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DEFERRED COMPENSATION PLAN BOARD REPORT 07-11



Date: March 8, 2007

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Budget Status Report - Quarter Ending 12/31/06

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 12/31/06; and (b) approve reimbursement from the Deferred Compensation Plan Trust Fund #896 to the Personnel Department for \$63,321.53 for the quarter ending 12/31/06.

Discussion:

Staff has completed its budgetary review and reconciliation of administrative fees/expenses for the quarter ending 12/31/06. 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 \$63,321.53. 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)¹.

¹ 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 to \$3,019,430. However, this does not account for the impact of any fee reductions as discussed in Board Report 07-07.

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

PROJECTED REVENUE/EXPENSES: 1/1/07-12/31/07	
REVENUE	
Projected Fifty-Cent Fees to Payroll Fee Trust Fund	\$ 344,760
Projected Deposits to Administrative Fee Reserve Fund	\$ 884,059
Interest	\$ 18,000
Total	\$ 1,246,819
ANNUAL EXPENSES	
Personnel Reimbursements	\$ (230,302)
NAGDCA Dues/Conference Expenses	\$ (30,000)
Consulting Fees	\$ (300,000)
Office & Admin	\$ (10,000)
Quarterly Fee - Asset Allocation Funds	\$ (18,000)
Total	\$ (588,302)
Annual Revenue Less Annual Expenses	\$ 658,517
CURRENT SURPLUS	
Current Surplus	\$ 2,360,913
Projected Total Surplus:12/31/07	\$ 3,019,430

Submitted by: _____
Natasha Zuvich

Reviewed by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn

DEFERRED COMPENSATION PLAN QUARTERLY BUDGET REVIEW	
ADMINISTRATIVE AND OPERATING EXPENSES	
QUARTER ENDING 12/31/06	
STARTING BALANCE	
Payroll Fee Trust Fund Ending Balance - 9/30/06	\$ 410,615
Administrative Fee Reserve Fund Balance - 9/30/06	\$ 1,830,060
Total	\$ 2,240,675
REVENUES/FEES	
City Payroll Administrative ("Fifty Cent") Fees	\$ 77,807
DWP Payroll Administrative ("Fifty Cent") Fees	\$ 13,840
Interest Earnings on Payroll Fee Trust Fund	\$ 3,493
Administrative Fee Reserve Fund Deposits	\$ 224,270
Interest Earnings on Administrative Fee Reserve Fund	\$ 19,482
Total Revenue/Fees	\$ 338,892
STARTING BALANCE + REVENUE/FEES	\$ 2,579,567
EXPENDITURES	
Personnel Department Reimbursements	\$ (41,177)
Consulting Costs	\$ (51,336)
NAGDCA	\$ (2,803)
Office & Admin	\$ -
Quarterly Fee - Asset Allocation Funds	\$ (4,500)
TOTAL EXPENDITURES	\$ (99,816)
Actual Payroll Fee Trust Fund Ending Balance (12/31/06)	\$ 410,439
Actual Administrative Fee Reserve Fund Ending Balance (12/31/06)	\$ 2,291,462
ACTUAL TOTAL BALANCE AS OF 12/31/06	\$ 2,479,751
ENCUMBRANCES/LIABILITIES	
Reimbursements: (Personnel: 3 Mos. Ending 9/30/06)	\$ (55,517)
Reimbursements: (Personnel: 3 Mos. Ending 12/31/06)	\$ (63,322)
TOTAL LIABILITIES	\$ (118,838)
ASSETS LESS EXPENDITURES/LIABILITIES	\$ 2,360,913
Personnel Reimbursement Summary - 3 Months Ending 12/31/06	
Personnel - Salaries	\$ 48,392.83
Personnel - FY 06-07 Retirement @ 24.48%	\$ 11,846.56
Personnel - Office Supplies	\$ 1,000.00
Personnel - Overhead	\$ 2,082.14
Personnel Reimbursements	\$ 63,321.53

TRUST FUND ACTIVITY REPORT			
Quarterly Summary - 12/31/06			
OCTOBER '06			
Opening Balance		\$	410,614.58
CR-DWP ADMIN FEES	10/10/06	\$	2,358.50
CR-CITY ADMIN FEES	10/10/06	\$	11,271.50
CR-CITY ADMIN FEES	10/12/06	\$	11,217.00
CR-DWP ADMIN FEES	10/24/06	\$	2,352.50
CR-CITY ADMIN FEES	10/26/06	\$	11,252.00
CONSULTING-MERCER	10/06/06	\$	(18,406.03)
CONSULTING-MERCER	10/30/06	\$	(24,915.00)
JV-INTEREST	10/17/06	\$	1,314.55
	Subtotal->	\$	407,059.60
NOVEMBER '06			
CR-DWP ADMIN FEES	11/07/06	\$	2,344.50
CR-CITY ADMIN FEES	11/08/06	\$	11,263.50
CR-DWP ADMIN FEES	11/21/06	\$	2,340.50
CR-CITY ADMIN FEES	11/27/06	\$	11,259.00
NAGDCA CONFERENCE (reimbursement)	11/22/06	\$	45.59
NAGDCA CONFERENCE (reimbursement)	11/08/06	\$	(397.85)
NAGDCA CONFERENCE (reimbursement)	11/17/06	\$	(190.06)
NAGDCA CONFERENCE (reimbursement)	11/08/06	\$	(120.26)
NAGDCA CONFERENCE (reimbursement)	11/08/06	\$	(500.76)
NAGDCA CONFERENCE (reimbursement)	11/08/06	\$	(197.77)
NAGDCA CONFERENCE (reimbursement)	11/08/06	\$	(392.72)
NAGDCA CONFERENCE (reimbursement)	11/08/06	\$	(194.33)
NAGDCA CONFERENCE (reimbursement)	11/08/06	\$	(356.61)
NAGDCA CONFERENCE (reimbursement)	11/17/06	\$	(139.15)
NAGDCA CONFERENCE (reimbursement)	11/08/06	\$	(57.34)
NAGDCA CONFERENCE (reimbursement)	11/13/06	\$	(302.19)
REIMBURSEMENT-PERSONNEL	11/29/06	\$	(41,176.54)
JV-INTEREST	11/15/06	\$	958.55
	Subtotal->	\$	391,245.66
DECEMBER '06			
CR-DWP ADMIN FEES	12/05/06	\$	2,315.50
CR-CITY ADMIN FEES	12/07/06	\$	11,183.00
CR-DWP ADMIN FEES	12/19/06	\$	2,128.50
CR-CITY ADMIN FEES	12/21/06	\$	10,361.00
CONSULTING-MERCER	12/05/06	\$	(5,570.00)
CONSULTING-MERCER	12/27/06	\$	(2,445.00)
JV-INTEREST	12/14/06	\$	1,220.18
	Subtotal->	\$	410,438.84

QUARTERLY SUMMARY			
OPENING BALANCE		\$	410,614.58
TOTAL CITY ADMIN FEES		\$	77,807.00
TOTAL DWP ADMIN FEES		\$	13,840.00
TOTAL INTEREST		\$	3,493.28
REIMBURSEMENT-PERSONNEL		\$	(41,176.54)
CONSULTING-MERCER		\$	(51,336.03)
NAGDCA		\$	(2,803.45)
ENDING BALANCE		\$	410,438.84