

**COUNTY OF MADERA  
BUDGET UNIT DETAIL  
BUDGET FOR THE FISCAL YEAR 2019-20**

Department: **LEGAL/INSURANCE  
(00230)**  
Function: **General**  
Activity: **Other General**  
Fund: **General**

|  | <u>ACTUAL<br/>2017-18</u> | <u>BOARD<br/>APPROVED<br/>2018-19</u> | <u>DEPARTMENT<br/>REQUEST<br/>2019-20</u> | <u>CAO<br/>RECOMMENDED<br/>2019-20</u> |
|--|---------------------------|---------------------------------------|---|--|
| <b><u>ESTIMATED REVENUES:</u></b>              |                           |                                       |   |  |
| <b>CHARGES FOR CURRENT SERVICES</b>            |                           |                                       |   |  |
| 662723 Services to Other Agencies              | 100,885                   | 30,000                                | 217,000                                   | 217,000                                |
| 662800 Interfund Revenue                       | 319,826                   | 340,000                               | 435,000                                   | 435,000                                |
| <b>TOTAL CHARGES FOR CURRENT SERVICES</b>      | <b>420,710</b>            | <b>370,000</b>                        | <b>652,000</b>                            | <b>652,000</b>                         |
| <b>MISCELLANEOUS REVENUE</b>                   |                           |                                       |   |  |
| 670000 Intrafund Revenue                       | 974,615                   | 1,065,000                             | 1,315,000                                 | 1,315,000                              |
| 673000 Miscellaneous                           | 14                        | 78,000                                | 500                                       | 500                                    |
| 673903 Misc Reimbursement & Refunds            | 130,286                   | 68,000                                | 150,000                                   | 150,000                                |
| 673910 Misc Reimb-Ins Reimb                    | 249                       | 2,000                                 | 2,000                                     | 2,000                                  |
| <b>TOTAL MISCELLANEOUS REVENUE</b>             | <b>1,105,165</b>          | <b>1,213,000</b>                      | <b>1,467,500</b>                          | <b>1,467,500</b>                       |
| <b><u>TOTAL ESTIMATED REVENUES</u></b>         | <b><u>1,525,875</u></b>   | <b><u>1,583,000</u></b>               | <b><u>2,119,500</u></b>                   | <b><u>2,119,500</u></b>                |
| <b><u>EXPENDITURES:</u></b>                    |                           |                                       |   |  |
| <b>SALARIES &amp; EMPLOYEE BENEFITS</b>        |                           |                                       |   |  |
| 710102 Permanent Salaries                      | 150,607                   | 152,280                               | 245,019                                   | 245,019                                |
| 710200 Retirement                              | 44,852                    | 50,205                                | 84,771                                    | 84,771                                 |
| 710300 Health Insurance                        | 13,527                    | 14,971                                | 27,579                                    | 27,579                                 |
| 710400 Workers' Compensation Insurance         | 1,815                     | 1,686                                 | 1,577                                     | 1,577                                  |
| <b>TOTAL SALARIES &amp; EMPLOYEE BENEFITS</b>  | <b>210,800</b>            | <b>219,142</b>                        | <b>358,946</b>                            | <b>358,946</b>                         |
| <b>SERVICES &amp; SUPPLIES</b>                 |                           |                                       |   |  |
| 720600 Insurance                               | 31                        | 43                                    | 45  | 45                                     |
| 720601 Insurance Premiums                      | 216,291                   | 245,000                               | 272,000                                   | 272,000                                |
| 720602 Unemployment Insurance                  | 247,611                   | 275,000                               | 250,000                                   | 250,000                                |
| 720605 Employer Share Retiree Health Insurance | 3,335,680                 | 3,750,000                             | 4,160,000                                 | 4,160,000                              |
| 720606 Insurance Administrative Fees           | 54,437                    | 65,000                                | 65,000                                    | 65,000                                 |
| 720800 Maintenance - Equipment                 | 0                         | 250                                   | 250                                       | 250                                    |
| 721203 Other Miscellaneous                     | 0                         | 0                                     | 500                                       | 500                                    |

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|   | <b><u>ACTUAL<br/>2017-18</u></b> | <b><u>BOARD<br/>APPROVED<br/>2018-19</u></b> | <b><u>DEPARTMENT<br/>REQUEST<br/>2019-20</u></b> | <b><u>CAO<br/>RECOMMENDED<br/>2019-20</u></b> |
|---|----------------------------------|--|--|---|
| SERVICES & SUPPLIES (continued)           |                                  |  |  |   |
| 721300 Office Expense                     | 0                                | 500  | 500  | 500   |
| 721400 Prof & Spec Svc                    | 13,152                           | 0  | 0  | 0   |
| 721600 Rents & Leases - Equipment         | 0                                | 200  | 200  | 200   |
| 721900 Special Departmental Expense       | 25                               |  | 0  | 0   |
| 722000 Transportation & Travel            | 933                              | 500  | 2,000  | 2,000   |
| <b>TOTAL SERVICES &amp; SUPPLIES</b>      | <b>3,868,159</b>                 | <b>4,336,493</b>                             | <b>4,750,495</b>                                 | <b>4,750,495</b>                              |
| <b><u>TOTAL EXPENDITURES</u></b>          | <b><u>4,078,959</u></b>          | <b><u>4,555,635</u></b>                      | <b><u>5,109,441</u></b>                          | <b><u>5,109,441</u></b>                       |
| <b><u>NET COUNTY COST (EXP - REV)</u></b> | <b><u>2,553,084</u></b>          | <b><u>2,972,635</u></b>                      | <b><u>2,989,941</u></b>                          | <b><u>2,989,941</u></b>                       |

## LEGAL/INSURANCE

### COMMENTS

This division, under the administrative control of the Administrative Management Office, is responsible for administering the County's Risk Management and Insurance Programs, coordinating the County's routine and contracted legal services, and administering the County's self-insured workers' compensation and general liability programs. In addition, this division is responsible for coordinating the County's Safety Program required by CAL-OSHA, and acquiring necessary levels of insurance for property, crime, and boiler coverage.

### ESTIMATED REVENUES

- 662700**      **Charges for Current Services** (\$652,000) is recommended increased \$282,000 based on subvented departments share of retiree health costs.
- 670000**      **Miscellaneous Revenue** (\$1,467,500) is recommended increased \$254,500 based on subvented departments share of retiree health costs.

### SALARIES & EMPLOYEE BENEFITS

- 710102**      **Permanent Salaries** (\$245,019) are recommended increased \$92,739 based on cost of recommended staff.
- 710200**      **Retirement** (\$84,771) reflects the County's anticipated contribution to Social Security and the Public Employees' Retirement System.
- 710300**      **Health Insurance** (\$27,579) is based on the employer's share of health insurance premiums.
- 710400**      **Workers' Compensation** (\$1,577) reflects the Department's contribution to the County's Self-Insurance Internal Service Fund.

### SERVICES & SUPPLIES

- 720600**      **Insurance** (\$45) reflects the Department's contribution to the County's Self-Insured Liability Program.
- 720601**      **Insurance Premiums** (\$272,000) is recommended increased \$30,000 for the premium costs of the following policies: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance (\$252,000); Pollution (\$5,000); Crime Bond (\$12,000); and Cyber Liability (\$3,000).

## LEGAL/INSURANCE

### SERVICES & SUPPLIES (continued)

- 720602**      **Unemployment Insurance** (\$250,000) is recommended reduced \$25,000 based on current year (2018-19) experience. This budget reimburses the State for unemployment benefits paid to eligible recipients previously employed by the County.
- 720605**      **Employer-Share Retiree Health Insurance** (\$4,160,000) is recommended increased \$410,000 for the County's share of retirees' health insurance premiums as required by the Public Employees' Retirement System (PERS) Health Benefits Program. As of April 1, 2019, there were 596 retirees participating in the PERS Health Benefits Program.
- 720606**      **Insurance Administrative Fees** (\$65,000) is recommended unchanged based on current actual costs.
- 720800**      **Maintenance - Equipment** (\$250) is recommended unchanged for maintenance of the microcomputer.
- 721300**      **Office Expense** (\$500) is recommended unchanged based on anticipated activity of the County Safety Program and accident investigations.
- 721600**      **Rents & Leases - Equipment** (\$200) is recommended unchanged for the rental of Central Garage vehicles.
- 722000**      **Transportation & Travel** (\$2,000) is recommended increased \$1,500.

### ESTIMATED REVENUES

The primary sources of revenue for the Insurance Budget are the recovery of costs from sub-vented departments related to premiums for Property and Pollution coverage, and the County's contribution towards the retirees' health insurance premiums.

### **RECOMMENDED 2019-20 FUNDING CONTRIBUTIONS TO THE SELF-FUNDED WORKERS' COMPENSATION AND LIABILITY PROGRAMS**

#### **Workers' Compensation**

The annual actuarial review has concluded that the Fund will be adequately reserved based on the projected values of the current cases. It is recommended that the County implement a funding plan which maintains program assets at a 70% confidence level. Under such a plan,

## LEGAL/INSURANCE

### Workers' Compensation (continued)

the County would fund the full value of each prospective year's claims costs with an allowance for any projected fund surplus or deficit. Such a plan will smooth out the potential under or over funding cycle of the program's assets.

Based on the actuary's estimated 2018-19 claim values, an additional \$4,000,000 is recommended to be added to the fund. To fund the estimated 2019-20 claims values, it is recommended that \$3,580,890 be contributed from the General Fund, \$416,148 from the Road Fund, and \$2,962 from Central Garage.

### Liability

The annual actuarial review has concluded that the Fund is adequately funded based on the projected values of the current cases.

Based on the actuary's estimated 2018-19 claim values, an additional \$2,400,000 is recommended to be added to the fund. To fund the estimated 2019-20 claims values, it is recommended that \$1,858,228 be contributed from the General Fund, \$289,976 from the Road Fund, \$251,430 from Special Districts, and \$366 from Central Garage.

NOTE: The Estimated Fund Expenses for the Workers' Compensation and Liability programs for 2019-20 are shown on the following page. The following is detail regarding the estimated and actuarial recommended fund balances, including requested fund expenditures supporting Workers' Compensation and Liability:

|  | <b><u>Workers'</u></b><br><b><u>Compensation</u></b> | <b><u>Liability</u></b> |
|--|--|-------------------------|
| <b><u>RECOMMENDED ACTUARIAL FUNDING</u></b>        |  |                         |
| Estimated Fund Balance as of 6/30/19               | \$7,354,209  | \$668,526               |
| Actuarial's Recommended Fund Balance as of 6/30/18 | 8,322,000  | 996,000                 |
| Estimated Fund Excess (or Deficit)                 | (967,791)  | (327,744)               |
| <br>Recommended Fund Contribution for 2019-20      | <br>4,000,000  | <br>2,400,000           |
| Less: Road Department Contribution                 | (416,148)  | (289,976)               |
| Less: Central Garage Contribution                  | (2,962)  | (366)                   |
| Less: Districts Contribution                       | (0)  | (251,430)               |

**LEGAL/INSURANCE**

|   |                            |                            |
|---|----------------------------|----------------------------|
| <b>RECOMMENDED GENERAL FUND CONTRIBUTION</b>                | <b>\$ 3,580,890</b>        | <b>\$ 1,858,228</b>        |
| <b>Combined Total Recommended General Fund Contribution</b> |                            | <b><u>\$ 5,439,118</u></b> |
| <br><b><u>ESTIMATED FUND EXPENSES FOR 2019-20</u></b>       |                            |                            |
| Judgment & Damages  | 2,700,000                  | 600,000                    |
| Professional and Legal Services                             | 0                          | 800,000                    |
| Excess Insurance Authority Premiums                         | 900,000                    | 1,500,000                  |
| Annual Actuary Studies                                      | 2,250                      | 2,250                      |
| Adjustment Services   | 360,000                    | 60,000                     |
| State Self-Insurance Assessment Premium                     | 80,000                     | 0                          |
| Hearing Tests   | 1,800                      | 0                          |
| <br>  |                            |                            |
| <b>Total Recommended Fund Expenses for 2019-20</b>          | <b><u>\$ 4,044,050</u></b> | <b><u>\$2,962,250</u></b>  |

**COUNTY OF MADERA  
 BUDGET UNIT POSITION SUMMARY  
 BUDGET FOR THE FISCAL YEAR 2019-20**

Department: **LEGAL/INSURANCE  
 (00230)**  
 Function: **General**  
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 Fund: **General**

| <u>JCN</u>   | <u>CLASSIFICATION</u>            | <u>2018-19<br/>Authorized<br/>Positions</u> |                 | <u>2019-20<br/>Proposed<br/>Positions</u> |                 | <u>Y-O-Y<br/>Changes<br/>in Positions</u> |                 | <u>Notes</u> |
|--------------|----------------------------------|---|-----------------|---|-----------------|---|-----------------|--------------|
|              |                                  | <u>Funded</u>                               | <u>Unfunded</u> | <u>Funded</u>                             | <u>Unfunded</u> | <u>Funded</u>                             | <u>Unfunded</u> |              |
| 3192         | Deputy CAO - Legal/Risk Services | 1.0   | -               | 1.0                                       | -               | -   | -               |              |
| 3208         | Risk Management Analyst          | -   | -               | 1.0                                       | -               | 1.0                                       | -               | A            |
| <b>TOTAL</b> |                                  | <u>1.0</u>                                  | <u>-</u>        | <u>2.0</u>                                | <u>-</u>        | <u>1.0</u>                                | <u>-</u>        |              |

**NOTES:**

A - One Risk Management Analyst is recommended to be added to this budget in Fiscal Year 2019-20