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# DEFERRED COMPENSATION PLAN BOARD REPORT 08-04



Date: February 5, 2008

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Budget Status Report - Quarter Ending 12/31/07

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 12/31/07; and (b) approve reimbursements for the quarter ending 12/31/07 from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$109,350.31**; City Attorney for **\$23,921.78**; and DWP for **\$2,706.66**, for the quarter ending 12/31/07.

Discussion:

Staff has completed its budgetary review and reconciliation of administrative fees/expenses for the quarter ending 12/31/07. 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 from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$109,350.31**; City Attorney for **\$23,921.78**; and DWP for **\$2,706.66**, for the quarter ending 12/31/07. The calculations for the current quarter reimbursement include salaries for the **4.8** positions presently servicing the Plan including all direct salary and indirect costs as calculated in the City Controller's Cost Allocation Plan (CAP) rates and by DWP Payroll. Indirect costs for the 07/08 fiscal year for Personnel, City Attorney and DWP are 78.22%, 52.63%, and 82% respectively.

**Rolling five-year Projected Income/Expenses** - Following is a rolling five-year forecast of revenue/expenses for the Deferred Compensation Plan budget accounts. This calculation incorporates all of the Plan's recently approved fee reductions and higher reimbursement assumptions.

The following table provides a breakdown of estimated revenues/expenses over the next five-year period:

**PROJECTED REVENUE/EXPENSES: 1/1/08-12/31/12**

	1/1/08-12/31/08	1/1/09-12/31/09	1/1/10-12/31/10	1/1/11-12/31/11	1/1/12-12/31/12
Starting Plan Balance	\$ 3,553,232	\$ 3,032,383	\$ 2,699,047	\$ 2,412,412	\$ 2,086,009
Estimated Interest Earnings	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000	\$ 144,000
Estimated Fee Revenue	\$ 2,176,666	\$ 2,417,442	\$ 2,520,414	\$ 2,630,045	\$ 2,746,837
Estimated Expenses	\$ (2,841,514)	\$ (2,894,779)	\$ (2,951,048)	\$ (3,100,448)	\$ (3,134,590)
Annual revenue less annual expenses	\$ (664,848)	\$ (477,336)	\$ (430,635)	\$ (470,404)	\$ (387,753)
Projected Plan Surplus Balance	\$ 3,032,383	\$ 2,699,047	\$ 2,412,412	\$ 2,086,009	\$ 1,842,255
Prior Quarter Projected Surplus	\$ 2,988,671	\$ 2,690,123	\$ 2,438,918	\$ 2,148,585	\$ 1,941,199

The Board's targeted surplus level is \$1.5 million. This projection indicates that the target will be met over the next five year period.

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 12/31/07</b>		
<b>STARTING BALANCE</b>		
Payroll Fee Trust Fund Ending Balance - 9/30/07	\$	373,424
Administrative Fee Reserve Fund Balance - 9/30/07	\$	3,313,665
Total	\$	3,687,089
<b>REVENUES/FEES</b>		
Interest Earnings on Payroll Fee Trust Fund	\$	4,546
Administrative Fee Reserve Fund Deposits	\$	192,067
Interest Earnings on Administrative Fee Reserve Fund	\$	41,749
Total Revenue/Fees	\$	238,362
<b>STARTING BALANCE + REVENUE/FEES</b>	<b>\$</b>	<b>3,925,452</b>
<b>EXPENDITURES</b>		
Personnel Department Reimbursements	\$	(65,120)
Consulting Costs	\$	(22,209)
NAGDCA	\$	2,155
Office & Admin	\$	30
Quarterly Fee - Asset Allocation Funds	\$	(4,500)
TOTAL EXPENDITURES	\$	(89,644)
Actual Payroll Fee Trust Fund Ending Balance (12/31/07)	\$	292,827
Actual Administrative Fee Reserve Fund Ending Balance (12/31/07)	\$	3,542,981
<b>ACTUAL TOTAL BALANCE AS OF 12/31/07</b>	<b>\$</b>	<b>3,835,808</b>
<b>ENCUMBRANCES/LIABILITIES</b>		
Reimbursements: (Personnel: 3 Mos. Ending 9/30/07)	\$	(146,598)
Reimbursements: (Personnel: 3 Mos. Ending 12/31/07)	\$	(135,979)
TOTAL LIABILITIES	\$	(282,577)
<b>ASSETS LESS EXPENDITURES/LIABILITIES</b>	<b>\$</b>	<b>3,553,232</b>
<b>Personnel Reimbursement Summary - 3 Months Ending 12/31/07</b>		
Personnel - Salaries + Related Costs @ 78.22%	\$	109,350.31
City Attorney - Salaries + Related Costs @ 52.63%	\$	23,921.78
DWP - Salaries + Related Costs @ 82.00%	\$	2,706.66
Total Reimbursements	\$	135,978.75