



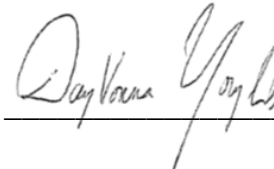
Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 6

DATE: September 28, 2023

TO: Deferred Compensation Management Council

FROM: DayVonna Youngblood, Human Resources Manager 

SUBJECT: 2022-23 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 and County of Fresno Board of Supervisors Resolution No. 22-114, the Deferred Compensation Management Council (the "Council") shall determine the reasonable expenses of the 457(b) Deferred Compensation Plan and the 401(a) Defined Contribution Plan (the "Plans"), such as third-party administration, consulting, legal and County staff costs. In addition, the Council shall determine the administrative fee charged to Participants to pay for such reasonable expenses of the Plans, on an annual basis. On June 2, 2022, the Council approved a Fiscal Year 2022-23 budget for the Plans' expenses and set the total administrative fee at 0.18%.

ISSUE

Staff has prepared a 2022-23 Fiscal Year-End budget report for the twelve-month period that ended June 30, 2023 (Exhibit A). The Fiscal Year 2022-23 budget for the Plans was approved by the Council on June 2, 2022 and is attached to this item (Exhibit B) for reference. As stated in Exhibit A, there was a surplus of approximately \$58,131 in FY 2022-23. Staff would like to highlight the following:

1. **Total revenues were higher than what was projected.** Revenue from the Plans was expected to be \$236,000; however, the final total was \$254,375, exceeding expectations by approximately \$18,375. This was due to higher-than-expected Plan assets throughout the fiscal year.
2. **Expenses were less than what was budgeted.**
 - a. **Staff Costs.** The costs of Employee Benefits, County Counsel, and Outside Legal Counsel working for the Plans were estimated to be \$156,000; instead, costs were \$134,722, as staff and Outside Counsel worked fewer hours than projected on assignments related to the Plans. This resulted in a savings of **\$21,278**.

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- b. **Consultant Costs.** Consultant costs were estimated to be \$42,500. However, the final cost was \$40,000, as Northwest Capital Management reduced the first quarter invoice by \$2,500, due to their attending the September 27, 2022 meeting virtually. Pursuant to Agreement No. 20-462, in any quarter (up to two (2) quarters per calendar year) where the Consultant attends a meeting virtually, where the Consultant does not incur travel expenses, the quarterly fee is reduced from \$10,625 to \$8,125.00. This resulted in a savings of **\$2,500**.
- c. **Fiduciary Liability Insurance.** Staff estimated the cost of Fiduciary Liability Insurance would be \$15,000; instead, the premiums were \$13,142, resulting in a savings of **\$1,858**.
- d. **Off-Site Training.** The cost of traveling to and from the National Association of Governmental Defined Contribution Administrators (NAGDCA) conference, such as airfare and hotels was estimated to be \$10,000; instead, the costs were \$8,381, resulting in a savings of **\$1,619**.
- e. **Contingency.** Funds did not need to be transferred from the Contingency budget in FY 2022-23, resulting in a savings of **\$12,500**.

Distribution of Surplus Funds

As your Council is aware, in previous fiscal years where Plan revenues exceeded Plan expenses, the Council has approved a pro rata distribution of funds to participants based on each participant's percentage of Plan assets. As stated on Exhibit A, there was a surplus of approximately \$58,131 in fiscal year 2022-23.

Therefore, staff is recommending that your Council approve a pro rata distribution of \$58,131 to current 457(b) Deferred Compensation Plan participants who had an account balance as of June 30, 2023. Each participant's share of the distribution will be based on their total account balances in both of the Plans as of June 30, 2023. As of August 31, 2023, the Plan Expense Account balance was \$173,258.13.

RECOMMENDED ACTION

Approve a pro rata distribution of \$58,131 to current 457(b) Deferred Compensation Plan participants based on each participant's percentage of the total assets of the 457(b) Deferred Compensation Plan and the 401(a) Defined Contribution Plan, as of June 30, 2023.

ITEM 6 - EXHIBIT A

County of Fresno 457(b) Deferred Compensation Plan

County of Fresno 401(a) Defined Contribution Plan

Fiscal Year 2022-23 Revenue & Expenses as of June 30, 2023

Revenue	Approved	Year to Date	Surplus (Deficit)
Administrative Fees	\$ 236,000	\$ 254,375	\$ 18,375
Totals:	\$ 236,000	\$ 254,375	\$ 18,375

Discretionary Expenses	Approved	Year to Date	Surplus (Deficit)
County Staff	\$ 156,000	\$ 134,722	\$ 21,278
Consultant	\$ 42,500	\$ 40,000	\$ 2,500
Fiduciary Liability Insurance	\$ 15,000	\$ 13,142	\$ 1,858
Off-Site Training	\$ 10,000	\$ 8,381	\$ 1,619
Contingencies	\$ 12,500	\$ -	\$ 12,500
Totals:	\$ 236,000	\$ 196,244	\$ 39,756

Surplus (Deficit):		\$ 58,131
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Mandatory Expenses	Approved	Year to Date	Surplus (Deficit)
Record-keeping Fees	\$ 340,000	\$ 308,432	\$ 31,568

ITEM 6 - EXHIBIT B

Discretionary Items

Revenue Source	2022-23 Budget	% of Revenue	2021-22 Budget	\$ Change from 2021-22	% Change from 2021-22
Administrative Fee	\$236,000	100%	\$239,000	-\$3,000	-1%
Total Revenue:	\$236,000	100%	\$239,000	-\$3,000	-1%
Expense	2022-23 Budget	% of Expenses	2021-22 Budget	\$ Change from 2021-22	% Change from 2021-22
County Staff	\$156,000	66%	\$156,000	\$0	0%
Consultant	\$42,500	18%	\$42,500	\$0	0%
Fiduciary Liability Insurance	\$15,000	6%	\$13,000	\$2,000	15%
Off-Site Training	\$10,000	4%	\$2,500	\$7,500	300%
Contingencies	\$12,500	5%	\$25,000	-\$12,500	-50%
Total Expenses:	\$236,000	100%	\$239,000	-\$3,000	-1%

Mandatory Items

Revenue Source	2022-23 Budget	2021-22 Budget	\$ Change from 2021-22	% Change from 2021-22
Nationwide Fee	\$340,000	\$350,000	-\$10,000	-3%
Expense	2022-23 Budget	2021-22 Budget	\$ Change from 2021-22	% Change from 2021-22
Record-keeping	\$340,000	\$350,000	-\$10,000	-3%