

**COUNTY OF MADERA
BUDGET UNIT EXPENDITURE DETAIL
BUDGET FOR THE FISCAL YEAR 2008-09**

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

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2006-07</u>	<u>BOARD APPROVED EXPENDITURES 2007-08</u>	<u>DEPARTMENT REQUEST 2008-09</u>	<u>CAO RECOMMENDATION 2008-09</u>
<u>SALARIES & EMPLOYEE BENEFITS</u>				
710102 Permanent Salaries	79,432	81,200	73,000	73,000
710103 Extra Help	0	0	30,000	30,000
710200 Retirement	14,876	15,250	18,000	18,000
710300 Health Insurance	10,307	11,000	11,000	11,000
710400 Workers' Compensation Insurance	535	446	372	372
TOTAL SALARIES & EMPLOYEE BENEFITS	105,150	107,896	132,372	132,372
<u>SERVICES & SUPPLIES</u>				
720300 Communications	22	0	0	0
720600 Insurance	12	14	13	13
720601 Insurance Premiums	85,170	148,945	130,702	130,702
720602 Unemployment Insurance	144,214	150,000	180,000	180,000
720605 Employer Share Retiree Health Insurance	417,587	578,000	900,000	900,000
720606 Insurance Administrative Fees	40,799	42,000	45,000	45,000
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	897	1,320	800	800
721400 Professional & Specialized Services	402	0	0	0
721600 Rents & Leases - Equipment	0	220	220	220
722000 Transportation & Travel	0	200	200	200
TOTAL SERVICES & SUPPLIES	689,103	920,949	1,257,185	1,257,185
TOTAL - INSURANCE	794,253	1,028,845	1,389,557	1,389,557
770100 Intrafund Transfer	(137,279)	(62,287)	(50,173)	(50,173)
GRAND TOTAL - INSURANCE	656,974	966,558	1,339,384	1,339,384

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>2007-08</u>	<u>2008-09</u>
Risk Management Analyst	<u>Authorized</u>	<u>Request & Recommend</u>
	1	1

SALARIES & EMPLOYEE BENEFITS

- 710102 **Permanent Salaries** are recommended at \$73,000 based on present cost of staff.
- 710103 **Extra Help** is recommended at \$30,000 as the estimated cost to provide training by prior Risk Management Analyst to new Analyst.
- 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 contribution** reflects the Department's contribution to the County's Self-Insured Liability Program.
- 720601 **Insurance Premiums** are recommended at \$130,702. This account provides for the premium costs of policies as follows: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance (\$109,936), Crime Policy (\$7,800), and Pollution Insurance (\$12,966).

SERVICES & SUPPLIES (continued)

- 720602 Unemployment Insurance is recommended at \$180,000 based on current year's experience. This budget reimburses the State for unemployment benefits paid to recipients previously employed by the County.
- 720605 Employer-Share Retiree Health Insurance (\$900,000) This account provides for the County's share of the retiree's health insurance premium as required by the Public Employees' Retirement System (PERS) Health Benefits Program. There are an estimated 210 retirees participating in the program. AB 2566, effective 1/1/08, changes the computation for the annual increase to the County's share of retirees' (annuitants) health insurance premium. For 2008/09, the County will be required to contribute up to an additional \$100 per month for each retiree participating in the PERS Health. For budgeting purposes, it is estimated that the County's average monthly contribution for each retiree will increase during 2008/09 from \$294 to \$394, with a projected 238 retirees by the end of the fiscal year.
- 720606 Insurance Administrative Fees is recommended to be shown as a separate line item expense and to be funded at \$45,000. In the past years the development of the annual budget combined the cost to provide administrative services for the counties participating in the PERS Health Benefits Program was with the above account (Employer-Share Retiree Health Insurance). Currently the fee represents .29% of the monthly health insurance premiums.
- 720800 Maintenance - Equipment is recommended at \$250 for maintenance expense of the microcomputer.
- 721300 Office Expense is recommended at \$500, based on anticipated activity of the County Safety Program and accident investigations.
- 721600 Rents & Leases - Equipment is recommended at \$220 for the rental of Central Garage vehicles for an estimated 525 miles.
- 722000 Transportation & Travel is recommended at \$200 to fund liability and workers' compensation seminars.

COST APPLIED

\$50,173 of the combined premiums for Property and Pollution coverage will be charged to the Insurance Premium accounts of Roads (\$2,932); Social Services (\$3,527); Public Health (\$1,922); Behavioral Health Services (\$1,989); Child Support (\$450); and various Maintenance and Special Districts (\$39,353).

**RECOMMENDED 2008/09 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 their projected values of the current cases, and will have a fund excess of approximately \$1,374,000 as of 6/30/08. It is recommended that the County implement a three-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 07/08 projected fund excess each year. This plan smooths out the potential under or over funding cycles of the program's assets.

Based on the actuary's estimated 2008-09 claim values, an additional \$2,328,000 is recommended to be added to the fund at a 70% confidence level. To fund the estimated 2008-09 claims values, it is recommended that \$2,085,223 be contributed from the General Fund, \$241,041 from the Road Fund, and \$1,736 from Central Garage.

The Estimated Fund Expenses for 2008-09 are shown below.

Liability

The annual actuarial review has concluded that the Fund will be adequately funded based on the projected values of the current cases, and will have a cash balance of approximately \$900,000 as of 6/30/08.

Based on the actuary's estimated 2008-09 claim values, an additional \$1,543,000 is recommended to be added to the fund at the 75% confidence level. To fund the estimated 2008-09 claims values, it is recommended that \$753,083 be contributed from the General Fund, \$684,805 from the Road Fund, \$105,027 from Special Districts, and \$85 from Central Garage.

The Estimated Fund Expenses for 2008-09 are shown below.

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 6/30/08	\$7,569,000	\$ 900,000
Actuarial's Recommended Fund Balance as of 6/30/08	6,195,000	775,000
Estimated Fund Excess (or Deficit)	1,374,000	125,000
Actuarial's Recommended Fund Contribution for 2008-09 (Funding based on a level of confidence of 70% for Workers' Compensation and 75% for Liability)	2,328,000	1,543,000
Less: Road Department Contribution	241,041	684,806
Less: Central Garage Contribution	1,736	85
Less: Districts Contribution	-0-	105,026
RECOMMENDED GENERAL FUND CONTRIBUTION	\$2,085,223	\$ 753,083
Combined Total Recommended General Fund Contribution	<u>\$2,838,306</u>	
<u>ESTIMATED FUND EXPENSES FOR 2008-09</u>		
Judgement & Damages	2,000,000	600,000
Professional and Legal Services	-0-	550,000
Excess Insurance Authority Premiums	591,000	847,000
Annual Actuary Studies	2,000	2,000
Adjustment Services	197,750	-0-
State Self-Insurance Assessment Premium	30,000	-0-
Hearing Tests	1,500	-0-
Hepatitis B Immunization	1,500	-0-
Salary & Employee Benefits of Risk Management Analyst	13,200	118,000
Total Recommended Fund Expenses for 2008-09	<u>\$2,836,950</u>	<u>\$ 2,117,000</u>