

Memorandum

TO: VEBA ADVISORY COMMITTEE

FROM: Vicky Szeto
Finance Department

SUBJECT: SEE BELOW

DATE: August 19, 2024

Approved 

Date 8/23/24

SUBJECT: PLAN REPORT – ACTIVITY FOR FISCAL YEAR 2023-2024

RECOMMENDATION

Approve the Voluntary Employees' Beneficiary Association ("VEBA") Plan Report for the Fiscal Year 2023-2024.

OUTCOME

Provide the VEBA Advisory Committee with financial information and statistical data on the VEBA Plan ("Plan").

BACKGROUND

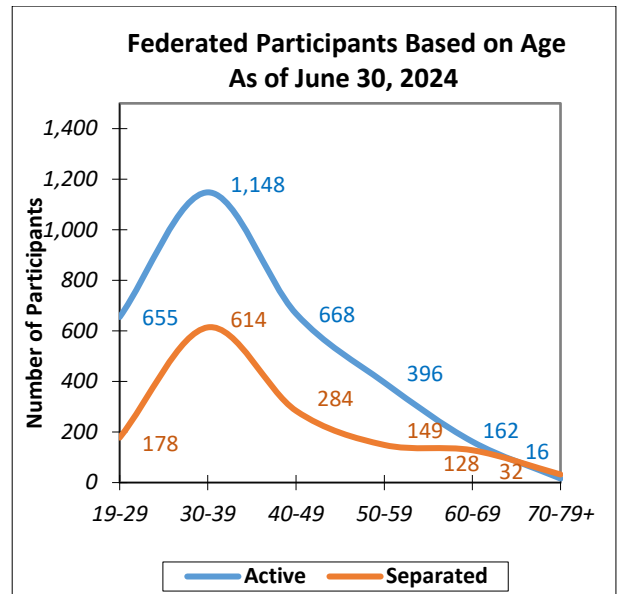
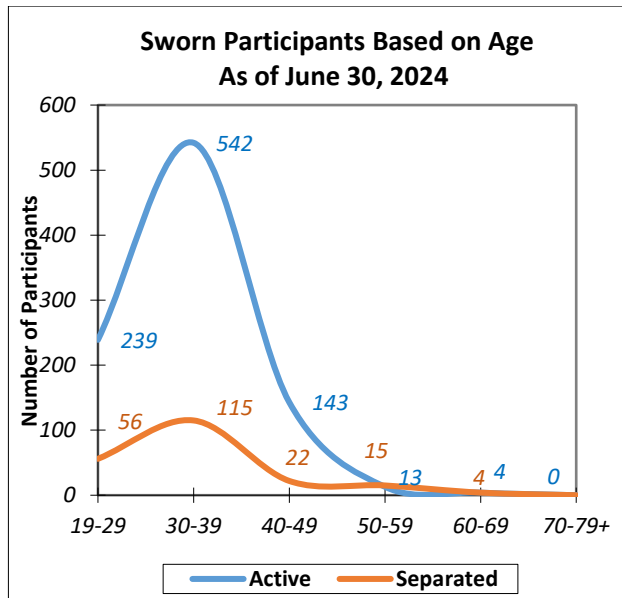
Each year, the Finance Department presents the following information to the VEBA Advisory Committee: employee participation in the Plan; financial data regarding the Plan assets held by VOYA Financial, Inc. ("Plan Provider"); and financial activities pertaining to the administrative fund.

ANALYSIS

This section of the report is divided into three sections: Plan Participation, Plan Assets, and Administrative Source and Use of Funds.

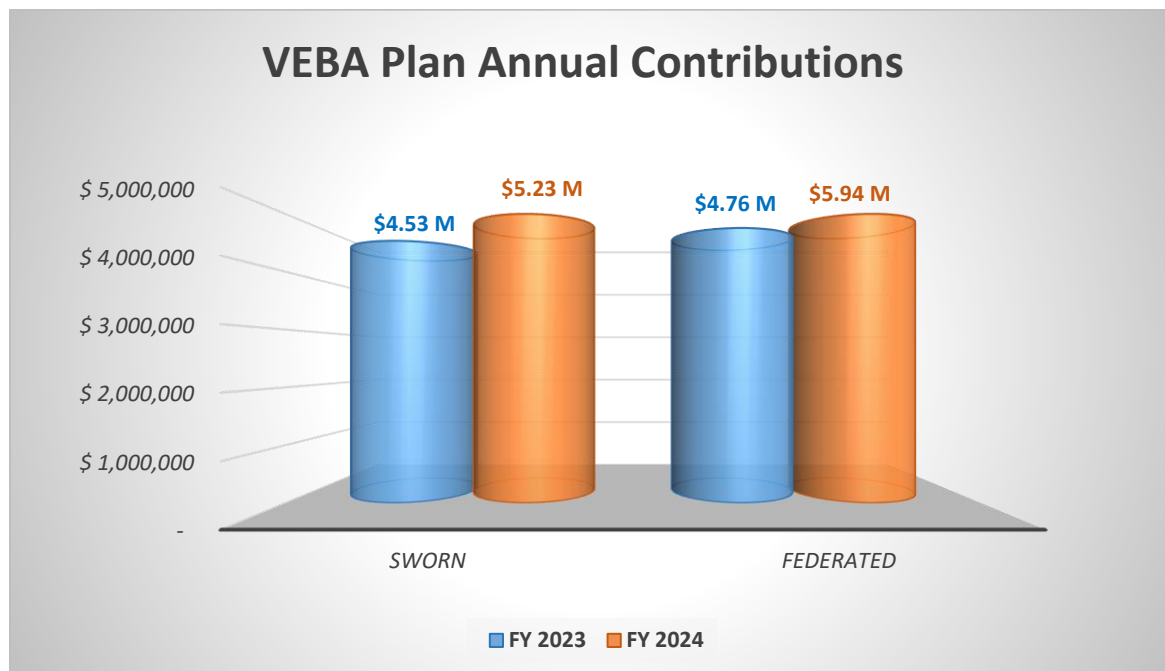
I. Plan Participation

Employee Plan Participation by Age – As of June 30, 2024, VEBA Plan had a total of 941 active and 212 separated employees in Sworn, and 3,045 active and 1,385 separated employees in Federated. The majority of active Sworn and Federated employees are within the 30-39 age range with roughly 58 percent Sworn and 38 percent Federated employees within the range (Exhibit F).



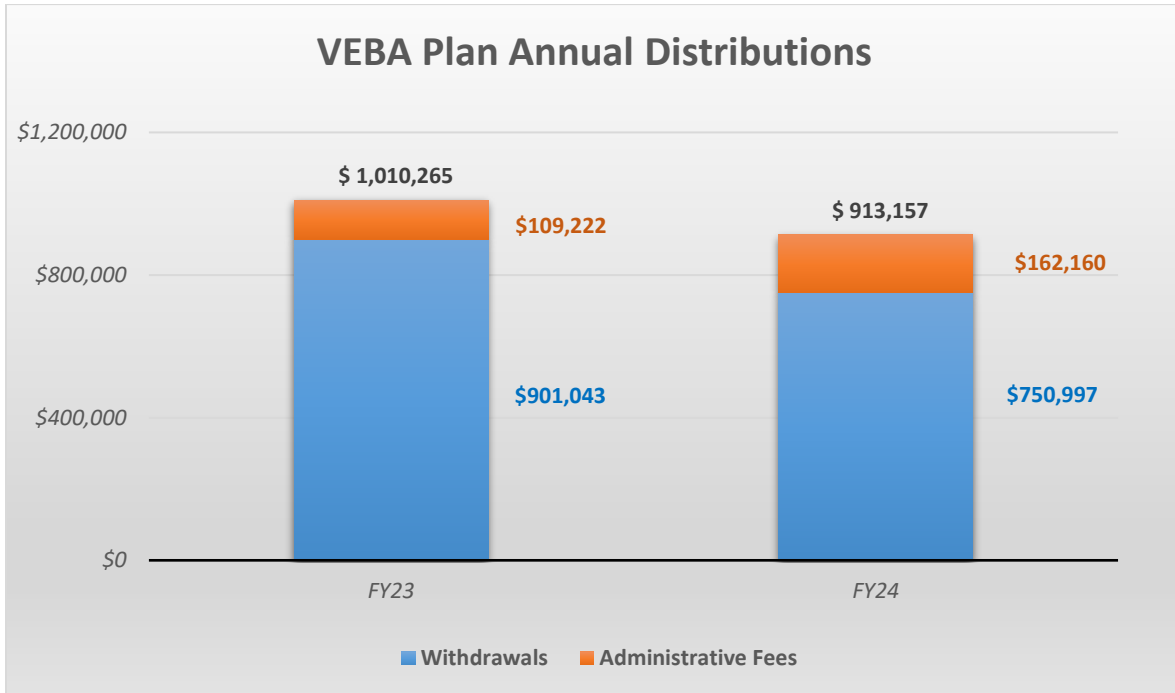
Contribution – Total contributions through salary deductions increased during the year ended June 30, 2024 by \$697,376 (15.4 percent) to \$5,231,312 for Sworn employees and by \$1,188,203 (25.0 percent) to \$5,943,879 for Federated employees when compared to the amounts reported for the year ended June 30, 2023. The increase was primarily due to an increase in salaries during the current year.

The average annual employee contribution for the year ended June 30, 2024 was \$5,510 for Sworn employees and \$1,912 for Federated employees.

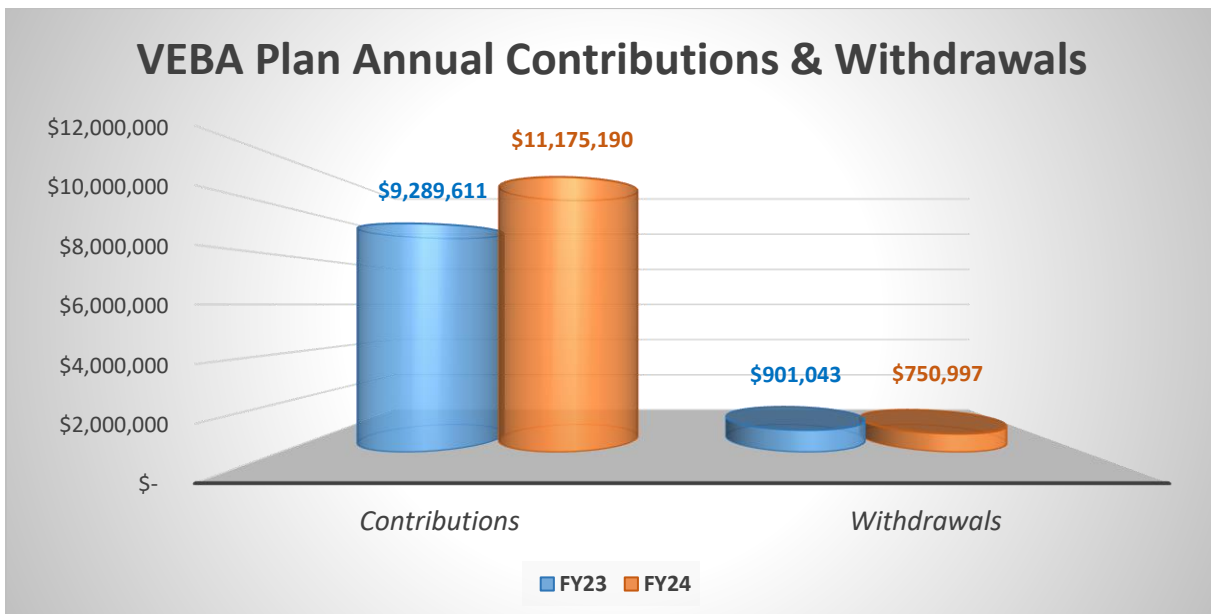


II. Plan Assets

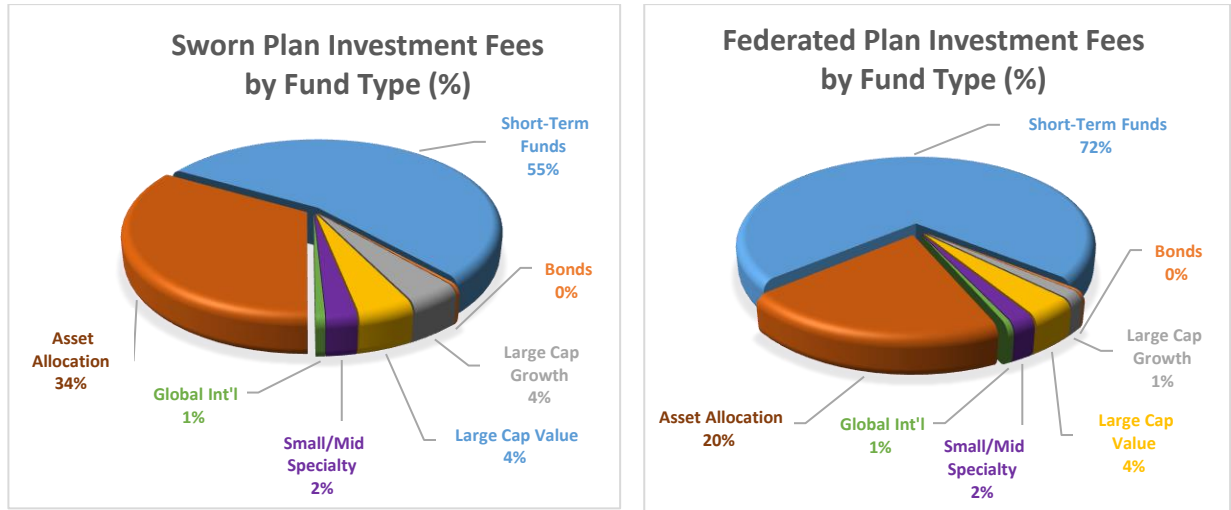
Distributions – As of June 30, 2024, the annual total distributions of \$913,157 were the result of \$750,997 (82.2 percent) of withdrawals, and fees of \$162,160 (17.8 percent) for both Sworn and Federated employees.



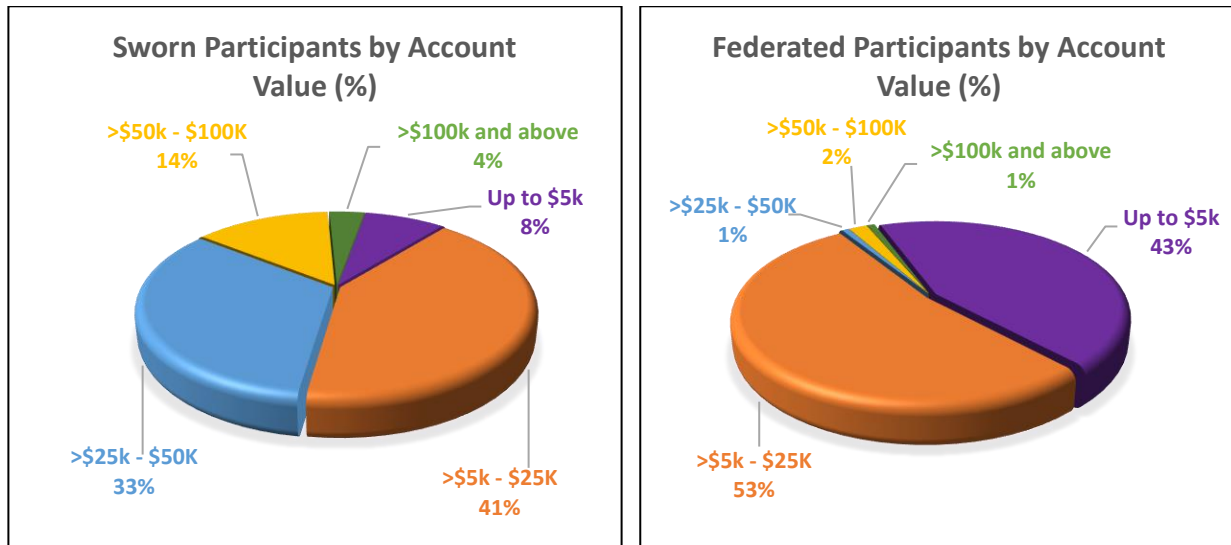
The following chart shows VEBA Plan Historical Data for contributions and withdrawals for the year ending June 30, 2024 and 2023. For the current fiscal year, contributions and withdrawals were \$11,175,190 and \$750,997, respectively. Please see Exhibit D for details.



Investments Fees – As of June 30, 2024, the majority of the fees incurred in both plans during the current year were derived from short-term funds. In Sworn employees, 55 percent of total investment fees derived from that investment category while short-term funds made up 72 percent for Federated employees. Below is a summary of the fees in each investment category. Please see Exhibit H for details.



Participant Account Balances – The following charts show the percentage of participants within a given account value range. Please see Exhibit F for details.



III. **Administrative Source and Use of Funds** – As of June 30, 2024, actual revenues for the Fiscal Year represented 99.1 percent of the annual budget due to the lower than expected fees reimbursed to the Plan that were partially offset by a payment received for a Performance Guarantee Penalty comprising 5.4 percent of the yearly revenues. The total expenditures represented 88.7 percent of the annual budget due to lower personnel costs than projected.

VEBA Plan							
Source and Use of Administrative Reimbursement Funds							
Fiscal Year 2023-2024							
	1st Quarter (Jul-Sep)	2nd Quarter (Oct - Dec)	3rd Quarter (Jan-Mar)	4th Quarter (Apr-Jun)	Total Fiscal Year	Projected Annual Budget	% of Budget
Surplus - Beginning	\$ 176,108	\$ 213,209	\$ 206,762	\$ 214,384	\$ 176,108		
Adjustment	-	-	-	-	-		
Surplus - Beginning, Adjusted	176,108	213,209	206,762	214,384	176,108		
Revenues							
VOYA - Cost Reimb	80,340	43,355	26,235	51,817	201,747	220,000	91.7%
Interest Earnings	984	1,633	1,474	1,518	5,609	1,364	411.2%
Performance Guarantee Penalty	-	-	12,000	-	12,000	-	
Total Revenues	81,324	44,988	39,709	53,335	219,356	221,364	99.1%
Expenditures							
Personnel	26,041	38,645	31,999	36,979	133,664	163,728	81.6%
Non-Personnel	18,182	12,790	88	20,002	51,062	44,641	114.4%
Total Budgeted Expenditures	44,223	51,435	32,087	56,981	184,726	208,369	88.7%
Loan Payback to General Fund	-	-	-	-	-		
Total Expenditures	44,223	51,435	32,087	56,981	184,726		
Surplus - Net Change	37,101	(6,447)	7,622	(3,646)	34,630		
Ending Surplus - Reserved	107,092	107,092	107,092	107,092	107,092		
Ending Surplus - Unreserved	106,117	99,670	107,292	103,646	103,646		
Ending Surplus - Total	\$ 213,209	\$ 206,762	\$ 214,384	\$ 210,738	\$ 210,738		

Consistent with prior reports, attached are the graphs and schedules outlining plan activities, participation, and performance.

LG

Prepared by: Lola Gomez
Accountant

KT

Reviewed by: Kevin Cardema
Senior Accountant

**VEBA Plan
Average Contribution
Fiscal Year 2023-2024**

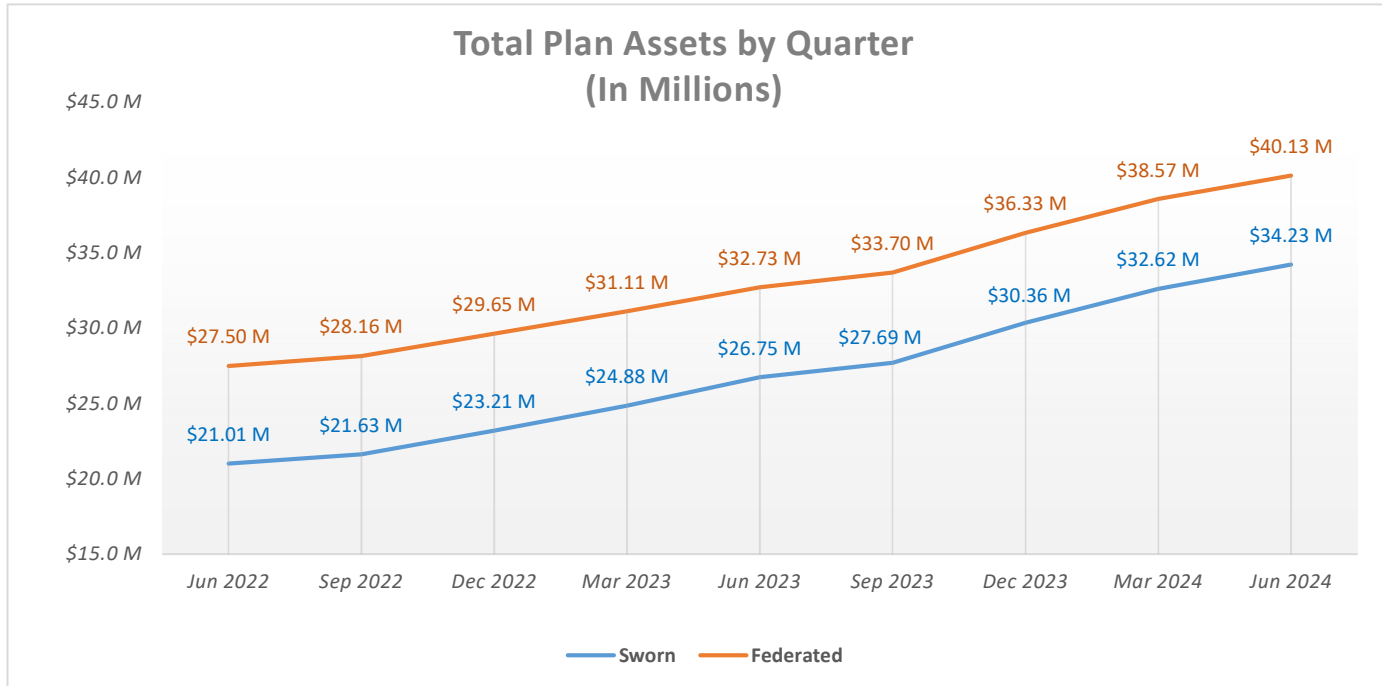
	1st Quarter (Jul-Sep)		2nd Quarter (Oct-Dec)		3rd Quarter (Jan-Mar)		4th Quarter (Apr-Jun)		Change from 3rd Qtr to 4th Qtr Increase (Decrease)	
	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>
Employee Contributions	\$ 1,357,838	\$ 1,393,638	\$ 1,453,807	\$ 1,674,816	\$ 1,200,072	\$ 1,528,831	\$ 1,219,595	\$ 1,346,593	\$ 19,523	\$ (182,238)
Number of Participants*	1,030	3,565	905	2,867	922	2,957	941	3,045	\$ 19	\$ 88
Average contribution per employee	\$ 1,318	\$ 391	1,606	584	\$ 1,302	\$ 517	\$ 1,296	\$ 442	\$ (6)	\$ (75)

* The number of participants only pertains to current eligible active employees

**VEBA Plan
Average Annual Contribution
Fiscal Year 2023-2024**

	FY 2023		FY 2024		Total Change from FY23 to FY24 Increase (Decrease)		% Change from FY23 to FY24 Increase (Decrease)	
	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>	<u>Sworn</u>	<u>Federated</u>
Employee Contributions	\$ 4,533,936	\$ 4,755,676	\$ 5,231,312	\$ 5,943,879	697,376	1,188,203	15.4%	25.0%
Number of Participants*	\$ 966	\$ 3,192	\$ 950	\$ 3,109	(17)	(84)	-1.7%	-2.6%
Average contribution per employee	\$ 4,694	\$ 1,490	\$ 5,510	\$ 1,912	816	422	17.4%	28.3%

* The number of participants only pertains to current eligible active employees



<u>Quarter Ending</u>	<u>Total Plan Assets</u>		<u>Percentage Change from last Quarter</u>	
	Sworn	Federated		
Jun 2022	\$ 21,005,095	\$ 27,501,478	-0.49%	-0.25%
Sep 2022	\$ 21,626,089	\$ 28,159,644	2.96%	2.39%
Dec 2022	\$ 23,211,845	\$ 29,646,165	7.33%	5.28%
Mar 2023	\$ 24,875,112	\$ 31,113,786	7.17%	4.95%
Jun 2023	\$ 26,746,190	\$ 32,729,883	7.52%	5.19%
Sep 2023	\$ 27,688,475	\$ 33,701,410	3.52%	2.97%
Dec 2023	\$ 30,359,249	\$ 36,334,333	9.65%	7.81%
Mar 2024	\$ 32,616,691	\$ 38,574,763	7.44%	6.17%
Jun 2024	\$ 34,225,235	\$ 40,130,010	4.93%	4.03%

**VEBA Plan
Statement of Changes in Assets
Fiscal Year 2023-2024**

	1st Quarter (Jul-Sep)		2nd Quarter (Oct-Dec)		3rd Quarter (Jan-Mar)		4th Quarter (Apr-June)		Fiscal Year to Date		Change from 3rd Qtr to 4th Qtr Increase (Decrease)	
	Sworn	Federated	Sworn	Federated	Sworn	Federated	Sworn	Federated	Sworn	Federated	Sworn	Federated
Beginning Balance	\$ 26,746,190	\$ 32,729,883	\$ 27,688,475	\$ 33,701,410	\$ 30,359,250	\$ 36,334,334	\$ 32,616,692	\$ 38,574,764	\$ 26,746,190	\$ 32,729,883	\$ 2,257,442	\$ 2,240,430
Add:												
Payroll Contributions	1,357,838	1,393,638	1,453,807	1,674,816	1,200,072	1,528,831	1,219,595	1,346,593	\$ 5,231,312	\$ 5,943,878	19,523	(182,238)
Deduct:												
Withdrawals	(61,004)	(167,577)	(42,738)	(70,267)	(40,448)	(166,252)	(57,118)	(145,593)	\$ (201,308)	\$ (549,690)	(16,670)	20,659
Administrative Fees	(6,500)	(23,411)	(12,942)	(27,911)	(17,030)	(31,225)	(19,770)	(23,371)	\$ (56,242)	\$ (105,918)	(2,740)	7,854
Earnings (Loss):												
VEBA Investments	(348,049)	(231,123)	1,272,648	1,056,286	1,114,848	909,076	465,838	377,617	\$ 2,505,285	\$ 2,111,856	(649,010)	(531,459)
Ending Balance	\$ 27,688,475	\$ 33,701,410	\$ 30,359,250	\$ 36,334,334	\$ 32,616,692	\$ 38,574,764	\$ 34,225,237	\$ 40,130,010	\$ 34,225,237	\$ 40,130,010	\$ 1,608,545	\$ 1,555,246

VEBA Plan
Historical Data (Sworn & Federated)
Fiscal Year 2022-2023 through Fiscal Year 2023-2024

	Payroll Contributions	Other Contributions /Roll-ins	Withdrawals	Administrative Fees	Investment Earnings
FY 2022-2023					
1st Qtr	\$ 2,405,486	\$ -	\$ (251,152)	\$ (25,883)	\$ (849,291)
2nd Qtr	\$ 2,082,327	\$ -	\$ (179,753)	\$ (26,767)	\$ 1,196,470
3rd Qtr	\$ 2,181,597	\$ -	\$ (199,058)	\$ (27,683)	\$ 1,176,032
4th Qtr	\$ 2,620,201	\$ -	\$ (271,079)	\$ (28,889)	\$ 1,166,943
Total	\$ 9,289,611	\$ -	\$ (901,043)	\$ (109,222)	\$ 2,690,154
FY 2023-2024					
1st Qtr	\$ 2,751,476	\$ -	\$ (228,581)	\$ (29,911)	\$ (579,172)
2nd Qtr	\$ 3,128,623	\$ -	\$ (113,005)	\$ (40,853)	\$ 2,328,934
3rd Qtr	\$ 2,728,903	\$ -	\$ (206,700)	\$ (48,255)	\$ 2,023,924
4th Qtr	\$ 2,566,188	\$ -	\$ (202,711)	\$ (43,141)	\$ 843,455
Total	\$ 11,175,190	\$ -	\$ (750,997)	\$ (162,160)	\$ 4,617,141

**VEBA Plan
Account Value and Participant Profile
as of June 30, 2024**

By Account Value*				By Age					
	Sworn		Federated			Sworn		Federated	
	Sworn	Federated	Active	Separated		Active	Separated		
Up to \$5,000	76	1,333	19 - 29	239	56	655	178		
\$5,001 - \$25,000	391	1,609	30 - 39	542	115	1,148	614		
\$25,001 - \$50,000	313	22	40 - 49	143	22	668	284		
\$50,001 - \$100,000	128	57	50 - 59	13	15	396	149		
\$100,001 and above	33	24	60 - 69	4	4	162	128		
Total Accounts	941	3,045	70 - 79+	0	0	16	32		
			Total	941	212	3,045	1,385		

* The number of accounts by Account Value only pertains to current Eligible Active employees.

VEBA Plan
Source and Use of Administrative Reimbursement Funds
Fiscal Year 2023-2024

	1st Quarter (Jul-Sep)	2nd Quarter (Oct - Dec)	3rd Quarter (Jan-Mar)	4th Quarter (Apr-Jun)	Total Fiscal Year	Projected Annual Budget	% of Budget
Surplus - Beginning	\$ 176,108	\$ 213,209	\$ 206,762	\$ 214,384	\$ 176,108		
Adjustment	-	-	-	-	-		
Surplus - Beginning, Adjusted	<u>176,108</u>	<u>213,209</u>	<u>206,762</u>	<u>214,384</u>	<u>176,108</u>		
Revenues							
VOYA - Cost Reimb	80,340	43,355	26,235	51,817	201,747	220,000	91.7%
Interest Earnings	984	1,633	1,474	1,518	5,609	1,364	411.2%
Performance Guarantee Penalty	-	-	12,000	-	12,000	-	
Total Revenues	<u>81,324</u>	<u>44,988</u>	<u>39,709</u>	<u>53,335</u>	<u>219,356</u>	<u>221,364</u>	<u>99.1%</u>
Expenditures							
Personnel	26,041	38,645	31,999	36,979	133,664	163,728	81.6%
Non-Personnel	18,182	12,790	88	20,002	51,062	44,641	114.4%
Total Budgeted Expenditures	<u>44,223</u>	<u>51,435</u>	<u>32,087</u>	<u>56,981</u>	<u>184,726</u>	<u>208,369</u>	<u>88.7%</u>
Loan Payback to General Fund	-	-	-	-	-		
Total Expenditures	<u>44,223</u>	<u>51,435</u>	<u>32,087</u>	<u>56,981</u>	<u>184,726</u>		
Surplus - Net Change	<u>37,101</u>	<u>(6,447)</u>	<u>7,622</u>	<u>(3,646)</u>	<u>34,630</u>		
Ending Surplus - Reserved	107,092	107,092	107,092	107,092	107,092		
Ending Surplus - Unreserved	106,117	99,670	107,292	103,646	103,646		
Ending Surplus - Total	<u>\$ 213,209</u>	<u>\$ 206,762</u>	<u>\$ 214,384</u>	<u>\$ 210,738</u>	<u>\$ 210,738</u>		

**VEBA Plan
Administrative Fees Detail
For Q4 - FY2024**

Fund	Fees as of 06/30/2024				Investment Fee (%) as of 06/30/2024	
	Sworn		Federated		Sworn	Federated
	Recordkeeping	Shareholder	Recordkeeping	Shareholder		
Voya Fixed Account	\$ 9,577	\$ -	\$ 15,434	\$ -	48.44%	66.09%
Voya Government Money Market	\$ 44	\$ -	\$ 199	\$ -	0.22%	0.85%
Voya Holding Account	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%
Short-Term Funds	\$ 9,621	\$ -	\$ 15,633	\$ -	48.66%	66.94%
Fidelity U.S. Bond Index Fund	\$ 47	\$ -	\$ 18	\$ -	0.24%	0.08%
Loomis Sayles Core Plus Bond	\$ 30	\$ -	\$ 102	\$ -	0.15%	0.44%
Bond Funds	\$ 77	\$ -	\$ 120	\$ -	0.39%	0.52%
T. Rowe Price Large-Cap Growth	\$ 1,013	\$ -	\$ 545	\$ -	5.12%	2.33%
Large Cap Growth	\$ 1,013	\$ -	\$ 545	\$ -	5.12%	2.33%
Vanguard Institutional Index	\$ 670	\$ -	\$ 961	\$ -	3.39%	4.15%
Vanguard FTSE Social Index Fun	\$ 167	\$ -	\$ 155	\$ -	0.84%	0.66%
Vanguard Equity Income	\$ 134	\$ -	\$ 241	\$ -	0.68%	1.03%
Large Cap Value	\$ 971	\$ -	\$ 1,357	\$ -	4.91%	5.84%
Vanguard Small Cap Index	\$ 76	\$ -	\$ 135	\$ -	0.38%	0.58%
Vanguard Mid Cap Index	\$ 148	\$ -	\$ 230	\$ -	0.75%	0.98%
MFS Mid Cap Value	\$ 7	\$ -	\$ 69	\$ -	0.04%	0.30%
DFA US Targeted VI Portfolio Inst	\$ 29	\$ -	\$ 29	\$ -	0.15%	0.12%
Hood River Small Cap Growth	\$ 91	\$ -	\$ 92	\$ -	0.46%	0.39%
Janus Henderson Enterprise	\$ 198	\$ -	\$ 53	\$ -	1.00%	0.23%
Small/Mid Specialty	\$ 549	\$ -	\$ 608	\$ -	2.78%	2.60%

Continued

**Fees
as of 06/30/2024**

**Investment Fee (%)
as of 06/30/2024**

					Continued					
Vanguard Total International S	\$	51	\$	-	\$	111	\$	-	0.26%	0.43%
American Funds Europacific Gro	\$	99	\$	-	\$	45	\$	-	0.50%	0.17%
Vanguard International Value Fund	\$	5	\$	-	\$	15	\$	-	0.03%	0.06%
Global Int'l	\$	155	\$	-	\$	171	\$	-	0.79%	0.66%
Vangrd Instit Tgt Ret 2020	\$	164	\$	-	\$	100	\$	-	0.83%	0.43%
Vangrd Instit Tgt Ret 2025	\$	580	\$	-	\$	763	\$	-	2.93%	3.26%
Vangrd Instit Tgt Ret 2030	\$	187	\$	-	\$	419	\$	-	0.95%	1.79%
Vangrd Instit Tgt Ret 2035	\$	376	\$	-	\$	608	\$	-	1.90%	2.60%
Vangrd Instit Tgt Ret 2040	\$	1,188	\$	-	\$	795	\$	-	6.01%	3.40%
Vangrd Instit Tgt Ret 2045	\$	1,107	\$	-	\$	423	\$	-	5.60%	1.81%
Vangrd Instit Tgt Ret 2050	\$	1,392	\$	-	\$	525	\$	-	7.04%	2.25%
Vangrd Instit Tgt Ret 2055	\$	1,530	\$	-	\$	619	\$	-	7.74%	2.65%
Vangrd Instit Tgt Ret 2060	\$	508	\$	-	\$	381	\$	-	2.57%	1.63%
Vangrd Instit Tgt Ret 2065	\$	181	\$	-	\$	182	\$	-	0.92%	0.78%
Vangrd Instit Tgt Ret 2070	\$	36	\$	-	\$	8	\$	-	0.18%	0.03%
Vangrd Tgt Retirement Inc	\$	135	\$	-	\$	113	\$	-	0.68%	0.48%
Vanguard Equity Income	\$	7,384	\$	-	\$	4,936	\$	-	37.35%	21.11%
Total VEBA Plan Administrative Fees	\$	19,770	\$	-	\$	23,370	\$	-	100.00%	100.00%

Continued

VEBA Plan
Annual Administrative Fees Detail
for Fiscal Year 2024

Fund	Fees as of 06/30/2024				Investment Fee (%) as of 06/30/2024	
	Sworn		Federated		Sworn	Federated
	Recordkeeping	Shareholder	Recordkeeping	Shareholder		
Voya Fixed Account	\$ 21,395	\$ -	\$ 60,352	\$ -	38.04%	56.98%
Voya Government Money Market	\$ 9,600	\$ -	\$ 15,718	\$ -	17.06%	14.86%
Voya Holding Account	\$ -	\$ -	\$ 2	\$ -	0.00%	0.00%
Short-Term Funds	\$ 30,995	\$ -	\$ 76,072	\$ -	55.10%	71.84%
Fidelity U.S. Bond Index Fund	\$ 88	\$ -	\$ 67	\$ -	0.16%	0.06%
Loomis Sayles Core Plus Bond	\$ 77	\$ -	\$ 277	\$ -	0.14%	0.26%
Bond Funds	\$ 165	\$ -	\$ 344	\$ -	0.30%	0.32%
T. Rowe Price Large-Cap Growth	\$ 2,254	\$ -	\$ 1,490	\$ -	4.01%	1.41%
Large Cap Growth	\$ 2,254	\$ -	\$ 1,490	\$ -	4.01%	1.41%
Vanguard Institutional Index	\$ 1,622	\$ -	\$ 2,867	\$ -	2.88%	2.71%
Vanguard FTSE Social Index Fun	\$ 355	\$ -	\$ 417	\$ -	0.63%	0.39%
Vanguard Equity Income	\$ 364	\$ -	\$ 653	\$ -	0.65%	0.62%
Large Cap Value	\$ 2,341	\$ -	\$ 3,937	\$ -	4.16%	3.72%
Vanguard Small Cap Index	\$ 198	\$ -	\$ 451	\$ -	0.35%	0.43%
Vanguard Mid Cap Index	\$ 350	\$ -	\$ 712	\$ -	0.62%	0.67%
MFS Mid Cap Value	\$ 22	\$ -	\$ 191	\$ -	0.04%	0.18%
DFA US Targeted VI Portfolio Inst	\$ 103	\$ -	\$ 93	\$ -	0.18%	0.09%
Hood River Small Cap Growth	\$ 153	\$ -	\$ 268	\$ -	0.27%	0.25%
Janus Henderson Enterprise	\$ 444	\$ -	\$ 176	\$ -	0.79%	0.17%
Small/Mid Specialty	\$ 1,270	\$ -	\$ 1,891	\$ -	2.25%	1.79%

Continued

	Fees as of 06/30/2024				Investment Fee (%) as of 06/30/2024					
Continued										
Vanguard Total International S	\$	123	\$	-	\$	361	\$	-	0.22%	0.34%
American Funds Europacific Gro	\$	234	\$	-	\$	144	\$	-	0.42%	0.12%
Vanguard International Value Fund	\$	14	\$	-	\$	54	\$	-	0.02%	0.05%
Global Int'l	\$	371	\$	-	\$	559	\$	-	0.66%	0.51%
Vangrd Instit Tgt Ret 2020	\$	388	\$	-	\$	337	\$	-	0.69%	0.32%
Vangrd Instit Tgt Ret 2025	\$	1,400	\$	-	\$	2,223	\$	-	2.49%	2.10%
Vangrd Instit Tgt Ret 2030	\$	429	\$	-	\$	1,384	\$	-	0.76%	1.31%
Vangrd Instit Tgt Ret 2035	\$	899	\$	-	\$	1,889	\$	-	1.60%	1.78%
Vangrd Instit Tgt Ret 2040	\$	2,937	\$	-	\$	2,715	\$	-	5.22%	2.56%
Vangrd Instit Tgt Ret 2045	\$	2,703	\$	-	\$	1,910	\$	-	4.81%	1.80%
Vangrd Instit Tgt Ret 2050	\$	3,609	\$	-	\$	2,450	\$	-	6.42%	2.31%
Vangrd Instit Tgt Ret 2055	\$	3,981	\$	-	\$	3,190	\$	-	7.08%	3.01%
Vangrd Instit Tgt Ret 2060	\$	1,477	\$	-	\$	3,334	\$	-	2.63%	3.15%
Vangrd Instit Tgt Ret 2065	\$	641	\$	-	\$	1,705	\$	-	1.14%	1.61%
Vangrd Instit Tgt Ret 2070	\$	51	\$	-	\$	119	\$	-	0.09%	0.11%
Vangrd Tgt Retirement Inc	\$	332	\$	-	\$	370	\$	-	0.59%	0.35%
Vanguard Equity Income	\$	18,847	\$	-	\$	21,626	\$	-	33.52%	20.41%
Total VEBA Plan Administrative Fees	\$	56,243	\$	-	\$	105,919	\$	-	100.00%	100.00%

Concluded