

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	2005 Business Plan	2006 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 .55% of total county expenditures.	Remain under 1% of total county expenditures.	Liability Claims and Insurance Program costs for FY 2004-2005 were .55% of total county expenditures, far less than the benchmark.

FY 2005-06 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.

At a Glance:

Total FY 2005-2006 Projected Expend + Encumb:	24,372,061
Total Recommended FY 2006-2007	35,596,516
Percent of County General Fund:	N/A
Total Employees:	12.00

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.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- In FY 2004-2005 a position was transferred to Resources and Development Management Department to support their insurance review process. Previous years staff increases were due to increased insurance consultations and support, increased fiscal analysis and reporting, shortened time frames for claim management and increased responsibilities of the program.

Budget Summary

Plan for Support of the County's Strategic Priorities:

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

Proposed Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Projected Percent
Total Positions	12	12	12	12	0	0.00
Total Revenues	32,425,563	30,259,940	34,863,321	35,596,516	733,195	2.10
Total Requirements	22,663,690	30,261,030	24,374,250	35,596,516	11,222,266	46.04
Balance	9,761,873	(1,090)	10,489,071	0	(10,489,071)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 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 A214

Highlights of Key Trends:

- The budgeted appropriations reflected above included unrestricted net assets.
- Complexity and diversity of liability claims continues to increase.
- Commercial property insurance costs are increasing due to hurricane damages such as the devastating effects of Hurricane Katrina.



294 - Property and Casualty Risk Internal Service Fund

Operation of Internal Service Fund 294 Operational Statement

Operating Detail (1)		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual (2)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
OPERATING INCOME					
7590	Other Charges for Services	0	41,658	141,345	141,345
7710	Insurance Premiums	16,123,553	23,009,184	23,829,555	23,829,555
Total Operating Income		16,123,553	23,050,842	23,970,900	23,970,900
OPERATING EXPENSES					
Salaries & Benefits					
0100	Salaries and Wages	34,331	0	0	0
0101	Regular Salaries	709,620	690,274	724,922	724,922
0102	Extra Help	81	18,250	19,937	19,937
0103	Overtime	3,200	4,523	5,000	5,000
0104	Annual Leave Payoffs	4,576	25,768	76,314	76,314
0105	Vacation Payoff	0	0	0	0
0110	Performance Incentive Pay	149	1	6,567	6,567
0200	Retirement	109,243	110,772	179,311	179,311
0301	Unemployment Insurance	(779)	1,055	846	846
0305	Salary Continuance Insurance	1,842	1,801	1,946	1,946
0306	Health Insurance	81,468	69,905	82,584	82,584
0308	Dental Insurance	3,391	3,447	3,648	3,648
0309	Life Insurance	768	744	768	768
0310	Accidental Death and Dismemberment Insurance	136	135	144	144
0319	Other Insurance	4,973	4,395	4,992	4,992
0352	Workers Compensation - General	11,088	12,348	6,027	6,027
0401	Medicare	6,681	6,901	6,925	6,925
Total Salaries & Benefits		970,767	950,319	1,119,931	1,119,931
Services & Supplies					
0700	Communications	473	0	15,000	15,000
0701	Telephone/Telegraph - Interfund Transfer	10,497	10,617	0	0
1000	Household Expense	11,828	14,497	22,104	22,104
1001	Household Expense - Trash	303	506	1,000	1,000
1100	Insurance	8,894,939	9,911,682	11,649,974	11,649,974
1300	Maintenance - Equipment	873	500	1,000	1,000
1400	Maintenance - Buildings and Improvements	10,013	15,864	30,000	30,000
1402	Minor Alterations and Improvements	11,495	11,706	0	0

Operation of Internal Service Fund 294 Operational Statement

Operating Detail (1)		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual (2)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
1600	Memberships	955	1,000	1,000	1,000
1800	Office Expense	16,296	17,347	20,000	20,000
1801	Duplicating Services (RDMD/Reprographics)	662	1,214	2,500	2,500
1802	Periodicals and Journals	830	823	1,000	1,000
1803	Postage	1,812	1,750	2,100	2,100
1809	Minor Office Equipment to be Controlled	467	38,232	15,000	15,000
1900	Professional and Specialized Services	110,162	123,434	195,315	195,315
1901	Data Processing Services	1,019	242	0	0
1911	CWCAP Charges	103,838	190,200	200,000	200,000
2100	Rents and Leases - Equipment	12,201	11,765	15,000	15,000
2200	Rents and Leases - Buildings and Improvements	2,880	2,880	3,000	3,000
2400	Special Departmental Expense	4,087	2,000	10,000	10,000
2405	Optional Benefit Plan	11,000	12,000	12,000	12,000
2600	Transportation and Travel - General	0	100	500	500
2601	Private Auto Mileage	6	0	0	0
2700	Transportation and Travel - Meetings/ Conferences	3,225	2,060	5,000	5,000
2800	Utilities	4,176	9,079	10,000	10,000
2801	Utilities - Purchased Electricity	4,675	7,972	12,000	12,000
2802	Utilities - Purchased Gas	4	6	50	50
2803	Utilities - Purchased Water	161	263	300	300
2890	Intra-Agency Services & Supplies Billing Offsets	(3,524)	(4,109)	(5,555)	(5,555)
	Total Services & Supplies	9,215,352	10,383,630	12,218,288	12,218,288
Other Charges					
3500	Judgments and Damages*	12,453,622	13,007,896	21,977,753	21,977,753
	Total Other Charges	12,453,622	13,007,896	21,977,753	21,977,753
Fixed Assets					
4000	Equipment	0	0	200,000	200,000
	Total Fixed Assets	0	0	200,000	200,000
Miscellaneous					
5300	Depreciation	1,089	1,089	544	544
	Total Miscellaneous	1,089	1,089	544	544
	Total Operating Expenses	22,640,829	24,342,934	35,516,516	35,516,516
	Net Operating Income (Loss)**	(6,517,276)	(1,292,092)	(11,545,616)	(11,545,616)
NON-OPERATING REVENUE					
6610	Interest	566,783	925,177	936,000	936,000

Operation of Internal Service Fund 294 Operational Statement

Operating Detail (1)		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual (2)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
7670	Miscellaneous Revenue	223,666	1,122,099	200,000	200,000
7680	Six-Month Expired (Outlawed) Checks	1,944	51	0	0
Total Non-Operating Revenue		792,392	2,047,327	1,136,000	1,136,000
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	22,861	30,804	50,000	50,000
Total Non-Operating Expenses		22,861	30,804	50,000	50,000
Net Non-Operating Income (Loss)		769,532	2,016,523	1,086,000	1,086,000
Income (Loss) Before Contributions & Transfers***		(5,747,745)	724,431	(10,459,616)	(10,459,616)
FIXED ASSET EXPENDITURES					
4000	Equipment	0	0	200,000	200,000
Total Fixed Asset Expenditures		0	0	200,000	200,000
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		(5,747,745)	724,431	(10,459,616)	(10,459,616)
4801	Interfund Transfers Out - to Funds 101-199	0	0	(30,000)	(30,000)
Changes to Reserves - Encumbrance - (Inc)/Dec.		2,298	1,676	0	0
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		1,089	1,089	544	544
Increase (Decrease) in Net Assets - Unrestricted		(5,744,358)	727,197	(10,489,072)	(10,489,072)
Net Assets - Unrestricted - Beginning of Year		15,506,233	9,761,875	10,489,072	10,489,072
Net Assets - Unrestricted - End of Year		9,761,875	10,489,072	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" (IBNR) as well as reported claims.

**Note - Net Operating Loss is overstated in the 2006-07 Proposed and Approved Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.

***Note - Loss Before Contributions and Transfers is overstated in the 2006-07 Proposed and Approved Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.