

**COUNTY OF MADERA
BUDGET UNIT EXPENDITURE DETAIL
BUDGET FOR THE FISCAL YEAR 2017-18**

Department:

**LEGAL/INSURANCE
(00230)**

Function:

General

Activity:

Other General

Fund:

General

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2015-16</u>	<u>BOARD APPROVED EXPENDITURES 2016-17</u>	<u>DEPARTMENT REQUEST 2017-18</u>	<u>CAO RECOMMENDED 2017-18</u>
SALARIES & EMPLOYEE BENEFITS				
710102 Permanent Salaries	143,246	145,009	145,009	145,009
710200 Retirement	41,526	46,654	47,464	47,464
710300 Health Insurance	11,109	11,937	13,141	13,141
710400 Workers' Compensation Insurance	584	1,520	1,815	1,815
TOTAL SALARIES & EMPLOYEE BENEFITS	196,464	205,120	207,429	207,429
SERVICES & SUPPLIES				
720600 Insurance	12	19	31	31
720601 Insurance Premiums	193,239	205,000	216,000	216,000
720602 Unemployment Insurance	178,156	325,000	275,000	275,000
720605 Employer Share Retiree Health Insurance	2,654,857	3,000,000	3,360,000	3,360,000
720606 Insurance Administrative Fees	45,042	60,000	60,000	60,000
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	3,125	500	500	500
721600 Rents & Leases - Equipment	0	200	200	200
722000 Transportation & Travel	968	500	500	500
TOTAL SERVICES & SUPPLIES	3,075,400	3,591,469	3,912,481	3,912,481
TOTAL - INSURANCE	3,271,864	3,796,589	4,119,910	4,119,910

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>2015-16</u>	Estimated <u>2016-17</u>	Projected <u>2017-18</u>
Retiree Health/Other Insurance Reimbursement	\$1,250,895	\$1,340,000	\$1,460,000

STAFFING

	2016-17 <u>Authorized</u>	2017-18 <u>Recommended</u>
<u>Permanent</u> Deputy County Administrative Officer – Legal/Risk Services	1	1

SALARIES & EMPLOYEE BENEFITS

- 710102** **Permanent Salaries** (\$145,009) are recommended unchanged 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** (\$216,000) is recommended increased \$11,000 for the premium costs of the following policies: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance (\$200,000); Pollution (\$4,000); Crime Bond (\$9,000); and Cyber Liability (\$3,000).
- 720602** **Unemployment Insurance** (\$275,000) is recommended reduced \$50,000 based on current year (2016-17) experience. This budget reimburses the State for unemployment benefits paid to eligible recipients previously employed by the County.
- 720605** **Employer-Share Retiree Health Insurance** (\$3,360,000) is recommended increased \$360,000 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, 2017, there were 531 retirees participating in the PERS Health Benefits Program.
- 720606** **Insurance Administrative Fees** (\$60,000) 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** (\$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 2017-18 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 2016-17 claim values, an additional \$4,000,000 is recommended to be added to the fund. To fund the estimated 2017-18 claims values, it is recommended that \$3,563,564 be contributed from the General Fund, \$432,584 from the Road Fund, and \$3,852 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 2016-17 claim values, an additional \$1,600,000 is recommended to be added to the fund. To fund the estimated 2017-18 claims values, it is recommended that \$1,257,766 be contributed from the General Fund, \$159,187 from the Road Fund, \$182,857 from Special Districts, and \$190 from Central Garage.

NOTE: The Estimated Fund Expenses for the Workers' Compensation and Liability programs for 2017-18 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 6/30/17	\$5,475,096	\$293,460
Actuarial's Recommended Fund Balance as of 6/30/17	8,904,000	860,000
Estimated Fund Excess (or Deficit)	(3,428,904)	(566,540)
 Recommended Fund Contribution for 2017-18	 4,000,000	 1,600,000
Less: Road Department Contribution	(432,584)	(159,187)
Less: Central Garage Contribution	(3,852)	(190)
Less: Districts Contribution	(0)	(182,857)
 RECOMMENDED GENERAL FUND CONTRIBUTION	 \$3,563,564	 \$ 1,257,766
Combined Total Recommended General Fund Contribution	 <u>\$4,821,330</u>	
 <u>ESTIMATED FUND EXPENSES FOR 2017-18</u>		
Judgment & Damages	2,600,000	500,000
Professional and Legal Services	0	800,000
Excess Insurance Authority Premiums	1,100,000	1,000,000
Annual Actuary Studies	2,250	2,250
Adjustment Services	325,000	52,500
State Self-Insurance Assessment Premium	60,000	0
Hearing Tests	1,800	0
Hepatitis B Immunization	1,500	0
 Total Recommended Fund Expenses for 2017-18	 <u>\$ 4,090,550</u>	 <u>\$2,354,750</u>