



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #:** 13-0506, **Version:** 1

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Approve authorizing the Office of the Auditor-Controller to modify the appropriations in the FY 2012-13 adopted budget, up to the amounts listed on Attachment A, as necessary, to reflect the changes required in the allocation of the County's property insurance premiums (4/5ths Vote Required).

**RECOMMENDATION:**

It is recommended that the Board of Supervisors' approve authorizing the Office of the Auditor-Controller to modify the appropriations in the FY 2012-13 adopted budget, up to the amounts listed on Attachment A, as necessary, to reflect the changes required in the allocation of the County's property insurance premiums.

**SUMMARY/DISCUSSION:**

Risk Management received approval on July 24, 2012, from the Board of Supervisors to correct the property insurance allocation recorded in FY 2011-12 to an allocation based on square feet. The previous allocation had been based on number of employees.

The FY 2012-13 budget for the property insurance was also calculated based on number of employees, rather than the required square footage basis. Risk Management planned to correct the allocation at the beginning of the FY 2012-13 upon receipt of the detailed property insurance invoice. However, Risk Management identified potential overbillings and requested Alliant, the County's property insurance broker to research the significant increase over the prior year's invoiced amount. Alliant conducted an audit and confirmed several buildings (primarily NMC) were mistakenly listed, resulting in erroneous duplicate premiums for FY 2012-13. The allocations must be estimated since the final adjusted premium cost has yet to be provided. Risk Management will correct the allocation (as reflected in Attachment A) by fiscal year-end 2012-13, as follows:

- a. The invoice is reduced by the estimated overbilled amount of \$334,000 on NMC buildings, lowering the total invoice from \$1,025,549 to \$691,549. The Court's portion of the invoice, which is billed back to the Administrative Office of the Courts, totals \$16,294; leaving an estimated cost to the County of \$675,255.
- b. The \$675,255 is allocated/redistributed based on the estimated premium cost by square feet occupied for each Advantage unit.

Risk Management will true up the FY 2012-13 allocations upon receipt of the premium refund and supporting documentation from Alliant. This is anticipated to occur in FY 2013-14.

**OTHER AGENCY INVOLVEMENT:**

Risk Management, Office of the Auditor-Controller, CAO-Budget and Analysis, and Resource Management Agency (RMA) met to review the issues faced by Risk Management due to the lack of a County-wide property listing and the lack of tracking by occupancy/square feet. RMA agreed to work with CAO-Budget and Analysis regarding the resources that will be needed to develop a County-wide tracking system.

Risk Management, Office of the Auditor-Controller, and CAO-Budget and Analysis met and concur on the recommendation and the approach to revising the FY 2012-13 property insurance allocations.

**FINANCING:**

Approval of the recommended action results in an appropriation decrease of \$344,745. Correcting the allocation basis will result in a redistribution of the appropriations across the funds, with some funds requiring an increase in appropriations (as reflected in Attachment A).

Prepared by:

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Nina DeMello, Management Analyst, ext. 5685

Date: \_\_\_\_\_

Approved by:

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Steve Mauck, Risk Manager, ext. 3006

Date: \_\_\_\_\_

Approved by:

\_\_\_\_\_  
Charles McKee, County Counsel

Date: \_\_\_\_\_

Attachments:

Attachment A - Allocations by Fund & Appropriation Code