



Support Services

Section G

The Information Technology Department records the weekly Board of Supervisors meetings, which are streamed live online and archived for future viewing by the public, as well as broadcast on Comcast Cable television.

Human Resources General Insurance & Bonds (1-911)

Karen A. Ropp, Human Resources Director

EXECUTIVE SUMMARY						
DEPT HEAD: KAREN A. ROPP	UNIT: GENERAL INSURANCE & BONDS		FUND: GENERAL		0001 1-911	
	ACTUAL EXPENDITURE 2010-11	ACTUAL EXPENDITURE 3-31-12	ADOPTED BUDGET 2011-12	CAO RECOMMEND 2012-13	% CHANGE OVER 2011-12	
EXPENDITURES						
SERVICES AND SUPPLIES	56,997	72,217	72,962	75,181	3.0	
* GROSS BUDGET	56,997	72,217	72,962	75,181	3.0	
INTRAFUND TRANSFERS	12,513-	14,698-	14,788-	15,528-	5.0	
* NET BUDGET	44,484	57,519	58,174	59,653	2.5	
OTHER REVENUES						
USER PAY REVENUES	41,564	52,472	54,350	59,492	9.5	
GOVERNMENTAL REVENUES	0	0	0	0	.0	
TOTAL OTHER REVENUES	41,564	52,472	54,350	59,492	9.5	
* UNREIMBURSED COSTS	2,920	5,047	3,824	161	95.8-	
ALLOCATED POSITIONS	.00	.00	.00	.00	.0	

Purpose

This budget unit finances miscellaneous insurance costs for the following areas: Airport liability; property insurance; employee blanket bond and crime insurance; automobile physical damage; construction equipment physical damage; watercraft physical damage and liability; and boiler and machinery.

Interfund and Intrafund General Insurance and Bonds accounts.

The primary factor driving the General Insurance and Bonds budget is the cost of maintaining the various insurance programs together with the associated costs to administer these programs in a cost effective and efficient manner.

Major Budget Changes

There are no major budget changes for FY 2012-13.

Sutter County operates as a pooled primary self-insured program. As a standing participant in a public entity insurance pool, the County's risk is spread amongst its pool members, enabling Sutter County to take advantage of best-in-class coverage programs in exchange for competing premium rates.

Program Discussion

This budget unit is used solely to finance miscellaneous general insurance costs. General insurance premium costs are charged to County departments using the

Nonetheless, on a year-over-year basis, insurance premiums are subject to a number of economic stimuli, such as global market conditions, available insurance capacity by

Human Resources

General Insurance & Bonds (1-911)

Karen Ropp, Human Resources Director

the underwriting community, claims loss history, and the overall state of the economy. As such, it is not unusual to experience an annual swing in premium rates dependent on any or all of the variables mentioned above. However, due to Sutter County's pool sharing abilities, that swing is generally very limited and manageable. In the case of the FY 2012-13 General Insurance and Bonds budget, the change in the various annual premiums is negligible, and for all intents and purposes is consistent with the FY 2011-12 Adopted Budget.

Recommended Budget

This budget is recommended at \$59,653 (when Intrafund revenue is included). The General Fund provides less than 1% of the financing for this budget unit and is reduced by \$3,663 (95.8%) compared to FY 2011-12.

There are no significant changes recommended in this budget unit. Because this budget unit reflects only the cost of insurance premiums which are provided to the County by the carrier, there is no practical ability for the County to affect budget reductions in this budget unit in the short-term.

Use of Fund Balance

This budget unit is within the General Fund. The budget does not include the use of any specific fund balance.

EXECUTIVE SUMMARY						
DEPT HEAD: KAREN A. ROPP	UNIT: HUMAN RESOURCES	FUND: GENERAL			0001 1-401	
	ACTUAL EXPENDITURE 2010-11	ACTUAL EXPENDITURE 3-31-12	ADOPTED BUDGET 2011-12	CAO RECOMMEND 2012-13	% CHANGE OVER 2011-12	
EXPENDITURES						
SALARIES AND EMPLOYEE BENEFITS	595,349	445,878	642,000	605,521	5.7-	
SERVICES AND SUPPLIES	124,642	81,444	137,330	99,430	27.6-	
OTHER CHARGES	284,703	112,660	158,006	196,603	24.4	
* GROSS BUDGET	1,004,694	639,982	937,336	901,554	3.8-	
INTRAFUND TRANSFERS	4,529	4,040	5,108	4,095	19.8-	
* NET BUDGET	1,009,223	644,022	942,444	905,649	3.9-	
OTHER REVENUES						
USER PAY REVENUES	14,601	8,612	14,363	22,259	55.0	
GOVERNMENTAL REVENUES	0	0	0	0	.0	
TOTAL OTHER REVENUES	14,601	8,612	14,363	22,259	55.0	
* UNREIMBURSED COSTS	994,622	635,410	928,081	883,390	4.8-	
ALLOCATED POSITIONS	5.80	5.80	5.80	5.80	.0	

Purpose

The Human Resources Department is a centralized merit systems agency providing personnel and human resources management services to County departments.

- \$8,100 Increase in Professional & Specialized Services expense for outside billing services
- (\$15,000) Decrease in Employment Training for reduction to the countywide Management Training and Seminar Program

Major Budget Changes

Salaries & Benefits

- (\$15,000) Decrease in Extra Help for front desk assistance

Services & Supplies

- (\$30,000) Decrease in Professional & Specialized Services expense related to outside labor negotiation services

Other Charges

- \$39,060 Increase in Interfund Information Technology charges related to the implementation of the new Personnel/Payroll system

Revenues

- \$8,100 Increase in Contribution from Non-Government Agency to

offset expense for outside
billing services

Program Discussion

The FY 2012-13 budget reflects costs to provide the following centralized services to all County departments: labor relations; recruitment and certification for selection; review of and compliance with non-discrimination laws; health insurance and benefit administration; classification and salary analysis; administration of personnel rules and regulations; County-wide training; deferred compensation administration; unemployment insurance administration; risk management; safety management; and a variety of other compliance programs relating to personnel which are mandated by law.

Costs related to specialized recruitments, labor negotiation services, and classification and compensation studies are contained in the Professional and Specialized Services account.

Recommended Budget

This budget is recommended at \$905,649. The General Fund provides 97.5% of the financing for this budget unit and is reduced by \$44,691 (4.8%) compared to FY 2011-12. A portion of the costs for this budget unit are recouped from outside and subvented funds through the annual A-87 cost plan.

In an effort to achieve budget reductions, it is recommended that all Extra Help funding be eliminated for FY 2012-13. Due to limited remaining staff, the Department will close the public front desk during the noon hour (from 12:30 to 1:30 p.m.) to adjust for the loss of Extra Help front desk assistance.

The Department is reducing its Professional and Specialized Services expenses by \$30,000. This amount reflects the reduction to labor negotiation support that is no longer required with the hire of the Human Resource Director in FY 2011-12. The Human Resources Director will act as Chief Negotiator in future negotiations. However, the Department has seen the increased need for outside investigator services for employee relations issues and alleged discrimination or harassment concerns. The Department recommends that should this trend continue, those departments for whom the investigations are being conducted be required to directly fund the cost of the outside investigation services.

The Department has identified a process improvement that will provide for County retirees' to pay their benefit premiums directly to the appropriate responsible party, thus improving efficient use of staff time as well as providing for more direct customer service for those retirees. The cost for this service is budgeted at \$8,100 in the Professional and Specialized Services account. This cost will be offset by budgeting \$8,100 of the rebate funds received from the Centers for Medicare & Medicaid Services (CMS) Retiree Drug Subsidy Program (RDS). The County began receiving these funds in FY 2006-07 but had not previously budgeted the revenue. The balance of the CMS/RDS funds in the amount of \$42,000 is budgeted in the General Revenues budget unit (1209).

The Department is reducing the Employment Training expense for the countywide Management Training and Seminar Program by \$15,000 to reflect the free and low cost training initiatives offered through the California State Association of Counties and other on-line training opportunities. The Department will bring a

recommendation to modify the Rule language to reflect the decrease in this line item to the Board of Supervisors at a future date.

The Communications and Subscriptions accounts have also been reduced by a total of \$1,000 based on a review of historic expenses and in an effort to achieve budget reductions.

Interfund Information Technology charges are budgeted to increase by \$39,060 due to new costs associated with the implementation of the new Personnel/Payroll system. These costs are outside of the direct control of the department.

Additional reductions to the Human Resources Department would require the elimination of an additional filled position, limiting the office's ability to provide adequate services to internal County Department customers, employees and members of the public. Further staff reductions would also impede the Department's ability to meet legal requirements regarding compliance with employment laws. Because certain legal requirements may not be eliminated, a significant staffing shortage could require the County contract for those services from outside vendors, which would offset any intended cost savings. Therefore, further reductions are not recommended.

Use of Fund Balance

This budget unit is within the General Fund. The budget does not include the use of any specific fund balance.

EXECUTIVE SUMMARY					
DEPT HEAD: JOHN D FORBERG	UNIT: INFORMATION TECHNOLOGY ISF	FUND: INFORMATION TECHNOLOGY ISF	4581 8-145		
	ACTUAL EXPENDITURE 2010-11	ACTUAL EXPENDITURE 3-31-12	ADOPTED BUDGET 2011-12	CAO RECOMMEND 2012-13	% CHANGE OVER 2011-12
EXPENDITURES					
SALARIES AND EMPLOYEE BENEFITS	2,123,698	1,513,979	2,114,332	2,215,254	4.8
SERVICES AND SUPPLIES	1,006,936	614,630	995,639	1,163,358	16.8
OTHER CHARGES	638,319	496,807	847,581	625,746	26.2-
CAPITAL ASSETS	183,926	0	167,244	62,901	62.4-
* GROSS BUDGET	3,952,879	2,625,416	4,124,796	4,067,259	1.4-
INTRAFUND TRANSFERS	0	0	0	0	.0
* NET BUDGET	3,952,879	2,625,416	4,124,796	4,067,259	1.4-
APPROPRIATION FOR CONTINGENCY	0	0	0	0	.0
INCREASES IN RESERVES	0	0	0	0	.0
* TOTAL BUDGET	3,952,879	2,625,416	4,124,796	4,067,259	1.4-
OTHER REVENUES					
USER PAY REVENUES	4,494,996	2,246,532	4,078,059	3,948,793	3.2-
GOVERNMENTAL REVENUES	38,026	0	0	0	.0
GENERAL REVENUES	20,773	18,264	0	0	.0
OTHER FINANCING SOURCES	2,966	0	0	0	.0
CANCELLATION OF OBLIGATED F/B	0	0	129,347	118,466	8.4-
AVAILABLE FUND BALANCE 7/1	116,367-	0	487,514	489,727	.5
TOTAL AVAILABLE FINANCING	4,440,394	2,264,796	4,694,920	4,556,986	2.9-
* UNREIMBURSED COSTS	487,515-	360,620	570,124-	489,727-	14.1-
ALLOCATED POSITIONS	20.00	19.00	19.00	19.00	.0

Purpose

The Department of Information Technology (IT) provides services to the other County departments. As a centralized service, the IT Department is able to efficiently and cost-effectively handle the large volumes of systems and data that must be managed as part of the on-going and varied activities of the County. These services include such tasks as: responsibility for the management of computer hardware and software resources; feasibility and evaluation studies necessary for acquisition of potential new applications; system development activities; computer room operations activities; coordination and application of web technologies to serve the County internally

and externally; and other desktop/laptop computer related activities.

The Director of Information Technology serves as an Assistant County Purchasing Agent and coordinates all hardware and software purchases.

Major Budget Changes

Salaries & Benefits

- \$ 102,785 Increase to reinstate funding for vacant Deputy Director Information Technology position (9 months starting October 2012)

Services & Supplies

- \$89,485 Increase in Software License & Maintenance based on historical data and anticipated increase in Enterprise Agreement (EA) contract pricing
- \$75,640 Increase reflecting the establishment of the lease/purchase replacement of critical infrastructure components

Other Charges

- (\$63,938) Decrease in Interprogram Labor Charges due to reduction in expenses included in the programmer rate
- (\$155,056) Decrease in Interfund Overhead (A-87) Cost Plan charges as provided by the Auditor-Controller's office

Capital Assets

- (\$104,343) Decrease in Depreciation Expense; aging equipment fully depreciated and no longer expensed

Revenues

- (\$63,938) Decrease in Interprogram Labor Charges revenue due to reduction in expenses included in the programmer rate
- (\$66,334) Decrease in Interfund Information Technology charges to County Departments to reflect budget reductions

Program Discussion

The Information Technology Department provides a variety of services and functions addressing automation needs throughout the County. The Department is divided into five functional divisions: Administration, Operations, Network Support, PC/Desktop Support, and Programming.

The *Administration Division* is responsible for overall management, budgeting, fiscal, payroll, purchasing, contracting, planning, inventory, facility management, and other required functions for the support of the Department and the County.

The *Operations Division* is responsible for the day-to-day functioning of the data center, system backup and recovery, routine and special job production, secure file transmissions, as well as building security systems, shipping and receiving, equipment preparation and surplus, and forms and consumable inventory control.

The *Network Support Division* is responsible for the County's network. This includes the fiber optic system, file and application servers, routers, switches, hubs, firewalls, security appliances, directory and email services, web access and security, connections with State and Federal agencies, remote access, virus protection, and software distribution and updates.

The *PC/Desktop Support Division* provides direct desktop support for all the PCs, laptops, and Blackberry PDAs that are in place throughout the County. They are responsible for the troubleshooting, repair, replacement, and support of the end user devices. Additionally, they support a variety of specialized applications in the various

departments and provide extensive support to the devices, applications, and services in the Sheriff's office.

The **Programming Division** is responsible for the development and support of the County's legacy applications as well as the development, support, and routine maintenance of the County's web presence. This group supports such applications as Financial, Human Resources/Payroll, Mental Health, Health, Criminal Justice, Property, and Budgeting systems, in addition to a wide variety of web applications for both internal and external users.

On March 31, 2009, the Board of Supervisors approved a contract with Sungard Public Sector, Inc., to implement a new software system for Personnel, Payroll, Purchasing, and Budgeting. The Personnel and Payroll modules are scheduled to be implemented in September of 2012; the Budget module and peripheral components are currently scheduled to be implemented in FY 2012-13.

Recommended Budget

This budget is recommended at \$4,067,259.

The Information Technology budget unit operates as an ISF and must balance revenues to expenditures within the fund. Recommended budget reductions result in a \$66,331 (2%) decrease in the Interfund Information Technology charges to County departments as compared to FY 2011-12. The Interfund Information Technology account represents the total of all charges made to County departments for Information Technology services. Therefore, the reduction of \$66,331 equals the amount that

has been reduced in County Department budgets for FY 2012-13.

The Deputy Director of Information Technology position has been held vacant and unfunded since FY 2010-11. Based on Department needs, the FY 2012-13 Recommended Budget includes \$102,785 to fund the position for 9 months, with the anticipation that the position will be filled in October of 2012. This position traditionally serves as the primary supervisor/manager for the network and PC support sections and provides contract, licensing and purchasing support.

One vacant Computer Operator position was also defunded in FY 2010-11. It is recommended that this position continue to be held vacant and unfunded.

In FY 2011-12, as part of cost saving measures, the Department recommended the elimination of Unrestricted Stand-by Pay, which was partially offset by an increase in regular Overtime. As a result, on-call and after-hours support for the County became the sole responsibility of the Director. This reduction is continued in the FY 2012-13 budget.

The Department eliminated funding for virtually all travel, training, subscriptions and other methods of maintaining a well-trained staff in FY 2011-12. This reduction is continuing in FY 2012-13. While such a reduction is possible for a short period of time, it is not recommended that staff training be eliminated long term. Limiting staff training will negatively impact the County's ability to consider and implement new systems, which historically are methods by which long term cost savings, system wide process improvements and efficiencies are achieved across organizations.

Software License & Maintenance is recommended at \$722,084 which is an increase of \$89,485 (13%) due to increases in the Enterprise Agreement contract. This is a master agreement which simplifies mandatory licensing by requiring a single transaction to acquire licenses and allows for volume pricing. The agreement also secures the right to the most current version of the products covered. This agreement has provided more predictable software costs.

The recommended budget includes \$75,640 for the first annual payment in a recommended 5-year equipment lease program. Due to budget constraints, the County has delayed most large equipment purchases. The County is currently using several pieces of aged equipment, which are no longer supported by a service contract. If these equipment pieces are to fail in the near future, replacement parts will be difficult, or even impossible, to find. If the County were to purchase replacement equipment outright, the estimated cost is \$350,000. Leasing equipment is an alternative to purchasing new equipment. Therefore, in an effort to reduce costs for FY 2012-13, it is recommended that the County enter into a 5-year lease program for the pieces of equipment identified below. A lease agreement will be brought to the Board for approval in the near future.

1. Storage Area Network (SAN) – The virtualized servers use this system as their primary storage device. Without this storage, approximately one-half of the servers in the County would not function.
2. Core Routers (2) – The County’s entire network is run by two core router/switches originally purchased in 1999. Replacement parts, support, and software updates are no longer available.

If either one of these devices fail, a large portion of the County network (i.e. e-mail, internet, AS 400) will be unavailable.

3. Internet DMZ servers and domain controllers (4) – These servers are over 8 years old and are no longer supported. If they fail, no one will be able to log into the network and parts would have to be purchased and configured to bring everything back on-line.

Due to the continued delay of purchasing replacement assets, the majority of the assets have been fully depreciated and are no longer expensed. Depreciation Expense is recommended at \$62,901 which is reduced by \$104,343 (63%) compared to FY 2011-12.

The Interfund Overhead (A-87) Cost Plan is provided by the Auditor-Controller’s office each year. For FY 2012-13, the Information Technology Department’s Cost Plan charges are recommended at \$132,373 which is a reduction of \$155,056 (54%) compared to FY 2011-12.

Use of Fund Balance

The Information Technology fund contains a Committed Fund Balance designated for future appropriations in the amount of \$484,746 as of July 1, 2011. It is estimated that the Committed Fund Balance designated for future appropriations will equal \$355,399 at July 1, 2012. It is recommended that \$118,466, or approximately one-third of the remaining balance, be cancelled in FY 2012-13.

The fund also contains a Net Assets balance in the amount of \$489,727 as of July 1, 2011. This amount represents the department’s 60-day working capital needs.

It is estimated that the Net Assets balance will be unchanged at July 1, 2012.

Human Resources Liability Insurance (4-590)

Karen Ropp, Human Resources Director

EXECUTIVE SUMMARY					
DEPT HEAD: KAREN A. ROPP	UNIT: LIABILITY INSURANCE ISF	FUND: LIABILITY INSURANCE ISF	4590 4-590		
	ACTUAL EXPENDITURE 2010-11	ACTUAL EXPENDITURE 3-31-12	ADOPTED BUDGET 2011-12	CAO RECOMMEND 2012-13	% CHANGE OVER 2011-12
EXPENDITURES					
SERVICES AND SUPPLIES	502,941	398,865	450,423	466,056	3.5
OTHER CHARGES	120,273	335,333	301,660	209,733	30.5-
* GROSS BUDGET	623,214	734,198	752,083	675,789	10.1-
INTRAFUND TRANSFERS	0	0	0	0	.0
* NET BUDGET	623,214	734,198	752,083	675,789	10.1-
APPROPRIATION FOR CONTINGENCY	0	0	0	0	.0
INCREASES IN RESERVES	0	0	0	0	.0
* TOTAL BUDGET	623,214	734,198	752,083	675,789	10.1-
OTHER REVENUES					
USER PAY REVENUES	678,871	568,032	568,032	212,816	62.5-
GOVERNMENTAL REVENUES	0	0	0	0	.0
GENERAL REVENUES	31,381	10,358	30,000	29,741	.9-
CANCELLATION OF OBLIGATED F/B	0	0	78,865	78,865	.0
AVAILABLE FUND BALANCE 7/1	297,570	0	384,608	354,367	7.9-
TOTAL AVAILABLE FINANCING	1,007,822	578,390	1,061,505	675,789	36.3-
* UNREIMBURSED COSTS	384,608-	155,808	309,422-	0	100.0-
ALLOCATED POSITIONS	.00	.00	.00	.00	.0

Purpose

The self-insured liability program is managed by the Human Resources Department. This budget identifies the annual expenditures for the operation of the self-insured liability program, which is established as an Internal Service Fund (ISF). The costs for operation of this budget are allocated to the other operating budgets of the County. This budget provides funds for the administration, adjustment and defense of liability claims against the County and the purchase of excess insurance, should the County sustain a catastrophic loss.

Major Budget Changes

Other Charges

- (\$43,738) Decrease in estimated cost for Interfund Admin – Miscellaneous Departments for administrative duties provided by Risk Management staff
- (\$48,398) Decrease in Interfund Overhead A-87 Cost Plan charges as calculated by the Auditor-Controller's office

Human Resources

Liability Insurance (4-590)

Karen Ropp, Human Resources Director

Revenues

- (\$355,216) Decrease in Interfund Insurance ISF revenue due to sufficient funding within the ISF to support the required liability claims reserve

Program Discussion

The primary factor that drives this budget is the cost of maintaining the self-insured liability program and associated costs such as administration and defense costs.

Sutter County operates the liability fund as a pooled primary self-insured program. As a standing participant in a public entity insurance pool, the County's risk is spread amongst its pool members enabling Sutter County to take advantage of best in class coverage programs in exchange for competing premium rates.

Nonetheless, on a year-over-year basis, insurance premiums are subject to a number of economic stimuli: global market conditions, available insurance capacity by the underwriting community, claims loss history, and the overall state of the economy. As such, we can expect to experience an annual change in premium rates dependent on any or all of the variables mentioned above. However, due to Sutter County's pool sharing abilities the change is generally manageable.

Recommended Budget

This budget is recommended at \$675,789.

The Liability Insurance budget unit operates as an ISF and must balance revenues to expenditures within the fund.

Recommended budget reductions result in a \$355,216 (-62.5%) decrease in the Interfund Liability Insurance ISF premium charges to County Departments as compared to FY 2011-12. The amount budgeted in the Interfund Liability Insurance ISF account reflects the total of all charges made to County departments for liability insurance premiums and requirements to maintain the liability claims reserve. Therefore, the reduction in this account equals the amount that has been reduced in County department budgets for FY 2012-13.

The Board of Supervisors has a funding policy that program assets be maintained between the 75% and 90% confidence level. The assets of the program are projected to be in excess of the 90% confidence level at June 30, 2012. Because the Liability ISF has generated a funding surplus, the actuarial valuation recommends that the County implement a funding plan to bring program assets back to the desired confidence level by June 30, 2015. The CSAC Excess Insurance Authority standard states that based on upon the actuarial recommendations, the members should maintain reserves and make funding contributions equal to or exceeding the expected losses and a reasonable margin for contingencies. The recommended amount to be set aside in FY 2012-13 for future claims payable is \$150,000. This is the same amount set aside in FY 2011-12, but approximately 50% lower than has been recommended in prior years, and is recommended as a means of reducing the funding surplus. With this recommendation, the County will continue to have sufficient funds set aside in the liability claims reserve to cover future claims payable.

Use of Fund Balance

The Liability Insurance ISF fund contains a Committed Fund Balance designated for future appropriations and a Committed Fund Balance designated for catastrophic loss.¹ It is recommended that \$78,865 of the Committed Fund Balance designated for future appropriations be cancelled in FY 2012-13 as part of the County's plan to reduce the funding surplus. It is recommended that the Committed Fund Balance designated for catastrophic loss be maintained at \$200,000.

The fund also contained Net Assets of \$384,608 as of July 1, 2011. Net Assets are estimated to equal \$354,367 as of July 1, 2012.

¹ As of the date of this writing, designations in this fund have not been reclassified to GASB 54 fund balances in the financial system.

Human Resources

Workers' Compensation (4-591)

Karen Ropp, Human Resources Director

EXECUTIVE SUMMARY

DEPT HEAD: KAREN A. ROPP UNIT: WORKERS' COMP INSURANCE ISF FUND: WORKERS' COMP INSURANCE ISF 4591 4-591

	ACTUAL EXPENDITURE 2010-11	ACTUAL EXPENDITURE 3-31-12	ADOPTED BUDGET 2011-12	CAO RECOMMEND 2012-13	% CHANGE OVER 2011-12
EXPENDITURES					
SALARIES AND EMPLOYEE BENEFITS	327,794	206,461	317,690	312,889	1.5-
SERVICES AND SUPPLIES	1,988,171	1,699,123	1,728,722	1,742,095	.8
OTHER CHARGES	22,286	22,744	33,760	31,427	6.9-
* GROSS BUDGET	2,338,251	1,928,328	2,080,172	2,086,411	.3
INTRAFUND TRANSFERS	0	0	0	0	.0
* NET BUDGET	2,338,251	1,928,328	2,080,172	2,086,411	.3
APPROPRIATION FOR CONTINGENCY	0	0	0	0	.0
INCREASES IN RESERVES	0	0	0	0	.0
* TOTAL BUDGET	2,338,251	1,928,328	2,080,172	2,086,411	.3
OTHER REVENUES					
USER PAY REVENUES	2,056,756	1,980,532	2,109,412	2,057,080	2.5-
GOVERNMENTAL REVENUES	0	0	0	0	.0
GENERAL REVENUES	3,673	15,309-	6,000	6,000	.0
CANCELLATION OF OBLIGATED F/B	0	0	0	23,331	***
AVAILABLE FUND BALANCE 7/1	243,032	0	35,240-	0	100.0-
TOTAL AVAILABLE FINANCING	2,303,461	1,965,223	2,080,172	2,086,411	.3
* UNREIMBURSED COSTS	34,790	36,895-	0	0	.0
ALLOCATED POSITIONS	3.20	2.80	2.80	2.80	.0

Purpose

The Human Resources Department is responsible for the administration and management of the Workers' Compensation program. Elements of the Workers' Compensation program include: claims management, coordination of third party claims administration, monitoring departmental safety and accident prevention programs, tracking job-related accidents and injuries and the maintenance of appropriate reports, records and statistics.

Major Budget Changes

Revenues

- \$49,485 Increase in Interfund Miscellaneous Transfer In to close the Workers' Compensation Dividend special revenue fund
- (\$58,065) Decrease in Interfund Workers Compensation Premium revenue reflecting credit against charges for closure of Workers'

Human Resources

Workers' Compensation (4-591)

Karen Ropp, Human Resources Director

Compensation Dividend
special revenue fund

Program Discussion

The Human Resources Department is responsible for the administration and management of the Workers' Compensation program, which includes: claims management, third party claims administration, safety and accident prevention programs, work-related accidents and injuries and development of corresponding reports.

This budget unit is an Internal Service Fund; therefore, all revenues and expenditures are accumulated within the fund and net costs are allocated to individual County Departments based on a standard allocation methodology.

The primary factors that affect the cost of this budget unit are salaries and workers' compensation insurance premiums, both primary and excess workers' compensation, together with associated costs to implement and maintain these programs.

In FY 1998-99 Sutter County converted from an individual self-insured program to a pooled primary self-insured program. As a standing participant in a public entity insurance pool, the County's risk is spread amongst its pool members enabling Sutter County to take advantage of best in class coverage programs in exchange for competing premium rates.

Nonetheless, on a year-over-year basis, insurance premiums are subject to a number of economic stimuli - global market conditions, available insurance capacity by the underwriting community, claims loss

history, and the over all state of the economy. As such, we can expect to experience an annual swing in premium rates dependent on any or all of the variables mentioned above. However, due to Sutter County's pool sharing abilities that swing is generally manageable.

Recommended Budget

This budget is recommended at \$2,086,411.

Because the net costs of this fund are allocated to all County departments, including General Fund departments, a significant effort has been made to maintain costs in the Workers' Compensation Fund.

As mentioned above, this effort to contain current year costs is reflected in the recommendation to hold the Safety Coordinator position at a 60% position (0.6 FTE) for a second year, with the Risk Manager assuming safety-related administrative duties that are currently performed by the Safety Coordinator. These duties include: developing safety communication materials and disseminating to departments; training employees in safety policies; investigating work place accidents and developing corresponding accident reports; providing consultation services to departments to assist them in developing an effective injury and illness prevention program; interacting with governmental agencies to secure and provide information to departments; responding to Cal/OSHA inspections and citations and represent County at administrative hearings related to citations.

Over 80% of the cost of the County's Workers' Compensation program is driven by insurance premium costs. This year, the

Human Resources

Workers' Compensation (4-591)

Karen Ropp, Human Resources Director

appropriation for Insurance remains the same as in FY 2011-12. Initial insurance premium estimates received from the carrier indicate essentially no change over the prior year budgeted amount. However, the County was recently notified that it will receive a dividend of approximately \$208,537 from the carrier based on pooled savings, which must be applied in the coming year. Therefore, the recommendation for FY 2012-13 insurance premium expense reflects this dividend as a reduction to insurance costs.

In the 1990's when the County was self-insured for worker's compensation the County maintained a reserve to cover related claims. In 1998, when the County joined the CSAC-EIA pool, a portion of the remaining monies were used to reduce premium charges in that year. Additionally, a portion of the reserve funds were returned to departments that had contributed to the reserve, except a few. The funds that were not returned to departments were placed in a "trust fund." That fund is now called the Worker's Compensation Dividend special revenue fund (0-165). This fund has had no activity other than the annual accrual of interest. The Human Resources Department is recommending that the fund be closed and that the remaining money be distributed to those funds/budget units which historic records indicate the money came from. It is estimated that Fund 0-165 will contain \$49,485 as of July 1, 2012. Therefore, the budget includes an Interfund Miscellaneous Transfer In from Fund 0-165 of \$49,485, with a credit to FY 2012-13 Workers' Compensation charges to the following departments: Child Support Services (budget unit 0-112), Public Health (budget unit 4-103), and District Attorney (budget unit 2-125).

Additional reductions to the Workers' Compensation budget are not recommended. An additional reduction would require the elimination of the Safety Coordinator position. Complete elimination of the Safety Coordinator position would place the County's safety program at risk, as all duties currently performed by the Safety Coordinator would be, by default, transferred to the Risk Manager. Regular activities such as safety inspections and trainings would be either severely limited or eliminated altogether, depending upon other critical priorities that arise during the year for the Risk Manager. Elimination of the safety program could in turn negatively impact the County's claims experience and cause an increase in premiums. Further reductions are not recommended at this time.

Use of Fund Balance

It is estimated that the Workers' Compensation Fund will have a Committed Fund Balance of \$23,331 at July 1, 2012. It is recommended that the Committed Fund Balance as of July 1, 2012, be cancelled in FY 2012-13.