

Fund 60000 County Insurance

Mission


To ensure the health and safety of County residents, employees, and public officials, and to protect the County's financial assets. The agency is committed to providing the highest quality customer service in managing the County's risks and exposures.

AGENCY DASHBOARD			
Key Data	FY 2014	FY 2015	FY 2016
1. County Population	1,116,246	1,125,400	1,131,900
2. Largest Number of Active Employees on the Payroll	13,189	13,088	13,265
3. Medical Expenses Inflation (CPI)	2.3%	2.3%	2.4%
4. County-Owned Building Values	\$2,600,161,973	\$2,707,690,440	\$2,539,055,759
5. Investment Return Rate on Insurance Fund	0.50%	0.75%	0.68%
6. Average Age of Workers' Compensation Claim	13.65 Years	12.02 Years	10.57 Years


Focus

Fairfax County has a statutory responsibility to provide Workers' Compensation benefits, including medical treatment and loss of wages due to related disability, to employees who sustain occupational injuries and illnesses. Fund 60000, County Insurance, was established to fulfill this obligation. The fund also provides for countywide commercial insurance and self-insurance. The County self-insures automobile and general liability claims. Special commercial coverage is provided for aviation insurance on County helicopters, real property coverage, and Fire and Rescue Department vehicle damage insurance. Administrative expenses of risk management programs are paid through this fund.

The County Insurance Fund supports the following County Vision Elements:



Maintaining Safe and Caring Communities



Exercising Corporate Stewardship

Fairfax County provides a wide range of services to its employees and residents, which in turn create potential risks and exposures to the County. Some of these risks include injuries involving County employees or damage to County property; injuries to residents or damage to residents' property; automobile accidents; incidents arising from police activity; the actions of public officials; and the operation and maintenance of sewage and storm management systems.

The Risk Management Division approaches its mission from both internal and external perspectives. Recognizing that an organization the size of Fairfax County will experience losses, Risk Management staff work to mitigate losses and manage financial liabilities. This is accomplished through both self-insurance (which generally applies to losses expected to occur regularly, such as Workers' Compensation, automobile and general liability, and police professional and public officials liability) and commercial insurance (for losses which occur infrequently but tend to be large exposures, such as real property

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losses, aircraft liability, and damage to high-value vehicles). Recognizing the importance of prompt and fair resolution of claims against the County, claims administration uses both in-house staff and a contract claims administrator. Risk Management is committed to the prevention of injuries in the workplace and focuses on programs that address countywide injury prevention and reduction through training and awareness campaigns. Finally, Risk Management staff focuses on building and using partnerships with other County agencies, the community, and neighboring jurisdictions to mitigate risks and to ensure excellent communication with the residents of Fairfax County.

Budget and Staff Resources

Category	FY 2016 Actual	FY 2017 Adopted	FY 2017 Revised	FY 2018 Advertised	FY 2018 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$1,455,804	\$1,615,997	\$1,615,997	\$1,637,963	\$1,637,963
Operating Expenses	27,461,403	24,461,743	66,961,743	25,036,408	25,036,408
Capital Equipment	0	0	0	0	0
Subtotal	\$28,917,207	\$26,077,740	\$68,577,740	\$26,674,371	\$26,674,371
Less:					
Recovered Costs	(\$264,900)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
Total Expenditures	\$28,652,307	\$25,827,740	\$68,327,740	\$26,424,371	\$26,424,371

AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)

Regular	14 / 14	14 / 14	14 / 14	14 / 14	14 / 14
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1 Risk Manager	1 Loss Prevention Analyst II	2 Claims Specialists I
1 Insurance Manager	1 Loss Prevention Analyst I	1 Administrative Assistant IV
1 Loss Prevention Analyst IV	1 Claims Specialist III	2 Administrative Assistants III
2 Loss Prevention Analysts III	1 Claims Specialist II	

TOTAL POSITIONS

14 Positions / 14.0 FTE

FY 2018 Funding Adjustments

The following funding adjustments from the *FY 2017 Adopted Budget Plan* are necessary to support the FY 2018 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on May 2, 2017.

- ◆ **Employee Compensation** **\$21,966**
An increase of \$21,966 in Personnel Services is for performance-based and longevity increases for non-uniformed merit employees effective July 2017.

- ◆ **General Insurance Costs** **\$416,165**
An increase of \$416,165 in Operating Expenses is primarily due to increased coverage and premiums for volunteer safety personnel and high-valued vehicles, as well as the annual contract costs of the Risk Management Information system.

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- ◆ **Workers' Compensation Expenses** **\$158,500**
An increase of \$158,500 in Operating Expenses is due to projected increases in Workers' Compensation expenses based on the actual experience in prior years.
- ◆ **General Fund Transfer**
It should be noted that the General Fund transfer to this fund is increased by \$21,966 to cover increases in expenses related to employee compensation increases.

Changes to FY 2017 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2017 Revised Budget Plan since passage of the FY 2017 Adopted Budget Plan. Included are all adjustments made as part of the FY 2016 Carryover Review, FY 2017 Third Quarter Review, and all other approved changes through April 30, 2017.

- ◆ **Carryover Adjustments** **\$39,000,000**
As part of the *FY 2016 Carryover Review*, the Board of Supervisors approved appropriation of \$39,000,000 in Operating Expenses from the Litigation Reserve for expenditures related to tax litigation refunds, primarily as a result of the Virginia Supreme Court ruling on Business, Professional, and Occupational License (BPOL) tax.
- ◆ **Third Quarter Adjustments** **\$3,500,000**
As part of the *FY 2017 Third Quarter Review*, the Board of Supervisors approved appropriation of \$3,500,000 in Operating Expenses from the Litigation Reserve based on updated estimates of potential tax litigation refunds as a result of the 2015 Virginia Supreme Court ruling on Business, Professional, and Occupational License (BPOL) tax. It should be noted that the General Fund transfer to Fund 60000, County Insurance, was increased by \$3,726,000 as part of the *FY 2017 Third Quarter Review* due to accrued liability adjustments.

Key Performance Measures

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate/Actual	FY 2017	FY 2018
County Insurance					
Percentage of claims processed within 30 days	98%	97%	98% / 98%	98%	98%
Preventable accidents per 100,000 miles driven	0.87	0.67	0.60 / 0.61	0.60	0.60
Ratio of premium paid to value of assets covered	0.134%	0.147%	0.139% / 0.161%	0.144%	0.144%

A complete list of performance measures can be viewed at www.fairfaxcounty.gov/dmb/fy2018/adopted/pm/60000.pdf

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Performance Measurement Results

Workers' Compensation costs are the single greatest challenge to the County Insurance Fund. A key factor in containing costs and expediting the return to work of injured employees is prompt and adequate medical evaluation. Awareness of the County's programs in this area, coupled with efficient reporting systems, serve both employee and County interests. The Risk Management Division now averages four days reporting time. In FY 2016, the program processed 98 percent of all claims within 30 business days from the date of incident, meeting its ambitious goal of 98 percent.

Driver safety and accident prevention programs remain a priority to the County. There was a continued decrease in the rate of preventable accidents in FY 2016. Stability is anticipated in this area for FY 2017 and FY 2018 and County staff continues to maintain the goal of reducing accident rates.

The commercial insurance portfolio is a key element in protecting the assets of the County against losses in a major event. It ensures that the County is not faced with major property, Workers' Compensation, and liability losses during periods when it cannot afford the costs associated with losses. While the actual premiums tend to increase, County staff successfully continues to maintain low rates for those premiums. The ratio of premium paid to value of asset covered increased to 0.161 percent in FY 2016 due to the purchase of cyber-risk insurance and property damage insurance for high-valued vehicles.

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FUND STATEMENT

Fund 60000, County Insurance

	FY 2016 Actual	FY 2017 Adopted Budget Plan	FY 2017 Revised Budget Plan	FY 2018 Advertised Budget Plan	FY 2018 Adopted Budget Plan
Beginning Balance	\$115,928,812	\$79,500,931	\$117,793,037	\$77,848,119	\$78,074,271
Revenue:					
Interest	\$339,876	\$100,000	\$100,000	\$400,000	\$400,000
Workers' Compensation	511,997	515,000	515,000	515,000	515,000
Other Insurance	118,833	105,859	105,859	105,859	105,859
Total Revenue	\$970,706	\$720,859	\$720,859	\$1,020,859	\$1,020,859
Transfer In:					
General Fund (10001)	\$25,819,826	\$24,162,115	\$27,888,115	\$24,184,081	\$24,184,081
Total Transfer In	\$25,819,826	\$24,162,115	\$27,888,115	\$24,184,081	\$24,184,081
Total Available	\$142,719,344	\$104,383,905	\$146,402,011	\$103,053,059	\$103,279,211
Expenditures:					
Administration ¹	\$1,743,090	\$1,923,932	\$1,923,932	\$1,974,063	\$1,974,063
Workers' Compensation	15,995,598	15,291,139	15,291,139	15,449,639	15,449,639
Self Insurance Losses	2,676,261	4,176,000	4,176,000	4,176,000	4,176,000
Litigation Expenses	0	0	42,500,000	0	0
Commercial Insurance Premium	4,312,301	4,178,000	4,178,000	4,566,000	4,566,000
Automated External Defibrillator	199,057	258,669	258,669	258,669	258,669
Total Expenditures	\$24,926,307	\$25,827,740	\$68,327,740	\$26,424,371	\$26,424,371
Expense for Net Change in Accrued Liability ²	\$3,726,000	\$0	\$0	\$0	\$0
Total Disbursements	\$28,652,307	\$25,827,740	\$68,327,740	\$26,424,371	\$26,424,371
Ending Balance³	\$117,793,037	\$78,556,165	\$78,074,271	\$76,628,688	\$76,854,840
Restricted Reserves:					
Accrued Liability ²	\$54,340,000	\$50,614,000	\$54,340,000	\$50,614,000	\$50,614,000
AED Replacement Reserve	798,288	623,805	683,417	0	0
Litigation Reserve	55,311,545	18,287,430	12,811,545	16,311,545	16,311,545
Reserve for Catastrophic Occurrences ²	7,343,204	9,030,930	10,239,309	9,703,143	9,929,295

¹ In order to account for expenditures in the proper fiscal year, an audit adjustment in the amount of \$151.51 has been reflected as a decrease to FY 2016 expenditures in order to record expenditures in the proper fiscal period. This adjustment has been included in the FY 2016 Comprehensive Annual Financial Report (CAFR). Details of the FY 2016 audit adjustments were included in the FY 2017 Third Quarter Package.

² FY 2016 actuals reflect an accrued liability adjustment of \$3,726,000 based on an annual independent actuarial valuation. This adjustment results in a corresponding adjustment to the FY 2016 Total Disbursements, total Accrued Liability Reserve, and Reserve for Catastrophic Occurrences, but it does not affect the cash balance or the Ending Balance, which is calculated using Total Available less Total Expenditures, not Disbursements. This adjustment has been included in the FY 2016 CAFR.

³ Fluctuations in the Ending Balance are primarily the result of variations in tax litigation expenses.