

**COUNTY OF MADERA
BUDGET UNIT EXPENDITURE DETAIL
BUDGET FOR THE FISCAL YEAR 2014-15**

Department:

**LEGAL/INSURANCE
(00230)**

Function:

General

Activity:

Other General

Fund:

General

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2012-13</u>	<u>BOARD APPROVED EXPENDITURES 2013-14</u>	<u>DEPARTMENT REQUEST 2014-15</u>	<u>CAO RECOMMENDED 2014-15</u>
SALARIES & EMPLOYEE BENEFITS				
710102 Permanent Salaries	88,811	115,630	124,452	124,452
710200 Retirement	23,233	31,808	36,609	36,609
710300 Health Insurance	12,448	13,632	12,881	12,881
710400 Workers' Compensation Insurance	224	431	366	366
TOTAL SALARIES & EMPLOYEE BENEFITS	124,717	161,501	174,308	174,308
SERVICES & SUPPLIES				
720600 Insurance	12	9	15	15
720601 Insurance Premiums	176,643	205,000	215,000	215,000
720602 Unemployment Insurance	274,094	375,000	325,000	325,000
720605 Employer Share Retiree Health Insurance	2,429,170	2,650,000	2,450,000	2,450,000
720606 Insurance Administrative Fees	33,477	40,000	40,000	40,000
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	0	500	500	500
721600 Rents & Leases - Equipment	373	200	200	200
721900 Special Departmental Expense	19,451	0	0	0
722000 Transportation & Travel	0	200	200	200
TOTAL SERVICES & SUPPLIES	2,933,219	3,271,159	3,031,165	3,031,165
TOTAL - INSURANCE	3,057,936	3,432,660	3,205,473	3,205,473
INTRAFUND TRANSFER				
770100 Intrafund Transfer	-746,783	-726,877	0	0
TOTAL INTRAFUND TRANSFER	-746,783	-726,877	0	0
GRAND TOTAL - INSURANCE	2,311,153	2,705,783	3,205,473	3,205,473

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.

STAFFING

<u>Permanent</u>	<u>2013-14 Authorized</u>	<u>2014-15 Recommended</u>
Deputy County Administrative Officer – Legal/Risk Services	1	1

SALARIES & EMPLOYEE BENEFITS

- 710102** Permanent Salaries (\$124,452) are recommended increased \$8,822 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.
- 720601** Insurance Premiums (\$215,000) are recommended increased \$10,000 for the premium costs of the following policies: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance (\$199,000); Pollution (\$6,000); Crime Bond (\$8,000); and Cyber Liability (\$2,000)
- 720602** Unemployment Insurance (\$325,000) is recommended reduced \$50,000 based on the current year's (2013-14) experience. This budget reimburses the State for unemployment benefits paid to eligible recipients previously employed by the County.

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SERVICES & SUPPLIES (continued)

- 720605** **Employer-Share Retiree Health Insurance** (\$2,450,000) is recommended reduced \$200,000 for the County's share of retirees' health insurance premiums as required by the Public Employees' Retirement System (PERS) Health Benefits Program. AB 2566, effective January 1, 2008, changed the computation for the annual increase to the County's share of retirees' (annuitants) health insurance premium. For 2009-10, the County was required to contribute up to an additional \$100 per month for each retiree participating in the PERS Health Benefit Program unless the County's contribution reached the same level of contribution for each covered health plan as an active employee. As of January 2010, the County was paying 100 percent of the single retiree's premiums for most of the covered plans. As of February 1, 2014, there were 490 retirees participating in the PERS Health Benefits Program.
- 720606** **Insurance Administrative Fees** (\$40,000) 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** (\$200) 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.

\$85,194 of the combined premiums for Property and Pollution coverage will be charged to the Insurance Premium accounts of Road Department (\$5,039), Social Services (\$6,265), Public Health (\$3,312), Behavioral Health Services (\$3,674), Child Support (\$835), and various Maintenance and Special Districts (\$66,069); and \$1,006,982 will be charged to the Employer-Share Retiree Health Insurance accounts of the subvented departments of Public Health (\$136,712), Social Services (\$392,730), Behavioral Health Services (\$127,400), Child Support (\$70,200), Road Department (\$200,000), Central Garage (\$20,140), and Courts (\$59,800) for their share of the County's contribution towards the retirees' health insurance premiums.

**RECOMMENDED 2014-15 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 2014-15 claim values, an additional \$2,100,000 is recommended to be added to the fund. To fund the estimated 2014-15 claims values, it is recommended that \$1,967,430 be contributed from the General Fund, \$131,401 from the Road Fund, and \$1,169 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 2014-15 claim values, an additional \$1,100,000 is recommended to be added to the fund. To fund the estimated 2014-15 claims values, it is recommended that \$910,335 be contributed from the General Fund, \$122,880 from the Road Fund, \$66,720 from Special Districts, and \$65 from Central Garage.

NOTE: The Estimated Fund Expenses for the Workers' Compensation and Liability programs for 2014-15 are shown on the following page.

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The following is detail regarding the estimated and actuarial recommended fund balances, including requested fund expenditures supporting Workers' Compensation and Liability:

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>
<u>RECOMMENDED ACTUARIAL FUNDING</u>		
Estimated Fund Balance as of 6/30/14	\$7,049,632	\$817,109
Actuarial's Recommended Fund Balance as of 6/30/14	8,188,000	803,000
Estimated Fund Excess (or Deficit)	(1,138,368)	14,109
 Recommended Fund Contribution for 2014-15	 2,100,000	 1,100,000
Less: Road Department Contribution	(131,401)	(122,880)
Less: Central Garage Contribution	(1,169)	(65)
Less: Districts Contribution	(0)	(66,720)
 RECOMMENDED GENERAL FUND CONTRIBUTION	 \$1,967,430	 \$ 910,335
Combined Total Recommended General Fund Contribution	 <u>\$2,877,765</u>	
 <u>ESTIMATED FUND EXPENSES FOR 2014-15</u>		
Judgment & Damages	2,200,000	400,000
Professional and Legal Services	0	600,000
Excess Insurance Authority Premiums	750,000	600,000
Annual Actuary Studies	2,250	2,250
Adjustment Services	245,000	52,500
State Self-Insurance Assessment Premium	65,000	0
Hearing Tests	1,800	0
Hepatitis B Immunization	1,500	0
 Total Recommended Fund Expenses for 2014-15	 <u>\$ 3,265,550</u>	 <u>\$1,654,750</u>