

**COUNTY OF MADERA
BUDGET UNIT EXPENDITURE DETAIL
BUDGET FOR THE FISCAL YEAR 2015-16**

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

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2013-14</u>	<u>BOARD APPROVED EXPENDITURES 2014-15</u>	<u>DEPARTMENT REQUEST 2015-16</u>	<u>CAO RECOMMENDED 2015-16</u>
SALARIES & EMPLOYEE BENEFITS				
710102 Permanent Salaries	115,629	124,452	136,878	136,878
710200 Retirement	32,158	36,609	42,063	42,063
710300 Health Insurance	11,711	12,881	10,942	10,942
710400 Workers' Compensation Insurance	431	366	584	584
TOTAL SALARIES & EMPLOYEE BENEFITS	159,929	174,308	190,467	190,467
SERVICES & SUPPLIES				
720600 Insurance	9	15	12	12
720601 Insurance Premiums	200,718	215,000	205,000	205,000
720602 Unemployment Insurance	287,922	325,000	300,000	300,000
720605 Employer Share Retiree Health Insurance	2,316,319	2,450,000	2,610,000	2,610,000
720606 Insurance Administrative Fees	47,438	40,000	51,000	51,000
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	1,301	500	500	500
721600 Rents & Leases - Equipment	140	200	200	200
722000 Transportation & Travel	0	200	500	500
TOTAL SERVICES & SUPPLIES	2,853,847	3,031,165	3,167,462	3,167,462
TOTAL - INSURANCE	3,013,776	3,205,473	3,357,929	3,357,929
INTRAFUND TRANSFER				
770100 Intrafund Transfer	-784,609	0	0	0
TOTAL INTRAFUND TRANSFER	-784,609	0	0	0
GRAND TOTAL - INSURANCE	2,229,167	3,205,473	3,357,929	3,357,929

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>2013-14</u>	Estimated <u>2014-15</u>	Projected <u>2015-16</u>
Retiree Health/Other Insurance Reimbursement	\$276,573	\$964,000	\$1,284,632

STAFFING

<u>Permanent</u>	<u>2014-15 Authorized</u>	<u>2015-16 Recommended</u>
Deputy County Administrative Officer – Legal/Risk Services	1	1

SALARIES & EMPLOYEE BENEFITS

- 710102** **Permanent Salaries** (\$136,878) are recommended increased \$12,426 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.

LEGAL/INSURANCE

SERVICES & SUPPLIES (continued)

- 720601** **Insurance Premiums** (\$205,000) are recommended reduced \$10,000 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** (\$300,000) is recommended reduced \$25,000 based on current year (2014-15) experience. This budget reimburses the State for unemployment benefits paid to eligible recipients previously employed by the County.
- 720605** **Employer-Share Retiree Health Insurance** (\$2,610,000) is recommended increased \$160,000 for the County's share of retirees' health insurance premiums as required by the Public Employees' Retirement System (PERS) Health Benefits Program. As of February 1, 2015, there were 511 retirees participating in the PERS Health Benefits Program.
- 720606** **Insurance Administrative Fees** (\$51,000) is recommended increased \$11,000 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.

INTRAFUND TRANSFER/REVENUES

The Intrafund Transfer account (770100) is no longer being utilized due to a change in accounting requirements and is now budgeted under the Intrafund Revenue account.

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 2015-16 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 \$2,800,000 is recommended to be added to the fund. To fund the estimated 2015-16 claims values, it is recommended that \$2,620,672 be contributed from the General Fund, \$177,768 from the Road Fund, and \$1,560 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 \$1,100,000 is recommended to be added to the fund. To fund the estimated 2015-16 claims values, it is recommended that \$971,506 be contributed from the General Fund, \$61,689 from the Road Fund, \$66,740 from Special Districts, and \$65 from Central Garage.

NOTE: The Estimated Fund Expenses for the Workers' Compensation and Liability programs for 2015-16 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 6/30/15	\$5,879,000	\$512,000
Actuarial's Recommended Fund Balance as of 6/30/15	8,916,000	904,000
Estimated Fund Excess (or Deficit)	(3,037,000)	(392,000)
 Recommended Fund Contribution for 2015-16	 2,800,000	 1,100,000
Less: Road Department Contribution	(177,768)	(61,689)
Less: Central Garage Contribution	(1,560)	(65)
Less: Districts Contribution	(0)	(66,740)
 RECOMMENDED GENERAL FUND CONTRIBUTION	 \$2,620,672	 \$ 971,506
Combined Total Recommended General Fund Contribution	 <u>\$3,592,178</u>	
 <u>ESTIMATED FUND EXPENSES FOR 2015-16</u>		
Judgment & Damages	2,300,000	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	275,000	52,500
State Self-Insurance Assessment Premium	85,000	0
Hearing Tests	1,800	0
Hepatitis B Immunization	1,500	0
 Total Recommended Fund Expenses for 2015-16	 <u>\$ 3,765,550</u>	 <u>\$1,954,750</u>