

DEFERRED COMPENSATION PLAN BOARD REPORT 10-04

Date: January 22, 2010
 To: Board of Deferred Compensation Administration
 From: Staff
 Subject: Deferred Compensation Plan Budget Status Report:
 Quarter Ending 9/30/09

Members
 Eugene K. Canzano, Chairperson
 Richard Kraus, Vice-Chairperson
 Sally Choi, Second Provisional Chair
 Maggie Whelan, Third Provisional Chair
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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 **9/30/09**; and (b) for this same quarter, approve reimbursements from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$118,217.01**; City Attorney for **\$30,753.55**; and DWP for **\$1,397.51**.

Discussion:

Reimbursements - Staff is recommending reimbursement from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$118,217.01**; City Attorney for **\$30,753.55**; and DWP for **\$1,397.51**, for the quarter ending 9/30/09. The calculations for the current quarter reimbursement include salaries for all positions presently servicing the Plan, including 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 09/10 fiscal year for Personnel, City Attorney and DWP are 82.98%, 88.7%, and 82% respectively. Quarterly activity in the Plan's revenue/expenditure accounts is included in Attachment I.

Rolling five-year Projected Income/Expenses - Following is a rolling five-year forecast of revenue/expenses for the Deferred Compensation Plan budget accounts. As in previous budget reports, the long-term surplus amount is within range of the Board's target surplus of \$1.5 million.

PROJECTED REVENUE/EXPENSES: 10/01/09-9/30/14

Quarter Ending:	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014
Starting Balance	\$ 2,955,583	\$ 2,654,495	\$ 2,311,315	\$ 2,002,188	\$ 1,736,449
Estimated Interest Earnings	\$ 147,779	\$ 132,725	\$ 115,566	\$ 100,109	\$ 86,822
Estimated Total Revenue	\$ 2,258,511	\$ 2,351,321	\$ 2,450,092	\$ 2,559,326	\$ 2,680,242
Estimated Expenses	\$ (2,707,378)	\$ (2,827,225)	\$ (2,874,786)	\$ (2,925,173)	\$ (3,040,842)
Difference	\$ (448,868)	\$ (475,905)	\$ (424,693)	\$ (365,848)	\$ (360,600)
Estimated Surplus Balance	\$ 2,654,495	\$ 2,311,315	\$ 2,002,188	\$ 1,736,449	\$ 1,462,672

PROJECTED FEE REVENUES DETAIL

Account Size	Participants	Account Values	Revenue Estimates				
			9/30/2009	9/30/2010	9/30/2011	9/30/2012	9/30/2013
Less than \$25k	18,691	\$ 171,800,541	\$ 187,263	\$ 204,116	\$ 222,487	\$ 242,510	\$ 264,336
\$25k-\$50k	6,329	\$ 228,815,127	\$ 249,408	\$ 271,855	\$ 296,322	\$ 322,991	\$ 352,060
\$50k-\$75k	3,721	\$ 228,724,860	\$ 249,310	\$ 271,748	\$ 296,205	\$ 322,864	\$ 351,922
\$75k-\$100k	2,650	\$ 231,080,505	\$ 251,878	\$ 274,547	\$ 299,256	\$ 326,189	\$ 355,546
\$100k-\$200k	6,088	\$ 862,480,810	\$ 776,220	\$ 791,744	\$ 807,579	\$ 823,731	\$ 840,205
\$200k-\$300k	1,880	\$ 452,681,767	\$ 239,700	\$ 244,494	\$ 249,384	\$ 254,372	\$ 259,459
\$300k-\$400k	670	\$ 229,037,265	\$ 85,425	\$ 87,134	\$ 88,876	\$ 90,654	\$ 92,467
\$400k-\$500k	271	\$ 119,507,299	\$ 34,553	\$ 35,244	\$ 35,948	\$ 36,667	\$ 37,401
Over \$500k	290	\$ 194,409,671	\$ 36,975	\$ 37,715	\$ 38,469	\$ 39,238	\$ 40,023
Total-->	40,590	\$ 2,718,537,845	\$ 2,110,731	\$ 2,218,596	\$ 2,334,527	\$ 2,459,216	\$ 2,593,419

PROJECTED EXPENSES DETAIL

Annual Expenses	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014
Admin Fees Owed to GWRS	\$ 1,645,722	\$ 1,678,636	\$ 1,712,209	\$ 1,746,453	\$ 1,781,382
Salary/Related Costs	\$ 796,657	\$ 836,489	\$ 878,314	\$ 922,230	\$ 940,674
Consulting Costs	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Training/Education	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
Quarterly-Fee Allocation Funds	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Election Administration	\$ 15,000	\$ 60,000	\$ 30,000	\$ -	\$ 60,000
Office/Admin/Equipment	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510
	\$ 2,707,378	\$ 2,827,225	\$ 2,874,786	\$ 2,925,173	\$ 3,040,842

Please note staff revised the indirect costs as calculated in the City Controller’s Cost Allocation Plan (CAP) rates and by DWP Payroll to reflect the 09/10 fiscal year. The indirect costs for Personnel, City Attorney and DWP are 82.98%, 88.7%, and 82% respectively. The Board’s targeted surplus level of \$1.5 million will be effectively met over each of the next five years.

Submitted by: _____
 Natasha Gameroz

Reviewed by: _____
 Steven Montagna

Approved by: _____
 Alejandrina Basquez

DEFERRED COMPENSATION PLAN QUARTERLY BUDGET REVIEW		
ADMINISTRATIVE AND OPERATING EXPENSES		
QUARTER ENDING 9/30/09		
STARTING BALANCE		
Payroll Fee Trust Fund Ending Balance - 6/30/09	\$	86,518
Administrative Fee Reserve Fund Balance - 6/30/09	\$	3,253,383
Total	\$	3,339,901
REVENUES/FEES		
Interest Earnings on Payroll Fee Trust Fund	\$	892
Administrative Fee Reserve Fund Deposits	\$	103,822
Interest Earnings on Administrative Fee Reserve Fund	\$	29,867
Miscellaneous Revenues	\$	57
Total Revenue/Fees	\$	134,638
STARTING BALANCE + REVENUE/FEES	\$	3,474,538
EXPENDITURES		
Participant Administrative Fees Paid to Great-West	\$	(183,140)
Personnel Department Reimbursements	\$	(141,132)
City Attorney Reimbursements	\$	(19,214)
DWP Reimbursements	\$	-
Consulting Costs	\$	(47,160)
2130 Travel/Training/Education	\$	14,212
4160 Governmental Meetings	\$	-
6010 Office and Administrative	\$	-
7300 Office Furniture & Equipment	\$	-
GWRS Quarterly Fee - Asset Allocation Fund Management	\$	(7,500)
TOTAL EXPENDITURES	\$	(383,933)
Actual Payroll Fee Trust Fund Ending Balance (9/30/09)	\$	54,518
Actual Administrative Fee Reserve Fund Ending Balance (9/30/09)	\$	3,203,931
ACTUAL TOTAL BALANCE AS OF 9/30/09	\$	3,258,449
ENCUMBRANCES/LIABILITIES		
Reimbursements: 3 Mos. Ending 6/30/09	\$	(152,498)
Reimbursements: 3 Mos. Ending 9/30/09	\$	(150,368)
TOTAL LIABILITIES	\$	(302,866)
ASSETS LESS EXPENDITURES/LIABILITIES	\$	2,955,583
Personnel Reimbursement Summary - 3 Months Ending 9/30/09		
Personnel - Salaries + Related Costs @ 82.98%	\$	118,217.01
City Attorney - Salaries + Related Costs @ 88.7%	\$	30,753.55
DWP - Salaries + Related Costs @ 82.00%	\$	1,397.51
Total Reimbursements	\$	150,368.07