

**COUNTY OF MADERA
BUDGET UNIT EXPENDITURE DETAIL
BUDGET FOR THE FISCAL YEAR 2011-12**

Department:

**INSURANCE
(00230)**

Function:

General

Activity:

Other General

Fund:

General

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2009-10</u>	<u>BOARD APPROVED EXPENDITURES 2010-11</u>	<u>DEPARTMENT REQUEST 2011-12</u>	<u>CAO RECOMMENDED 2011-12</u>
SALARIES & EMPLOYEE BENEFITS				
710102 Permanent Salaries	71,790	71,732	88,811	88,811
710103 Extra Help	0	2,000	0	0
710200 Retirement	16,791	18,252	22,819	22,819
710300 Health Insurance	9,995	10,031	12,102	12,102
710400 Workers' Compensation Insurance	314	264	207	207
TOTAL SALARIES & EMPLOYEE BENEFITS	98,890	102,279	123,939	123,939
SERVICES & SUPPLIES				
720600 Insurance	10	11	14	14
720601 Insurance Premiums	8,656	136,000	157,000	157,000
720602 Unemployment Insurance	671,405	700,000	550,000	550,000
720605 Employer Share Retiree Health Insurance	1,320,287	1,680,000	2,275,000	2,275,000
720606 Insurance Administrative Fees	49,514	51,000	51,000	51,000
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	233	500	500	500
721600 Rents & Leases - Equipment	118	200	200	200
722000 Transportation & Travel	0	200	200	200
TOTAL SERVICES & SUPPLIES	2,050,223	2,568,161	3,034,164	3,034,164
TOTAL - INSURANCE	2,149,113	2,670,440	3,158,103	3,158,103
INTRAFUND TRANSFER				
770100 Intrafund Transfer	-406,625	-439,818	-557,638	-557,638
TOTAL INTRAFUND TRANSFER	-406,625	-439,818	-557,638	-557,638
GRAND TOTAL - INSURANCE	1,742,488	2,230,622	2,600,465	2,600,465

COMMENTS

This Department, under the administrative control of the Administrative 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

<u>Permanent</u>	<u>2010-11 Authorized</u>	<u>2011-12 Recommended</u>
Risk Management Analyst	1	1

SALARIES & EMPLOYEE BENEFITS

- 710102** Permanent Salaries (\$88,811) are recommended increased \$17,079 based on cost of recommended staff.
- 710103** Extra Help (\$0) funding is not recommended, a reduction of \$2,000.
- 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 (\$157,000) are recommended increased \$21,000 for the premium costs of policies as follows: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance (\$132,565), Pollution (\$8,173) and Crime Bond (\$16,262).
- 720602** Unemployment Insurance (\$550,000) is recommended reduced \$150,000 based on the current year's (2010-11) experience. This budget reimburses the State for unemployment benefits paid to eligible recipients previously employed by the County.

SERVICES & SUPPLIES (continued)

- 720605** **Employer-Share Retiree Health Insurance** (\$2,275,000) is recommended increased \$595,000 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, 2011, there were 369 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

\$64,320 of the combined premiums for Property and Pollution coverage will be charged to the Insurance Premium accounts of Roads (\$3,807), Social Services (\$4,733), Public Health (\$2,502), Behavioral Health Services (\$2,733), Child Support (\$631), and various Maintenance and Special Districts (\$49,914); and

\$730,039 will be charged to the Employer-Share Retiree Health Insurance accounts of the subvented departments of Public Health (\$85,200), Social Services (\$370,000), Behavioral Health Services (\$35,115), Child Support (\$56,724), and RMA-Road Department (\$183,000) for their share of the County's contribution towards the retirees' health insurance premiums.

**RECOMMENDED 2011-12 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 \$2,117,000 as of June 30, 2011. 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 2010-11 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 2011-12 claim values, an additional \$1,673,000 is recommended to be added to the fund at a 70% confidence level. To fund the estimated 2011-12 claims values, it is recommended that \$1,537,808 be contributed from the General Fund, \$134,180 from the Road Fund, and \$1,012 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 deficit of approximately \$157,000 as of June 30, 2011.

Based on the actuary's estimated 2011-12 claim values, an additional \$1,310,000 is recommended to be added to the fund at the 70% confidence level. To fund the estimated 2010-11 claims values, it is recommended that \$807,308 be contributed from the General Fund, \$420,926 from the Road Fund, \$81,689 from Special Districts, and \$77 from Central Garage.

NOTE: The Estimated Fund Expenses for the Workers' Compensation and Liability programs for 2011-12 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'</u> <u>Compensation</u>	<u>Liability</u>
<u>RECOMMENDED ACTUARIAL FUNDING</u>		
Estimated Fund Balance as of 6/30/11	\$8,209,000	\$837,000
Actuarial's Recommended Fund Balance as of 6/30/11	6,092,000	994,000
Estimated Fund Excess (or Deficit)	2,117,000	(157,000)
 Recommended Fund Contribution for 2011-12 (Funding based on a level of confidence of 70% for Workers' Compensation and 70% for Liability)	 1,673,000	 1,310,000
Less: Road Department Contribution	130,473	424,322
Less: Central Garage Contribution	1,749	76
Less: Districts Contribution	0	81,689
 RECOMMENDED GENERAL FUND CONTRIBUTION	 \$1,540,778	 \$ 803,913
Combined Total Recommended General Fund Contribution	 <u>\$2,344,691</u>	
 <u>ESTIMATED FUND EXPENSES FOR 2011-12</u>		
Judgement & Damages	2,000,000	300,000
Professional and Legal Services	0	1,000,000
Excess Insurance Authority Premiums	564,000	742,000
Annual Actuary Studies	2,000	2,000
Adjustment Services	167,396	0
State Self-Insurance Assessment Premium	52,000	0
Hearing Tests	1,500	0
Hepatitis B Immunization	1,500	0
Salary & Employee Benefits of Risk Management Analyst	<u>51,257</u>	<u>51,258</u>
 Total Recommended Fund Expenses for 2011-12	 <u>\$ 2,839,653</u>	 <u>\$ 2,095,528</u>