

## MONTEREY COUNTY BOARD OF SUPERVISORS

<b>MEETING:</b> July 27, 2010 - Consent	<b>AGENDA NO.:</b> 65
<b>SUBJECT:</b> Effective July 1, 2010: <ul style="list-style-type: none"><li>a. Approve and authorize redesignation of the County Administrative Office (CAO)-Risk Management/Benefits Unit 8051 from Risk Management Appropriation Unit CAO006 to Human Resources Appropriation Unit CAO003;</li><li>b. Approve FY 2010-11 estimated revenue and appropriations of \$9,336,500 in Fund 477-Benefits Internal Service Fund (4/5<sup>th</sup> Vote Required);</li><li>c. Approve and authorize transfer of \$4,286,500 in appropriations and revenues from Self-Insurance Reserves Fund 017 to the Benefits Internal Service Fund 477 to more appropriately account for and report on the County's employee benefits funds;</li><li>d. Approve and authorize transfer of \$3,348,003 in appropriations and revenues from Unit 8036-Insurance to the Benefits Internal Service Fund 477; and....</li><li>e. Authorize the Auditor-Controller to incorporate these changes in the FY 2010-11 Adopted Budget as detailed in the attached Board Order.</li></ul>	
<b>DEPARTMENT:</b> County Administrative Office – Human Resources	

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors, effective July 1, 2010:

- a. Approve and authorize redesignation of the County Administrative Office (CAO)-Risk Management/Benefits Unit 8051 from Risk Management Appropriation Unit CAO006 to Human Resources Appropriation Unit CAO003;
- b. Approve FY 2010-11 estimated revenue and appropriations of \$9,336,500 in Fund 477-Benefits Internal Service Fund as detailed in Attachment A(4/5<sup>th</sup> Vote Required);
- c. Approve and authorize transfer of \$4,286,500 in appropriations and revenues from Self-Insurance Reserves Fund 017 to the Benefits Internal Service Fund 477 to more appropriately account for and report on the County's employee benefits funds;
- d. Approve and authorize transfer of \$3,348,003 in appropriations and revenues from Unit 8036-Insurance to the Benefits Internal Service Fund 477; and....
- e. Authorize the Auditor-Controller to incorporate these changes in the FY 2010-11 Adopted Budget as detailed in the attached Board Order.

### **SUMMARY/DISCUSSION:**

Over the past 18 months, the day to day oversight of the Benefits Program has been moved from Risk Management to Human Resources (HR). The recommended transfer of the Benefits Unit 8051 from the Risk Management Appropriations Unit CAO006 to Human Resources Appropriations Unit CAO003 is the final step in this process, providing for more efficient accounting and management of HR and benefits related budget and organizational functions.

Additionally, Human Resources and the Auditor-Controller's Office have been working together to more efficiently and effectively account for all revenues and expenditures relating to employee benefits. In FY 2009-10, Fund 017-Self Insurance was created to account for the County's self-insured Dental, Vision, Employee Assistance Program (EAP), and Disability benefits. To comply with Governmental Accounting requirements and more appropriately budget, track, audit and report on related transactions, Benefits Internal Service Fund (ISF) 477 was established effective July 1, 2010. Necessary documentation and accounting transaction capabilities could not be completed within the timeframe necessary for inclusion in development of the FY 2010-11 Adopted Budget, which currently includes benefits appropriations and revenue in the previously established Fund 017-Self Insurance and in Unit 8036-Insurance. With required accounting and system provisions now in place, it is

recommended that units, accounts and budgeting be transferred to the more appropriate Fund 477-Benefits ISF effective July 1, 2010. In addition to the currently budgeted Fund 017 benefits programs, the new ISF will include Unit 8378-Unemployment Insurance and Unit 8379-Miscellaneous Benefits, which provides for the County Sick Leave Bank, Retiree Sick Leave Conversion, Dependant Care Program, Alternate Benefit Option (ABO), Other Post-Employment Benefits (OPEB) and other benefits programs. Funds for these programs are currently collected and held in reserve accounts and should be appropriately budgeted in the recommended Benefits ISF for ongoing budgeting, accounting, auditing, and transparency. OPEB revenue and appropriations are being moved from Unit 8036-Insurance to Unit 8379-Miscellaneous Benefits. This is a more appropriate place to account for the expenditures.

Fund 477 will more appropriately provide transparency and the ability to effectively and efficiently manage revenues and appropriations for these employee benefits programs, and facilitate the use of dedicated data streams to forecast and project self insurance reserves, conduct actuarial studies, set rates, and track and report revenues and expenditures. Housing the benefits units in Fund 477 will also assist external auditors with production of comprehensive fiscal year audits of the programs.

**OTHER AGENCY INVOLVEMENT:**

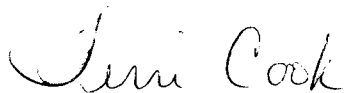
The Auditor-Controller's office has worked with Human Resources and Risk Management staff to transition the benefits programs into the recommended ISF, and concurs with this action.

**FINANCING:**

There is no increased Net County Contribution (NCC) associated with this action. Budgeted expenditures include administrative fees, claims, and other overhead expenses. Funding is provided by department allocations and employee payroll contributions, included in the FY 2010-11 Adopted Budget. Recommended appropriations and revenues totaling \$9,336,500 includes: transfer of \$4,286,500 from Fund 017 for Dental, Vision, EAP, and Disability programs; transfer of OPEB funds totaling \$3,348,003 from Insurance Unit 1050-8036; Unemployment reserve funds of \$1,050,000; and Miscellaneous Benefits reserve funds of \$651,997. Recommended actions will modify the FY 2010-11 Adopted Budget to include programs and funding in Fund 477 as follows:

<u>Unit</u>	<u>Title</u>	<u>Amount</u>
8295	Dental	\$ 3,365,000
8296	Vision	650,500
8297	Employee Assistance Program (EAP)	151,000
8298	Disability	120,000
8378	Unemployment Insurance	1,050,000
8379	Miscellaneous Benefits	4,000,000
<b>Fund 477-Benefits Total</b>		<b>\$ 9,336,500</b>

Prepared by:



Terri Cook  
 Management Analyst  
 796-3529

Approved by:



Keith Honda  
 Assistant CAO – Human Resources

Date: June 28, 2010

cc: Mike Miller, Auditor-Controller