

## 294 - PROPERTY AND CASUALTY RISK INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Property & Casualty Risk Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

#### Strategic Goals:

- It is the goal of the Property & Casualty Risk Internal Service Fund to reduce costs associated with property damage, personal injury, and litigation. This goal is achieved by acquiring commercial insurance, effective liability claims management, prudent administration of the self-insured Liability Program, and providing risk assessment and risk avoidance consultation services to all County departments.

#### Key Outcome Indicators:

Performance Measure	2006 Business Plan	2007 Business Plan	How are we doing?
	Results	Target	
<b>RELATIVE COST OF LIABILITY CLAIMS AND INSURANCE PROGRAM.</b> <b>What:</b> Shows the total expenditures of this program as a percent of total county expenditures. <b>Why:</b> Provides a constant measure of costs for all County departments.	Cost of Liability Claims and Insurance Program was .57% of total county expenditures.	Remain under 1% of total county expenditures.	Liability Claims and Insurance Program costs for FY 2005/2006 were .57% of total county expenditures, far less than the benchmark.

#### FY 2006-07 Key Project Accomplishments:

- Successfully placed all required commercial insurance for diverse and complex county needs.
- Increased insurance consultations and support in contract protections, insurance requirements, and program design to reduce risk of loss and cost.

**Property & Casualty Risk ISF** - The Property & Casualty Risk ISF administers and manages the County's Liability Claims Management Program, the Insurance and Financial Management Program, and the Americans with Disabilities Act (ADA II) Compliance Program.

#### At a Glance:

Total FY 2006-2007 Actual Expenditure + Encumbrance:	18,730,071
Total Final FY 2007-2008	36,788,219
Percent of County General Fund:	N/A
Total Employees:	13.00

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- There is an increase of one position in Fiscal Year 2007-2008. An Administrative Manager position was transferred from Fund 293, Workers' Compensation Internal Service Fund, to support the insurance consultation and review function.

### Final Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual Exp/Rev	Budget	Actual Exp/Rev <sup>(1)</sup>		Final Budget	Actual
Total Positions	12	13	13	13	0	0.00
Total Revenues	34,269,311	32,243,781	27,741,275	36,788,219	9,046,944	32.61
Total Requirements	27,295,641	32,244,325	18,681,809	36,788,219	18,106,410	96.92
Balance	6,973,670	(544)	9,059,466	0	(9,059,466)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2006-07 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Property and Casualty Risk Internal Service Fund in the Appendix on page A221

### Highlights of Key Trends:

- Complexity and diversity of liability claims continues to increase.
- The sharp increase in commercial property premiums previously experienced as a result of Hurricane Katrina, will be mitigated as a result of recent marketplace conditions.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and the Strategic Financial Plan.

### Changes Included in the Base Budget:

Billings to participants are higher due to an estimated increase in commercial insurance premiums, liability self-insurance costs, moving costs, and lease payments.

## 294 - Property and Casualty Risk Internal Service Fund

### Operation of Internal Service Fund 294 Operational Statement for the Fiscal Year 2007-2008

Operating Detail (1)		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual (2)	Actual (3)	Proposed Budget (4)	Final Budget (5)
<b>OPERATING INCOME</b>					
7590	Other Charges for Services	57,167	66,908	150,000	150,000
7710	Insurance Premiums	22,230,338	19,100,723	26,242,355	26,242,355
<b>Total Operating Income</b>		<b>22,287,505</b>	<b>19,167,631</b>	<b>26,392,355</b>	<b>26,392,355</b>
<b>OPERATING EXPENSES</b>					
Salaries & Benefits					
0100	Salaries and Wages	12,515	8,556	0	0
0101	Regular Salaries	688,037	724,454	916,790	916,790
0102	Extra Help	18,489	3,599	0	0
0103	Overtime	3,942	4,106	5,000	5,000
0104	Annual Leave Payoffs	30,462	19,685	75,000	75,000
0110	Performance Incentive Pay	1	99	5,606	5,606
0111	Other Pay	0	83	0	0
0200	Retirement	116,360	174,474	238,466	238,466
0301	Unemployment Insurance	1,115	894	1,100	1,100
0305	Salary Continuance Insurance	1,962	2,411	3,322	3,322
0306	Health Insurance	74,477	70,180	84,924	84,924
0308	Dental Insurance	3,672	3,981	5,544	5,544
0309	Life Insurance	790	857	1,152	1,152
0310	Accidental Death and Dismemberment Insurance	144	156	216	216
0319	Other Insurance	4,685	3,711	4,368	4,368
0352	Workers Compensation - General	12,348	6,024	5,154	5,154
0401	Medicare	6,679	6,670	9,212	9,212
<b>Total Salaries &amp; Benefits</b>		<b>975,678</b>	<b>1,029,941</b>	<b>1,355,854</b>	<b>1,355,854</b>
Services & Supplies					
0701	Telephone/Telegraph - Interfund Transfer	11,696	13,852	17,600	17,600
1000	Household Expense	17,153	17,747	6,300	6,300
1001	Household Expense - Trash	436	416	250	250
1100	Insurance	10,808,156	10,949,556	13,807,342	13,807,342
1300	Maintenance - Equipment	0	267	68,191	68,191
1400	Maintenance - Buildings and Improvements	16,561	16,821	8,750	8,750
1402	Minor Alterations and Improvements	11,820	3,008	0	0
1600	Memberships	1,095	1,115	1,500	1,500
1800	Office Expense	15,461	15,697	20,000	20,000

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Operating Detail (1)		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual (2)	Actual (3)	Proposed Budget (4)	Final Budget (5)
1801	Duplicating Services (RDMD/Reprographics)	594	626	2,500	2,500
1802	Periodicals and Journals	1,407	1,185	1,500	1,500
1803	Postage	2,100	2,100	2,100	2,100
1809	Minor Office Equipment to be Controlled	732	27,530	35,000	35,000
1900	Professional and Specialized Services	120,861	113,376	183,747	183,747
1901	Data Processing Services	264	264	264	264
1908	Temporary Help	0	0	9,307	9,307
1911	CWCAP Charges	203,968	179,005	220,000	220,000
2100	Rents and Leases - Equipment	13,721	48,942	31,725	31,725
2200	Rents and Leases - Buildings and Improvements	2,880	2,880	100,941	100,941
2400	Special Departmental Expense	0	958	10,000	10,000
2405	Optional Benefit Plan	12,000	18,375	21,024	21,024
2600	Transportation and Travel - General	0	0	500	500
2700	Transportation and Travel - Meetings/ Conferences	1,718	1,454	5,000	5,000
2800	Utilities	5,474	8,810	3,750	3,750
2801	Utilities - Purchased Electricity	7,312	8,539	3,000	3,000
2802	Utilities - Purchased Gas	6	26	50	50
2803	Utilities - Purchased Water	289	218	300	300
2890	Intra-Agency Services & Supplies Billing Offsets	(3,961)	(4,757)	(6,183)	(6,183)
Total Services & Supplies		11,251,743	11,428,010	14,554,458	14,554,458
Other Charges					
3500	Judgments and Damages *	15,046,765	6,198,738	20,814,307	20,814,307
Total Other Charges		15,046,765	6,198,738	20,814,307	20,814,307
Miscellaneous					
5300	Depreciation	1,089	544	0	0
Total Miscellaneous		1,089	544	0	0
<b>Total Operating Expenses</b>		<b>27,275,275</b>	<b>18,657,234</b>	<b>36,724,619</b>	<b>36,724,619</b>
<b>Total Operating Income (Loss)</b>		<b>(4,987,770)</b>	<b>510,397</b>	<b>(10,332,264)</b>	<b>(10,332,264)</b>
<b>NON-OPERATING REVENUE</b>					
6610	Interest	925,512	1,261,428	1,440,000	1,440,000
7670	Miscellaneous Revenue	337,220	200,000	250,000	250,000
7680	Six-Month Expired (Outlawed) Checks	4,301	806	0	0
7690	Returned Check Charges	50	(25)	0	0
<b>Total Non-Operating Revenue</b>		<b>2,238,001</b>	<b>1,599,429</b>	<b>1,690,000</b>	<b>1,690,000</b>
<b>NON-OPERATING EXPENSES</b>					
1912	Investment Administrative Fees	20,365	24,576	33,600	33,600

## Operation of Internal Service Fund 294 Operational Statement for the Fiscal Year 2007-2008

Operating Detail (1)		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
		Actual (2)	Actual (3)	Proposed Budget (4)	Final Budget (5)
<b>Total Non-Operating Expenses</b>		20,365	24,576	33,600	33,600
<b>Net Non-Operating Income (Loss)</b>		2,217,636	1,574,854	1,656,400	1,656,400
<b>Income (Loss) Before Contributions &amp; Transfers</b>		(2,770,135)	2,085,251	(8,675,864)	(8,675,864)
<b>STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED</b>					
Income (Loss) Before Contributions & Transfers		(2,770,135)	2,085,251	(8,675,864)	(8,675,864)
4801	Interfund Transfers Out - to Funds 101-199	0	0	(30,000)	(30,000)
Changes to Reserves - Encumbrance - (Inc)/Dec.		(19,158)	(47,768)	0	0
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		1,089	544	0	0
<b>Increase (Decrease) in Net Assets - Unrestricted</b>		(2,788,204)	2,038,027	(8,705,864)	(8,705,864)
<b>Net Assets - Unrestricted - Beginning of Year</b>		9,761,875	6,973,671	8,705,864	8,705,864
<b>Net Assets - Unrestricted - End of Year</b>		6,973,671	9,011,699	0	0

\*Note -The County has adopted a policy of including in the fiscal year-end expense accruals an amount equal to claims "incurred but not reported" (INBR) as well as reported claims.

