

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: CEO-Risk Management Division

BOARD AGENDA # \*B-6

Urgent

Routine

AGENDA DATE September 11, 2012

CEO Concur with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

SUBJECT:

Approval to Increase Appropriations in the Chief Executive Office - Risk Management Medical Self-Insurance and Workers' Compensation Self-Insurance Budget Units for Fiscal Year 2011-2012

STAFF RECOMMENDATIONS:

Authorize the Chief Executive Officer and the Auditor-Controller to increase appropriations in the Chief Executive Office - Risk Management Medical Self-Insurance and Workers' Compensation Self-Insurance budgets to be effective in the prior Fiscal Year, 2011-2012.

FISCAL IMPACT:

The Chief Executive Office is requesting to increase appropriations in its Risk Management Division Medical Self-Insurance budget by \$5,785 and in the Workers' Compensation Self-Insurance budget by \$490,112 to record the estimated liability related to the "incurred but not reported" (IBNR) claims as part of fiscal year-end post-closing adjustments. This increase will result in a deficit in the retained earnings/fund balance for the Workers' Compensation fund. This deficit will be addressed as part of a future budget report to the Board of Supervisors.

BOARD ACTION AS FOLLOWS:

No. 2012-458

On motion of Supervisor Withdraw, Seconded by Supervisor Monteith  
and approved by the following vote,

Ayes: Supervisors: Chiesa, Withdraw, Monteith, De Martini and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

4) \_\_\_\_\_ Other:

MOTION:

ATTEST:

  
CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval to Increase Appropriations in the Chief Executive Office - Risk Management Medical Self-Insurance and Workers' Compensation Self-Insurance Budget Units for Fiscal Year 2011-2012

**DISCUSSION:**

As part of the fiscal year-end post-closing process, liability and expense is recognized for incurred but not reported (IBNR) claims as of June 30<sup>th</sup> for the payroll related benefits. Per the actuary reports, the estimated liability as of June 30, 2012, is \$5,711,000 for the Medical Self-Insurance fund and \$21,323,000 for the Workers' Compensation fund. No prior year liability balance exists for the Medical Self-Insurance fund as it is a new program. The prior year liability balance for the Workers' Compensation Self-Insurance fund is \$20,635,000. An adjustment of \$5,711,000 (\$5,711,000 - 0) and an adjustment of \$688,000 (\$21,323,000 - \$20,635,000) needs to be recorded as part of the Fiscal Year 2011-2012 close.

Due to the volatile nature of these claims, estimates of the liability are based on actuarial studies and appropriations are not included in the legal budget. The actuarial reports were completed at the end of August/ first week of September 2012.

To record the adjustment, an increase in appropriations is being requested. Currently, the Medical Self-Insurance fund has \$5,705,215 in available appropriations, resulting in a requested increase of \$5,785. The Workers' Compensation fund has \$197,888 in available appropriations, resulting in a requested increase of \$490,112.

The increase in appropriations will result in a deficit in the retained earnings/fund balance in the Workers' Compensation fund. The Risk Management division will develop a plan to address the deficit in a future budget report to the Board of Supervisors.

It is important to note that the fiscal year-end entries are not yet complete. For this reason it is requested that the approval be granted to increase appropriations, as necessary, to record accounting entries for the June 30, 2012 fiscal year-end close.

**POLICY ISSUE:**

All increases in appropriations require a fourth-fifths approval by the Board of Supervisors. The Board may also consider whether the recommendation is consistent with the Board of Supervisors' priority of Efficient Delivery of Public Service.

**STAFFING IMPACT:**

There are no staffing impacts associated with this item.

**CONTACT PERSON:**

Brenda Kiely, Budget Manager, (209) 525-7674

Database  
Balance Type  
Data Access Set

FMSDBPRD.CO.STANISLAUS.CA.US.PROD  
Budget  
County of Stanislaus

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Ledger  
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Category  
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Batch Name  
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Chart Of Accounts

\* List - Text County of Stanislaus  
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\* List - Text USD  
List - Text JUN-12  
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List - Text Stanislaus Budget Org  
Accounting Flexfield

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Upl	Fund (4 char)	Org (7 char)	Account (5 char)	GL Project (7 char)	Location (6 char)	Misc. (6 char)	Other (5 char)	Debit incr appropriations decr est revenue * Number	Credit decr appropriations incr est revenue * Number	Line Description Text
	5081	0018081	61089	0000000	000000	000000	00000	490,112.00		Workers Comp
	5091	0018091	61089	0000000	000000	000000	00000	5,785.00		Medical Self Insuranc
								495,897.00	0.00	

Totals: 495,897.00 0.00  
Tip: This is not the end of the Template. Unprotect the sheet and insert as many rows as needed.

**Explanation:**  
To increase appropriations to account for increased self-insurance expenses based on current actuary reports.

Requesting Department		CEO	Date Entry	Auditors Office Only	
<i>Brenda Stey</i>		<i>Buratt</i>		<i>John Bettencourt</i>	
Prepared by	Supervisor's Approval	Keyed by	Prepared By	Approved By	
<i>9/7/12</i>	<i>09.06.12</i>		<i>9/6/2012</i>	<i>9/6/12</i>	
Date	Date	Date	Date	Date	Date