

**COUNTY OF MADERA
BUDGET UNIT EXPENDITURE DETAIL
BUDGET FOR THE FISCAL YEAR 2016-17**

Department:

**LEGAL/INSURANCE
(00230)**

Function:

General

Activity:

Other General

Fund:

General

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2014-15</u>	<u>BOARD APPROVED EXPENDITURES 2015-16</u>	<u>DEPARTMENT REQUEST 2016-17</u>	<u>CAO RECOMMENDED 2016-17</u>
SALARIES & EMPLOYEE BENEFITS				
710102 Permanent Salaries	128,324	136,878	145,009	145,009
710200 Retirement	37,443	42,063	46,654	46,654
710300 Health Insurance	10,686	10,942	11,937	11,937
710400 Workers' Compensation Insurance	366	584	1,520	1,520
TOTAL SALARIES & EMPLOYEE BENEFITS	176,818	190,467	205,120	205,120
SERVICES & SUPPLIES				
720600 Insurance	15	12	19	19
720601 Insurance Premiums	193,057	205,000	205,000	205,000
720602 Unemployment Insurance	224,338	300,000	325,000	325,000
720605 Employer Share Retiree Health Insurance	2,530,177	2,610,000	3,000,000	3,000,000
720606 Insurance Administrative Fees	42,536	51,000	60,000	60,000
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	152	500	500	500
721600 Rents & Leases - Equipment	0	200	200	200
722000 Transportation & Travel	150	500	500	500
TOTAL SERVICES & SUPPLIES	2,990,425	3,167,462	3,591,469	3,591,469
TOTAL - INSURANCE	3,167,243	3,357,929	3,796,589	3,796,589

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.

REVENUE

	Actual <u>2014-15</u>	Estimated <u>2015-16</u>	Projected <u>2016-17</u>
Retiree Health/Other Insurance Reimbursement	\$1,285,551	\$1,384,632	\$1,526,730

STAFFING

<u>Permanent</u>	<u>2015-16 Authorized</u>	<u>2016-17 Recommended</u>
Deputy County Administrative Officer – Legal/Risk Services	1	1

SALARIES & EMPLOYEE BENEFITS

- 710102** **Permanent Salaries** (\$145,009) are recommended increased \$ 8,131 based on cost of recommended staff.
- 710200** **Retirement** reflects the County's anticipated contribution to Social Security and the Public Employees' Retirement System.
- 710300** **Health Insurance** is based on the employer's share of health insurance premiums.
- 710400** **Workers' Compensation** reflects the Department's contribution to the County's Self-Insurance Internal Service Fund.

SERVICES & SUPPLIES

- 720600** **Insurance** reflects the Department's contribution to the County's Self-Insured Liability Program.

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SERVICES & SUPPLIES (continued)

- 720601** **Insurance Premiums** (\$205,000) is recommended unchanged for the premium costs of the following policies: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance (\$189,000); Pollution (\$6,000); Crime Bond (\$8,000); and Cyber Liability (\$2,000).
- 720602** **Unemployment Insurance** (\$325,000) is recommended increased \$25,000 based on current year (2015-16) experience. This budget reimburses the State for unemployment benefits paid to eligible recipients previously employed by the County.
- 720605** **Employer-Share Retiree Health Insurance** (\$3,000,000) is recommended increased \$390,000 for the County's share of retirees' health insurance premiums as required by the Public Employees' Retirement System (PERS) Health Benefits Program. As of March 1, 2016, there were 547 retirees participating in the PERS Health Benefits Program.
- 720606** **Insurance Administrative Fees** (\$60,000) is recommended increased \$9,000 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** (\$500) is recommended unchanged.

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 2016-17 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, 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 2015-16 claim values, an additional \$3,500,000 is recommended to be added to the fund. To fund the estimated 2016-17 claims values, it is recommended that \$3,152,648 be contributed from the General Fund, \$343,858 from the Road Fund, and \$3,494 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 2015-16 claim values, an additional \$1,000,000 is recommended to be added to the fund. To fund the estimated 2016-17 claims values, it is recommended that \$804,592 be contributed from the General Fund, \$80,875 from the Road Fund, \$114,414 from Special Districts, and \$119 from Central Garage.

NOTE: The Estimated Fund Expenses for the Workers' Compensation and Liability programs for 2016-17 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:

LEGAL/INSURANCE

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>
<u>RECOMMENDED ACTUARIAL FUNDING</u>		
Estimated Fund Balance as of 6/30/16	\$5,080,000	\$884,896
Actuarial's Recommended Fund Balance as of 6/30/16	9,049,000	642,000
Estimated Fund Excess (or Deficit)	(3,969,000)	242,896
 Recommended Fund Contribution for 2016-17	 3,500,000	 1,000,000
Less: Road Department Contribution	(343,858)	(80,875)
Less: Central Garage Contribution	(3,494)	(119)
Less: Districts Contribution	(0)	(114,414)
 RECOMMENDED GENERAL FUND CONTRIBUTION	 \$3,152,648	 \$ 804,592
Combined Total Recommended General Fund Contribution	 <u>\$3,957,240</u>	
 <u>ESTIMATED FUND EXPENSES FOR 2016-17</u>		
Judgment & Damages	2,400,000	400,000
Professional and Legal Services	0	600,000
Excess Insurance Authority Premiums	1,100,000	900,000
Annual Actuary Studies	2,250	2,250
Adjustment Services	325,000	52,500
State Self-Insurance Assessment Premium	75,000	0
Hearing Tests	1,800	0
Hepatitis B Immunization	1,500	0
 Total Recommended Fund Expenses for 2016-17	 <u>\$ 3,905,550</u>	 <u>\$1,954,750</u>