

293 - WORKERS' COMPENSATION INTERNAL SERVICE FUND

Operational Summary

Description:

The Workers' Compensation 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 self-insured Workers' Compensation Program to provide prompt state-mandated benefits to injured County employees and manage the anti-fraud program. This program also integrates workers' compensation benefits with specific benefits within labor agreements.
- The Safety and Loss Prevention Program strives to provide a safe environment for both County employees and members of the public who visit County facilities and receive County services through its pro-active safety, loss prevention, training and inspection programs. This strategy compliments current departmental efforts to reduce the total cost of workers' compensation and liability claims.

Key Outcome Indicators:

Performance Measure	2003 Business Plan Results	2004 Business Plan Target	How are we doing?
RELATIVE COST OF SAFETY AND WORKERS' COMPENSATION 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.	The overall cost of this statutory benefit program was less than 1% of total county expenditures (.99%).	Remain less than 1% of total county expenditures.	Safety and Workers' Compensation Program costs for FY 2002-2003 were just under 1% of total county expenditures.

FY 2003-2004 Key Project Accomplishments:

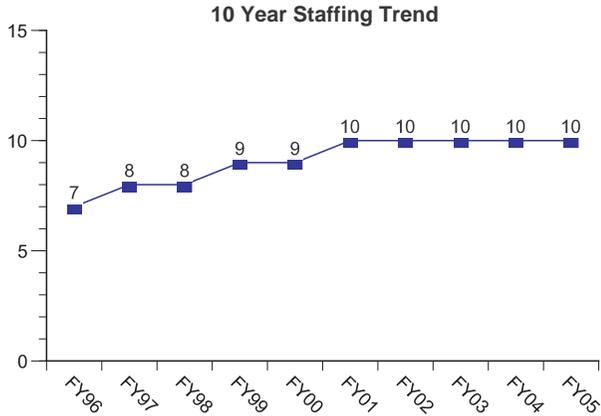
- Completed Intranet application for county employee's use, increased use of technology, increased support services to employees, and reduced printing costs. All safety and workers' compensation forms as well as resource guides are now available to staff on-line.
- Active support of Board of Supervisors' efforts for legislative reform of workers' compensation law.
- Charges to county departments for this program were 60% of what comparable commercial insurance coverage would have cost.

At a Glance:

Total FY 2003-2004 Actual Expenditure + Encumbrance:	40,338,301
Total Final FY 2004-2005 Budget:	47,793,602
Percent of County General Fund:	N/A
Total Employees:	10.00

WORKERS' COMPENSATION ISF - Workers' Compensation insurance and claim administration, Safety and Loss Prevention, and Anti-Fraud programs.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- Overall expansion and increasing claims administration responsibilities of the program required program adjustments and increased technology to meet new challenges with level staffing.

Budget Summary

Plan for Support of the County's Strategic Priorities:

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

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 ⁽¹⁾ At 6/30/04	FY 2004-2005 Final Budget	Change from FY 2003-2004 Actual	
					Amount	Percent
Total Positions	-	10	10	10	0	0.00
Total Revenues	35,593,227	42,515,665	40,338,103	47,793,602	7,455,499	18.48
Total Requirements	35,593,227	42,524,515	40,338,103	47,793,602	7,455,499	18.48
Net County Cost	0	(8,850)	0	0	0	-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: Workers' Compensation Internal Service Fund in the Appendix on page 617.

Highlights of Key Trends:

- Employee injury rates (8.2/100) continue to be below those of the average public entity loss history (8.4/100). However, this rate is slowly increasing.
- Costs of workers' compensation are being elevated sharply by legislated rate increases. Without additional legislative reform, this trend will continue.



293 - WORKERS' COMPENSATION ISF

Operation of Internal Service Fund 293 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)
Operating Income					
7710	Insurance Premiums	34,781,916	39,242,856	43,547,015	43,547,015
Total Operating Income		34,781,916	39,242,856	43,547,015	43,547,015
Operating Expense					
Salaries & Benefits					
0100	Salaries And Wages	134,384	23,402	0	0
0101	Regular Salaries	532,472	575,007	577,902	577,902
0102	Extra Help	11,968	0	0	0
0103	Overtime	2,262	3,152	5,000	5,000
0104	Annual Leave Payoffs	0	4,200	10,000	10,000
0105	Vacation Payoff	3,402	0	40,000	40,000
0110	Performance Incentive Pay	2,055	3,593	0	0
0200	Retirement	41,162	61,481	77,590	77,590
0204	County Paid Executive Deferred Compensation Plan	3,106	3,343	3,182	3,182
0301	Unemployment Insurance	765	913	858	858
0305	Salary Continuance Insurance	1,494	1,608	1,522	1,522
0306	Health Insurance	54,561	69,538	76,512	76,512
0308	Dental Insurance	2,744	2,891	2,736	2,736
0309	Life Insurance	518	525	444	444
0310	Accidental Death And Dismemberment Insurance	101	99	84	84
0319	Other Insurance	4,523	4,603	4,368	4,368
0352	Workers Compensation - General	18,084	17,184	20,632	20,632
0401	Medicare	3,679	4,195	4,033	4,033
Total Salaries & Benefits		817,281	775,734	824,863	824,863
Services & Supplies					
0700	Communications	0	0	6,000	6,000
0701	Telephone/Telegraph - Interfund Transfer	3,079	5,580	0	0
1100	Insurance	6,075	3,024	0	0
1300	Maintenance - Equipment	991	176	1,500	1,500
1600	Memberships	285	75	1,000	1,000
1800	Office Expense	5,404	6,945	20,000	20,000
1801	Duplicating Services (RDMD/Reprographics)	6,767	3,167	0	0
1803	Postage	1,200	1,200	0	0
1809	Minor Office Equipment To Be Controlled	9,901	1,592	0	0
1900	Professional And Specialized Services	1,899,121	2,391,512	2,522,846	2,522,846

Operation of Internal Service Fund 293 Operational Statement for the Fiscal Year 2004 - 2005 (Continued)

Operating Detail (1)		2002-2003 Actual (2)	2003-2004 Actual (3)	2004 - 2005 Proposed Budget (4)	2004 - 2005 Final Budget (5)
1911	CWCAP Charges	123,003	139,103	43,568	43,568
2100	Rents And Leases - Equipment	385	2,960	2,000	2,000
2200	Rents And Leases - Buildings And Improvements	5,570	6,510	6,000	6,000
2400	Special Departmental Expense	615	80	10,000	10,000
2405	Optional Benefit Plan	8,575	9,500	8,496	8,496
2600	Transportation And Travel - General	0	0	15,000	15,000
2601	Private Auto Mileage	449	365	0	0
2602	Garage Expense	18,446	19,863	0	0
2700	Transportation And Travel - Meetings/Conferences	3,932	5,682	10,000	10,000
2890	Intra-Agency Services & Supplies Billing Offsets	(18,084)	(17,184)	(20,632)	(20,632)
Total Services & Supplies		2,075,714	2,580,150	2,625,778	2,625,778
Other Charges					
3520	Insurance Claims *	32,668,095	36,948,689	44,301,321	44,301,321
Total Other Charges		32,668,095	36,948,689	44,301,321	44,301,321
Miscellaneous					
5300	Depreciation	1,640	1,640	1,640	1,640
Total Miscellaneous		1,640	1,640	1,640	1,640
Total Operating Expenses		35,562,730	40,306,213	47,753,602	47,753,602
Total Operating Income (Loss)		(780,814)	(1,063,357)	(4,206,587)	(4,206,587)
Non-Operating Revenue					
6610	Interest	430,973	363,316	400,000	400,000
7130	Other Government Agencies	0	2,085	0	0
7670	Miscellaneous Revenue	363,616	727,811	300,000	300,000
7680	Six-Month Expired (Outlawed) Checks	839	0	0	0
Total Non-Operating Revenue		795,429	1,093,212	700,000	700,000
Non-Operating Expenses					
1912	Investment Administrative Fees	30,497	31,890	40,000	40,000
Total Non-Operating Expenses		30,497	31,890	40,000	40,000
Net Non-Operating Income (Loss)		764,932	1,061,322	660,000	660,000
Income (Loss) Before Contributions & Transfers		(15,883)	(2,035)	(3,546,587)	(3,546,587)
Statement Of Changes In Net Assets - Unrestricted					
Income (Loss) Before Contributions & Transfers		(15,883)	(2,035)	(3,546,587)	(3,546,587)
7810	Interfund Transfers In - From Fund 100	0	0	3,544,353	3,544,353
Changes To Reserves - Encumbrance - (Inc.)/Dec.		14,243	395	0	0
Changes To Reserves - Net Assets, Invested In Capital Assets, Net Of Related Debt - (Inc.)/Dec.		1,640	1,640	1,640	1,640

Operation of Internal Service Fund 293 Operational Statement for the Fiscal Year 2004 - 2005 (Continued)

Operating Detail (1)	2002-2003 Actual (2)	2003-2004 Actual (3)	2004 - 2005 Proposed Budget (4)	2004 - 2005 Final Budget (5)
Increase (Decrease) In Net Assets - Unrestricted	0	0	(594)	(594)
Net Assets - Unrestricted - Beginning Of Year	0	0	594	594
Net Assets - Unrestricted - End Of Year	0	0	0	0
<p>* 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" (IBNR) As Well As Reported Claims</p>				

