

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	
RELATIVE COST OF LIABILITY CLAIMS AND INSURANCE PROGRAM. What: Shows the total expenditures of this program as a percent of total county expenditures. Why: 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 Projected Expend + Encumb:	21,181,824
Total Recommended 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.

Proposed Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual	Budget As of 3/31/07	Projected ⁽¹⁾ At 6/30/07	Recommended	Projected Amount	Projected Percent
Total Positions	12	13	13	13	0	0.00
Total Revenues	34,269,311	32,243,781	29,908,540	36,788,219	6,879,679	23.00
Total Requirements	27,295,641	32,244,325	21,202,677	36,788,219	15,585,542	73.51
Balance	6,973,670	(544)	8,705,863	0	(8,705,863)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2006-07 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Property and Casualty Risk Internal Service Fund in the Appendix on page A709

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 Recommended 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)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
OPERATING INCOME					
7590	Other Charges for Services	57,167	88,374	150,000	150,000
7710	Insurance Premiums	22,230,338	21,181,824	26,242,355	26,242,355
Total Operating Income		22,287,505	21,270,198	26,392,355	26,392,355
OPERATING EXPENSES					
Salaries & Benefits					
0100	Salaries and Wages	12,515	0	0	0
0101	Regular Salaries	688,037	773,232	916,790	916,790
0102	Extra Help	18,489	3,515	0	0
0103	Overtime	3,942	5,000	5,000	5,000
0104	Annual Leave Payoffs	30,462	12,611	75,000	75,000
0110	Performance Incentive Pay	1	467	5,606	5,606
0200	Retirement	116,360	192,936	238,466	238,466
0301	Unemployment Insurance	1,115	1,022	1,100	1,100
0305	Salary Continuance Insurance	1,962	2,607	3,322	3,322
0306	Health Insurance	74,477	78,857	84,924	84,924
0308	Dental Insurance	3,672	6,234	5,544	5,544
0309	Life Insurance	790	955	1,152	1,152
0310	Accidental Death and Dismemberment Insurance	144	170	216	216
0319	Other Insurance	4,685	4,876	4,368	4,368
0352	Workers Compensation - General	12,348	6,024	5,154	5,154
0401	Medicare	6,679	7,932	9,212	9,212
Total Salaries & Benefits		975,678	1,096,438	1,355,854	1,355,854
Services & Supplies					
0700	Communications	0	16,263	0	0
0701	Telephone/Telegraph - Interfund Transfer	11,696	0	17,600	17,600
1000	Household Expense	17,153	19,949	6,300	6,300
1001	Household Expense - Trash	436	674	250	250
1100	Insurance	10,808,156	11,785,476	13,807,342	13,807,342
1300	Maintenance - Equipment	0	17,325	68,191	68,191
1400	Maintenance - Buildings and Improvements	16,561	24,986	8,750	8,750
1402	Minor Alterations and Improvements	11,820	0	0	0
1600	Memberships	1,095	1,000	1,500	1,500
1800	Office Expense	15,461	15,757	20,000	20,000

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

Operating Detail		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
(1)		Actual	Estimate	Proposed Budget	Final Budget
		(2)	(3)	(4)	(5)
1801	Duplicating Services (RDMD/Reprographics)	594	919	2,500	2,500
1802	Periodicals and Journals	1,407	1,500	1,500	1,500
1803	Postage	2,100	2,100	2,100	2,100
1809	Minor Office Equipment to be Controlled	732	153,868	35,000	35,000
1900	Professional and Specialized Services	120,861	166,211	183,747	183,747
1901	Data Processing Services	264	0	264	264
1908	Temporary Help	0	9,307	9,307	9,307
1911	CWCAP Charges	203,968	210,000	220,000	220,000
2100	Rents and Leases - Equipment	13,721	107,157	31,725	31,725
2200	Rents and Leases - Buildings and Improvements	2,880	2,880	100,941	100,941
2400	Special Departmental Expense	0	3,448	10,000	10,000
2405	Optional Benefit Plan	12,000	16,044	21,024	21,024
2600	Transportation and Travel - General	0	100	500	500
2601	Private Auto Mileage	0	0	0	0
2700	Transportation and Travel - Meetings/ Conferences	1,718	3,053	5,000	5,000
2800	Utilities	5,474	11,625	3,750	3,750
2801	Utilities - Purchased Electricity	7,312	10,876	3,000	3,000
2802	Utilities - Purchased Gas	6	33	50	50
2803	Utilities - Purchased Water	289	235	300	300
2890	Intra-Agency Services & Supplies Billing Offsets	(3,961)	(5,555)	(6,183)	(6,183)
Total Services & Supplies		11,251,743	12,575,231	14,554,458	14,554,458
Other Charges					
3500	Judgments and Damages *	15,046,765	7,500,000	20,814,307	20,814,307
Total Other Charges		15,046,765	7,500,000	20,814,307	20,814,307
Miscellaneous					
5300	Depreciation	1,089	544	0	0
Total Miscellaneous		1,089	544	0	0
Total Operating Expenses		27,275,275	21,172,213	36,724,619	36,724,619
Total Operating Income (Loss)		(4,987,770)	97,985	(10,332,264)	(10,332,264)
NON-OPERATING REVENUE					
6610	Interest	925,512	1,442,781	1,440,000	1,440,000
7670	Miscellaneous Revenue	1,308,138	200,000	250,000	250,000
7680	Six-Month Expired (Outlawed) Checks	4,301	0	0	0
7690	Returned Check Charges	50	0	0	0
Total Non-Operating Revenue		2,238,001	1,642,781	1,690,000	1,690,000
NON-OPERATING EXPENSES					

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

Operating Detail		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
(1)		Actual	Estimate	Proposed Budget	Final Budget
		(2)	(3)	(4)	(5)
1912	Investment Administrative Fees	20,365	30,464	33,600	33,600
Total Non-Operating Expenses		20,365	30,464	33,600	33,600
Net Non-Operating Income (Loss)		2,217,636	1,612,317	1,656,400	1,656,400
Income (Loss) Before Contributions & Transfers		(2,770,135)	1,710,302	(8,675,864)	(8,675,864)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		(2,770,135)	1,710,302	(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)	21,347	0	0
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		1,089	544	0	0
Increase (Decrease) in Net Assets - Unrestricted		(2,788,204)	1,732,193	(8,705,864)	(8,705,864)
Net Assets - Unrestricted - Beginning of Year		9,761,875	6,973,671	8,705,864	8,705,864
Net Assets - Unrestricted - End of Year		6,973,671	8,705,864	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.