

## 291 - UNEMPLOYMENT INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Unemployment Internal Service Fund (ISF) provides for self insurance of unemployment claims, administrative fees and related programs associated with the State mandated unemployment insurance program.

#### Strategic Goals:

- Fund 291 is one of the five Internal Service Funds under Employee Benefits. Employee Benefits operates under the Strategic Priorities and Business Plan for Human Resources and administers employee benefit programs as supported by the Board of Supervisors.

#### FY 2003-2004 Key Project Accomplishments:

- An Actuarial Valuation of this fund is in the final stages and early indications are that the current rate of .0015 of payroll being charged to County departments is appropriate to fund current claims and administration expenses and that there are current reserves sufficient to fund potential economic downturns or internal labor market issues.

**UNEMPLOYMENT ISF** - The Unemployment Insurance Internal Service Fund (ISF) provides for self insurance of unemployment claims, administrative fees and related programs associated with the State mandated unemployment insurance program.

### Budget Summary

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

The Employee Benefits Division supports the Board of Supervisors adopted strategic priorities as they relate to the implementation and administration of employee benefits.

#### At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	1,283,702
Total Final FY 2004-2005 Budget:	10,866,382
Percent of County General Fund:	N/A
Total Employees:	0.00

#### Changes Included in the Base Budget:

The funding for unemployment claims is higher based on increases in unemployment benefits paid to separated employees. Increases in mandated weekly benefits combined with worsening conditions in the labor market have resulted in increases in unemployment costs. An Actuarial Valuation of this fund is in the final stages and early indications are that the current rate of .0015 of payroll being charged to County departments is appropriate to fund current claims and administration expenses and that there are current reserves sufficient to fund potential economic downturns or internal labor market issues.

### Final Budget and History:

Sources and Uses	FY 2002-2003 Actual Exp/Rev	FY 2003-2004 Budget As of 6/30/04	FY 2003-2004 Actual Exp/Rev <sup>(1)</sup> At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Revenues	7,156,142	10,572,494	10,646,339	10,866,382	220,043	2.07
Total Requirements	1,452,802	9,666,097	1,307,452	10,866,382	9,558,930	731.11
Net County Cost	5,703,340	906,397	9,338,887	0	(9,338,887)	-100.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2003-04 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Unemployment Internal Service Fund in the Appendix on page 614.

### Highlights of Key Trends:

- The funding for unemployment claims is higher based on increases in unemployment benefits paid to separated employees. Increases in mandated weekly benefits combined with worsening conditions in the labor market have resulted in increases in unemployment costs. An Actuarial Valuation of this fund is in the final stages and early indications are that the current rate of .0015 of payroll being charged to County departments is appropriate to fund current claims and administration expenses and that there are current reserves sufficient to fund potential economic downturns or internal labor market issues.
- A total of \$3,260,154 was transferred during FY 03-04 from the County's Miscellaneous Fund 004 to reimburse Fund 291 for disbursements made during FY 97-98 through FY 01-02 for Human Resources services that were later deemed not appropriate for payment from this fund. However, these charges for Human Resources services are expected to be claimed against those agencies and departments with outside funding sources, and the reimbursed amounts to be re-deposited into the General Fund.



## 291 - UNEMPLOYMENT INSURANCE ISF

### Operation of Internal Service Fund 291 Operational Statement for the Fiscal Year 2004 - 2005

Operating Detail (1)	2002-2003 Actual (2)	2003-2004 Actual (3)	2004 - 2005 Proposed Budget (4)	2004 - 2005 Final Budget (5)
<b>Operating Income</b>				
7710 Insurance Premiums	1,434,599	1,588,536	1,560,000	1,560,000
<b>Total Operating Income</b>	1,434,599	1,588,536	1,560,000	1,560,000
<b>Operating Expenses</b>				
Services & Supplies				
1900 Professional And Specialized Services	261,822	37,393	57,956	57,956
1911 CWCAP Charges	7,989	13,597	9,155	9,155
Total Services & Supplies	269,811	50,990	67,111	67,111
Other Charges				
3500 Judgments And Damages	(154,000)	0	0	0
3510 Other Charges - Operating	1,329,377	1,248,475	10,790,271	10,790,271
Total Other Charges	1,175,377	1,248,475	10,790,271	10,790,271
<b>Total Operating Expenses</b>	1,445,188	1,299,465	10,857,382	10,857,382
<b>Total Operating Income (Loss)</b>	(10,589)	288,891	(9,297,382)	(9,297,382)
<b>Non-Operating Revenue</b>				
6610 Interest	109,231	92,500	89,403	89,403
7670 Miscellaneous Revenue	0	1,989	0	0
<b>Total Non-Operating Revenue</b>	109,231	94,489	89,403	89,403
<b>Non-Operating Expense</b>				
1912 Investment Administrative Fees	7,614	7,987	9,000	9,000
<b>Total Non-Operating Expenses</b>	7,614	7,987	9,000	9,000
<b>Net Non-Operating Income (Loss)</b>	101,617	86,502	80,403	80,403
<b>Income (Loss) Before Contributions &amp; Transfers</b>	91,028	375,393	(9,216,979)	(9,216,979)
<b>Statement Of Changes In Net Assets - Unrestricted</b>				
Income (Loss) Before Contributions & Transfers	91,028	375,393	(9,216,979)	(9,216,979)
7810 Interfund Transfers In - From Fund 100	0	3,260,154	0	0
Changes To Reserves - Encumbrance - (Inc.)/Dec.	0	24,250	0	0
Increase (Decrease) In Net Assets - Unrestricted	91,028	3,659,797	(9,216,979)	(9,216,979)
Net Assets - Unrestricted - Beginning Of Year	5,612,312	5,703,340	9,216,979	9,216,979
Net Assets - Unrestricted - End Of Year	5,703,340	9,363,137	0	0