



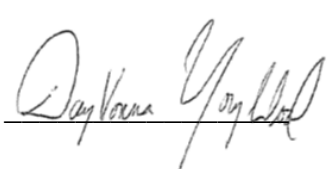
Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 8

DATE: December 12, 2024

TO: Deferred Compensation Management Council

FROM: DayVonna Youngblood, Human Resources Manager 

SUBJECT: 2023-24 Fiscal Year-End Budget Report & Distribution of Surplus Funds

DISCUSSION

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 15, 2023, the Council approved a Fiscal Year 2023-24 budget for the Plans' expenses and set the total administrative fee at 0.18%.

Staff has prepared a 2023-24 Fiscal Year-End budget report for the twelve-month period that ended June 30, 2024 (Exhibit A). The Fiscal Year 2023-24 budget for the Plans was approved by the Council on June 15, 2023 and is attached to this item (Exhibit B) for reference. As stated in Exhibit A, there was a surplus of approximately \$95,398 in FY 2023-24. Staff would like to highlight the following:

1. **Total revenues were higher than what was projected.** Revenue from the Plans was expected to be \$255,000; however, the final total was \$285,298, exceeding expectations by approximately \$30,298. 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 \$158,000; instead, costs were \$133,344, as staff and Outside Counsel worked fewer hours than projected on assignments related to the Plans. This resulted in a savings of **\$24,656**.
 - b. **Consultant Costs.** Consultant costs were estimated to be \$42,500. However, the final cost was \$37,500, as Northwest Capital Management reduced two of

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their quarterly invoices by \$2,500 each, due to their attending two (2) Council meetings 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 **\$5,000**.

- c. **Fiduciary Liability Insurance.** Staff estimated the cost of Fiduciary Liability Insurance would be \$16,000; instead, the premiums were \$13,142, resulting in a savings of **\$2,858**.
- 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 \$11,000; instead, the costs were \$5,914, resulting in a savings of **\$5,086**.
- e. **Contingency.** Funds did not need to be transferred from the Contingency budget in FY 2023-24, resulting in a savings of **\$27,500**.

Distribution of Surplus Funds

In previous fiscal years where there was a budget surplus, the Council has approved a pro rata distribution of funds to participants based on each participant's percentage of assets within the Plans. As stated on Exhibit A, there was a surplus of approximately \$95,398 in fiscal year 2023-24. Pursuant to the FY 2024-25 budget approved by your Council on June 20, 2024, \$15,000 of that surplus is allocated to the 2024-25 FY budget to pay for consulting fees related to the current Record-keeper RFP process.

Therefore, staff is recommending that your Council approve a pro rata distribution of **\$80,398** of these surplus funds to current 457(b) Deferred Compensation Plan and 401(a) Defined Contribution Plan participants who had an account balance as of June 30, 2024. Each participant's share of the distribution will be based on their percentage of the total assets in the Plans as of June 30, 2024.

RECOMMENDED ACTION

Approve a pro rata distribution of \$80,398 to current 457(b) Deferred Compensation Plan and 401(a) Defined Contribution 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, 2024.

ITEM 8 - EXHIBIT A

County of Fresno 457(b) Deferred Compensation Plan

County of Fresno 401(a) Defined Contribution Plan

Fiscal Year 2023-24 Revenue & Expenses as of June 30, 2024

Revenue	Approved	Year to Date	Surplus (Deficit)
Administrative Fees	\$ 255,000	\$ 285,298	\$ 30,298
Totals:	\$ 255,000	\$ 285,298	\$ 30,298

Discretionary Expenses	Approved	Year to Date	Surplus (Deficit)
County Staff	\$ 158,000	\$ 133,344	\$ 24,656
Consultant	\$ 42,500	\$ 37,500	\$ 5,000
Fiduciary Liability Insurance	\$ 16,000	\$ 13,142	\$ 2,858
Off-Site Training	\$ 11,000	\$ 5,914	\$ 5,086
Contingencies	\$ 27,500	\$ -	\$ 27,500
Totals:	\$ 255,000	\$ 189,900	\$ 65,100

Surplus (Deficit):	\$ 95,398
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Mandatory Expenses	Approved	Year to Date	Surplus (Deficit)
Record-keeping Fees	\$ 352,000	\$ 346,259	\$ 5,741

ITEM 8 - EXHIBIT B

County of Fresno 457(b) Deferred Compensation Plan

County of Fresno 401(a) Defined Contribution Plan

Discretionary Items

Revenue Source	2023-24 Budget	% of Revenue	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Administrative Fee	\$255,000	100%	\$236,000	\$19,000	8%
Total Revenue:	\$255,000	100%	\$236,000	\$19,000	8%
Expense	2023-24 Budget	% of Expenses	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
County Staff	\$158,000	62%	\$156,000	\$2,000	1%
Consultant	\$42,500	17%	\$42,500	\$0	0%
Fiduciary Liability Insurance	\$16,000	6%	\$15,000	\$1,000	7%
Off-Site Training	\$11,000	4%	\$10,000	\$1,000	10%
Contingencies	\$27,500	11%	\$12,500	\$15,000	120%
Total Expenses:	\$255,000	100%	\$236,000	\$19,000	8%

Mandatory Items

Revenue Source	2023-24 Budget	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Nationwide Fee	\$352,000	\$340,000	\$12,000	4%
Expense	2023-24 Budget	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Record-keeping	\$352,000	\$340,000	\$12,000	4%