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# DEFERRED COMPENSATION PLAN BOARD REPORT 06-43



Date: December 8, 2006

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Budget Status Report - Quarter Ending 09/30/06

Recommendation:

That the Board of Deferred Compensation Administration (a) receive and file the following status report on Deferred Compensation Plan budget accounts for the quarter ending 09/30/06; and (b) approve reimbursement from the Deferred Compensation Plan Trust Fund #896 to the Personnel Department for \$55,516.61 for the quarter ending 09/30/06.

Discussion:

Staff has completed its budgetary review and reconciliation of administrative fees/expenses for the quarter ending 09/30/06. This review consolidates reporting for the Payroll Fee Trust Fund and Administrative Fee Reserve Fund as part of the Plan's overall operating budget.

**Reimbursements** - Staff is recommending reimbursement to the Personnel Department from the Payroll Fee Trust Fund #896 in the amount of \$55,516.61. The Personnel Department is reimbursed for:

- Salaries for the 3.5 positions presently servicing the Plan;
- Retirement on salaries using a percentage (24.48%) derived from the Fringe Benefits CAP rate for retirement costs only for the 06/07 fiscal year
- Office supplies for staff using a standard Personnel Department formula (\$1,000 per full-time person annually);
- Overhead of 3.4% of the expenses listed above that line (see footnote)<sup>1</sup>.

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<sup>1</sup> This is the last known City overhead rate, since this percentage is no longer computed. As discussed at a Board meeting in October 1997, the General City Overhead rate and Retirement rate were previously supplied on Schedule G of the CAO's Fees for Special Services instructions. Schedule G was one of two methods used in cost accounting for special service programs; the other method involved what are called Cost Allocation Plan ("CAP") rates. Beginning with the 96/97 fiscal year, the Schedule G method was eliminated and all programs were directed to use the CAP rates. Because the Council had previously (in 1993) specified that the Plan would only be billed for direct costs (i.e. retirement and General City overhead), staff recommended, and the Board approved, billing the program for the last known General City Overhead rate and each fiscal year's Retirement rate (which can be derived from the Fringe Benefits CAPS rate) until such time as this matter is revisited by Council.

**Rolling Four-Quarter Projected Income/Expenses** - Following is an updated rolling four-quarter forecast of revenue/expenses for the Deferred Compensation Plan budget accounts. The projected surplus in the Fund over a one-year period has risen from the prior quarter's projected surplus of \$2,447,513 to the current \$2,555,950, a 4.43% increase.

The following table provides a breakdown of estimated revenues/expenses over the next 4-quarter cycle:

<b>PROJECTED REVENUE/EXPENSES: 10/1/06-9/30/07</b>	
<b>REVENUE</b>	
Projected Fifty-Cent Fees to Payroll Fee Trust Fund	\$ 344,760
Projected Deposits to Administrative Fee Reserve Fund	\$ 697,438
Interest	\$ 18,000
Total	<b>\$ 1,060,198</b>
<b>ANNUAL EXPENSES</b>	
Personnel Reimbursements	\$ (224,970)
NAGDCA Dues/Conference Expenses	\$ (30,000)
Consulting Fees	\$ (300,000)
Office & Admin	\$ (10,000)
Quarterly Fee - Asset Allocation Funds	\$ (18,000)
Total	<b>\$ (582,970)</b>
Annual Revenue Less Annual Expenses	<b>\$ 477,228</b>
<b>CURRENT SURPLUS</b>	
Current Surplus	\$ 2,078,722
Projected Total Surplus:9/30/07	<b>\$ 2,555,950</b>

Submitted by: \_\_\_\_\_  
Natasha Zuvich

Reviewed by: \_\_\_\_\_  
Steven Montagna

Approved by: \_\_\_\_\_  
Maryanne Keehn

<b>DEFERRED COMPENSATION PLAN QUARTERLY BUDGET REVIEW</b>	
<b>ADMINISTRATIVE AND OPERATING EXPENSES</b>	
<b>QUARTER ENDING 9/30/06</b>	
<b>STARTING BALANCE</b>	
Payroll Fee Trust Fund Ending Balance - 6/30/06	\$ 369,221
Administrative Fee Reserve Fund Balance - 6/30/06	\$ 1,604,011
Total	\$ 1,973,232
<b>REVENUES/FEES</b>	
City Payroll Administrative ("Fifty Cent") Fees	\$ 67,229
DWP Payroll Administrative ("Fifty Cent") Fees	\$ 16,566
Interest Earnings on Payroll Fee Trust Fund	\$ 2,392
Administrative Fee Reserve Fund Deposits	\$ 194,198
Interest Earnings on Administrative Fee Reserve Fund	\$ 19,482
Total Revenue/Fees	\$ 299,866
<b>STARTING BALANCE + REVENUE/FEES</b>	<b>\$ 2,273,099</b>
<b>EXPENDITURES</b>	
Personnel Department Reimbursements	\$ -
Consulting Costs	\$ (23,455)
NAGDCA	\$ (20,714)
Office & Admin	\$ (855)
Quarterly Fee - Asset Allocation Funds	\$ (4,500)
TOTAL EXPENDITURES	\$ (49,523)
Actual Payroll Fee Trust Fund Ending Balance (9/30/06)	\$ 410,384
Actual Administrative Fee Reserve Fund Ending Balance (9/30/06)	\$ 2,042,004
<b>ACTUAL TOTAL BALANCE AS OF 9/30/06</b>	<b>\$ 2,223,575</b>
<b>ENCUMBRANCES/LIABILITIES</b>	
Reimbursements: (Personnel: 3 Mos. Ending 3/31/06)	\$ (48,159)
Reimbursements: (Personnel: 3 Mos. Ending 6/30/06)	\$ (41,177)
Reimbursements: (Personnel: 3 Mos. Ending 9/30/06)	\$ (55,517)
TOTAL LIABILITIES	\$ (144,853)
<b>ASSETS LESS EXPENDITURES/LIABILITIES</b>	<b>\$ 2,078,722</b>
<b>Personnel Reimbursement Summary - 3 Months Ending 9/30/06</b>	
Personnel - Salaries	\$ 42,328.98
Personnel - FY 05-06 Retirement @ 24.48%	\$ 10,362.13
Personnel - Office Supplies	\$ 1,000.00
Personnel - Overhead	\$ 1,825.50
Personnel Reimbursements	<b>\$ 55,516.61</b>

<b>TRUST FUND ACTIVITY REPORT</b>			
<b>Quarterly Summary - 9/30/06</b>			
<b>JULY '06</b>			
Opening Balance		\$	369,221.40
CR-CITY ADMIN FEES	07/05/06	\$	11,208.50
CR-CITY ADMIN FEES	07/19/06	\$	11,230.00
CR-DWP ADMIN FEES	07/07/06	\$	2,383.50
CR-DWP ADMIN FEES	07/18/06	\$	2,382.50
CONSULTING-MERCER	07/14/06	\$	(4,122.50)
OFFICE & ADMIN (MISC.)	07/14/06	\$	(24.00)
CONSULTING-MERCER	07/31/06	\$	(12,357.50)
	Subtotal->	\$	379,921.90
<b>AUGUST '06</b>			
CR-DWP ADMIN FEES	08/01/06	\$	2,371.00
CR-CITY ADMIN FEES	08/02/06	\$	11,209.00
CR-DWP ADMIN FEES	08/15/06	\$	2,360.50
CR-CITY ADMIN FEES	08/17/06	\$	11,196.00
CR-DWP ADMIN FEES	08/30/06	\$	2,354.00
CR-CITY ADMIN FEES	08/31/06	\$	11,194.00
OFFICE & ADMIN (MISC.)	08/01/06	\$	(871.76)
OFFICE & ADMIN (MISC.)	08/02/06	\$	15.00
JV-INTEREST	08/18/06	\$	1,247.99
	Subtotal->	\$	420,997.63
<b>SEPTEMBER '06</b>			
CR-DWP ADMIN FEES	09/12/06	\$	2,351.50
CR-CITY ADMIN FEES	09/14/06	\$	11,191.00
CR-DWP ADMIN FEES	09/26/06	\$	2,363.00
OFFICE & ADMIN (MISC.)	09/14/06	\$	26.20
CONSULTING-MERCER	09/07/06	\$	(4,387.50)
CONSULTING-MERCER	09/19/06	\$	(2,587.00)
NAGDCA REGISTRATION FEE	09/14/06	\$	(6,800.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(968.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(1,004.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(1,192.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(1,192.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(1,279.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(1,279.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(968.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(968.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(968.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(1,192.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(968.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(968.00)
NAGDCA CONFERENCE (travel advance)	09/15/06	\$	(968.00)
JV-INTEREST	09/13/06	\$	1,143.62
	Subtotal->	\$	410,384.45

<b>QUARTERLY SUMMARY</b>			
<b>OPENING BALANCE</b>		<b>\$</b>	<b>369,221.40</b>
<b>TOTAL CITY ADMIN FEES</b>		<b>\$</b>	<b>67,228.50</b>
<b>TOTAL DWP ADMIN FEES</b>		<b>\$</b>	<b>16,566.00</b>
<b>TOTAL INTEREST</b>		<b>\$</b>	<b>2,391.61</b>
<b>REIMBURSEMENT-PERSONNEL</b>		<b>\$</b>	<b>-</b>
<b>CONSULTING-MERCER</b>		<b>\$</b>	<b>(23,454.50)</b>
<b>NAGDCA</b>		<b>\$</b>	<b>(20,714.00)</b>
<b>OFFICE &amp; ADMIN</b>		<b>\$</b>	<b>(854.56)</b>
<b>ENDING BALANCE</b>		<b>\$</b>	<b>410,384.45</b>

