



**California JPIA**  
**Adopted Budget**  
**FY 2010-11 and FY 2011-12**





CALIFORNIA  
J · P · I · A

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July 21, 2010

To: Board of Directors

From: Jonathan Shull, Chief Executive Officer

Subject: FY 2010-11 and FY 2011-12 Operating Budgets

In accordance with Article 11 of the joint powers agreement, the Executive Committee has adopted the California JPIA's operating budgets for 2010-11 and 2011-12. These budgets continue to move the Authority forward on a path of delivering value to the members through innovative services and programs. The budgets reflect a concerted effort to minimize expenses on a long-term basis through targeted investments in cost containment strategies. These strategies include a strong focus on training and loss prevention, development of customized risk management solutions designed in collaboration with each member agency, as well as aggressive claims handling techniques aimed at reducing ultimate claim severity.

This budget document is reflective of the Authority's new funding model that aims to sufficiently fund the cost of each coverage period at its outset, rather than relying upon retrospective adjustments to address claims related funding shortfalls. As the Authority transitions to the prospective funding model, outstanding retrospective deposits due from the members will be held in abeyance.

Authority staff developed this budget document based on a series of careful choices aimed at addressing the members' highest priorities while also maintaining fiscal responsibility. The budget continues the Authority's investment in information technology infrastructure, online training delivery, and the development of analytical tools critical in addressing the pool's highest loss areas. These targeted investments are part of a fiscally responsible budget, which also maintains an emphasis on the strategic plan initiatives of efficiency, and performance.

This budget document incorporates the Authority's strategic plan, detailing revenues and expenditures in alignment with departments and activities. Each department is introduced with summary information, and each division is explained with its specific expenditure details.

As an organization, our vision is simple: *We will exceed our members' expectations.*

The mission is to exceed expectations by: *Providing innovative risk management solutions for our public agency partners.*

And those solutions will be developed in line with the organization core values of: *Integrity, Excellence, Innovation, and Teamwork.*



## **Overview of the Numbers:**

The 2009-10 estimated numbers reflect a total of \$77.8 million in revenues compared to \$88.5 million in expenses, yielding an estimated reduction in fund balance of \$10.7 million. It is anticipated that expenses for 2009-10 will surpass revenues by 14%.

It is significant to note that throughout this budget, revenues arising from retrospective deposits are only recognized in part, due to the long-term nature of this revenue stream. In an effort to enhance the usefulness of the budget as a management tool, retrospective deposit revenues have been calculated as the portion of outstanding retrospective deposits and refunds, which are expected to be paid during the fiscal year indicated. The Authority's financial statements will continue to recognize all revenues and expenses on a full accrual basis, while the budget has been modified to exclude revenues that are not likely to be collected during this budget cycle.

Revenues are projected at \$82.0 million in 2010-11 and \$91.3 million in 2011-12. This increase of \$9.3 million is primarily attributable to the estimated increase in confidence funding in the annual contributions of the liability and workers' compensation programs.

Over 90% of expenditures are directly attributable to the cost of risk. This includes claim payments, insurance premiums, claims administration, and broker fees. Total expenditures are projected to be \$86.4 million in 2010-11, and \$86.5 million in 2011-12. This is largely predicated upon the assumption that claims activity will remain similar to the recent past three years, and that excess and re-insurance premiums will increase by 8% in 2010-11 then remain flat in 2011-12.

The budget reflects the recommendations of the Formula Review Ad Hoc Committee, which were reviewed by the Finance Officers Committee and Managers Committee, and subsequently approved by the Executive Committee in March 2010. Among the recommendations was the plan to temporarily suspend the collection of retrospective deposits due from members, provided that the Authority's cash flow remains adequate throughout the transition period. As such, revenues from retrospective deposit installments are estimated to be zero for 2010-11 and 2011-12. Some members may choose to take advantage of the early repayment incentive program, however, at this time the impact of the incentive program is unknown.

The Authority's investment advisor provided the investment earnings projection. Reflective of the low interest rate environment, investment income is estimated to be down to \$5.5 million in 2010-11. This is a 15% reduction from 2009-10 estimated investment income of \$6.5 million. The 2011-12 estimate of investment income is marginally higher than 2010-11 at \$5.8 million. This is due to the anticipated average principal balance being higher as a result of the increase in annual contributions.

## **Overview of Personnel:**

The Authority has a staff of twenty (20) full-time employees, four (4) part-time, and two (2) interns. No additional positions are proposed for 2010-11 or 2011-12. The budget includes no annual cost of living adjustments, which are at the discretion of the Executive Committee, but does include merit increases for eligible employees.



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## Administrative Services Department

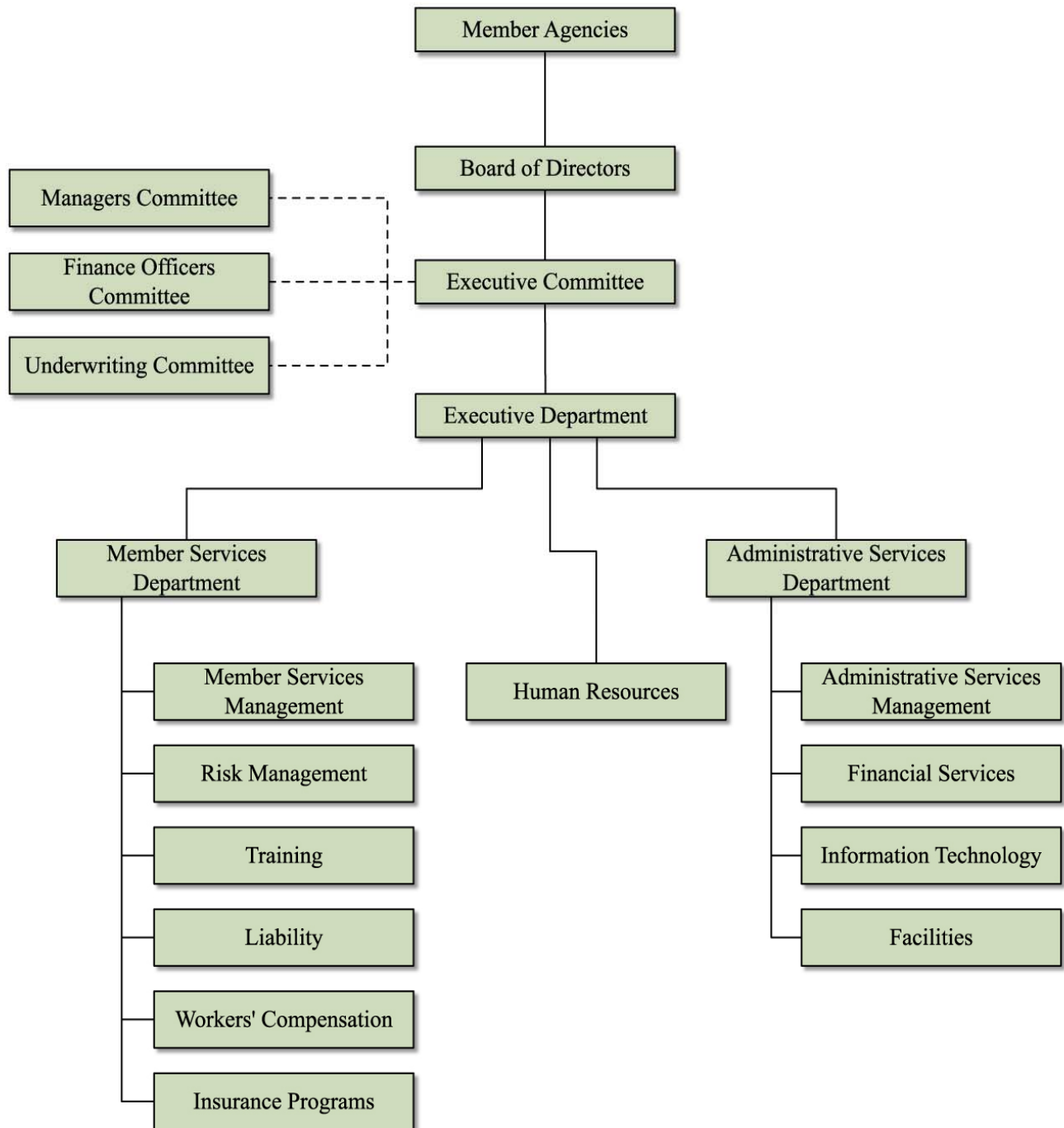
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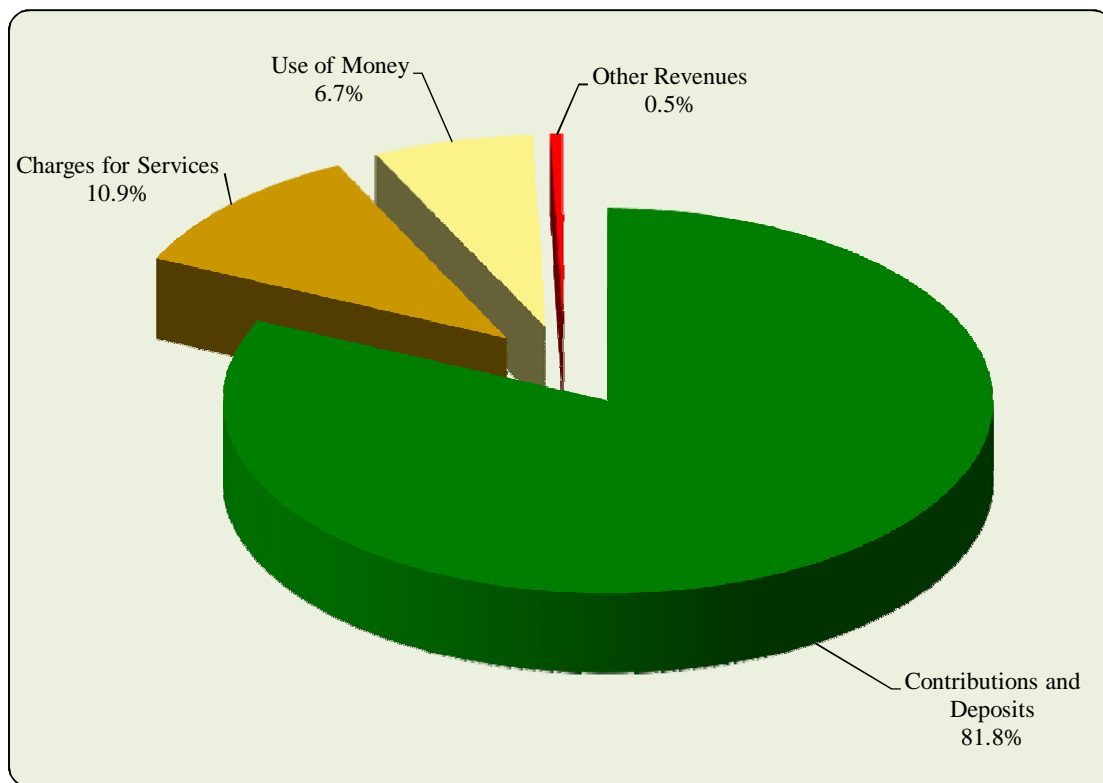
# Organizational Structure



## Summary of Revenues

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Revenues</b>					
Contributions and Deposits	\$ 58,994,965	\$ 61,527,000	\$ 61,526,862	\$ 67,121,100	\$ 76,184,500
Charges for Services	8,379,852	9,433,400	9,419,492	8,955,300	8,955,300
Use of Money	7,746,237	5,366,900	6,498,900	5,520,400	5,795,400
Other Revenues	450,168	394,900	384,064	413,900	413,900
<b>Total Revenues</b>	<b>75,571,222</b>	<b>76,722,200</b>	<b>77,829,318</b>	<b>82,010,700</b>	<b>91,349,100</b>

2010-11  
Sources of Revenue

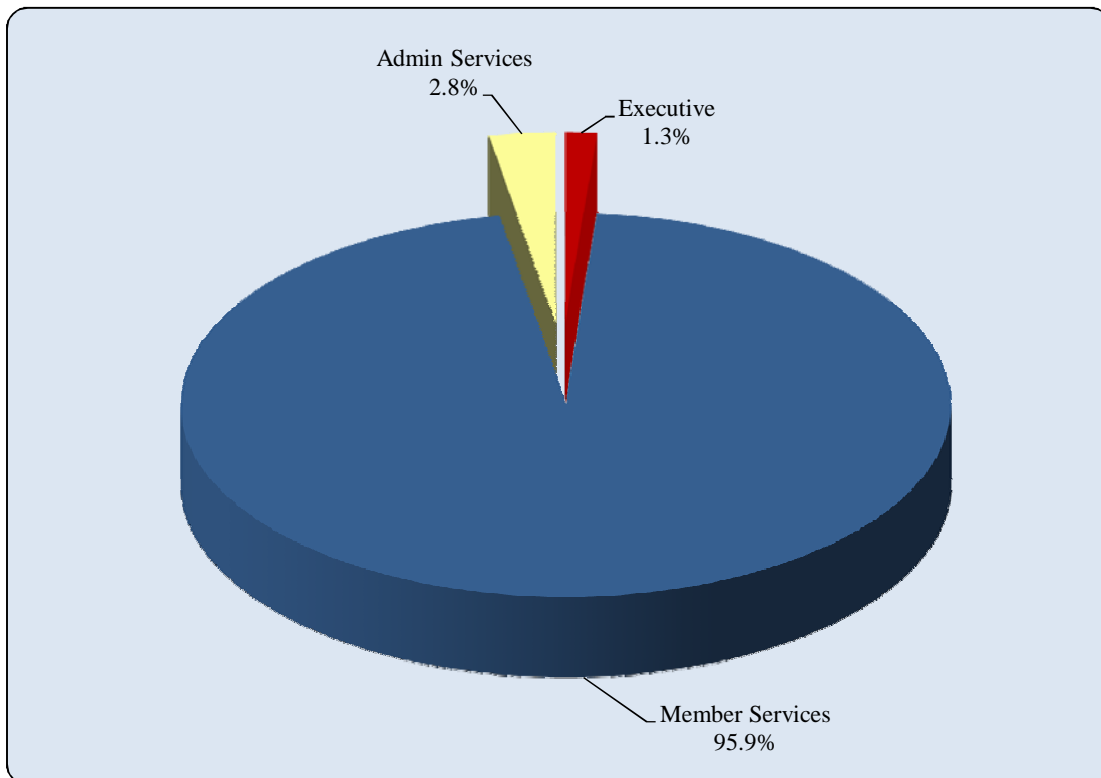


Contributions and deposits include estimates of annual payments (installments) of retrospective deposits due from members, as well as refunds due to members. These estimates represent the portion of outstanding retrospective deposits and refunds, which are expected to be paid during fiscal years 2010-11 and 2011-12. Specific amounts are shown in the summary of revenues by type, on page seven.

## Summary of Expenditures

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Department</b>					
Executive	\$ 920,163	\$ 1,273,000	\$ 1,063,889	\$ 1,136,500	\$ 1,111,100
Member Services	79,506,979	80,233,600	85,307,516	82,923,400	83,062,600
Administrative Services	2,176,148	2,653,400	2,129,753	2,389,000	2,325,700
<b>Total Expenditures</b>	82,603,290	84,160,000	88,501,158	86,448,900	86,499,400
<b>Capital Outlay</b>	82,231	-	212,948	206,700	170,000

2010-11  
Uses of Revenue



## Estimated Change in Fund Balance

	2008-09 Actual	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Revenues</b>				
Contributions and Deposits	\$ 58,994,965	\$ 61,526,862	\$ 67,121,100	\$ 76,184,500
Charges for Services	8,379,852	9,419,492	8,955,300	8,955,300
Use of Money	7,746,237	6,498,900	5,520,400	5,795,400
Other Revenues	450,168	384,064	413,900	413,900
<b>Total Revenues</b>	<b>75,571,222</b>	<b>77,829,318</b>	<b>82,010,700</b>	<b>91,349,100</b>
<b>Expenditures</b>				
Operating Expenditures				
Salaries and Benefits	3,513,554	3,587,009	3,779,100	3,892,300
General & Administrative	1,634,324	1,605,533	1,709,800	1,625,000
Contractual Services	1,272,310	1,303,750	1,390,800	1,284,300
<b>Total Operating Expenditures</b>	<b>6,420,188</b>	<b>6,496,292</b>	<b>6,879,700</b>	<b>6,801,600</b>
Coverage Expenditures				
Claim Payments	57,970,781	60,778,913	58,176,000	58,176,000
Claims Administration	3,633,326	3,812,147	3,819,700	3,948,300
State Assessment	162,899	377,339	359,600	359,600
Excess/Reinsurance Premiums	6,668,288	7,936,858	8,580,000	8,580,000
Brokerage	775,000	650,000	650,000	650,000
Premium: Property Program	6,474,849	7,951,649	7,485,500	7,485,500
Premium: Environmental	497,959	497,960	498,400	498,400
<b>Total Coverage Expenditures</b>	<b>76,183,102</b>	<b>82,004,866</b>	<b>79,569,200</b>	<b>79,697,800</b>
<b>Total Expenditures</b>	<b>82,603,290</b>	<b>88,501,158</b>	<b>86,448,900</b>	<b>86,499,400</b>
<b>Estimated Change in Fund Balance</b>	<b>(7,032,068)</b>	<b>(10,671,840)</b>	<b>(4,438,200)</b>	<b>4,849,700</b>
<b>Capital Outlay</b>	<b>82,231</b>	<b>212,948</b>	<b>206,700</b>	<b>170,000</b>

## Estimated Change in Fund Balance by Program: 2010-11

	Liability	Workers' Compensation	Insurance Programs	Total
<b>Revenues</b>				
Contributions and Deposits	\$ 47,234,900	\$ 19,886,200	\$ -	\$ 67,121,100
Charges for Services	114,838	56,562	8,783,900	8,955,300
Use of Money	2,152,956	3,367,444	-	5,520,400
Other Revenue	91,522	45,078	277,300	413,900
<b>Total Revenues</b>	49,594,216	23,355,284	9,061,200	82,010,700
<b>Expenditures</b>				
Coverage	53,830,500	16,954,800	8,783,900	79,569,200
Salaries and Benefits	1,863,200	1,684,600	231,300	3,779,100
General & Administrative	1,139,600	569,200	1,000	1,709,800
Contractual Services	919,300	471,500	-	1,390,800
<b>Total Expenditures</b>	57,752,600	19,680,100	9,016,200	86,448,900
<b>Estimated Change in Fund Balance</b>	(8,158,384)	3,675,184	45,000	(4,438,200)

## Estimated Change in Fund Balance by Program: 2011-12

	Liability	Workers' Compensation	Insurance Programs	Total
<b>Revenues</b>				
Contributions and Deposits	\$ 51,967,600	\$ 24,216,900	\$ -	\$ 76,184,500
Charges for Services	114,838	56,562	8,783,900	8,955,300
Use of Money	2,260,206	3,535,194	-	5,795,400
Other Revenue	91,522	45,078	277,300	413,900
<b>Total Revenues</b>	<b>54,434,166</b>	<b>27,853,734</b>	<b>9,061,200</b>	<b>91,349,100</b>
<b>Expenditures</b>				
Coverage	53,915,800	16,998,100	8,783,900	79,697,800
Salaries and Benefits	1,918,300	1,735,400	238,600	3,892,300
General & Administrative	1,082,300	541,200	1,500	1,625,000
Contractual Services	848,000	436,300	-	1,284,300
<b>Total Expenditures</b>	<b>57,764,400</b>	<b>19,711,000</b>	<b>9,024,000</b>	<b>86,499,400</b>
<b>Estimated Change in Fund Balance</b>	<b>(3,330,234)</b>	<b>8,142,734</b>	<b>37,200</b>	<b>4,849,700</b>

## Summary of Revenues by Type

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Contributions and Deposits</b>					
Primary Deposit, Liability	\$ 32,665,987	\$ 33,969,600	\$ 33,969,600	\$ -	\$ -
Primary Deposit, WC	23,383,941	22,210,600	22,210,555	-	-
Annual Contribution, Liability	-	-	-	47,327,000	52,059,700
Annual Contribution, WC	-	-	-	23,789,600	26,168,600
Retrospective Deposit Installments, Liability	7,853,003	9,939,000	9,938,981	-	-
Retrospective Deposit Installments, WC	1,297,507	1,157,600	1,157,592	-	-
Retrospective Refund Installments, Liability	(1,414,218)	(889,900)	(889,927)	(92,100)	(92,100)
Retrospective Refund Installments, WC	(5,113,451)	(5,217,100)	(5,217,126)	(3,903,400)	(1,951,700)
Excess Deposit, WC	322,196	357,200	357,187	-	-
<b>Total Contributions and Deposits</b>	<b>58,994,965</b>	<b>61,527,000</b>	<b>61,526,862</b>	<b>67,121,100</b>	<b>76,184,500</b>
<b>Charges for Services</b>					
Insurance Premium, Property	7,722,808	8,710,000	8,708,533	8,235,500	8,235,500
Insurance Premium, Environmental	498,334	548,400	548,334	548,400	548,400
Annual Conference Sponsorship	104,000	130,000	132,500	130,000	130,000
Annual Conference Registration Fees	32,895	7,500	7,965	7,500	7,500
Academy, Leadership	(675)	5,600	4,400	-	11,300
Academy, Human Resources	3,500	7,500	-	11,300	-
Academy, Management	12,225	15,000	10,075	11,300	11,300
Academy, Parks & Recreation	5,375	9,400	5,450	11,300	11,300
Training/No Show	1,390	-	2,235	-	-
<b>Total Charges for Services</b>	<b>8,379,852</b>	<b>9,433,400</b>	<b>9,419,492</b>	<b>8,955,300</b>	<b>8,955,300</b>
<b>Use of Money</b>					
Investment Income	7,746,237	5,366,900	6,498,900	5,520,400	5,795,400
<b>Other Revenues</b>					
Insurance Programs Admin Fee	292,231	275,000	274,432	277,300	277,300
Liability Trust Fund Admin Fee	73,600	72,500	73,600	97,400	97,400
CCCSIF Admin Fee	19,200	19,200	19,200	19,200	19,200
Lexipol Membership	30,500	-	5,850	-	-
Miscellaneous Fees	34,637	28,200	10,982	20,000	20,000
<b>Total Other Revenues</b>	<b>450,168</b>	<b>394,900</b>	<b>384,064</b>	<b>413,900</b>	<b>413,900</b>
<b>Total Revenues</b>	<b>75,571,222</b>	<b>76,722,200</b>	<b>77,829,318</b>	<b>82,010,700</b>	<b>91,349,100</b>

## Summary of Expenses by Type

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Coverage</b>					
Claim Payments	\$ 57,970,781	\$ 55,900,000	\$ 60,778,913	\$ 58,176,000	\$ 58,176,000
Claims Administration	3,633,326	3,477,400	3,812,147	3,819,700	3,948,300
State Assessment	162,899	290,900	377,339	359,600	359,600
Excess/Reinsurance Premiums	6,668,288	7,938,000	7,936,858	8,580,000	8,580,000
Brokerage	775,000	650,000	650,000	650,000	650,000
Premium: Property Program	6,474,849	7,951,700	7,951,649	7,485,500	7,485,500
Premium: Environmental	497,959	498,400	497,960	498,400	498,400
<b>Total Coverage</b>	<b>76,183,102</b>	<b>76,706,400</b>	<b>82,004,866</b>	<b>79,569,200</b>	<b>79,697,800</b>
<b>Salaries and Benefits</b>					
Salaries	2,047,553	2,082,400	2,070,447	2,164,200	2,210,100
Benefits	1,310,895	1,418,000	1,323,728	1,420,300	1,472,000
Payroll Taxes	155,106	175,700	192,834	194,600	210,200
<b>Total Salaries and Benefits</b>	<b>3,513,554</b>	<b>3,676,100</b>	<b>3,587,009</b>	<b>3,779,100</b>	<b>3,892,300</b>

## Summary of Expenses by Type (continued)

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>General &amp; Administrative</b>					
Academies	\$ 103,219	\$ 110,100	\$ 88,461	\$ 127,100	\$ 74,000
Annual Conference	179,786	165,800	190,819	164,800	164,800
Annual Meeting	20,578	25,200	19,000	20,000	20,000
Committee Meeting Fees	63,247	76,200	65,868	75,500	75,500
Crime Premium: CJPIA	6,209	6,900	5,899	6,000	6,000
Depreciation Expense	235,553	337,000	236,164	253,000	253,000
Facilities: Maintenance	84,773	168,000	92,165	104,900	109,000
Furniture and Equipment	54,780	15,800	15,852	45,800	5,800
Licensing and Renewals	-	-	-	11,100	5,600
LossCAP	-	-	13,458	13,600	13,600
Marketing	11,041	45,700	45,651	40,100	40,100
Memberships and Dues	5,596	6,400	6,855	6,900	6,900
Mileage Reimbursement	25,798	9,600	23,953	24,500	24,500
Property Premium: CJPIA	23,160	43,100	28,502	28,700	30,000
Recruitments	11,510	13,500	286	10,000	10,000
Subscriptions and Books	3,588	5,400	4,512	2,900	2,900
Supplies: Departmental	18,079	21,800	16,307	23,300	23,800
Supplies: General	47,442	63,300	36,584	36,600	36,600
Training and Education	52,433	73,600	49,940	54,200	49,200
Training Materials and Resources	2,790	20,000	20,000	15,000	20,000
Travel, Conferences, and Meetings	46,668	36,500	45,703	47,000	51,500
Utilities	79,224	82,000	77,425	75,700	78,900
Workshops	557,201	500,000	500,000	330,000	330,000
Workshops - Online	-	-	-	170,000	170,000
Other General & Administrative	1,649	22,600	22,129	23,100	23,300
<b>Total General &amp; Administrative</b>	<b>1,634,324</b>	<b>1,848,500</b>	<b>1,605,533</b>	<b>1,709,800</b>	<b>1,625,000</b>

## Summary of Expenses by Type (continued)

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Contractual Services</b>					
Actuarial Services	\$ 103,774	\$ 100,000	\$ 84,877	\$ 85,000	\$ 65,000
Audit Services	76,101	92,500	90,351	95,000	95,000
Employment Law Resource	133,433	250,000	75,000	75,000	75,000
Equipment Lease Agreements	27,872	30,000	35,477	40,500	40,500
Finance System Development	17,825	50,000	34,265	51,500	25,500
Information Technology Support	91,369	172,800	172,800	189,500	190,700
Investment and Bank Services	191,027	190,000	160,327	170,500	170,500
Legal Services	59,757	221,500	175,246	208,000	169,200
Legislative Services	154	20,000	-	15,000	15,000
Loss Control Services	106,300	150,000	130,733	169,500	169,500
Risk Management Evaluations	140,026	262,000	146,796	127,100	127,100
Resource Center	-	-	-	70,700	67,700
Special Projects	185,994	170,000	98,993	5,000	-
Other Contractual Services	138,678	220,200	98,885	88,500	73,600
<b>Total Contractual Services</b>	<b>1,272,310</b>	<b>1,929,000</b>	<b>1,303,750</b>	<b>1,390,800</b>	<b>1,284,300</b>
<b>Total Expenses</b>	<b>82,603,290</b>	<b>84,160,000</b>	<b>88,501,158</b>	<b>86,448,900</b>	<b>86,499,400</b>
<b>Capital Outlay</b>	<b>82,231</b>	<b>-</b>	<b>212,948</b>	<b>206,700</b>	<b>170,000</b>

## Authorized Positions

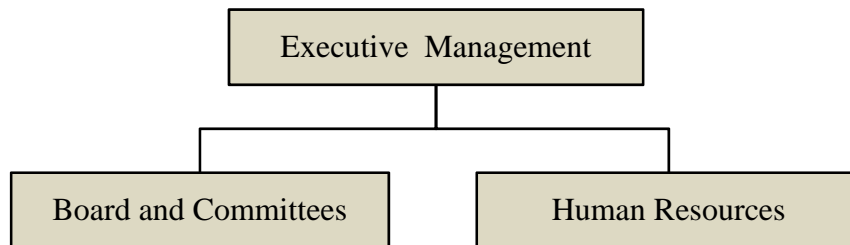
		2008-09	2009-10	2010-11	2011-12
	Division	Actual	Actual	Forecasted	Forecasted
<b>Executive Department</b>					
Chief Executive Officer	Executive Management	1.00	1.00	1.00	1.00
Administrative Assistant	Executive Management	1.00	1.00	1.00	1.00
Office Assistant	Executive Management	0.50	0.50	0.50	0.50
Intern	Executive Management	-	0.25	0.25	0.25
Senior Management Analyst	Human Resources	1.00	1.00	-	-
Human Resources Manager	Human Resources	-	-	1.00	1.00
<b>Department Total</b>		<b>3.50</b>	<b>3.75</b>	<b>3.75</b>	<b>3.75</b>
<b>Member Services Department</b>					
Assistant Executive Officer	Member Services Mgmt	1.00	1.00	1.00	1.00
Secretary	Member Services Mgmt	1.50	1.00	1.00	1.00
Web Graphic Designer	Member Services Mgmt	0.50	0.50	0.50	0.50
Intern	Member Services Mgmt	-	0.25	0.25	0.25
Liability Program Manager	Liability	1.00	1.00	1.00	1.00
WC Program Manager	Workers' Compensation	1.00	1.00	1.00	1.00
Insurance Programs Manager	Insurance Programs	1.00	1.00	0.50	0.50
Senior Risk Consultant	Risk Management	1.00	1.00	2.00	2.00
Risk Consultant	Risk Management	1.00	1.00	0.50	0.50
Secretary	Risk Management	-	0.50	0.50	0.50
Senior Training Specialist	Training	2.00	2.00	2.00	2.00
Training Coordinator	Training	0.50	0.50	0.50	0.50
Training Assistant	Training	1.00	1.00	1.00	1.00
<b>Department Total</b>		<b>11.50</b>	<b>11.75</b>	<b>11.75</b>	<b>11.75</b>
<b>Administrative Services Department</b>					
Assistant Executive Officer	Admin Services Mgmt	1.00	1.00	1.00	1.00
Senior Management Analyst	Admin Services Mgmt	1.00	1.00	-	-
Financial Projects Manager	Admin Services Mgmt	-	-	1.00	1.00
Secretary	Admin Services Mgmt	1.00	1.00	1.00	1.00
Finance Director	Financial Services	1.00	1.00	1.00	1.00
Senior Accountant	Financial Services	1.00	1.00	1.00	1.00
Accounting Specialist	Financial Services	1.00	1.00	1.00	1.00
Maintenance Worker	Facilities	1.00	1.00	1.00	1.00
<b>Department Total</b>		<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>
<b>Total Staff</b>		<b>22.00</b>	<b>22.50</b>	<b>22.50</b>	<b>22.50</b>

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## Expenditures by Operating Department

## Overview

### Executive Department



The Executive Department consists of the activities of Board and Committees, Executive Management, and Human Resources.

As defined in Article 7 of the Joint Powers Agreement, the Board and Committees is composed of one representative from each member agency who is selected from that agency's legislative body. The Board and Committees meet annually to conduct the affairs of the Authority. The Board directly elects from its membership a President and a Vice President to two-year, overlapping terms.

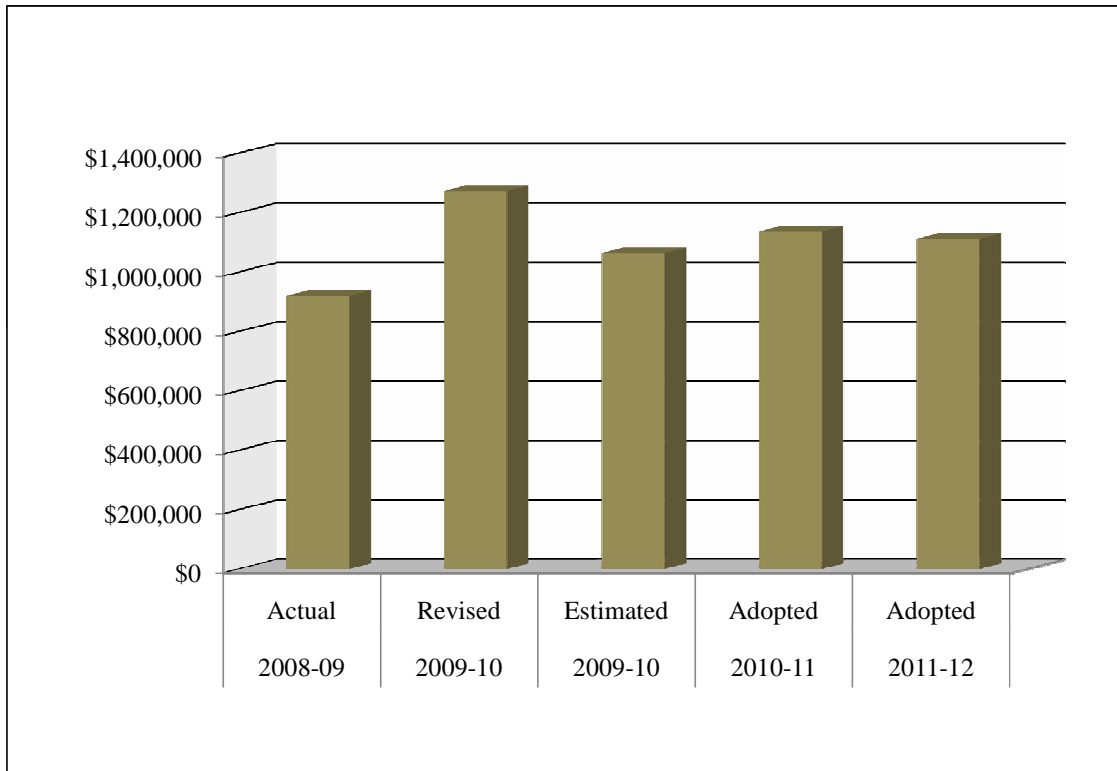
The Executive Committee consists of the President and Vice President, and seven other members elected by the Board to two-year, overlapping terms. The Executive Committee is responsible for making and implementing decisions involving the administration of the Authority. The Executive Committee meets on a monthly basis. The Executive Committee appoints the Chief Executive Officer, Authority Counsel, and it has general supervisory and policy control over their activities. The Executive Committee also appoints the members of the Claims, Personnel, Budget, Coverage, and Appeals Committees, as well as ad hoc committees as deemed appropriate.

The Managers Committee and Finance Officers Committee are composed of one representative responsible for those functions from each member agency. These Committees are advisory to the Executive Committee. One representative selected by each Committee serves in an ex officio, non-voting, capacity on the Executive Committee.

The actions of the Board and Committees, Executive Committee, and advisory committees provide the policy-making framework within which the Chief Executive Officer directs the activities of the Authority staff.

Expenditure Summary  
**Executive Department**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
Board and Committees	\$ 119,111	\$ 140,800	\$ 120,125	\$ 127,900	\$ 127,900
Executive Management	578,738	884,800	728,234	777,500	746,600
Human Resources	222,314	247,400	215,530	231,100	236,600
<b>Total Expenses</b>	920,163	1,273,000	1,063,889	1,136,500	1,111,100



Executive Department  
**Board and Committees**

Activity Commentary

Through the Executive Committee and Advisory Committee structure, the Board and Committees Division provides policy guidance to the Authority in the delivery of programs and services to the members.

Objectives

1. Provide overall legislative policy guidance and direction in the development of programs and services for the members
2. Ensure that programs and services are effectively delivered in the most efficient and economical manner possible
3. Represent the interests of the members in implementation of programs and services
4. Systematically review and update the memorandum of coverage as policy changes are implemented
5. Review the Joint Powers Agreement and Authority Bylaws and recommend necessary changes reflective of the membership diversity, organizational restructure affecting internal procedures, elimination of obsolete language and terminology, clarification of intent, and the separation of Authority programs into specific categories, such as liability, workers' compensation, and insurance programs

<b>Significant Program Changes</b>	<u>2010-11</u> Adopted	<u>2011-12</u> Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
<b>Number of Meetings</b>				
Board of Directors	1	1	1	1
Executive Committee	12	12	12	12
Managers Committee	10	10	8	8
Finance Officers Committee	4	6	6	6
Ad Hoc Committee and Other	10	14	4	4
Liability Trust Fund	12	12	12	12
Central Coast Cities Tail Claims	1	1	1	1

Expenditure Detail  
 Executive Department  
**Board and Committees**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>General &amp; Administrative</b>					
Annual Meeting	\$ 20,578	\$ 25,200	\$ 19,000	\$ 20,000	\$ 20,000
Committee Meeting Fees	63,247	76,200	65,868	75,500	75,500
Training and Education	35,286	39,400	35,257	32,400	32,400
<b>Total General &amp; Administrative</b>	119,111	140,800	120,125	127,900	127,900
<b>Total Expenses</b>	<b>119,111</b>	<b>140,800</b>	<b>120,125</b>	<b>127,900</b>	<b>127,900</b>

Executive Department  
**Executive Management**

Activity Commentary

The Executive Management Division is responsible for direction and oversight of Authority operations in furtherance of the policy direction established by the Board of Directors and Executive Committee.

The Chief Executive Officer is responsible for planning, organizing, and directing Authority activities. The Chief Executive Officer makes recommendations to the Executive Committee and Advisory Committees concerning policies, programs, services, budget, finances, regulations, and laws. Executive staff takes primary responsibility for strategic planning, legislative advocacy, records management, and member marketing/outreach.

Objectives

1. Assist the Executive Committee in the development and implementation of the Authority's strategic plan
2. Assist the Executive Committee in the development of policy to address the needs and issues of the membership by providing costs and benefits for alternatives
3. Prepare comprehensive staff reports on a variety of policy and operational issues for consideration by the Board of Directors, Executive Committee, and Advisory Committees
4. Provide overall direction to staff for the implementation of Authority policy
5. Monitor and implement processes within the organization to ensure the efficient delivery of programs and services
6. Keep the Executive Committee and advisory committees informed of legislative affairs to enable appropriate involvement by the membership
7. Manage the Authority's records in accordance with applicable state and federal law and organizational needs
8. Be involved in professional organizations to maintain knowledge of current issues and trends, and to ensure adherence to industry best practices

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Number of meetings	34	32	36	34
Staff reports prepared for committees	55	58	54	54
Maintain overall satisfaction in member surveys	n/a	95%	n/a	95%

Expenditure Detail  
 Executive Department  
**Executive Management**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Salaries and Benefits</b>					
Salaries	\$ 293,296	\$ 302,900	\$ 301,992	\$ 304,400	\$ 305,400
Benefits	186,461	217,900	188,629	199,300	204,500
Payroll Taxes	17,349	20,800	20,756	23,100	24,700
<b>Total Salaries and Benefits</b>	<b>497,106</b>	<b>541,600</b>	<b>511,377</b>	<b>526,800</b>	<b>534,600</b>
<b>General &amp; Administrative</b>					
Furniture and Equipment	270	-	-	-	-
Marketing	9,164	16,700	16,651	16,600	16,600
Memberships and Dues	2,718	3,200	3,360	3,500	3,500
Mileage Reimbursement	800	1,200	1,200	1,200	1,200
Subscriptions and Books	216	100	260	200	200
Supplies: Departmental	607	1,000	250	1,000	1,000
Supplies: General	6,812	7,900	4,573	4,600	4,600
Training and Education	460	400	400	400	400
Travel, Conferences, and Meetings	10,090	6,900	11,147	7,400	7,500
Other General & Administrative	-	20,800	20,200	20,800	20,800
<b>Total General &amp; Administrative</b>	<b>31,137</b>	<b>58,200</b>	<b>58,041</b>	<b>55,700</b>	<b>55,800</b>
<b>Contractual Services</b>					
Legal Services	17,262	175,000	113,816	150,000	111,200
Legislative Services	154	20,000	-	15,000	15,000
Other Contractual Services	33,079	90,000	45,000	30,000	30,000
<b>Total Contractual Services</b>	<b>50,495</b>	<b>285,000</b>	<b>158,816</b>	<b>195,000</b>	<b>156,200</b>
<b>Total Expenses</b>	<b>578,738</b>	<b>884,800</b>	<b>728,234</b>	<b>777,500</b>	<b>746,600</b>

Executive Department  
**Human Resources**

Activity Commentary

The Human Resources Division contributes to the Authority’s business goals and objectives by projecting future staffing and employee training needs; working with senior management to determine which functions should continue to be performed by Authority staff, or which should be outsourced; examining existing human resources programs to ensure that they are still necessary; as well as implementing new action plans to help the Authority better achieve its strategic goals and initiatives.

Objectives

Day-to-day operations of the division include:

1. Administration of the Authority’s benefits programs
2. Development and implementation of personnel policies and procedures
3. Administration of leave of absence requests and disability paperwork
4. Direction of the performance appraisal process
5. Revision of job descriptions and analyses
6. Counsel employees and supervisors on conflict resolution and work-related problems
7. Management and oversight of the recruitment and selection process for all personnel
8. Implementation of salary schedules
9. Evaluation of compensation structure

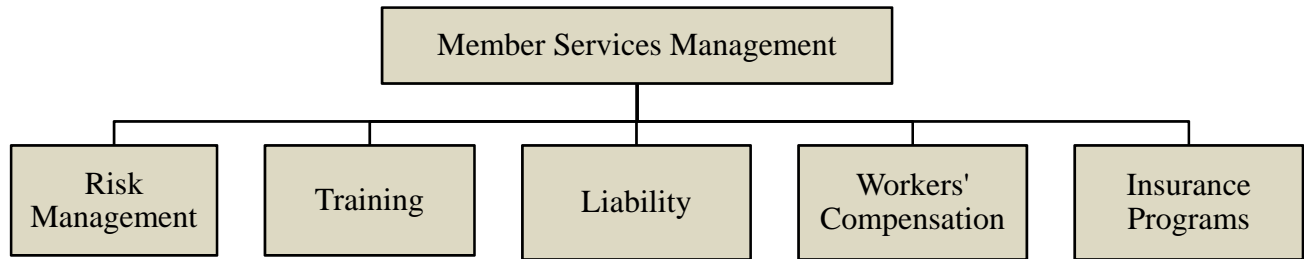
<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Recruitment and Appointment of Employees	3	0	1	1
Retention Rate	91.4%	96.2%	92.1%	96.0%
Turnover Rate	8.6%	3.8%	7.9%	4.0%
Process PAF’s	50	25	25	49
Manage Performance Appraisal	23	24	24	24
Internal Seminars and Training	10	6	7	7

Expenditure Detail  
 Executive Department  
**Human Resources**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Salaries and Benefits</b>					
Salaries	\$ 99,181	\$ 96,900	\$ 97,380	\$ 104,900	\$ 107,400
Benefits	65,762	66,600	64,588	71,800	74,600
Payroll Taxes	8,187	8,900	9,865	10,200	11,000
<b>Total Salaries and Benefits</b>	<b>173,130</b>	<b>172,400</b>	<b>171,833</b>	<b>186,900</b>	<b>193,000</b>
<b>General &amp; Administrative</b>					
Memberships and Dues	160	200	200	500	500
Mileage Reimbursement	187	200	200	200	200
Recruitments	11,510	13,500	286	10,000	10,000
Subscriptions and Books	-	100	128	200	200
Supplies: Departmental	736	-	593	-	-
Supplies: General	2,780	2,600	1,524	1,500	1,500
Training and Education	10,972	14,000	4,005	5,000	5,000
Travel, Conferences, and Meetings	1,735	-	169	2,100	1,500
Other General & Administrative	-	-	116	300	300
<b>Total General &amp; Administrative</b>	<b>28,080</b>	<b>30,600</b>	<b>7,221</b>	<b>19,800</b>	<b>19,200</b>
<b>Contractual Services</b>					
Legal Services	10,108	7,500	2,084	6,000	6,000
Other Contractual Services	10,996	36,900	34,392	18,400	18,400
<b>Total Contractual Services</b>	<b>21,104</b>	<b>44,400</b>	<b>36,476</b>	<b>24,400</b>	<b>24,400</b>
<b>Total Expenses</b>	<b>222,314</b>	<b>247,400</b>	<b>215,530</b>	<b>231,100</b>	<b>236,600</b>

Overview  
**Member Services Department**



The Member Services Department consists of the activities of Risk Management, Training, Liability, Workers' Compensation, and Insurance Programs.

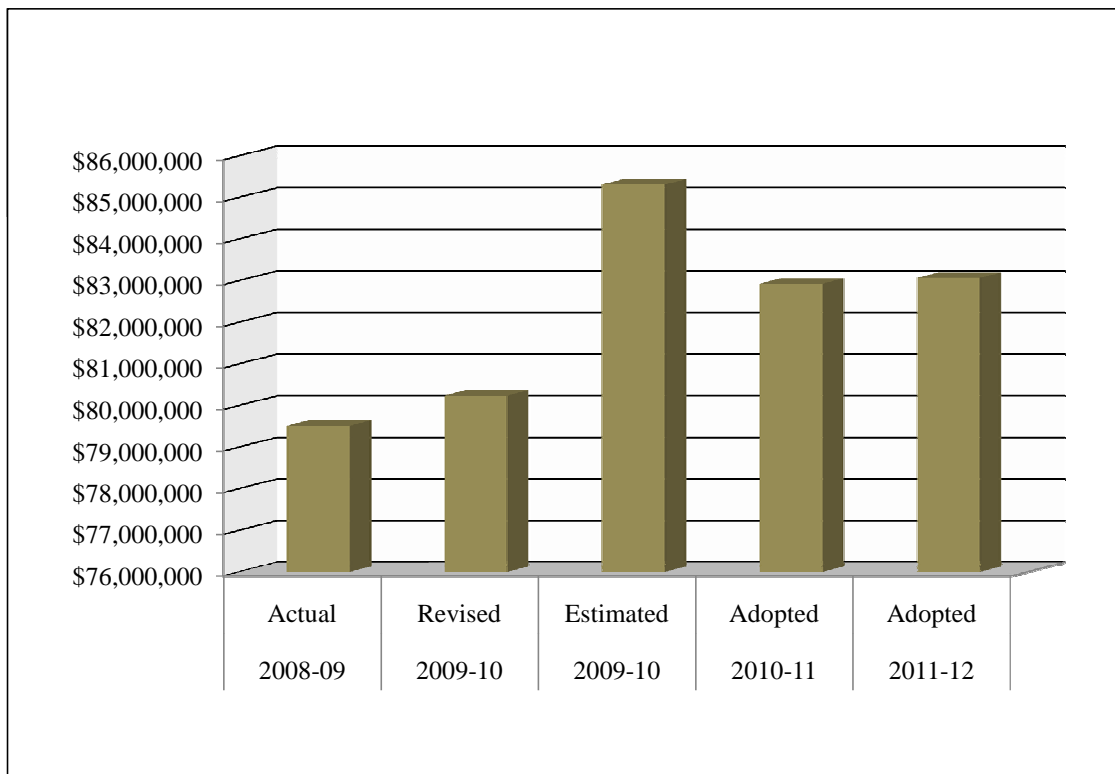
Through the delivery of programs and services, the Department is responsible for the majority of the Authority's daily contact with members. Claims-oriented services, risk consultation and management, training, and management of the Authority's group-purchased insurance programs dominate the Department's activities.

This budget continues to recognize a strategic shift in program focus that was begun in 2007-08, namely the Authority's LossCAP program. This program is structured to work with members in a holistic fashion, and brings to bear the Authority's numerous resources in assisting members reduce both exposures and claims.

In addition, this budget represents a significant investment in deploying new training methods that will compliment the Authority's traditional time and place specific classroom-style training. These new methods include web-based training and video streaming, and will both serve to make risk management training and education more accessible to member staff.

Expenditure Summary  
**Member Services Department**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
Member Services Management	\$ 445,778	\$ 483,400	\$ 443,707	\$ 442,200	\$ 465,000
Risk Management	638,339	802,400	701,982	757,600	764,700
Training	1,490,233	1,284,600	1,382,309	1,345,600	1,304,100
Liability	50,576,746	51,994,600	55,771,541	54,211,400	54,308,700
Workers' Comensation	18,376,531	16,239,900	17,581,385	17,194,700	17,242,000
Insurance Programs	7,979,352	9,428,700	9,426,592	8,971,900	8,978,100
<b>Total Expenses</b>	<b>79,506,979</b>	<b>80,233,600</b>	<b>85,307,516</b>	<b>82,923,400</b>	<b>83,062,600</b>



Member Services Department  
**Member Services Management**

Activity Commentary

The Member Services Department, managed by an Assistant Executive Officer, maintains responsibility for those outward-facing programs and services that members utilize on a regular basis. The Department has a long tradition of excellence in risk management. The overarching goal of Member Services is to support the Authority’s mission statement by assisting members through well-coordinated risk management efforts. The department’s consolidation of operational divisions in 2007 reflects the increasing importance of working strategically with members and collaboration among staff.

The Member Services Department consists of 13 staff members, who bring a collective wealth of knowledge to the members, including expertise in insurance, claims, training, litigation, learning, contracts, education, technology, governmental entity exposures, and loss control.

Objectives

1. Manage the strategic activities of the various operating units within Member Services
2. Provide clear focus to Member Services staff that is consistent with the direction provided by the Authority’s Chief Executive Officer
3. Foster an environment where Member Services staff employs innovation and teamwork as a matter of course
4. Measure member satisfaction within the Authority’s programs and services

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Hold department meetings	12	12	12	12
Achieve overall satisfaction with member services programs and services	85%	87%	90%	90%

Expenditure Detail  
 Member Services Department  
**Member Services Management**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Salaries and Benefits</b>					
Salaries	\$ 248,162	\$ 271,600	\$ 252,240	\$ 259,300	\$ 272,300
Benefits	162,460	174,300	155,997	147,300	154,900
Payroll Taxes	18,312	22,100	23,835	22,300	24,400
<b>Total Salaries and Benefits</b>	<b>428,934</b>	<b>468,000</b>	<b>432,072</b>	<b>428,900</b>	<b>451,600</b>
<b>General &amp; Administrative</b>					
Memberships and Dues	1,177	1,100	1,223	1,200	1,200
Mileage Reimbursement	31	-	-	-	-
Subscriptions and Books	434	-	-	400	400
Supplies: General	8,041	10,600	6,097	6,100	6,100
Training and Education	1,173	1,000	1,000	-	-
Travel, Conferences, and Meetings	5,988	2,700	3,315	5,600	5,700
<b>Total General &amp; Administrative</b>	<b>16,844</b>	<b>15,400</b>	<b>11,635</b>	<b>13,300</b>	<b>13,400</b>
<b>Total Expenses</b>	<b>445,778</b>	<b>483,400</b>	<b>443,707</b>	<b>442,200</b>	<b>465,000</b>

Member Services Department  
**Risk Management**

Activity Commentary

The Risk Management Division of the Member Services Department provides programs and services that include, but are not limited to, providing risk management evaluations and general risk management consulting; developing and maintaining sample policies; reviewing contracts, and assisting members in implementing recommendations that are part of the Authority's LossCAP program.

Objectives

1. Provide each member with a comprehensive risk management evaluation every 2 years
2. Provide hands-on assistance to the members in implementing recommendations developed through LossCAP
3. Provide risk management consulting and contract review for the members
4. Develop sample policies and templates for the members to use in their operations through the use of independent legal counsel when appropriate
5. Update policies as needed to reflect statutory and best management practices
6. Conduct regular surveying of members that undergo a risk management evaluation or participate in the LossCAP program.
7. Update and distribute the Contractual Risk Transfer for Public Agencies Manual

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Oversee risk management evaluations	60	65	58	64
Carry out LossCAP presentations	60	65	58	64
Contracts review for members	302	475	515	550

Expenditure Detail  
 Member Services Department  
**Risk Management**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Salaries and Benefits</b>					
Salaries	\$ 193,460	\$ 190,500	\$ 192,539	\$ 228,400	\$ 233,300
Benefits	133,927	131,100	133,981	149,100	154,400
Payroll Taxes	15,737	17,400	19,536	22,400	24,300
<b>Total Salaries and Benefits</b>	<b>343,124</b>	<b>339,000</b>	<b>346,056</b>	<b>399,900</b>	<b>412,000</b>
<b>General &amp; Administrative</b>					
LossCAP	-	-	13,458	13,600	13,600
Memberships and Dues	-	-	-	300	300
Mileage Reimbursement	2,362	7,300	7,300	7,500	7,500
Subscriptions and Books	617	500	500	300	300
Supplies: Departmental	8,852	11,500	8,085	12,500	12,500
Supplies: General	3,369	5,300	3,049	3,100	3,100
Training and Education	16	1,500	283	1,000	1,000
Travel, Conferences, and Meetings	9,038	1,300	3,306	2,800	2,800
<b>Total General &amp; Administrative</b>	<b>24,254</b>	<b>27,400</b>	<b>35,981</b>	<b>41,100</b>	<b>41,100</b>
<b>Contractual Services</b>					
Legal Services	8,236	24,000	22,371	15,000	15,000
Loss Control Services	106,300	150,000	130,733	169,500	169,500
Risk Management Evaluations	140,026	262,000	146,796	127,100	127,100
Special Projects	16,399	-	20,045	5,000	-
<b>Total Contractual Services</b>	<b>270,961</b>	<b>436,000</b>	<b>319,945</b>	<b>316,600</b>	<b>311,600</b>
<b>Total Expenses</b>	<b>638,339</b>	<b>802,400</b>	<b>701,982</b>	<b>757,600</b>	<b>764,700</b>

Member Services Department

**Training**

Activity Commentary

The Training Division of the Member Services Department provides training and education through academies, instructor led workshops, and web-based courses. Academies are multi-day learning opportunities that focus on a particular public sector discipline. They present essential training theories and techniques, and provide pragmatic solutions for public officials, executive leaders, managers, human resource specialists, parks and recreation supervisors, and public works supervisors. Instructor-led trainings are generally single-day events, and feature over 60 different topics. Web-based instruction includes virtual classes broadcast live through the internet, webcasts, and self-paced online courses. Additionally, the Training Division makes available numerous videos and DVDs covering employee development and safety.

The budget provides for the implementation of web-based courses to complement the traditional time and place specific programs, the purchase of self-paced on-line courses that will be available to members through the Resource Center, and resources needed to present virtual classes and webcasts. Web-based courses will enhance effectiveness by allowing greater access to the Authority’s resources, and will also create greater scalability in providing ad hoc training.

Objectives

1. Deliver effective and comprehensive education programs to members
2. Introduce the Resource Center and web-based instruction to our members
3. Provide training on how to use the Resource Center effectively and efficiently
4. Develop new training topics that are responsive to member needs
5. Ensure training topics address liability and workers’ compensation claims and losses
6. Support efforts related to the Authority’s LossCAP program
7. Confirm the topics of the annual Risk Management Conference address the current and future needs of the members

<b>Significant Program Changes</b>	<u>2010-11 Adopted</u>	<u>2011-12 Adopted</u>
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Number of instructor-lead classes	551	562	560	560
Number of academies	8	7	5	3
Number of web-based training classes	4	10	20	20
Number of total training participants	15,355	18,288	25,000	30,000

Expenditure Detail  
 Member Services Department  
**Training**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Salaries and Benefits</b>					
Salaries	\$ 251,001	\$ 255,700	\$ 259,840	\$ 273,500	\$ 272,600
Benefits	171,437	168,500	161,652	190,200	195,200
Payroll Taxes	21,707	23,600	29,240	27,000	28,500
<b>Total Salaries and Benefits</b>	<b>444,145</b>	<b>447,800</b>	<b>450,732</b>	<b>490,700</b>	<b>496,300</b>
<b>General &amp; Administrative</b>					
Academies	103,219	110,100	88,461	127,100	74,000
Annual Conference	179,786	165,800	190,819	164,800	164,800
Furniture and Equipment	86	-	-	-	-
Marketing	1,367	27,000	27,000	21,500	21,500
Memberships and Dues	325	500	433	300	300
Mileage Reimbursement	19,547	-	12,109	12,200	12,200
Supplies: General	8,157	10,600	6,097	6,100	6,100
Training and Education	782	1,500	1,500	1,500	2,500
Training Materials and Resources	2,790	20,000	20,000	15,000	20,000
Travel, Conferences, and Meetings	3,233	1,300	6,210	6,400	6,400
Workshops	557,201	500,000	500,000	330,000	330,000
Workshops - Online	-	-	-	170,000	170,000
<b>Total General &amp; Administrative</b>	<b>876,493</b>	<b>836,800</b>	<b>852,629</b>	<b>854,900</b>	<b>807,800</b>
<b>Contractual Services</b>					
Special Projects	169,595	-	78,948	-	-
<b>Total Contractual Services</b>	<b>169,595</b>	<b>-</b>	<b>78,948</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>1,490,233</b>	<b>1,284,600</b>	<b>1,382,309</b>	<b>1,345,600</b>	<b>1,304,100</b>

Member Services Department

**Liability**

Activity Commentary

The Liability Division of the Member Services Department provides for the investigation, management, and disposition of liability claims and lawsuits brought against the members. Under the oversight of the Authority’s Liability Program Manager, a third party administrator is responsible for the day-to-day adjusting of claims. Oversight of litigated and high-exposure claims is carried out by the Liability Program Manager.

Claim payments, claims administration, and reinsurance/excess insurance premiums comprise the majority of this division’s expenditures. This budget provides for an annual claims audit of the third party administrator to ensure compliance with performance standards, and confirm that best practices are actively utilized in the management of claims.

Objectives

1. Efficiently and effectively manage claims brought against the members
2. Reduce the overall cost of risk to members
3. Effectively manage the performance of the third party claims administrator
4. Keep the Claims Committee informed of large claims and developing trends
5. Support efforts related to the Authority’s LossCAP program

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Number of claims handled	1,860	1,875	1,875	1,875
Percent of claims closed with no payment	61.1%	65.0%	65.0%	65.0%
Percent of claims closed without litigation	88.1%	89.0%	89.0%	89.0%
TPA fees per \$1 million of payroll	\$ 2,661	\$ 2,696	\$ 2,700	\$ 2,700

Expenditure Detail  
Member Services Department

**Liability**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Coverage</b>					
Claim Payments	\$ 41,865,466	\$ 42,000,000	\$ 45,667,709	\$ 43,533,000	\$ 43,533,000
Claims Administration	2,298,344	2,100,000	2,372,500	2,372,500	2,457,800
Excess/Reinsurance Premiums	5,863,140	7,241,000	7,240,319	7,800,000	7,800,000
Brokerage	196,250	125,000	125,000	125,000	125,000
<b>Total Coverage</b>	<b>50,223,200</b>	<b>51,466,000</b>	<b>55,405,528</b>	<b>53,830,500</b>	<b>53,915,800</b>
<b>Salaries and Benefits</b>					
Salaries	97,241	117,900	117,698	126,900	133,200
Benefits	57,095	80,700	72,958	79,000	83,400
Payroll Taxes	8,131	10,400	10,500	11,300	12,300
<b>Total Salaries and Benefits</b>	<b>162,467</b>	<b>209,000</b>	<b>201,156</b>	<b>217,200</b>	<b>228,900</b>
<b>General &amp; Administrative</b>					
Mileage Reimbursement	1,241	-	1,539	1,600	1,600
Subscriptions and Books	525	600	600	-	-
Supplies: General	1,704	2,600	1,524	1,500	1,500
Training and Education	231	-	-	-	-
Travel, Conferences, and Meetings	1,440	3,900	4,046	5,600	5,900
<b>Total General &amp; Administrative</b>	<b>5,141</b>	<b>7,100</b>	<b>7,709</b>	<b>8,700</b>	<b>9,000</b>
<b>Contractual Services</b>					
Audit Services	25,000	47,500	47,500	50,000	50,000
Employment Law Resource	133,433	250,000	75,000	75,000	75,000
Legal Services	24,035	15,000	34,648	30,000	30,000
Other Contractual Services	3,470	-	-	-	-
<b>Total Contractual Services</b>	<b>185,938</b>	<b>312,500</b>	<b>157,148</b>	<b>155,000</b>	<b>155,000</b>
<b>Total Expenses</b>	<b>50,576,746</b>	<b>51,994,600</b>	<b>55,771,541</b>	<b>54,211,400</b>	<b>54,308,700</b>

Member Services Department  
**Workers' Compensation**

Activity Commentary

The Workers' Compensation Division of the Member Services Department is responsible for ensuring that members' obligations under California workers' compensation laws are met in a legal and cost-effective fashion. Under the oversight of the Authority's Workers' Compensation Program Manager, a third party administrator is responsible for the day-to-day adjusting of claims, which includes investigation, management, and disposition of workers' compensation claims brought against the members by injured employees. The Workers' Compensation Program Manager also monitors litigated and high-exposure claims, works with member agencies on claim-related issues, and authorizes investigations, litigation and settlements.

Claim payments, claims administration, and reinsurance/excess insurance premiums comprise the majority of this division's expenditures. This budget continues to provide for annual claims management audits, and includes an audit of the independent bill review company. An audit of attorney billing practices is also contemplated, as this has never been done. In addition, this budget maintains program enhancements that are billed to claim files, yet remain budget neutral.

Objectives

1. Efficiently and effectively discharge the workers' compensation liabilities of members
2. Reduce the overall cost of risk to members
3. Effectively manage the performance of the third party claims administrator
4. Keep the Claims Committee informed of large claims and developing trends
5. Educate members in order to develop effective relationships between their agency, the third party administrator and the California JPIA

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Number of claims handled	1,341	1,341	1,300	1,300
TPA fees per \$1 million of payroll	\$ 1,978	\$ 2,017	\$ 2,010	\$ 2,005
Average indemnity reserve	\$ 5,375	\$ 5,741	\$ 5,900	\$ 6,100
Average medical reserve (excluding future medical)	\$ 14,178	\$ 17,182	\$ 17,500	\$ 17,500

Expenditure Detail  
 Member Services Department  
**Workers' Compensation**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Coverage</b>					
Claim Payments	\$ 15,666,264	\$ 13,500,000	\$ 14,711,204	\$ 14,243,000	\$ 14,243,000
Claims Administration	1,334,981	1,377,400	1,439,647	1,447,200	1,490,500
State Assessment	162,899	290,900	377,339	359,600	359,600
Excess/Reinsurance Premiums	805,148	697,000	696,539	780,000	780,000
Brokerage	178,750	125,000	125,000	125,000	125,000
<b>Total Coverage</b>	<b>18,148,042</b>	<b>15,990,300</b>	<b>17,349,729</b>	<b>16,954,800</b>	<b>16,998,100</b>
<b>Salaries and Benefits</b>					
Salaries	118,415	123,800	123,323	130,300	131,400
Benefits	60,912	84,700	63,465	64,000	66,000
Payroll Taxes	8,835	10,500	10,448	11,400	12,200
<b>Total Salaries and Benefits</b>	<b>188,162</b>	<b>219,000</b>	<b>197,236</b>	<b>205,700</b>	<b>209,600</b>
<b>General &amp; Administrative</b>					
Memberships and Dues	310	400	400	400	400
Mileage Reimbursement	527	-	-	-	-
Subscriptions and Books	299	1,800	1,800	1,100	1,100
Supplies: General	1,774	2,600	1,524	1,500	1,500
Training and Education	245	-	-	-	-
Travel, Conferences, and Meetings	7,248	6,800	7,373	7,700	7,800
<b>Total General &amp; Administrative</b>	<b>10,403</b>	<b>11,600</b>	<b>11,097</b>	<b>10,700</b>	<b>10,800</b>
<b>Contractual Services</b>					
Audit Services	27,250	19,000	19,000	19,000	19,000
Legal Services	-	-	2,196	4,500	4,500
Other Contractual Services	2,674	-	2,127	-	-
<b>Total Contractual Services</b>	<b>29,924</b>	<b>19,000</b>	<b>23,323</b>	<b>23,500</b>	<b>23,500</b>
<b>Total Expenses</b>	<b>18,376,531</b>	<b>16,239,900</b>	<b>17,581,385</b>	<b>17,194,700</b>	<b>17,242,000</b>

Member Services Department  
**Insurance Programs**

Activity Commentary

The Insurance Programs Division functions as the primary liaison between the Authority and members with respect to insurance issues; provides oversight and direction for excess and reinsurance placements and commercial insurance for the Authority’s various programs; establishes and maintains day-to-day contact with insurance brokers, third party administrators, and members; reviews contracts for appropriate insurance and indemnity provisions; and issues evidences of coverage.

Member participation in the various commercial programs is very high, with over 90% participating in the property program, 63% participating in the pollution program, and approximately 80% participating in the special events and crime programs.

Objectives

1. Serve as the primary contact for placement of the Authority’s various excess and reinsurance layers
2. Oversee the Authority’s commercial insurance programs, including all-risk property, earthquake, crime, pollution and special events
3. Provide risk management consulting and contract review for members
4. Assist members with a variety of insurance-related matters, including claims
5. Oversee the Authority’s subrogation and recovery program
6. Increase awareness of programs so that members with exposures participate in appropriate programs

<b>Significant Program Changes</b>	<u>2010-11 Adopted</u>	<u>2011-12 Adopted</u>
No significant changes	\$ -	\$ -

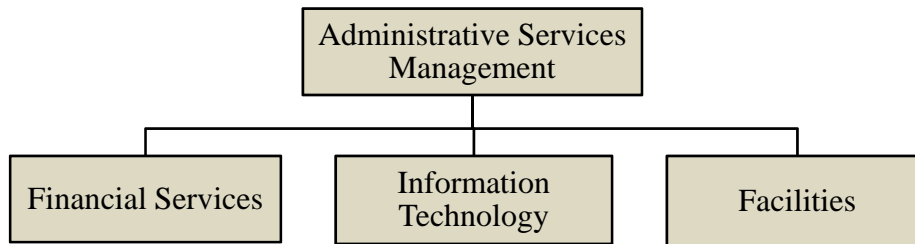
Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Issue evidence of coverage letters	621	550	600	600
All risk property premiums per \$100 of insured values	\$ 0.019	\$ 0.019	\$ 0.019	\$ 0.020
Members in Property Program	110	110	108	108
Members in Pollution Program	77	77	76	76
Members in Crime Program	99	101	100	100
Members in Special Events Program	94	94	93	93

Expenditure Detail  
 Member Services Department  
**Insurance Programs**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Coverage</b>					
Claim Payments	\$ 439,051	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Brokerage	50,000	400,000	400,000	400,000	400,000
Premium: Insurance Programs	7,322,808	8,450,100	8,449,609	7,983,900	7,983,900
<b>Total Coverage</b>	<b>7,811,859</b>	<b>9,250,100</b>	<b>9,249,609</b>	<b>8,783,900</b>	<b>8,783,900</b>
<b>Salaries and Benefits</b>					
Salaries	94,993	98,100	97,108	103,800	106,000
Benefits	61,131	67,400	65,087	71,600	74,300
Payroll Taxes	7,789	9,000	9,759	10,100	10,900
<b>Total Salaries and Benefits</b>	<b>163,913</b>	<b>174,500</b>	<b>171,954</b>	<b>185,500</b>	<b>191,200</b>
<b>General &amp; Administrative</b>					
Mileage Reimbursement	229	-	240	300	300
Supplies: General	1,620	2,600	1,524	1,500	1,500
Training and Education	-	800	800	-	500
Travel, Conferences, and Meetings	1,519	700	2,334	700	700
<b>Total General &amp; Administrative</b>	<b>3,368</b>	<b>4,100</b>	<b>4,898</b>	<b>2,500</b>	<b>3,000</b>
<b>Contractual Services</b>					
Legal Services	117	-	131	-	-
Other Contractual Services	95	-	-	-	-
<b>Total Contractual Services</b>	<b>212</b>	<b>-</b>	<b>131</b>	<b>-</b>	<b>-</b>
<b>Total Expenses</b>	<b>7,979,352</b>	<b>9,428,700</b>	<b>9,426,592</b>	<b>8,971,900</b>	<b>8,978,100</b>
<b>Capital Outlay</b>	<b>4,111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Overview

### **Administrative Services Department**



The Administrative Services Department consists of the activities of Financial Services, Information Technology, and Facilities.

The Department is responsible for coordinating the day-to-day activities of various internal operations and supplying specialized staff support to other operating departments. Maintenance of the organization's finance and technology infrastructures as well as the Authority's physical plant is the main priority of the Department.

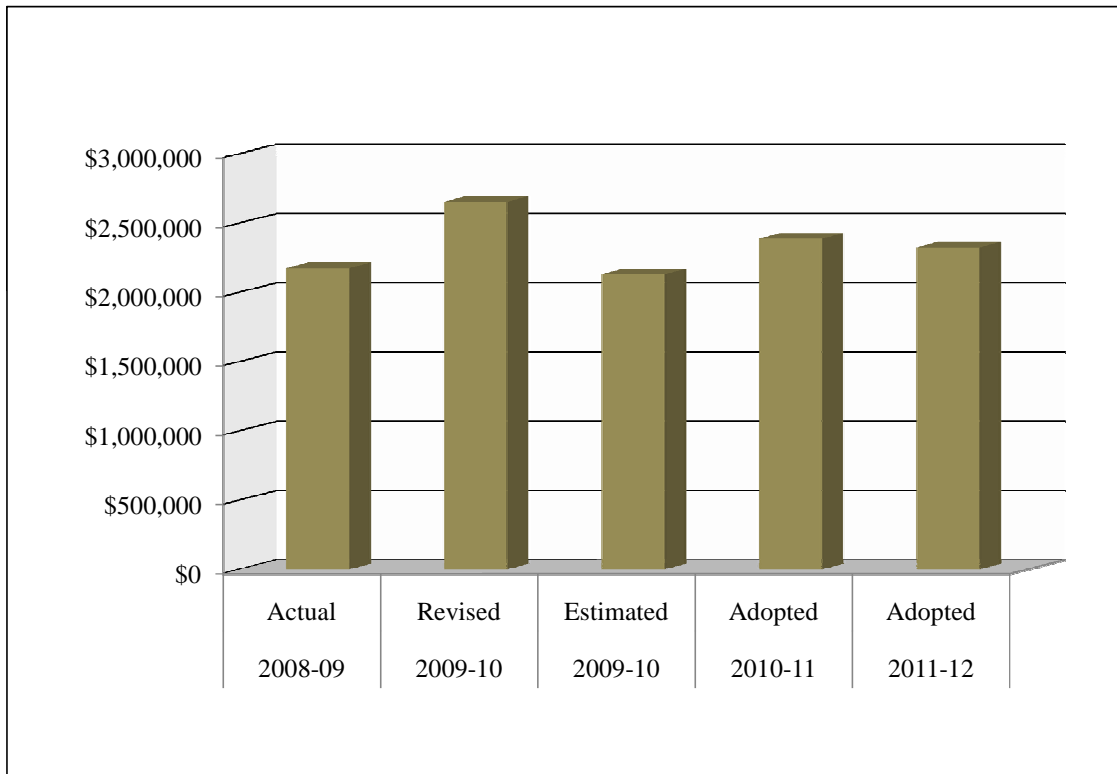
The Financial Services division works closely with other departments in coordinating accounts receivable and payable activities. The Department effectively manages claim payments, accounting, training expenses, revenue, and member billing.

The Authority's technology infrastructure is vitally important to the delivery of services to the members. Information Technology activities ensure efficient access to data as well as the tools to manipulate it. In addition, the Department manages the website and enterprise-wide database.

Expenditure Summary

**Administrative Services Department**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
Administrative Services Management	\$ 553,585	\$ 608,200	\$ 569,661	\$ 601,900	\$ 619,600
Financial Services	845,606	849,100	742,612	776,500	760,700
Information Technology	181,770	416,600	225,104	373,300	293,500
Facilities	595,187	779,500	592,376	637,300	651,900
<b>Total Expenses</b>	<b>2,176,148</b>	<b>2,653,400</b>	<b>2,129,753</b>	<b>2,389,000</b>	<b>2,325,700</b>



Administrative Services Department  
**Administrative Services Management**

Activity Commentary

The Administrative Services Department, managed by an Assistant Executive Officer, maintains responsibility for the Authority’s internal operations. The Administrative Services Department supports the Authority’s mission by providing appropriate support for Authority staff and members through the Facilities, Financial Services, and Information Technology Divisions.

Objectives

1. Manage the strategic activities of the various divisions within Administrative Services
2. Provide clear focus to Administrative Services staff that is consistent with the direction provided by the Authority’s Chief Executive Officer
3. Foster an environment where Administrative Services staff employs innovation and teamwork as a matter of course
4. Prepare comprehensive staff reports on a variety of policy and operational issues for consideration by the Board of Directors, Executive Committee, and Advisory Committees
5. Keep the Executive Committee and Advisory Committees informed of Authority financial affairs to affect appropriate policy decisions

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Present Authority program, service, and membership information to prospective members	8	15	10	10
Prepare staff reports for Committees	50	62	70	65

Expenditure Detail  
 Administrative Services Department

**Administrative Services Management**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Salaries and Benefits</b>					
Salaries	\$ 323,013	\$ 334,500	\$ 328,143	\$ 340,300	\$ 345,900
Benefits	196,644	230,000	203,876	218,500	226,300
Payroll Taxes	22,206	26,300	26,172	28,300	30,700
<b>Total Salaries and Benefits</b>	<b>541,863</b>	<b>590,800</b>	<b>558,191</b>	<b>587,100</b>	<b>602,900</b>
<b>General &amp; Administrative</b>					
Marketing	510	2,000	2,000	2,000	2,000
Memberships and Dues	711	700	700	100	100
Mileage Reimbursement	86	400	400	400	400
Subscriptions and Books	625	300	300	-	-
Supplies: General	5,048	7,900	4,573	4,600	4,600
Training and Education	1,243	100	100	-	-
Travel, Conferences, and Meetings	3,499	6,000	3,397	5,200	7,100
<b>Total General &amp; Administrative</b>	<b>11,722</b>	<b>17,400</b>	<b>11,470</b>	<b>12,300</b>	<b>14,200</b>
<b>Contractual Services</b>					
Legal Services	-	-	-	2,500	2,500
<b>Total Contractual Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>
<b>Total Expenses</b>	<b>553,585</b>	<b>608,200</b>	<b>569,661</b>	<b>601,900</b>	<b>619,600</b>

Administrative Services Department  
**Financial Services**

Activity Commentary

The Financial Services Division of the Administrative Services Department is responsible for all financial activities of the Authority, including cash and treasury management, member billing, financial reporting and compliance, internal audit and control, accounts receivable and payable, payroll, and accounting for assets.

Objectives

1. Provide assurance of the Authority’s financial position and integrity by annually receiving an unqualified opinion from the Authority’s independent auditor
2. Maintain accurate and complete financial records
3. Pay all employees and vendors accurately and timely
4. Support the members and the organization by providing meaningful and timely reports and information
5. Comply with all mandated financial reporting requirements
6. Manage the Authority’s investment portfolio in accordance with state and federal laws and in compliance with the Authority’s adopted investment policy
7. Provide accurate and timely reports to assist the executive management and board in making informed and sound financial decisions
8. Maintain and safeguard Authority assets from loss and unauthorized use or deposition

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Investment portfolio average yield	4.16%	3.29%	3.27%	3.18%
Number of generated invoices	1,040	1,062	1,100	1,100
Financial audit findings	0	0	0	0
Financial audit recommendations	2	0	0	0

Expenditure Detail  
 Administrative Services Department  
**Financial Services**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Salaries and Benefits</b>					
Salaries	\$ 281,472	\$ 241,900	\$ 249,969	\$ 241,200	\$ 248,800
Benefits	170,510	163,800	168,839	177,000	183,900
Payroll Taxes	22,716	22,200	26,752	23,400	25,500
<b>Total Salaries and Benefits</b>	<b>474,698</b>	<b>427,900</b>	<b>445,560</b>	<b>441,600</b>	<b>458,200</b>
<b>General &amp; Administrative</b>					
Crime Premium: CJPIA	6,209	6,900	5,899	6,000	6,000
Memberships and Dues	195	300	300	400	400
Mileage Reimbursement	59	300	300	300	300
Subscriptions and Books	833	2,000	924	700	700
Supplies: General	6,007	7,900	4,573	4,600	4,600
Training and Education	2,025	6,900	1,595	6,900	6,900
Travel, Conferences, and Meetings	2,878	4,900	4,406	1,500	4,100
<b>Total General &amp; Administrative</b>	<b>18,206</b>	<b>29,200</b>	<b>17,997</b>	<b>20,400</b>	<b>23,000</b>
<b>Contractual Services</b>					
Actuarial Services	103,774	100,000	84,877	85,000	65,000
Audit Services	23,851	26,000	23,851	26,000	26,000
Investment and Bank Services	191,027	190,000	160,327	170,500	170,500
Other Contractual Services	34,050	76,000	10,000	33,000	18,000
<b>Total Contractual Services</b>	<b>352,702</b>	<b>392,000</b>	<b>279,055</b>	<b>314,500</b>	<b>279,500</b>
<b>Total Expenses</b>	<b>845,606</b>	<b>849,100</b>	<b>742,612</b>	<b>776,500</b>	<b>760,700</b>

Administrative Services Department  
**Information Technology**

Activity Commentary

The Information Technology Division of the Administrative Services Department is responsible for the administration of the data processing functions of the Authority. This division is also responsible for maintaining the functionality of the Authority’s telephone and internet connectivity, including website presence and other technology initiatives. Under staff direction, the division utilizes consultants and vendors to maintain the network and provide enhancements. The division budget includes all technology-related initiatives at the Authority.

The Authority began implementation of Learning Management Software during the 2009-10 budget cycle, and will complete the implementation in 2010-11. The 2010-12 proposed budget reflects the first development phase of a new database. The new database will likely be a combination of “off the shelf” software and custom development. While the centralized database cannot be developed at one time as a large project due to budgetary constraints, the project must commence. To accomplish the same goals, the project will be divided into multiple phases and completed incrementally over a period of several years.

Objectives

1. Improve management information and restructure work processes to reduce costs and increase service levels
2. Maximize the effectiveness of the Authority through the deployment of appropriate hardware, software, security, and maintenance
3. Provide assistance and training to information technology users to improve productivity
4. Oversee the operation of vendors to ensure the Authority receives the greatest benefit from their services
5. Maintain and update the website to prevent downtime

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
Purchase of new desktop computer equipment	\$ 39,500	\$ -
Resource Center (LMS) software licensing	70,700	67,700
Resource Center (LMS) set-up and implementation assistance	26,700	
Existing database maintenance and data migrations	60,000	60,000
Development of a centralized database	150,000	150,000

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Number of website hits	36,000	39,970	43,000	47,000
Hours of training for employees on information technology hardware or software	75	163	213	175
Percent of days website operable	98.0%	99.0%	99.9%	99.9%

Expenditure Detail  
 Administrative Services Department  
**Information Technology**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>General &amp; Administrative</b>					
Furniture and Equipment	\$ 34,991	\$ 15,800	\$ 15,800	\$ 43,800	\$ 3,800
Licensing and Renewals	-	-	-	11,100	5,600
Memberships and Dues	-	-	239	200	200
Subscriptions and Books	40	-	-	-	-
Supplies: General	288	-	-	-	-
Training and Education	-	8,000	2,000	6,500	-
<b>Total General &amp; Administrative</b>	<b>35,319</b>	<b>23,800</b>	<b>18,039</b>	<b>61,600</b>	<b>9,600</b>
<b>Contractual Services</b>					
Finance System Development	17,825	50,000	34,265	51,500	25,500
Information Technology Support	91,369	172,800	172,800	189,500	190,700
Resource Center	-	-	-	70,700	67,700
Special Projects	-	170,000	-	-	-
Other Contractual Services	37,257	-	-	-	-
<b>Total Contractual Services</b>	<b>146,451</b>	<b>392,800</b>	<b>207,065</b>	<b>311,700</b>	<b>283,900</b>
<b>Total Expenses</b>	<b>181,770</b>	<b>416,600</b>	<b>225,104</b>	<b>373,300</b>	<b>293,500</b>
<b>Capital Outlay</b>	<b>78,120</b>	<b>-</b>	<b>100,400</b>	<b>206,700</b>	<b>170,000</b>

Administrative Services Department

**Facilities**

Activity Commentary

The primary function of the Facilities Division is to plan, establish, and maintain a work environment that effectively supports the goals and objectives of the organization. The physical plant is now over ten years old and the use of our meeting spaces averages over 100 events each year. The division is responsible for the maintenance of all buildings, landscape, and hardscape of the Authority’s campus. Staff provides maintenance of exterior and interior areas assisted by contractors who provide weekly landscaping and interior cleaning. Vendors are used for maintenance of building systems such as HVAC, elevators, and alarms. Additionally, an arborist is used to assist with tree trimming and care. Finally, the division performs set-up and breakdown of meeting rooms and handles inventory control of refreshments, maintenance supplies, and chemicals.

Objectives

1. Maintain interior and exterior facilities in excellent condition
2. Perform regular periodic inspections to ensure facility conditions are being properly maintained by staff and vendors
3. Perform set-up and breakdown of meeting rooms in a timely manner
4. Maintain equipment and supplies appropriately
5. Plan and implement projects to restrain the campus average annual operating cost while enhancing staff productivity and visitor experience

<b>Significant Program Changes</b>	2010-11 Adopted	2011-12 Adopted
No significant changes	\$ -	\$ -

Performance Measures and Workload Statistics	2008-09 Actual	2009-10 Estimated	2010-11 Forecasted	2011-12 Forecasted
Number of meeting set-ups	105	110	113	99
Periodic safety inspections performed	12	12	12	12
Number of maintenance requests	23	19	20	20
Percent of maintenance requests finished	100%	100%	100%	100%
Average annual cost per square foot	\$ 13.18	\$ 17.10	\$ 13.86	\$ 14.24

Expenditure Detail  
Administrative Services Department  
**Facilities**

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Salaries and Benefits</b>					
Salaries	\$ 47,318	\$ 48,600	\$ 50,215	\$ 51,200	\$ 53,800
Benefits	44,556	33,000	44,656	52,400	54,500
Payroll Taxes	4,137	4,500	5,971	5,200	5,700
<b>Total Salaries and Benefits</b>	<b>96,011</b>	<b>86,100</b>	<b>100,842</b>	<b>108,800</b>	<b>114,000</b>
<b>General &amp; Administrative</b>					
Depreciation Expense	235,553	337,000	236,164	253,000	253,000
Facilities: Maintenance	84,773	168,000	92,165	104,900	109,000
Furniture and Equipment	19,433	-	52	2,000	2,000
Mileage Reimbursement	729	200	665	800	800
Premium: CJPIA Property Insurance	23,160	43,100	28,502	28,700	30,000
Supplies: Departmental	7,883	9,300	7,379	9,800	10,300
Supplies: General	1,844	2,700	1,526	1,500	1,500
Training and Education	-	-	3,000	500	500
Travel, Conferences, and Meetings	-	2,000	-	2,000	2,000
Utilities	79,224	82,000	77,425	75,700	78,900
Other General & Administrative	1,649	1,800	1,813	2,000	2,200
<b>Total General &amp; Administrative</b>	<b>454,248</b>	<b>646,100</b>	<b>448,691</b>	<b>480,900</b>	<b>490,200</b>
<b>Contractual Services</b>					
Equipment Lease Agreements	27,872	30,000	35,477	40,500	40,500
Other Contractual Services	17,056	17,300	7,366	7,100	7,200
<b>Total Contractual Services</b>	<b>44,928</b>	<b>47,300</b>	<b>42,843</b>	<b>47,600</b>	<b>47,700</b>
<b>Total Expenses</b>	<b>595,187</b>	<b>779,500</b>	<b>592,376</b>	<b>637,300</b>	<b>651,900</b>
<b>Capital Outlay</b>	-	-	112,548	-	-

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## Supplemental Information

# Description of Expenditure Accounts

## **Academies**

Academies are specialized trainings that focus on topic areas including City Council, Parks and Recreation, Public Works, Human Resources, Management, and Leadership.

## **Actuarial Services**

Includes annual actuarial studies as well as other related services provided by outside vendors for both the liability and workers' compensation programs.

## **Annual Conference**

All expenses associated with the annual risk management conference; meeting space, food, materials, lodging, speakers, etc.

## **Annual Meeting**

Includes annual risk management awards, dinner expenses, attendee stipends, and travel expenses reimbursement.

## **Audit Services**

Covers expenses associated with attorney bill review audits for the liability and workers' compensation program defense panel. This account includes a claims audit of third party administrators. Auditing services as well as a forensic accounting audit of the third party administrators performed by external auditors. Forensic accounting audits are not conducted every year.

## **Benefits**

Includes benefits that the California JPIA pays for employees, including matching a specified level of deferred compensation benefits, PERS and PARS retirement for employees and the Executive Committee, auto allowance, life insurance, long term disability, short term disability, AD&D, employee assistance program, OPEB, medical insurance for employees and retirees, vision, and dental. PARS and PERS administration fees are also included in this category.

## **Brokerage**

Includes services provided by an insurance broker for placement of excess and reinsurance for liability and workers' compensation, all-risk property, crime coverage, environmental pollution liability, and special events programs.

## **Capital Outlay**

Includes land and building improvements, furniture, equipment, and some software costs which qualify under GASB 51 as intangible assets. Only qualifying capital expenditures of \$5,000 or more are recognized as the acquisition of a capital asset.

## **Claim Payments**

Payment of member liability and workers' compensation claims. Recoveries are credited to claim files, and as such claim payments are stated net of recoveries. This account also includes payment of property claims that fall within the \$400,000 aggregate deductible for that program.

## **Claims Administration**

Claims-related services provided by the third party administrators (TPAs).

## **Description of Expenditure Accounts (continued)**

### **Committee Meeting**

Compensation for member attendance at various committee meetings. Includes attendance fees, meeting refreshments and other expenses related to these meetings.

### **Crime Premium: CJPIA**

Premium for the crime coverage policy, with the Authority as the insured party.

### **Depreciation Expense**

The amount of a fixed asset's value, that is expensed in the current period based on the straight-line depreciation method. Applies to land and buildings, furniture and equipment, and capitalized software.

### **Employment Law Resource**

Used for expenses related to specialized legal research and counsel made available to members on employment practice issues. These resources are typically used in a loss prevention capacity, as such the expenses cannot be attributed to specific claim files.

### **Equipment Lease Agreements**

Includes copiers and printers, as well as postage meters.

### **Excess and Reinsurance Premiums**

Includes excess and reinsurance premiums for the liability and workers' compensation programs.

### **Facilities: Maintenance**

Includes janitorial, elevator, alarm system, fountain maintenance, electrical maintenance, air conditioning and heating maintenance as provided by agreement. Also includes fire extinguisher inspection and maintenance, extermination services, window and curtain cleaning, landscape maintenance fee, and expenses associated with various repairs and maintenance supplies. Also includes costs associated with maintenance of the Authority's photovoltaic system.

### **Finance System Development**

Includes the purchase of modules, software upgrades and updates, as well as programming support and user training. Excludes all I.T. support services which are not directly attributable to the Finance and Accounting System.

### **Furniture & Equipment**

Reflects the cost to replace or purchase furniture for the California JPIA facility. Includes the purchase of computers, printers, copiers, fax machines, hand tools, risk exposure equipment, and other equipment utilized by California JPIA employees.

### **Information Technology Support**

Onsite technical support, overall I.T. systems maintenance, and basic database maintenance.

### **Investment and Bank Services**

Reflects investment services such as investment advisor's fee, independent portfolio evaluation, and investment portfolio custodian fee. Independent portfolio evaluation is not conducted every year.

## **Description of Expenditure Accounts (continued)**

### **Legal Services**

Legal services provided by the California JPIA counsel. Also includes attorney opinions offered on risk management issues, advice and guidance concerning complex and sensitive employment-related issues; review of personnel policies; and advice and guidance concerning pension and benefit issues.

### **Legislative Services**

Reflects legislative efforts, including CAJPA, on behalf of California JPIA members

### **Licensing and Renewals**

Server warranty extensions, software upgrades, and other software-related licensing fees. This account excludes subscription fees related to the Resource Center. This account also excludes software upgrades and licensing fees related to the Finance and Accounting System.

### **Loss Control Services**

Law enforcement policy manual subscription services made available for members.

### **LossCAP**

Shows staff travel expenses associated with providing risk management services and support to members under the LossCAP program. This account is charged to the Risk Management Division for all staff members who participate in providing these services including follow-up visits. This applies even when traveling staff members work under various divisions. This expense excludes mileage reimbursement.

### **Marketing**

Includes costs for activities related to both existing members and prospective members. Activities include League of California Cities display booths, training brochures, workshop catalog, prospective member visits, membership survey follow-up, staff shirts, sponsorships and other expenses associated with marketing.

### **Membership and Dues**

Memberships and dues for professional organizations such as CAJPA, RIMS, PARMA, etc.

### **Mileage Reimbursement**

Reimbursement for use of employee-owned vehicles at the IRS approved rate. Applies to employees that do not receive an auto allowance. Excludes mileage reimbursement for Training Specialist.

### **Other Contractual Services**

Includes consulting in support of the Human Resources Division, document imaging, equipment maintenance services in support of the Facilities Division, accounting services and process re-engineering in support of the Finance Division, and organization-wide consulting services related to records retention policy development and implementation.

### **Other General & Administrative**

Includes temporary staffing services, contingency funds for unexpected expenses and opportunities, and a sanitation district assessment paid to Orange County for sewer usage.

## **Description of Expenditure Accounts (continued)**

### **Payroll Taxes**

Payroll taxes include Social Security, Medicare, unemployment insurance, and the California JPIA workers' compensation primary and retrospective deposit.

### **Premium: Environmental**

Premiums paid to insurers on behalf of members participating in coverage under the Environmental Pollution Liability Program.

### **Premium: Property Program**

Premiums paid to insurers on behalf of members participating in the all risk property program. Also includes earthquake, boiler and machinery, vehicle comp and collision, and emergency vehicles.

### **Property Premium: CJPIA**

Premium for the all-risk property coverage policy, with the Authority as the insured party.

### **Recruitments**

Expenses incurred in the hiring of employees such as advertisements, pre-employment physical and psychological evaluation, background checks, and other recruitment related expenses.

### **Resource Center**

Annual subscription fees for software, and other costs associated with maintaining the Resource Center for the benefit of members. Excludes all software licensing and renewals which are not directly attributable to the Resource Center.

### **Risk Management Evaluations**

Covers the cost of providing onsite inspections of member facilities and properties, and compiling data which is used for the LossCAP program.

### **Salaries**

Normal payroll expenditures carried continuously and subject to all usual deductions. Vacation and sick leave cash out is also included in this category.

### **Special Projects**

Specialized work performed by an outside consultant or agency. Examples include the contracts manual revision, and job analysis updates.

### **State Assessment**

Amount charged to self-insured entities providing workers' compensation coverage to offset the cost of running the state's workers' compensation administration.

### **Subscription and Books**

Magazine subscriptions and purchase of professional books.

### **Supplies: Departmental**

Special purpose supplies usually unique to the department wherein budgeted. Includes business cards printing expense, and auto accident kits.

## **Description of Expenditure Accounts (continued)**

### **Supplies: General**

General office supplies utilized by all personnel are placed in this category. Examples include postage, paper, pens, stationary, and note pads. This account also includes refreshments, soda, bottled water, coffee, service awards, special awards, Christmas cards, bereavement flowers, and employment posters. Expenses in this account are allocated back to the departments on a position head-count basis.

### **Training and Education**

Training and development of California JPIA employees.

### **Training Materials and Resources**

Printed and electronic materials associated with member training.

### **Travel, Conferences, and Meetings**

Includes employee and committee expenses related to conferences, training workshops, and meetings. Reflects airfare, car rental, lodging, registration fees and other associated expenses. Excludes mileage reimbursement.

### **Utilities**

Includes costs associated with the collection of trash, provision of electricity, water, and gas to the California JPIA. Also includes fees associated with telephone and data connections services.

### **Workshops**

Includes the handout materials expenses, member reimbursement for refreshments, lodging, instructor fees, and travel expenses related to the Authority's training program. Also includes Training Specialist mileage reimbursement.

### **Workshops - Online**

Web-based training content development and acquisition. Includes content usage fees paid to third party content owners.

# Budgeting Methods

## Revenues

### **Annual Contributions**

2010-11 annual contribution estimates are based on the funding schedules approved by the Executive Committee and published to members in March of 2010. The 2011-12 estimates assume an average, overall increase of +10% in both the liability and the workers' compensation programs. This is reflective of the newly adopted modifications to the Authority's funding model.

### **Retrospective Deposit Installments**

This represents the portion of outstanding retrospective deposits which are expected to be paid during the year indicated. In both 2010-11 and 2011-12 retrospective deposits are expected to remain temporarily suspended, accordingly budget estimates are zero for the liability and workers' compensation programs. This methodology represents a significant change from prior years. In prior budget cycles, retrospective deposit revenues were estimated on a full accrual basis. The relatively new circumstances of long-term deferrals provided to members on material retrospective deposits have driven this change in methodology. For budgeting purposes, retrospective deposits are only recognized within the revenue estimates if they are expected to be collected during the budget cycle.

### **Retrospective Refund Installments**

This represents the portion of outstanding retrospective refunds which the Authority expects to pay out to members during the year indicated. Actual checks are no longer issued, but rather a credit is applied to the annual invoice of members with a credit due. The 2010-11 estimate is based on the funding schedules approved by the Executive Committee and published to members in March of 2010, and the 2011-12 estimate is 1/2 of the 2010-11 estimate.

### **Use of Money (Investment Income)**

The estimate was provided by the Authority's investment advisor. It assumes an average yield of 3.27% in 2010-11 and 3.18% in 2011-12. Cash flow projections were utilized to estimate average daily balances expected to be available for investment. The annualized average daily balance assumption for 2010-11 was \$168 million, and for 2011-12 it was \$181 million. The increase is due to the increase in annual contributions anticipated in 2011-12. Another key assumption was a net monthly portfolio withdrawal rate of \$5 million to fund operations for nine months of each fiscal year (September through May). The remaining three months (June, July, and August) are months during which the Authority does not typically require portfolio withdrawals, due to the in-flow of member contributions.

## Expenses

### **Claim Payments**

Claim payments were estimated using a three year weighted average. Actual claim payments for both liability and workers' compensation for 2007-08, 2008-09 and 2009-10 provided the basis of the calculation. 2007-08 received a 20% weighting, 2008-09 received a 30% weighting, and 2009-10 received a 50% weighting. This calculation was rounded to the nearest \$1,000 resulting in estimates of \$43,533,000 for liability and \$14,243,000 for workers' compensation. These same amounts were used as budget estimates for both 2010-11 and 2011-12.

## **Budgeting Methods (continued)**

### **Depreciation**

Depreciation expense for capital assets is budgeted and charged to the Facilities Division within each fund. The allocation by fund for depreciation remains the same as the allocation that was used when the asset was purchased. Utilizing the straight line depreciation method, the schedule for the depreciation of assets is consistent throughout the life of each asset's depreciation.

### **Excess and Reinsurance Premiums**

Estimates of the cost of excess and reinsurance premiums were developed in consultation with brokers who are familiar with insurance market conditions, as well as the Authority's loss history data. Based on the best information available at the time of budget development it is anticipated that excess and reinsurance premiums will increase by 8% in the liability program and 12% in the workers' compensation program. These increases represent the change in nominal dollars from 2009-10 to 2010-11. The insured basis (payroll), the premium rates, the self-insured retention, and the coverage terms and conditions can vary significantly from year to year. As such, multi-year comparisons of the cost of risk transfer should be evaluated in light of all relevant variables.

### **Fixed Assets**

GASB 51 provides guidance on capitalizing computer software as an intangible asset. The set-up and implementation costs arising from the development of the Authority's Resource Center for online training is considered an intangible asset and is reflected in the budget as capital outlay under the Information Technology Division. This project began in 2009-10 and is expected to be completed in 2010-11. The programming and development of the Member Analytics System is also budgeted as capital outlay. Total capital outlay for the acquisition of software-related assets is estimated to be \$176,700 in 2010-11 and \$170,000 in 2011-12.

### **Salaries and Benefits**

Salaries and benefits include all costs associated with funding each position. Budget estimates assume that there will be no COLA in both 2010-11 and 2011-12. However, merit increases of 5% were applied to eligible employees who are not already at the top of their salary range.

Estimates of the cost of employee benefits include participation in CalPERS for retirement benefits, using the member contribution rate published by PERS for 2010-11. The employer contribution rate for 2010-11 is 12.473%. After this rate was applied to subject salaries the total cost estimate for 2010-11 was \$267,634. This represents 19% of the total cost of benefits in that fiscal year. For 2011-12 it has been assumed that the rate will increase by +10% to 13.720%.

Funding for Other Post Employment Benefits (OPEB) is also a material portion of the total cost of benefits. In 2010-11 the annual required contribution (ARC) supported by an actuarial study is \$380,682. This represents 27% of the total cost of benefits in that fiscal year. Of this amount \$111,240 is the pay-as you-go portion of medical benefits for retirees and the difference of \$269,442 is the net contribution to the Authority's OPEB trust account.

Medical benefits for active employees include the assumption of a 3% increase in 2010-11 and total \$259,560 for the year. The 2011-12 estimate includes the assumption of an additional 3% increase in the cost of medical insurance.

## Fund Allocation Methods

The Authority maintains accounting records separately for each program. Each program along with its corresponding fund within the financial system is identified below:

Program	Fund
Liability	01
Workers' Compensation	02
Insurance Programs	03

All revenues and expenses are allocated to funds using one of the following fund allocation methods:

Fund Allocation Method	
Fund Balance	A
Direct	B
Time Survey	C
Cash and Investment Balance	D

### Fund Balance

Some revenues and most expenses are allocated based on the fund balance method. This method takes the annual contribution for liability and workers' compensation, and totals the two numbers. Next, a percentage is calculated for each program. This is the percentage which is then used for fund allocation purposes. For example, if the liability program represents 60% of total annual contributions for a given year, then the liability program will be allocated 60% of the shared expenses which are subject to this allocation method. The chart below shows the fund balance percentages used within this budget cycle.

	2009-10 Estimated	%	2010-11 Adopted	%	2011-12 Adopted	%
Annual Contribution, Liability	\$33,969,600	60%	\$47,327,000	67%	\$52,059,700	67%
Annual Contribution, WC	22,210,555	40%	23,789,600	33%	26,168,600	33%
Total	56,180,155	100%	71,116,600	100%	78,228,300	100%

## Fund Allocation Methods (continued)

### Direct

Some revenues and expenses are most appropriately attributed directly to a specific program, and accordingly are not subject to the fund balance allocation methodology. These items include annual contributions, claim payments, excess and re-insurance premiums and a number of other revenues and expenses which are allocated directly (100%) to the applicable program.

### Time Survey

A small group of expenses are allocated to funds based on the amount of time that staff spends working on matters relating to each program. A survey of staff was conducted and serves as the allocation methodology for the following expenses: salaries, benefits, payroll taxes, and staff travel expenses relating to the annual conference. The blended average results of the time survey are provided below:

Program	Time Survey Results
Liability	49%
Workers' Compensation	45%
Insurance Programs	6%

### Investment Balance

Revenues from investment income as well as the expense for investment and bank services, are both allocated to funds based on the average daily cash balance of each program, calculated at the time during which the budget is developed. The property program (fund 03) has had a negative cash balance for most of 2009-10. Due to the lag between when property claim payments are disbursed and when reimbursement is received from the insurer, it is expected that the property program will continue to have a low cash balance (near zero), as such no interest income has been allocated in the budget to fund 03. The following chart shows the interest income allocation used for budgeting purposes in both 2010-11 and 2011-12.

Program	Investment Income Allocation
Liability	39%
Workers' Compensation	61%
Insurance Programs	0%

## Premium Components for Insurance Programs

	2008-09 Actual	2009-10 Revised	2009-10 Estimated	2010-11 Adopted	2011-12 Adopted
<b>Property Program</b>					
Pass-through Premium	\$ 6,972,808	\$ 7,960,000	\$ 7,958,533	\$ 7,485,500	\$ 7,485,500
Aggregate Deductible Funding	400,000	400,000	400,000	400,000	400,000
Broker Fee Funding	350,000	350,000	350,000	350,000	350,000
Subtotal	7,722,808	8,710,000	8,708,533	8,235,500	8,235,500
<b>Environmental Pollution Liability</b>					
Pass-through Premium	448,334	498,400	498,334	498,400	498,400
Broker Fee Funding	50,000	50,000	50,000	50,000	50,000
Subtotal	498,334	548,400	548,334	548,400	548,400
<b>Total Charges for Services</b>	8,221,142	9,258,400	9,256,867	8,783,900	8,783,900
<b>Insurance Programs Admin Fee</b>	292,231	275,000	274,432	277,300	277,300
<b>Combined Total</b>	8,513,373	9,533,400	9,531,299	9,061,200	9,061,200

## Members of the Authority

- 1 Agoura Hills
- 2 AHCCCA
- 3 Aliso Viejo
- 4 Apple Valley
- 5 Area B Disaster Management
- 6 Area E Disaster Management
- 7 Arroyo Grande
- 8 Artesia
- 9 Atascadero
- 10 Bell Gardens
- 11 Bellflower
- 12 Belvedere
- 13 Big Bear City Community Services District
- 14 Big Bear Lake
- 15 Bishop
- 16 Black Gold Cooperative Library System
- 17 Bradbury
- 18 Brawley
- 19 Buellton
- 20 Calabasas
- 21 Calexico
- 22 Camarillo
- 23 Carpinteria
- 24 Cerritos
- 25 Chino Hills
- 26 Claremont
- 27 CASA
- 28 Commerce
- 29 Cudahy
- 30 CVCC
- 31 CVAG
- 32 Dana Point
- 33 Diamond Bar
- 34 Duarte
- 35 ESTA
- 36 El Centro
- 37 Fillmore
- 38 Fountain Valley
- 39 Gateway Cities COG
- 40 Goleta
- 41 Grand Terrace
- 42 Grover Beach
- 43 Guadalupe
- 44 Hawaiian Gardens
- 45 Hidden Hills
- 46 Imperial
- 47 Indian Wells
- 48 Indio
- 49 Irwindale
- 50 La Canada Flintridge
- 51 La Habra Heights
- 52 La Mirada
- 53 La Palma
- 54 La Puente
- 55 La Quinta
- 56 La Verne
- 57 Laguna Niguel
- 58 Laguna Woods
- 59 Lake Elsinore
- 60 Lake Forest
- 61 Lakewood
- 62 Las Virgenes COG
- 63 Lawndale
- 64 Local Government Services Authority
- 65 Loma Linda
- 66 Lomita
- 67 Los Alamitos
- 68 Malibu
- 69 Mammoth Lakes
- 70 Marin County MCTF
- 71 MARTA
- 72 Maywood
- 73 Midpeninsula ROSD
- 74 Mission Viejo
- 75 Monterey Peninsula RPD
- 76 Moorpark
- 77 Morro Bay
- 78 Needles

## Members of the Authority (continued)

79	Norwalk	101	San Marcos
80	Ojai	102	San Marino
81	Palm Desert	103	Santa Fe Springs
82	Palos Verdes Estates	104	Santa Paula
83	Paramount	105	SCAG
84	Paso Robles	106	SEAACA
85	Pico Rivera	107	Seal Beach
86	Pismo Beach	108	Seaside
87	Pomona Valley Transportation Authority	109	Seaside County Sanitation
88	Port Hueneme	110	Sierra Madre
89	Poway	111	Signal Hill
90	PV Transit	112	Solvang
91	Rancho Palos Verdes	113	South El Monte
92	Regional Government Services Authority	114	South Pasadena
93	Rolling Hills	115	Temple City
94	Rolling Hills Estates	116	Ventura Port District
95	Rosemead	117	Villa Park
96	San Clemente	118	Walnut
97	San Dimas	119	West Cities Communications Center JPA
98	San Gabriel	120	West Hollywood
99	San Juan Capistrano	121	Westlake Village
100	San Luis Obispo		