



Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 8

DATE: September 29, 2020

TO: Deferred Compensation Management Council

FROM: Hollis Magill, Human Resources Manager

SUBJECT: 2019-20 Fiscal Year-End Budget Report & Distribution of Surplus Funds

BACKGROUND

Pursuant to Section 8.02 of the County of Fresno 457(B) Deferred Compensation Plan Document, your Council shall determine the reasonable Deferred Compensation Plan (Plan) expenses, such as third-party administration, consulting, legal and County staff costs. In addition, your Council shall determine the administrative fee charged to Participants to pay for such reasonable Plan expenses, on an annual basis. On May 23, 2019, your Council approved a Fiscal Year 2019-20 budget for Plan expenses and set an administrative fee of 0.19%.

ISSUE

Staff has prepared a 2019-20 Fiscal Year-End budget report for the twelve-month period that ended June 30, 2020 (Attachment A); the approved FY 2019-20 budget is detailed in Attachment B. As stated on Attachment A, there was a surplus of approximately \$59,838 in FY 2019-20. Staff would like to note and explain the causes of this surplus:

1. **Total revenues were higher than what was projected.** Plan revenues were higher than what was projected due to higher than expected Plan assets; staff based FY 2019-20 revenues on approximately \$257 million in Plan assets, whereas actual Plan assets were in excess of \$278 million as of June 30, 2020.
2. **Expenses were less than what was budgeted.**
 - a. **Staff Costs.** Staff costs were less than what was budgeted, due primarily to fewer hours spent by staff working on the Plan than what was projected.
 - b. **Retiree Outreach.** As your Council is aware, staff and Nationwide were unable to host a planned luncheon in 2020 due to concerns over the COVID-19 pandemic. Therefore, no funds were used from the Retiree Outreach budget in FY 2019-20.
 - c. **Contingency.** As your Council is aware, funds did not need to be transferred from the Contingency budget in FY 2019-20.
3. **Record-keeping fees were higher than projected.** Record-keeping fees were higher than projected due to higher than expected Plan assets; staff based FY 2019-20 revenues

on approximately \$257 million in Plan assets, whereas actual Plan assets were in excess of \$278 million as of June 30, 2020.

Distribution of Surplus Funds

As your Council is aware, in previous fiscal years where Plan revenues exceeded Plan expenses, your Council has approved a pro rata distribution of funds to participants based on each participant's percentage of Plan assets. As stated on Attachment A, there was a surplus of approximately \$59,838 in fiscal year 2019-20.

Therefore, staff is recommending that your Council approve a pro rata distribution of \$59,838 to current participants who had a Plan account balance as of June 30, 2020. Each participant's share of the distribution will be based on their June 30, 2020 Plan account balance. As of August 31, 2020, the Plan Expense Account balance was \$147,883.

RECOMMENDED ACTION

Approve a pro rata distribution of \$59,838 to current Deferred Compensation Plan participants based on each participant's percentage of Deferred Compensation Plan assets as of June 30, 2020.

ITEM 8 - Attachment A

County of Fresno Deferred Compensation Plan

Fiscal Year 2019-20 Revenue & Expenses as of June 30, 2020

Revenue	Approved	Year to Date	Surplus (Deficit)
Administrative Fees	\$ 230,000	\$ 241,298	\$ 11,298
FY 2018-19 Carryover	\$ 15,000	\$ 15,000	\$ -
Subtotals:	\$ 245,000	\$ 256,298	\$ 11,298

Discretionary Expenses	Approved	Year to Date	Surplus (Deficit)
County Staff	\$ 121,000	\$ 107,342	\$ 13,658
Consultant	\$ 70,000	\$ 70,000	\$ -
Fiduciary Liability Insurance	\$ 11,000	\$ 10,134	\$ 866
Off-Site Training	\$ 10,000	\$ 8,984	\$ 1,016
Retiree Outreach	\$ 8,000	\$ -	\$ 8,000
Contingencies	\$ 25,000	\$ -	\$ 25,000
Subtotals:	\$ 245,000	\$ 196,459	\$ 48,541

Total Surplus (Deficit):	\$ 59,838
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Mandatory Expenses	Approved	Year to Date	Surplus (Deficit)
Record-keeping Fees	\$ 260,000	\$ 266,867	\$ (6,867)

Item 8 - Attachment B

Discretionary Items

Revenue Source	2019-20 Budget	% of Revenue	2018-19 Budget	\$ Change from 2018-19	% Change from 2018-19
Administrative Fee	\$230,000	94%	\$202,000	\$28,000	14%
FY 2018-19 Carryover	\$15,000	6%	n/a	n/a	n/a
Total Revenue:	\$245,000	100%	\$202,000	\$43,000	21%
Expense	2019-20 Budget	% of Expenses	2018-19 Budget	\$ Change from 2018-19	% Change from 2018-19
County Staff	\$121,000	49%	\$107,000	\$14,000	13%
Consultant	\$70,000	29%	\$40,000	\$30,000	75%
Fiduciary Liability Insurance	\$11,000	4%	\$11,000	\$0	0%
Off-Site Training	\$10,000	4%	\$9,000	\$1,000	11%
Retiree Outreach	\$8,000	3%	n/a	n/a	n/a
Contingencies	\$25,000	10%	\$35,000	-\$10,000	-29%
Total Expenses:	\$245,000	100%	\$202,000	\$43,000	21%

Mandatory Items

Revenue Source	2019-20 Budget	2018-19 Budget	\$ Change from 2018-19	% Change from 2018-19
Nationwide Fee	\$260,000	\$240,000	\$20,000	8%
Expense	2019-20 Budget	2018-19 Budget	\$ Change from 2018-19	% Change from 2018-19
Record-keeping	\$260,000	\$240,000	\$20,000	8%