

MONTEREY COUNTY BOARD OF SUPERVISORS

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| MEETING: July 21, 2009 - Consent | AGENDA NO.: REVISED 32 |
| SUBJECT: | <ol style="list-style-type: none">a. Approve and authorize the establishment of a new special revenue fund (Fund 17 – Self Insurance);b. Approve and authorize an increase of \$4,286,500 in appropriations and revenues for Fund 17 – Self Insurance in FY 2009-10 Adopted Budget as detailed in the attached Board Order (4/5ths vote required);c. Authorize the Assistant County Administrative Officer for Human Resources/Risk Management to oversee and manage Fund 17; andd. Direct the Auditor-Controller to increase appropriations and revenue in the FY 2009-10 Adopted Budget as detailed in the attached Board Order. |
| DEPARTMENT: | County Administrative Office – Human Resources |

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the establishment of a new special revenue fund (Fund 17 – Self Insurance);
- b. Approve and authorize an increase of \$4,286,500 in appropriations and revenues for Fund 17 – Self Insurance in FY 2009-10 Adopted Budget as detailed in the attached Board Order (4/5ths vote required);
- c. Authorize the Assistant County Administrative Officer for Human Resources/Risk Management to oversee and manage Fund 17; and
- d. Direct the Auditor-Controller to increase appropriations and revenue in the FY 2009-10 Adopted Budget as detailed in the attached Board Order.

SUMMARY/DISCUSSION:

This fund will provide transparency and the ability to effectively and efficiently manage revenues and appropriations for the Dental, Vision, Employee Assistance Program (EAP) and Disability programs. Fund 17 – Self Insurance will allow Risk Management to use dedicated data streams to forecast and project self insurance reserves, conduct actuarial studies, set rates, track revenues, and expenditures. Housing this information in Fund 17 will also assist in completing the Fiscal Year audit by the County's external auditors. The revenue for this fund comes from department allocations (included in the FY 09-10 Adopted Budget) and employee payroll contributions for employee plus one and family coverage for dental and vision insurance. The expenditures in Fund 17 are the administrative fees, claims expenses and other overhead expenses required to offer employee benefits programs to County employees.

The Assistant County Administrator – Human Resources/Risk Management is authorized to oversee and manage Fund 17 and conduct internal operational or program reviews as needed. As the County transitions to the Enterprise Resource Planning software (Advantage Financial), fund balances from the various employee benefits programs may be transferred from various past

employee benefits program accounts to new funds or accounts (e.g., from "Fund 40" to Fund 17). The Auditor-Controller agrees that conditions warrant his review or audit of employee benefit programs as soon as practicable.

OTHER AGENCY INVOLVEMENT:

The Auditor-Controller concurs with this action.

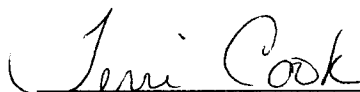
FINANCING:

There is no cost to the County associated with this action. Fund 17 – Self Insurance is self supporting. Any monies remaining at the end of the year stay in the insurance and self insurance reserves for these programs. Any shortfall that may occur during the year will be covered by the current insurance reserves, subject to confirmation by audit, for these programs. The revenue for this fund comes from department allocations (included in the FY 09-10 Adopted Budget) and employee payroll contributions for employee plus one and family coverage for dental and vision insurance. The revenue and appropriations to be established for FY 2009-10 are as follows.

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|--------------------|-------------|----------------|---------|
| Dental Program | \$3,365,000 | Vision Program | 650,500 |
| Disability Program | 120,000 | EAP Program | 151,000 |

Prepared by:

Approved by:



Terri Cook
Management Analyst
796-3529



Keith Honda
Assistant CAO – Human Resources

Date: July 14, 2009

Cc: Mike Miller, Auditor-Controller