

**COUNTY OF MADERA
BUDGET UNIT EXPENDITURE DETAIL
BUDGET FOR THE FISCAL YEAR 2012-13**

Department:

**INSURANCE
(00230)**

Function:

General

Activity:

Other General

Fund:

General

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2010-11</u>	<u>BOARD APPROVED EXPENDITURES 2011-12</u>	<u>DEPARTMENT REQUEST 2012-13</u>	<u>CAO RECOMMENDED 2012-13</u>
SALARIES & EMPLOYEE BENEFITS				
710102 Permanent Salaries	70,469	88,811	90,366	90,366
710200 Retirement	19,021	22,819	24,070	24,070
710300 Health Insurance	10,572	12,102	12,316	12,316
710400 Workers' Compensation Insurance	264	207	224	224
TOTAL SALARIES & EMPLOYEE BENEFITS	100,326	123,939	126,976	126,976
SERVICES & SUPPLIES				
720600 Insurance	11	14	12	12
720601 Insurance Premiums	164,338	157,000	143,673	143,673
720602 Unemployment Insurance	463,181	550,000	500,000	500,000
720605 Employer Share Retiree Health Insurance	1,916,478	2,275,000	2,600,000	2,600,000
720606 Insurance Administrative Fees	46,665	51,000	51,000	51,000
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	86	500	500	500
721600 Rents & Leases - Equipment	0	200	200	200
722000 Transportation & Travel	30	200	200	200
TOTAL SERVICES & SUPPLIES	2,590,789	3,034,164	3,295,835	3,295,835
TOTAL - INSURANCE	2,691,115	3,158,103	3,422,811	3,422,811
INTRAFUND TRANSFER				
770100 Intrafund Transfer	-493,095	-557,638	-633,352	-633,352
TOTAL INTRAFUND TRANSFER	-493,095	-557,638	-633,352	-633,352
GRAND TOTAL - INSURANCE	2,198,020	2,600,465	2,789,459	2,789,459

INSURANCE

COMMENTS

This Department, 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 Department 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

	2011-12	2012-13
<u>Permanent</u>	<u>Authorized</u>	<u>Recommended</u>
Risk Management Analyst	1	1

SALARIES & EMPLOYEE BENEFITS

- 710102** **Permanent Salaries** (\$90,366) are recommended increased \$1,555 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** (\$143,673) are recommended reduced \$13,327 for the premium costs of policies as follows: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance (\$129,000), Pollution (\$8,173) and Crime Bond (\$6,500).

INSURANCE

SERVICES & SUPPLIES (continued)

- 720602** **Unemployment Insurance** (\$500,000) is recommended reduced \$50,000 based on the current year's (2011-12) experience. This budget reimburses the State for unemployment benefits paid to eligible recipients previously employed by the County.
- 720605** **Employer-Share Retiree Health Insurance** (\$2,600,000) is recommended increased \$325,000 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 April 30, 2012, there were 416 retirees participating in the PERS Health Benefits Program.
- 720606** **Insurance Administrative Fees** (\$51,000) is recommended unchanged based on current actual costs.
- 720800** **Maintenance - Equipment** (\$250) is recommended unchanged for maintenance expense 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

\$57,004 of the combined premiums for Property and Pollution coverage will be charged to the Insurance Premium accounts of Road Department (\$3,357), Social Services (\$4,174), Public Health (\$2,207), Behavioral Health Services (\$2,415), Child Support (\$556), and various Maintenance and Special Districts (\$44,295); and \$832,000 will be charged to the Employer-Share Retiree Health Insurance accounts of the subvented departments of Public Health (\$99,840), Social Services (\$416,000), Behavioral Health Services (\$41,600), Child Support (\$66,560), and Road Department (\$208,000) for their share of the County's contribution towards the retirees' health insurance premiums.

**RECOMMENDED 2012-13 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 \$1,441,000 as of June 30, 2012. It is recommended that the County implement a two-year 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 a portion of the 2011-12 projected fund excess each year. This plan will smooth out the potential under or over funding cycles of the program's assets.

Based on the actuary's estimated 2012-13 claim values, an additional \$1,811,000 is recommended to be added to the fund at a 70% confidence level. To fund the estimated 2012-13 claims values, it is recommended that \$1,655,786 be contributed from the General Fund, \$154,138 from the Road Fund, and \$1,076 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 \$133,000 as of June 30, 2012.

Based on the actuary's estimated 2012-13 claim values, an additional \$1,100,000 is recommended to be added to the fund at the 70% confidence level. To fund the estimated 2012-13 claims values, it is recommended that \$731,613 be contributed from the General Fund, \$301,857 from the Road Fund, \$66,466 from Special Districts, and \$64 from Central Garage.

NOTE: The Estimated Fund Expenses for the Workers' Compensation and Liability programs for 2012-13 are shown on the following page.

INSURANCE

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

	<u>Workers' Compensation</u>	<u>Liability</u>
<u>RECOMMENDED ACTUARIAL FUNDING</u>		
Estimated Fund Balance as of 6/30/12	\$7,506,000	\$1,082,000
Actuarial's Recommended Fund Balance as of 6/30/12	6,065,000	949,000
Estimated Fund Excess (or Deficit)	1,441,000	133,000
Recommended Fund Contribution for 2012-13 (Funding based on a level of confidence of 70% for Workers' Compensation and 70% for Liability)	1,811,000	1,100,000
Less: Road Department Contribution	(154,138)	(301,857)
Less: Central Garage Contribution	(1,076)	(64)
Less: Districts Contribution	(0)	(66,466)
RECOMMENDED GENERAL FUND CONTRIBUTION	\$1,655,786	\$ 731,613
Combined Total Recommended General Fund Contribution		<u>\$2,387,399</u>
<u>ESTIMATED FUND EXPENSES FOR 2012-13</u>		
Judgement & Damages	2,000,000	450,000
Professional and Legal Services	0	700,000
Excess Insurance Authority Premiums	638,000	678,000
Annual Actuary Studies	2,000	2,000
Adjustment Services	232,000	52,500
State Self-Insurance Assessment Premium	47,000	0
Hearing Tests	1,800	0
Hepatitis B Immunization	1,500	0
Total Recommended Fund Expenses for 2012-13	<u>\$ 2,922,300</u>	<u>\$ 1,882,500</u>