services</b>	<b>781,300</b>	<b>825,800</b>	<b>44,500</b>	<b>822,900</b>	<b>41,600</b>

# Employee Detail Authorized Positions

Position Nbr	Job Class		Class Title
235	135045	Arellano, Yvonne	<b>Retirement Benefits Manager</b>
4956	135051	Basquez, Patti	<b>Retirement Counselor II</b>
233	135051	Gaab, Donna	<b>Retirement Counselor II</b>
4701	135051	Ketch, Andrea	<b>Retirement Counselor II</b>
3671	110052	Laygo, Pattie	<b>Executive Assistant</b>
164	135030	McDivitt, Stanley	<b>Retirement Administrator</b>
4700	135040	Riley, Kathleen	<b>Assistant Retirement Administrator</b>
3982	130012	Rolle, Karen	<b>Accountant-Auditor</b>
5147	110003	Villa, Alex	<b>Senior Administrative Clerk</b>

# Continuing Education and Travel Budget

TRAVEL DETAILS BY POSITION	Airline or Mileage	Reg. Fees	Hotel Costs	Meals	Total	Category Sub-Totals
<b>Retirement Administrator</b>						
(4) CALAPRS Administrators roundtable meetings	850	200	400	200	1,650	
(1) SACR'S Conferences	150	100	700	100	1,050	
CALAPRS General Assembly Conference	250	0	800	100	1,150	
CALAPRS Administrators Training Institute	175	700	0	100	975	
Risk Mgt/Investment/Manager/Custodian Conference	500	600	600	100	1,800	
Miscellaneous business travel	200			100	300	6,925
<b>Assistant Retirement Administrator</b>						
(4) CALAPRS Roundtable meetings	800	200	400	150	1,550	
(1) SACR'S Conferences	150	100	600	100	950	
CEBS RPA Program (Course Books & Materials)		750			750	
Risk Mgt/Investment Conference	500	600	600	100	1,800	5,050
<b>Benefits Manager</b>						
(4) CALAPRS Benefits Roundtable meetings	800	200	400	200	1,600	
Pension Gold Conference (Sept 19-21, 2007)	600	0	500	100	1,200	
CALAPRS Training - Intermediate and Advanced (October 3-5, 2007 and November 7-9, 2007)	600	200	400	100	1,300	4,100
<b>Executive Secretary</b>						
(2) CALAPRS Roundtable meetings	400	100	200	100	800	
CA Special Districts Association Training	200	500	400	100	1,200	2,000
<b>Sr. Administrative Clerk (Alex)</b>						
(2) CALAPRS Roundtable meetings	400	100	200	100	800	800
<b>Accountant-Auditor (Karen)</b>						
(2) CALAPRS Roundtable meetings	400	100	200	100	800	800
<b>Benefits Counselor(Donna)</b>						
Pension Gold Conference	600	0	500	100	1,200	
CEBS Programs	0	0	0	0	0	
CALAPRS Benefits Roundtable	0	50	200	50	300	1,500
<b>Benefits Counselor (Andrea)</b>						
Pension Gold Conference	600	0	500	100	1,200	
CEBS Programs	0	1,000	0	0	1,000	
CALAPRS Benefits Roundtable	0	50	200	50	300	2,500
<b>Benefits Counselor (Patti)</b>						
CEBS Programs	0	1,000	0	0	1,000	
CALAPRS Roundtable	0	50	200	50	300	1,300
<b>Total Budget for Travel</b>	<b>8,175</b>	<b>6,600</b>	<b>8,000</b>	<b>2,200</b>	<b>24,975</b>	<b>24,975</b>
<b>Memberships &amp; Dues</b>						
GFOA					200	
AICPA Retirement Administrator					210	
CSCPA Retirement Administrator					100	
CPA License Retirement Administrator					100	
Total					610	
<b>Subscriptions</b>						
					500	
<b>Total Budget for Memberships, Dues &amp; Subscriptions</b>					<b>1,110</b>	<b>1,110</b>

# Deferred Compensation Administration Budget

4.35%

Acct #	Account Description	Budget FY 2008	Deferred Compensation
<b>Employee Services</b>			
55101	Permanent Salaries	541,500	23,786
51102	Permanent Fringe Statutory	4,000	174
51103	Employee Leave Payoff-Non Term	6,400	278
51104	Perm Fringe - Health & Welfare	71,000	
51105	Perm Fringe - Life & Disability Ins.	3,100	
51401	Premium Pay excluded in 51102	20,000	870
Employee Services Total		646,000	25,532
<b>Operations &amp; Maintenance</b>			
51403	Commission Stipends (Board members)	5,800	252
52302	Gen Svc Pens Oblig Bond Dbt Svc	16,000	696
52901	Recurring Vehicle Allowance	3,600	157
Operations & Maintenance Total		25,400	1,106
<b>InterDepartmental Charges</b>			
59102	City Attorney - Variable Charges	4,000	174
59103	Budget (BMSD) - Variable Charges	1,400	61
59106	HR-Operations - Variable Charges	4,100	178
59107	HR- Training Unit	700	30
59108	HR-Labor Relations - Variable Charges	0	0
59109	Finance - Variable Charges	5,800	252
59114	Internal Audit - Variable Charges	500	22
59201	Fixed Interdept Reimb - Gen Fund	14,400	627
59302	Info Systems Service Charge	15,500	675
59303	Info Systems Equip Charge	13,900	605
59304	Property Self-Insurance Charges	100	4
59305	Liability Self-Insurance Charges	100	4
59306	Messenger / Mail / Copier Service Charges	69,100	3,008
59307	Telephone Service Charges	13,900	601
59309	Facilities Management Charge	100	4
59315	Employee/Visitor Parking Permit	100	4
59320	Call Center Charges	400	17
59321	Microsoft Migration	7,400	266
InterDepartmental Charges Total		151,500	6,529
<b>Contingency</b>			
61001	Contingency / Reserve	0	0
<b>Grand Total</b>		<b>822,900</b>	<b>33,200</b>

*City of Fresno Retirement Systems*  
**Employees**



# Employees System

Line Item Description	Budget FY2007	Est. FY2007	Budget FY 2008	Net Change
<b>Benefit Services</b>				
Monthly Benefit Payments	26,500,000	27,000,000	28,000,000	1,500,000
Post Retirement Supplemental Benefit	2,800,000	2,975,000	3,500,000	700,000
Deferred Retirement Option Payments	3,000,000	3,000,000	3,500,000	500,000
Employee Contribution Refunds	1,500,000	1,600,000	1,500,000	-
Settlement F.O.R.C.E. Litigation	5,200,000	5,500,000	150,000	(5,050,000)
<b>Total Benefit Services</b>	<b>39,000,000</b>	<b>40,075,000</b>	<b>36,650,000</b>	<b>(2,350,000)</b>
<b>Operations</b>				
<b>Investment Expenses</b>				
Foreign Income Taxes	500,000	800,000	1,000,000	500,000
<b>Total Foreign Income Taxes</b>	<b>500,000</b>	<b>800,000</b>	<b>1,000,000</b>	<b>500,000</b>
<b>Professional Investment Svcs - Portfolio Mgrs &amp; Consultants</b>				
Aberdeen (Deutsche)	215,000	211,100	230,000	15,000
Acadian	250,000	296,000	410,000	160,000
Alliance Capital	195,000	212,000	220,000	25,000
AXA Rosenberg	395,000	348,000	405,000	10,000
BGI	200,000	188,000	215,000	15,000
Boston Co.	250,000	266,000	375,000	125,000
Capital Guardian	180,000	177,000	200,000	20,000
Dodge & Cox	150,000	148,000	165,000	15,000
Emerald Advisors	160,000	133,000	180,000	20,000
Genesis	345,000	308,000	380,000	35,000
Goldman Sachs	135,000	141,000	160,000	25,000
Heitman REIT	95,000	160,000	165,000	70,000
J.P. Morgan	675,000	564,000	675,000	-
Kalmar Investments	230,000	214,000	245,000	15,000
Kennedy	480,000	468,000	505,000	25,000
Loomis Sayles	220,000	218,000	255,000	35,000
Principal REIT	100,000	128,000	160,000	60,000
Prudential	65,000	61,000	70,000	5,000
Pyramis	215,000	240,000	325,000	110,000
Wilshire Associates	100,000	95,900	100,000	-
Northern Trust	60,000	40,000	60,000	-
<b>Total Professional Investment Svcs - Portfolio Mgrs &amp; Consultants</b>	<b>4,715,000</b>	<b>4,617,000</b>	<b>5,500,000</b>	<b>610,000</b>
<b>Total Investment Expenses</b>	<b>5,215,000</b>	<b>5,417,000</b>	<b>6,500,000</b>	<b>1,110,000</b>
<b>Professional Services - Consultants &amp; Other</b>				
Saltzman & Johnson	80,000	75,000	80,000	-
Segal Company	80,000	70,000	80,000	-
Computer Systems Maintenance	40,000	25,000	40,000	-
Independent Auditor	16,000	14,000	17,500	1,500
Publishing Svcs (Annual Reports, Employee Booklets)	15,000	10,000	15,000	-
Hearing Officers, Medical Examiners	35,000	3,650	35,000	-
Fiduciary Liability Insurance	100,000	91,000	100,000	-
Securities Litigation Monitoring Services	12,500	12,500	12,500	-
Other	10,000	500	10,000	-
<b>Total Professional Services - Consultants &amp; Other</b>	<b>388,500</b>	<b>301,650</b>	<b>390,000</b>	<b>1,500</b>
<b>Administrative Expenses</b>				
Reimbursement to City for Board Member Time	15,000	0	15,000	-
Education & Conference	30,000	10,000	30,000	-
Due Diligence Site Visitation (Travel Costs)	25,000	4,000	25,000	-
Membership & Dues	2,600	2,000	2,600	-
Transfer to Retirement Office Fund (Emp.Svc & Id charges)	374,600	374,600	394,900	20,300
Lease Office Space + CAM	75,000	100,000	87,500	12,500
Retirement Staff Education and Conference	12,500	6,800	12,500	-
Postage and Overnight mail	2,000	1,200	2,000	-
Stationary and Supplies	6,000	5,700	6,000	-
Subscriptions & Publications	600	500	600	-
Miscellaneous Expense	0	4,900	0	-
<b>Total Administrative Expenses</b>	<b>543,300</b>	<b>509,700</b>	<b>576,100</b>	<b>32,800</b>
<b>Capital Budget</b>				
Multi-Media System	30,000			(30,000)
<b>Total Capital Budget</b>	<b>30,000</b>	<b>0</b>	<b>0</b>	<b>(30,000)</b>
<b>Total Administrative Expenses and Capital Budget</b>	<b>573,300</b>	<b>509,700</b>	<b>576,100</b>	<b>2,800</b>
<b>Total System Budget without contingency</b>	<b>45,176,800</b>	<b>46,303,350</b>	<b>44,116,100</b>	<b>(1,235,700)</b>
<b>Contingency Budget</b>				
	2,000,000	2,000,000	2,000,000	-
<b>Total System Budget</b>	<b>47,176,800</b>	<b>48,303,350</b>	<b>46,116,100</b>	<b>(1,060,700)</b>

*City of Fresno Retirement Systems*

# Fire and Police



# Fire and Police Retirement System

Line Item Description	Budget FY2007	Est. FY 2007	Budget FY 2008	Net Change
<b>Benefit Services</b>				
Monthly Benefit Payments	32,500,000	32,300,000	34,000,000	1,500,000
Post Retirement Supplemental Benefit	4,000,000	2,900,000	4,000,000	-
Deferred Retirement Option Payments	4,500,000	4,100,000	5,000,000	500,000
Employee Contribution Refunds	500,000	640,000	700,000	200,000
<b>Total Benefit Services</b>	<b>41,500,000</b>	<b>39,940,000</b>	<b>43,700,000</b>	<b>2,200,000</b>
<b>Operations</b>				
<b>Investment Expenses</b>				
Foreign Income Taxes	500,000	880,000	1,000,000	500,000
<b>Total Foreign Income Taxes</b>	<b>500,000</b>	<b>880,000</b>	<b>1,000,000</b>	<b>500,000</b>
<b>Professional Investment Svcs - Portfolio Mgrs &amp; Consultants</b>				
Aberdeen (Deutsche)	250,000	237,900	255,000	5,000
Acadian	254,000	334,000	450,000	196,000
Alliance Bernstein	215,000	238,000	245,000	30,000
AXA Rosenberg	435,000	392,000	450,000	15,000
BGI	220,000	212,000	235,000	15,000
Boston Co.	253,000	299,000	410,000	157,000
Capital Guardian	200,000	198,000	220,000	20,000
Dodge & Cox	165,000	167,000	185,000	20,000
Emerald Advisors	180,000	180,000	200,000	20,000
Genesis	380,000	346,000	420,000	40,000
Goldman Sachs	150,000	159,000	175,000	25,000
Heitman REIT	105,000	150,000	180,000	75,000
J.P. Morgan	745,000	636,000	745,000	-
Kalmar Investments	250,000	240,000	270,000	20,000
Kennedy	530,000	528,000	560,000	30,000
Loomis Sayles	245,000	245,000	280,000	35,000
Principal REIT	115,000	145,000	175,000	60,000
Prudential	70,000	69,000	75,000	5,000
Pyramis	253,000	270,000	360,000	107,000
Wilshire Associates	105,000	106,200	110,000	5,000
Northern Trust	70,000	45,000	70,000	-
<b>Total Professional Investment Svcs - Portfolio Mgrs &amp; Consultants</b>	<b>5,190,000</b>	<b>5,197,100</b>	<b>6,070,000</b>	<b>880,000</b>
<b>Total Investment Expenses</b>	<b>5,690,000</b>	<b>6,077,100</b>	<b>7,070,000</b>	<b>1,380,000</b>
<b>Professional Services - Consultants &amp; Other</b>				
Saltzman & Johnson	115,000	91,886	115,000	-
Segal Company	85,000	75,000	85,000	-
Computer Systems Maintenance	40,000	35,000	40,000	-
Independent Auditor	16,000	15,000	17,500	1,500
Publishing Svcs (Annual Reports, Employee Booklets)	15,000	10,000	15,000	-
Hearing Officers, Medical Examiners	55,000	44,500	55,000	-
Fiduciary Liability Insurance	100,000	100,700	100,000	-
Securities Litigation Monitoring Services	12,500	12,500	12,500	-
Other	10,000	-	10,000	-
<b>Total Professional Services - Consultants &amp; Other</b>	<b>448,500</b>	<b>384,586</b>	<b>450,000</b>	<b>1,500</b>
<b>Administrative Expenses</b>				
Reimbursement to City for Board Member Time	20,000	6,000	20,000	-
Board Member Education & Conference	35,000	15,000	35,000	-
Due Diligence Site Visitation (Travel Costs)	25,000	6,450	25,000	-
Membership & Dues	2,000	1,700	2,000	-
Transfer to Retirement Office Operating Fund (Emp Services & Id's)	374,600	374,600	394,900	20,300
Lease Office Space + CAM	75,000	100,000	87,500	12,500
Retirement Staff Education and Conference	12,500	5,700	12,500	-
Postage and Overnight mail	2,000	1,200	2,000	-
Stationary and Supplies	6,000	6,500	6,000	-
Subscriptions & Publications	600	510	600	-
Miscellaneous Expense	0	3,500	0	-
<b>Total Administrative Expenses</b>	<b>552,700</b>	<b>521,160</b>	<b>585,500</b>	<b>32,800</b>
<b>Capital Budget</b>				
Multi-Media System	30,000	0	0	(30,000)
<b>Total Capital Budget</b>	<b>30,000</b>	<b>0</b>	<b>0</b>	<b>(30,000)</b>
<b>Total Administrative Expenses and Capital Budget</b>	<b>582,700</b>	<b>521,160</b>	<b>585,500</b>	<b>2,800</b>
<b>Total System Budget without contingency</b>	<b>48,221,200</b>	<b>46,922,846</b>	<b>51,805,500</b>	<b>3,584,300</b>
<b>Contingency Budget</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>-</b>
<b>Total System Budget</b>	<b>50,221,200</b>	<b>48,922,846</b>	<b>53,805,500</b>	<b>3,584,300</b>

*City of Fresno Retirement Systems*  
**Combined**

# Combined Systems

Line Item Description	Budget FY2007	Est. FY 2007	Budget FY 2008	Net Change
<b>Benefit Services</b>				
Monthly Benefit Payments	59,000,000	59,300,000	62,000,000	3,000,000
Post Retirement Supplemental Benefit	6,800,000	5,875,000	7,500,000	700,000
Deferred Retirement Option Payments	7,500,000	7,100,000	8,500,000	1,000,000
Employee Contribution Refunds	2,000,000	2,240,000	2,200,000	200,000
Settlement F.O.R.C.E. Litigation	5,200,000	5,500,000	150,000	(5,050,000)
<b>Total Benefit Services</b>	<b>80,500,000</b>	<b>80,015,000</b>	<b>80,350,000</b>	<b>(150,000)</b>
<b>Operations</b>				
<b>Investment Expenses</b>				
Foreign Income Taxes	1,000,000	1,680,000	2,000,000	1,000,000
<b>Total Foreign Income Taxes</b>	<b>1,000,000</b>	<b>1,680,000</b>	<b>2,000,000</b>	<b>1,000,000</b>
<b>Professional Investment Svcs - Portfolio Mgrs &amp; Consultants</b>				
Aberdeen (Deutsche)	465,000	449,000	485,000	20,000
Acadian	504,000	630,000	860,000	356,000
Alliance Bernstein	410,000	450,000	465,000	55,000
AXA Rosenberg	830,000	740,000	855,000	25,000
BGI	420,000	400,000	450,000	30,000
Boston Co.	503,000	565,000	785,000	282,000
Capital Guardian	380,000	375,000	420,000	40,000
Dodge & Cox	315,000	315,000	350,000	35,000
Emerald Advisors	340,000	313,000	380,000	40,000
Genesis	725,000	654,000	800,000	75,000
Goldman Sachs	285,000	300,000	335,000	50,000
Heitman REIT	200,000	310,000	345,000	145,000
J.P. Morgan	1,420,000	1,200,000	1,420,000	0
Kalmar Investments	480,000	454,000	515,000	35,000
Kennedy	1,010,000	996,000	1,065,000	55,000
Loomis Sayles	465,000	463,000	535,000	70,000
Principal REIT	215,000	273,000	335,000	120,000
Prudential	135,000	130,000	145,000	10,000
Pyramis	468,000	510,000	685,000	217,000
Wilshire Associates	205,000	202,100	210,000	5,000
Northern Trust	130,000	85,000	130,000	0
<b>Total Professional Investment Svcs - Portfolio Mgrs &amp; Consultants</b>	<b>9,905,000</b>	<b>9,814,100</b>	<b>11,570,000</b>	<b>1,490,000</b>
				0
<b>Total Investment Expenses</b>	<b>10,905,000</b>	<b>11,494,100</b>	<b>13,570,000</b>	<b>2,490,000</b>
<b>Professional Services - Consultants &amp; Other</b>				
Saltzman & Johnson	195,000	166,886	195,000	0
Segal Company	165,000	145,000	165,000	0
Computer Systems Development & Maint. (Web Site Project)	80,000	60,000	80,000	0
Independent Auditor	32,000	29,000	35,000	3,000
Publishing Svcs (Annual Reports, Employee Booklets)	30,000	20,000	30,000	0
Hearing Officers, Medical Examiners	90,000	48,150	90,000	0
Fiduciary Liability Insurance	200,000	191,700	200,000	0
Securities Litigation Monitoring Services	25,000	25,000	25,000	0
Other	20,000	500	20,000	0
<b>Total Professional Services - Consultants &amp; Other</b>	<b>837,000</b>	<b>686,236</b>	<b>840,000</b>	<b>3,000</b>
<b>Administrative Expenses</b>				
Reimbursement to City for Board Member Time	35,000	6,000	35,000	0
Board Member Education & Conference	65,000	25,000	65,000	0
Due Diligence Site Visitation (Travel Costs)	50,000	10,450	50,000	0
Membership & Dues	4,600	3,700	4,600	0
Transfer to Retirement Office Operating Fund (Emp Services & Id's)	749,200	749,200	789,800	40,600
Lease Office Space + CAM	150,000	200,000	175,000	25,000
Retirement Staff Education and Conference	25,000	12,500	25,000	0
Postage and Overnight mail	4,000	2,400	4,000	0
Stationary and Supplies	12,000	12,200	12,000	0
Subscriptions & Publications	1,200	1,010	1,200	0
Miscellaneous Expense	0	8,400	0	0
<b>Total Administrative Expenses</b>	<b>1,096,000</b>	<b>1,030,860</b>	<b>1,161,600</b>	<b>65,600</b>
<b>Capital Budget</b>				
Multi-Media System	60,000	0	0	(60,000)
<b>Total Capital Budget</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>(60,000)</b>
				0
<b>Total Administrative Expenses and Capital Budget</b>	<b>1,156,000</b>	<b>1,030,860</b>	<b>1,161,600</b>	<b>5,600</b>
				0
<b>Total System Budget without contingency</b>	<b>93,398,000</b>	<b>93,226,196</b>	<b>95,921,600</b>	<b>2,348,600</b>
<b>Contingency Budget</b>				
	4,000,000	4,000,000	4,000,000	0
<b>Total System Budget</b>	<b>97,398,000</b>	<b>97,226,196</b>	<b>99,921,600</b>	<b>2,523,600</b>