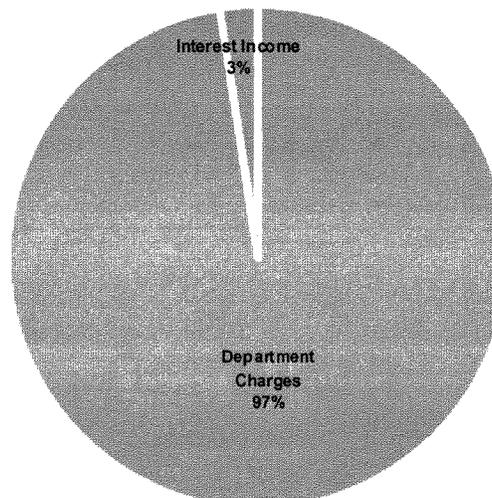


MISSION STATEMENT

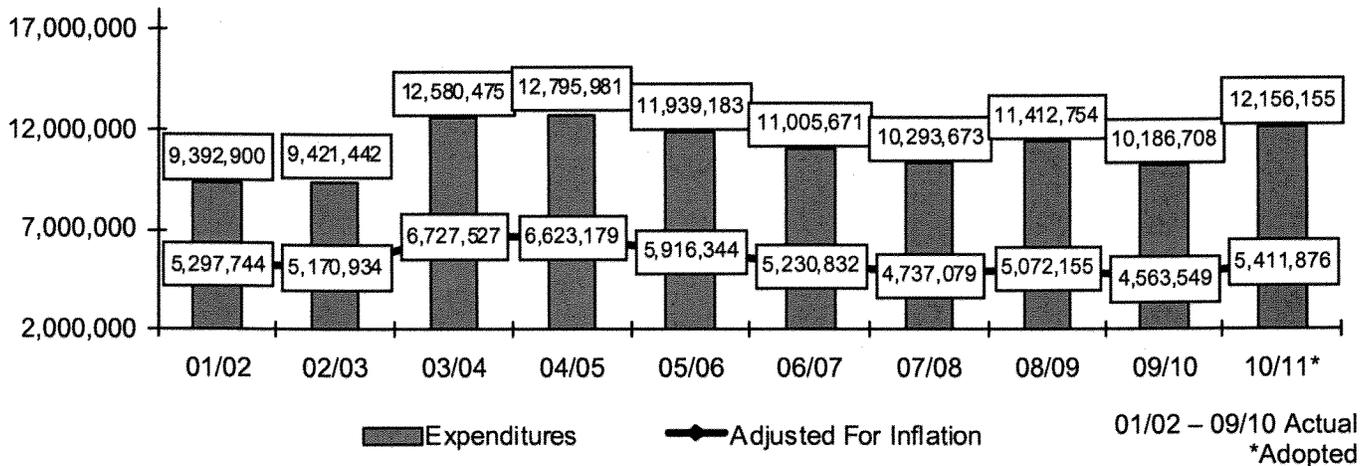
To provide stable funding sources for cost-effective, high quality insurance, safety, and benefit services.

OPERATING DETAIL (1)	2008-09 ACTUAL (2)	2009-10 ACTUAL (3)	2010-11 RECOMMENDED (4)	2010-11 ADOPTED (5)
OPERATING REVENUES				
Charges for current services	9,423,838	7,174,499	7,322,000	7,322,000
TOTAL OPERATING REVENUES	9,423,838	7,174,499	7,322,000	7,322,000
OPERATING EXPENSES				
Services and Supplies	2,906,440	1,735,804	2,298,217	2,298,217
Overhead	643,503	423,351	544,782	544,782
Insurance	2,503,959	2,391,356	2,484,000	2,484,000
Claims	4,072,242	4,218,486	5,969,156	5,969,156
Outside Legal	1,286,610	1,417,711	860,000	860,000
TOTAL OPERATING EXPENSES	11,412,754	10,186,708	12,156,155	12,156,155
OPERATING INCOME (LOSS)	(1,988,916)	(3,012,209)	(4,834,155)	(4,834,155)
NON-OPERATING REVENUES (EXPENSES)				
Interest	561,916	198,354	197,303	197,303
Other Income	0	757,951	0	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	561,916	956,305	197,303	197,303
INCOME BEF. CAPITAL CONTRBS. & TRANSFERS	(1,427,000)	(2,055,904)	(4,636,852)	(4,636,852)
Transfers in (out)	(10,504)	0	0	0
CHANGE IN NET ASSETS	(1,437,504)	(2,055,904)	(4,636,852)	(4,636,852)
Net assets - beginning	11,412,947	11,262,054	9,206,150	9,206,150
Net assets - ending	11,262,054	9,206,150	4,569,298	4,569,298

Source of Funds



10 Year Expenditures Adjusted For Inflation



SERVICE PROGRAMS

Workers' Compensation

Provides funding for all costs associated with the County's self-insured Workers' Compensation Program, including benefit payments to eligible recipients and all administrative expenses.

Total Expenditures: \$6,103,172 Total Staffing (FTE): *

Liability Self-Insurance

Provides funding for all costs associated with the County's self-insured Liability Program, including loss payments to resolve claims/litigation and all administrative expenses.

Total Expenditures: \$3,656,876 Total Staffing (FTE): *

Medical Malpractice

Provides funding for all costs associated with the County's Medical Malpractice Program, including insurance premiums, deductibles, and administrative expenses.

Total Expenditures: \$377,492 Total Staffing (FTE): *

Unemployment Insurance

Provides funding for all costs associated with the County's self-insured Unemployment Program, including benefit payments to eligible recipients and administrative expenses.

Total Expenditures: \$237,276 Total Staffing (FTE): *

Dental Plan

Provides funding for all costs associated with the County's self-insured dental plan, including benefit payments and administrative expenses.

Total Expenditures: \$1,781,339 Total Staffing (FTE): *

*Staffing for these programs are reflected in fund center 105 – Risk Management.

COMMENTS

The Self Insurance Budget consists of Internal Service Funds (ISFs) that charge County departments in order to service the Workers Compensation (fund center 408), Liability (fund center 409), Unemployment Insurance (fund center 410), Medical Malpractice (fund center 411), and Self-Insured Dental (fund center 412) programs. Staffing for each of these programs is described in the budget for Risk Management (fund center 105).

Industry norms, including guidelines set by our excess insurance carrier, the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), suggest fund reserve levels for these programs should be maintained between 70% (minimum) and 90% (conservative) confidence level. The programs in the self insurance budget have been well managed in recent years, and are on a good financial foundation. Therefore, it is reasonable and appropriate to minimize charges to departments during this difficult budget year, while still maintaining adequate reserve levels. For this reason, charges to departments have been reduced in most cases to maintain a 70-85% confidence level in the reserve funds. Setting and maintaining of reserve levels is done in conjunction with annual actuarial studies.

Because the Self Insurance Programs are Internal Service Funds, the State Controller's Office requires that an Operation of Internal Service Fund Schedule 10 be submitted. The format of the Schedule 10, as well as some of the data it contains, is different from how other County departments' budgets are reported. For consistency purposes, this narrative, Service Programs, and the 10 year Expenditure chart use the information and data from the Schedule 10.

Workers Compensation – Fund Center 408

Revenues are budgeted to decrease \$1,958,295 or 51% compared to the FY 2009-10 adopted budget. This is due to a projected decrease in interest revenue of \$287,000, and a \$1,450,000 or 45% reduction in Workers' Compensation charges to County departments. Because of the considerable fund balance available, it is projected that this ISF can absorb the reduction in revenue from departments and still maintain an 85% confidence level. Total expenditures for this fund center are budgeted to increase \$368,526 or 6% compared to the FY 2009-10 adopted budget. Most of this increase (\$313,290) is due to the addition of the Budget Augmentation Request (BAR) to create a Loss Prevention program in FC 105 – Risk Management, for which the non-staff related expenses are budgeted in this fund center.

Liability – Fund Center 409

Revenues are budgeted to decrease \$374,000 or 10% compared to the FY 2009-10 adopted budget, largely due to the reduced charges to County departments. Despite the recommended reduction in revenue, it is projected that this fund center will maintain a 70% confidence level. Expenditures decrease \$105,932 or 2% compared to the FY 2009-10 adopted budget. This is the result of a \$191,400 or 11% decrease in insurance premiums, a \$60,000 increase in expenses for the County's Third Party Administrator (TPA) based on actual costs, and a net increase of \$25,378 in charges for inter-departmental services and overhead costs.

Unemployment Insurance – Fund Center 410

Revenues are budgeted to increase \$24,674 or 7% compared to the FY 2009-10 adopted budget to offset a \$30,000 increase in expenditures based on expected unemployment claims in FY 2010-11.

Medical Malpractice – Fund Center 411

Revenues are budgeted to decrease \$22,603 or 9% compared to the FY 2009-10 adopted budget. Expenditures decrease \$25,126 or 9% compared to the FY 2009-10 adopted budget due to reduced charges to departments for medical malpractice premiums.

Self-Insured Dental – Fund Center 412

Revenue is reduced \$1,170 or less than 1% due to reduced returns from interest. Expenditures decrease \$24,078 or 1% due to a reduction in Countywide overhead charges.

BOARD ADOPTED CHANGES

None