

**COUNTY OF MADERA  
BUDGET UNIT EXPENDITURE DETAIL  
BUDGET FOR THE FISCAL YEAR 2013-14**

Department:

**LEGAL/INSURANCE  
(00230)**

Function:

**General**

Activity:

**Other General**

Fund:

**General**

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2011-12</u>	<u>BOARD APPROVED EXPENDITURES 2012-13</u>	<u>DEPARTMENT REQUEST 2013-14</u>	<u>CAO RECOMMENDED 2013-14</u>
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>				
710102 Permanent Salaries	88,811	90,366	115,630	115,630
710200 Retirement	22,422	24,070	31,808	31,808
710300 Health Insurance	11,710	12,316	13,632	13,632
710400 Workers' Compensation Insurance	207	224	431	431
<b>TOTAL SALARIES &amp; EMPLOYEE BENEFITS</b>	<b>123,151</b>	<b>126,976</b>	<b>161,501</b>	<b>161,501</b>
<b>SERVICES &amp; SUPPLIES</b>				
720600 Insurance	14	12	9	9
720601 Insurance Premiums	122,552	143,673	205,000	205,000
720602 Unemployment Insurance	450,155	500,000	375,000	375,000
720605 Employer Share Retiree Health Insurance	2,352,115	2,600,000	2,650,000	2,650,000
720606 Insurance Administrative Fees	44,565	51,000	40,000	40,000
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	0	500	500	500
721600 Rents & Leases - Equipment	328	200	200	200
722000 Transportation & Travel	0	200	200	200
<b>TOTAL SERVICES &amp; SUPPLIES</b>	<b>2,969,729</b>	<b>3,295,835</b>	<b>3,271,159</b>	<b>3,271,159</b>
<b>TOTAL - INSURANCE</b>	<b>3,092,879</b>	<b>3,422,811</b>	<b>3,432,660</b>	<b>3,432,660</b>
<b>INTRAFUND TRANSFER</b>				
770100 Intrafund Transfer	-645,847	-633,352	-726,877	-726,877
<b>TOTAL INTRAFUND TRANSFER</b>	<b>-645,847</b>	<b>-633,352</b>	<b>-726,877</b>	<b>-726,877</b>
<b>GRAND TOTAL - INSURANCE</b>	<b>2,447,033</b>	<b>2,789,459</b>	<b>2,705,783</b>	<b>2,705,783</b>

## LEGAL/INSURANCE

### COMMENTS

This division, under the administrative control of the Administrative Management Office, is responsible for administering the County's Self-Insured Liability and Workers' Compensation 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>2012-13 Authorized</u>	<u>2013-14 Recommended</u>
Risk Management Analyst	1	0
Deputy County Administrative Officer	0	1*

\*Represents administrative reorganization approved by your Board on July 9, 2013, to become effective September 1, 2013.

### SALARIES & EMPLOYEE BENEFITS

- 710102      Permanent Salaries (\$115,630) are recommended increased \$25,264 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 (\$205,000) are recommended increased \$61,327 for the premium costs of the following policies: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance (\$191,000), Pollution (\$6,000) and Crime Bond (\$8,000).

## LEGAL/INSURANCE

### SERVICES & SUPPLIES (continued)

- 720602**      **Unemployment Insurance** (\$375,000) is recommended reduced \$125,000 based on the current year's (2012-13) experience. This budget reimburses the State for unemployment benefits paid to eligible recipients previously employed by the County.
- 720605**      **Employer-Share Retiree Health Insurance** (\$2,650,000) is recommended increased \$50,000 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 March 31, 2013, there were 456 retirees participating in the PERS Health Benefits Program.
- 720606**      **Insurance Administrative Fees** (\$40,000) is recommended reduced \$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** (\$200) is recommended unchanged.

### INTRAFUND TRANSFER/REVENUES

\$74,415 of the combined premiums for Property and Pollution coverage will be charged to the Insurance Premium accounts of Road Department (\$4,465), Social Services (\$5,209), Public Health (\$2,977), Behavioral Health Services (\$2,977), Child Support (\$744), and various Maintenance and Special Districts (\$58,043); and \$1,007,000 will be charged to the Employer-Share Retiree Health Insurance accounts of the subvented departments of Public Health (\$120,840), Social Services (\$392,730), Behavioral Health Services (\$130,910), Child Support (\$70,490), Road Department (\$211,470), Central Garage (\$20,140), and Courts (\$60,420) for their share of the County's contribution towards the retirees' health insurance premiums.

**RECOMMENDED 2013-14 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, and will have a fund excess of approximately \$106,000 as of June 30, 2013. It is recommended that the County implement a funding plan to bring program assets back to a 70% confidence level. Under this recommended plan, the County would fund the full value of each prospective year's claims costs; but in addition, return the 2012-13 projected fund excess. This plan will smooth out the potential under or over funding cycle of the program's assets.

Based on the actuary's estimated 2013-14 claim values, an additional \$2,450,000 is recommended to be added to the fund at a 70% confidence level. To fund the estimated 2013-14 claims values, it is recommended that \$2,293,046 be contributed from the General Fund, \$155,377 from the Road Fund, and \$1,577 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, and will have a fund excess of approximately \$620,000 as of June 30, 2013.

Based on the actuary's estimated 2013-14 claim values, an additional \$750,000 is recommended to be added to the fund at the 70% confidence level. To fund the estimated 2013-14 claims values, it is recommended that \$673,915 be contributed from the General Fund, \$30,254 from the Road Fund, \$45,787 from Special Districts, and \$44 from Central Garage.

NOTE: The Estimated Fund Expenses for the Workers' Compensation and Liability programs for 2013-14 are shown on the following page.

## LEGAL/INSURANCE

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

	<u>Workers' Compensation</u>	<u>Liability</u>
<b><u>RECOMMENDED ACTUARIAL FUNDING</u></b>		
Estimated Fund Balance as of 6/30/13	\$7,263,000	\$1,440,000
Actuarial's Recommended Fund Balance as of 6/30/13	7,157,000	820,000
Estimated Fund Excess (or Deficit)	106,000	620,000
Recommended Fund Contribution for 2013-14 (Funding based on a level of confidence of 70% for Workers' Compensation and 70% for Liability)	2,450,000	750,000
Less: Road Department Contribution	(155,377)	(30,254)
Less: Central Garage Contribution	(1,577)	(44)
Less: Districts Contribution	(0)	(45,787)
<b>RECOMMENDED GENERAL FUND CONTRIBUTION</b>	<b>\$2,293,046</b>	<b>\$ 673,915</b>
<b>Combined Total Recommended General Fund Contribution</b>	<b>\$2,966,961</b>	
<b><u>ESTIMATED FUND EXPENSES FOR 2013-14</u></b>		
Judgement & Damages	2,500,000	150,000
Professional and Legal Services	0	200,000
Excess Insurance Authority Premiums	650,000	576,000
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
<b>Total Recommended Fund Expenses for 2013-14</b>	<b><u>\$ 3,465,550</u></b>	<b><u>\$ 980,750</u></b>