

DEPARTMENT: Auditor

BY: Ken Hawkins

PHONE: 966-7606

RECOMMENDED ACTION AND JUSTIFICATION: (Policy Item: Yes XX No)

See attached letter

BACKGROUND AND HISTORY OF BOARD ACTIONS:

The Mariposa County Board of Supervisors has historically been in favor of deferred comp programs.

LIST ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

The County would continue to pay social security taxes on part-time employees.

COSTS: () Not Applicable

A. Budgeted current FY \$ _____

B. Total anticipated costs \$ _____

C. Required additional funding \$ _____

D. Internal transfers \$ _____

SOURCE: () 4/5ths Vote Required

A. Unanticipated revenues \$ _____

B. Reserve for contingencies \$ _____

C. Source description: _____

Balance in Reserve for Contingencies, if approved: \$ _____

SPECIAL INSTRUCTIONS:
List the attachments and number the pages consecutively:

CLERK'S USE ONLY:

Res. No.: 96-181 Ord. No. _____

Vote - Ayes: 5 Noes: _____

Absent: _____ Abstained: _____

Approved () Denied ()

Minute Order Attached () No Action Necessary ()

ADMINISTRATIVE OFFICER'S RECOMMENDATION:
This item on agenda as:

Recommended

Not Recommended

For Policy Determination

Submitted with Comment

Returned for Further Action

The foregoing instrument is a correct copy of the original on file in this office.

Date: _____

ATTEST: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California

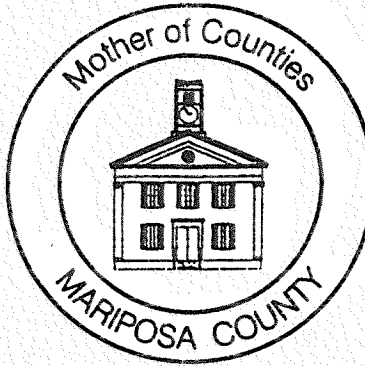
By: _____
Deputy

Comment: _____

A.O. Initials:

MARIPOSA COUNTY AUDITOR
POST OFFICE BOX 729
4982 10th STREET
MARIPOSA, CA 95338

Ken Hawkins, County Auditor
Christopher Ebie, Assistant Auditor



Office (209) 966-7606
FAX (209) 966-6496

To: Mariposa County Board of Supervisors
From: Ken Hawkins, Auditor
Re: 457 deferred comp program for part-time employees

PEBSCO, who is one of two deferred compensation carriers for the County, has introduced a program which has been available through the 457 deferred compensation program since 1990. This program allows the County to put all temporary part-time personnel into their own separate 457 program. The employee, not the employer, makes all contributions out of their own check. All contributions made by the employee are sent to PEBSCO who administers the receipt and payout of money. When the part-time employee terminates he/she receives their entire contribution plus interest earned (current interest rate is 6.3%). The main benefit to the County is that no social security is paid by the County (currently 6.2%). The only cost the County must bear in order to make this particular 457 plan legal is that the County pay a \$20 administration fee per part-time employee per year. Over the course of the year the County employs approximately 140 part-time employees which equates to a fee of around \$2,800. With part-time payroll averaging around \$450,000 per year, the County can expect to net a \$25,000 savings. If an employee becomes a permanent full-time employee, they are allowed to roll the money into the regular 457 program.

In summary, I feel this is a win-win program: the County saves \$25,000 per year; the employee receives a refund of their contributions plus interest. PEBSCO administers the program so there would be a minimal impact on the Auditor's Office.