



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 6/19/2018

Agenda Placement: 6II

NAPA COUNTY BOARD OF SUPERVISORS

Board Agenda Letter

TO: Board of Supervisors

FROM: Mary Booher for Minh Tran - County Executive Officer
County Executive Office

REPORT BY: Bret Prebula, Principal Management Analyst - 707-253-4826

SUBJECT: Establish a Special Revenue Fund for Deferred Compensation Board of Control

RECOMMENDATION

County Executive Officer and Auditor-Controller request the following:

1. Establish a Special Revenue Fund for the Deferred Compensation Board of Control; and
2. Authorize the Auditor-Controller to increase appropriations in order to transfer the fund balance of the Deferred Compensation Board Sub-Division as of June 30, 2018 into the newly created Special Revenue Fund.

EXECUTIVE SUMMARY

Napa County currently sponsors a 457 Deferred Compensation Plan, a 401(a) Defined Contribution Plan, an COBRA Plan, and an Alternate Payee Retirement Plan. The Deferred Compensation Board of Control carries out the fiduciary duties and has sole discretionary authority over the administration of the retirement program. Creating a Special Revenue Fund will ensure the dedicated funds for administering the programs are segregated for this purpose and not treated as discretionary resources.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	The County receives a revenue share from Mass Mutual to cover costs incurred for administering the Deferred Compensation plans for County

	employees.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	A special revenue fund must be established to segregate the revenue share that is legally restricted to be used only for administration of the County Deferred Compensation employee plans.
Is the general fund affected?	Yes
Future fiscal impact:	Each year annual budgets will be established using the revenue share funds available to offset the administration costs. There is no impact to the County's General Fund.
Consequences if not approved:	Currently, these funds are being tracked in a General Fund sub-division. If this item is not approved, the County is at risk of using the funds for purposes other than it's legal restriction to offset administration costs on the Deferred Compensation plan.
Additional Information:	

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The County receives a revenue share based on its contractual agreement with Mass Mutual from investments within the employee Deferred Compensation plans. These funds are legally restricted to be used to offset administration costs association with the plan management, including, but not limited to: financial advisory consulting services, fiduciary insurance costs for the members of the Board of Control, costs for materials to engage and educate participants to participate in the plan as well as prepare for retirement, training of Board of Control members and costs incurred for the overall administration of the plan including accounting, legal and employee services provided by Human Resources.

Currently, these funds are segregated in a sub-division within the General Fund and each year the balance must be identified and restricted in the General Fund's fund balance. Moving this activity into its own Special Revenue Fund would eliminate the risk of co-mingling non-discretionary funds with discretionary funds and provide better transparency for the specific function of the Deferred Compensation Board of Control.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Molly Rattigan