



2008 – 2009 Proposed Budget --- Budget Summary

Insurance Services Fund



Medical
Insurance
Coverage Type

	Employee Premium Sharing		
	General Service @ ~21%	Police Union @ 5%	Fire Union @ 10%
Single	\$ 106	\$ 24	\$ 49
2-Party	\$ 210	\$ 50	\$ 101
Family	\$ 302	\$ 68	\$ 138

2008 – 2009 Insurance Services Fund Budget Highlights

Charges For Services – As an internal service fund of the City, the Insurance Services Fund charges operating funds using the services provided, in this case insurance coverages. Charges are set to be able to adequately pay insurance premiums, deductibles on loss claims, miscellaneous insurance related expenses, and to maintain an adequate fund balance to begin the next fiscal year, without over accumulating fund balance.

Other Income - City County Insurance Services (CIS)

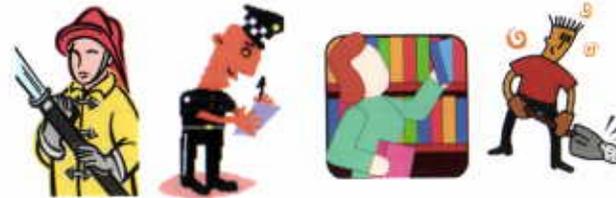
- CIS continues to offer multiple lines credits for entities that purchase more than one insurance line with CIS --- \$12,000 multiple lines credit is estimated for 2008 – 2009.

Property & Liability Insurance --- Cost estimated to increase 5%.



Workers' Compensation Insurance:

- In 2008 – 2009, pure workers' compensation rates have remained stable.
- City of McMinnville experience mod is projected to be at 92% which means the City's losses are approximately 8% better than the average.



The City covers a wide variety of workers' compensation class codes with a wide variety of rates.

Medical Insurance

- Total medical insurance premiums estimated with a 6% increase follow:
 - Single coverage - \$505 per month
 - 2-Party coverage - \$1,035 per month
 - Family coverage - \$1,430 per month
- See table following for medical insurance monthly premium cost sharing for each separate employee group.

2008 – 2009 Proposed Budget --- Budget Summary

Insurance Services Fund

Short- and Long-Term Issues

- **Short-Term Issues** --- Addressed by 2008 – 2009 Proposed Budget.
- **Long Term Issues** ---
 - Continued escalation of medical insurance premiums remains a concern both for the City and for employees.



The City carries employee bonds on all regularly budgeted positions and carries crime insurance.

Core Services

- The Insurance Services Fund is an internal service fund that provides the City with all insurance coverages by allocating insurance charges to operating funds:
 - General liability insurance
 - Automobile liability, collision, and comprehensive insurance
 - Property, equipment, and crime insurance
 - Earthquake insurance
 - Boiler insurance
 - Employee bond insurance
 - Employee medical insurance
 - Employee workers' compensation insurance
 - State unemployment insurance costs --- the City pays unemployment costs on a reimbursement basis rather than as an insurance premium.



The City insures about 110 vehicles and trailers.



Insurance Services Fund --- Historical Highlights

1985 City begins purchasing general and automobile liability, property, automobile physical damage insurance coverage from City County Insurance Services (CIS).

1986 City begins purchasing workers' compensation insurance coverage from CIS moving coverage from State Accident Insurance Fund.

1989 City establishes Insurance Services Fund centralizing insurance premium coverages into one City internal service fund.

1991 Medical insurance cost sharing with City general service employees begins. General service employees will share all future medical insurance increases with City 50-50. Thus, 1991 – 1992 medical insurance premiums becomes base year.



Single - \$121.60
2-Party - \$262.50
Family - \$332.20

2003 Due to escalating Blue Cross medical insurance premiums with City of McMinnville's separate group, City joins CIS group for medical insurance coverage.

1995 Insurance Services Fund surplus funds Community Center seismic retrofit.

1995 Insurance Services Fund surplus funds significant portion of Library roof repair and seismic retrofit.

1997 City establishes direct CIS relationship for most insurance coverages, saving over \$30,000 per year. Savings transferred yearly to General Fund to help pay for Finance Department's administrative time.



In 2008 – 2009, this saving is estimated to be--\$35,000 per year.

2000 Fire union members first begin medical insurance cost sharing – 10% of premium.

2001 City begins participating in the CIS Liability Aggregate Deductible Program. City pays original liability premium less a large premium credit and then pays premium deductible amount plus about \$10,000 if liability losses exceed original deductible credit.

2003 Police union members first begin medical insurance cost sharing – 5% of premium.

2004 The City and CIS initiate a new health initiative, the One Million Footstep Challenge to improve employee health.



2004 City Manager appoints 15 employees to an Ad-Hoc Employee Committee on Health Insurance to review City's medical insurance coverage and make recommendations.

Insurance Services Fund --- Historical Highlights

2004 City picks up 75% of general service employee medical insurance increase with general service employees picking up 25% of increase. First year increase not split 50-50 with general service employees.

2005 City picks up 100% of general service employee medical insurance increase which drops general service employee cost sharing to ~27% of medical insurance premiums.

2006 CIS drops airport coverage from basic property and liability insurance and requires purchase of specialized airport coverage.



2006 CIS discontinues allowing City to directly purchase insurance policies. City re-establishes complete local agent relationship with Hagan-Hamilton Insurance Agency.

2008 City continues to pick-up 100% of general service employee medical insurance increases. Cost sharing decreases to ~21%.

2008 City re-establishes direct purchasing of insurance coverages from CCIS.



The K-9 police dogs are insured as mobile equipment and listed on the City's fixed assets.



The City's liability insurance covers 55,883 square feet of buildings leased/rented to others.

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2006 ACTUAL	2007 ACTUAL	2008 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2009 PROPOSED BUDGET	2009 APPROVED BUDGET	2009 ADOPTED BUDGET
RESOURCES						
<u>BEGINNING FUND BALANCE</u>						
0	0	0	4085 Designated Begin FB-Ins Svc Fd	0	0	0
10,880	17,502	6,622	4085-05 Designated Begin FB-Ins Svc Fd - Park & Recreation Fund	0	0	0
0	0	3,850	4085-10 Designated Begin FB-Ins Svc Fd - City Hall	0	0	0
131,931	85,121	80,000	4090 Beginning Fund Balance Estimated July 1, 2008 undesignated cash carryover from the 2007-2008 fiscal year.	300,000	300,000	200,000
142,811	102,622	90,472	<u>TOTAL BEGINNING FUND BALANCE</u>	300,000	300,000	200,000
<u>INTERGOVERNMENTAL</u>						
0	0	3,500	4850 OR EAIP Work Site Modification State of Oregon Employee-At-Injury Program has a portion of the program for work site modifications and tools and equipment needed for light duty assignments. Reimbursement for up to \$1,000 per workers' compensation injury may be received for tools and equipment \$2,500 for work site modifications.	3,500	3,500	3,500
0	0	3,500	<u>TOTAL INTERGOVERNMENTAL</u>	3,500	3,500	3,500
<u>CHARGES FOR SERVICES</u>						
368,900	397,700	388,900	6050 Insurance	0	0	0
0	0	0	6050-05 Insurance - Liability Total charges to the operating departments and funds for pro-rata share of the liability insurance premiums: general liability, automobile liability, and employee bonds - estimated 5% increase over actual 2007-2008.	246,200	246,200	246,200
0	0	0	6050-10 Insurance - Property Total charges to the operating departments and funds for pro-rata share of the property insurance premiums: property, automobile, mobile equipment, earthquake, and boiler and machinery - estimated 5% increase over actual 2007-2008.	131,900	131,900	131,900
1,489,110	1,482,288	1,810,000	6060 Medical Insurance Beginning July 1, 2008, payroll operating departments and funds will directly pay for medical insurance coverage, rather than through the Insurance Services Fund.	2,159,200	2,159,200	0
255,371	314,591	353,000	6070 Workers' Compensation Insurance Charges to payroll operating departments and funds for worker's compensation insurance coverage.	348,400	348,400	348,400
20,630	9,420	30,000	6080 Unemployment Charges Starting July 1, 2008, payroll operating departments and funds will directly pay for unemployment insurance charges from the State of Oregon, rather than the Insurance Services Fund.	30,000	30,000	0
2,134,012	2,203,998	2,581,900	<u>TOTAL CHARGES FOR SERVICES</u>	2,915,700	2,915,700	726,500

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2006 ACTUAL	2007 ACTUAL	2008 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2009 PROPOSED BUDGET	2009 APPROVED BUDGET	2009 ADOPTED BUDGET												
<u>MISCELLANEOUS</u>																		
9,496	10,043	3,700	6310 Interest	6,400	6,400	6,400												
0	0	0	6510 Insurance Loss Reimbursement Insurance proceeds from claims filed with the City's property and liability insurance carrier, City County Insurance Services, are listed below:	0	0	0												
7,688	16,557	10,000	6510-05 Insurance Loss Reimbursement - Property Estimated five claims at \$3,000 each less \$5,000 of deductibles - \$1,000 per claim.	10,000	10,000	10,000												
6,906	0	0	6510-10 Insurance Loss Reimbursement - Parks	0	0	0												
1,336	1,727	10,000	6510-15 Insurance Loss Reimbursement - Automobile Estimated five claims at \$2,500 each less \$2,500 of deductibles - \$500 per claim.	10,000	10,000	10,000												
0	1	0	6600 Other Income	0	0	0												
49,024	37,883	38,000	6600-15 Other Income - City County Insurance Services	47,000	47,000	12,000												
<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Description</u></th> <th style="text-align: center;"><u>Units</u></th> <th style="text-align: center;"><u>Amt/Unit</u></th> <th style="text-align: center;"><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>CIS Multiple Lines Credit - property & liability insurance</td> <td style="text-align: center;">1</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">6,000</td> </tr> <tr> <td>CIS Multiple Line Credit - workers' compensation insurance</td> <td style="text-align: center;">1</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">6,000</td> </tr> </tbody> </table>							<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>	CIS Multiple Lines Credit - property & liability insurance	1	6,000	6,000	CIS Multiple Line Credit - workers' compensation insurance	1	6,000	6,000
<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>															
CIS Multiple Lines Credit - property & liability insurance	1	6,000	6,000															
CIS Multiple Line Credit - workers' compensation insurance	1	6,000	6,000															
74,452	66,211	61,700	<u>TOTAL MISCELLANEOUS</u>	73,400	73,400	38,400												
2,351,274	2,372,832	2,737,572	<u>TOTAL RESOURCES</u>	3,292,600	3,292,600	968,400												

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2006 ACTUAL	2007 ACTUAL	2008 AMENDED BUDGET	Department :N/A Section :N/A Program :N/A	2009 PROPOSED BUDGET	2009 APPROVED BUDGET	2009 ADOPTED BUDGET
REQUIREMENTS						
<u>MATERIALS AND SERVICES</u>						
1,000	10,481	10,800	7750 Professional Services	6,000	6,000	6,000
			<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>
			Audit fee allocation	1	1,000	1,000
			Insurance agent contracted service fees	1	5,000	5,000
0	0	0	7800 M & S Equipment	0	0	0
0	0	3,500	7800-60 M & S Equipment - EAIP	3,500	3,500	3,500
			Potential worksite modification and specialized tools and equipment to address actual workers' compensation injuries experienced by the City. Expenditures reimbursed through revenue account, OR EAIP Work Site Modification.			
336,190	329,797	347,000	8300 Property & Liability Ins Premium	356,000	356,000	356,000
			Insurance premiums for the following coverages: general liability, automobile, property, crime, mobile equipment, earthquake, and boiler and machinery - estimated 5% premium increase.			
0	0	0	8320 Liability Premiums	0	0	0
1,774	1,774	1,900	8320-10 Liability Premiums - Employee Bond	1,900	1,900	1,900
0	0	0	8330 Liability Aggregate Deductible	0	0	0
			For a number of year's the City has opted for a large general liability deductible. With the use of this large deductible plan, liability premiums are charged at a lower overall rate thus saving the City liability insurance premiums.			
11,278	1,989	5,000	8330-03 Liability Aggregate Deductible - 2002 - 2003	0	0	0
			Liability deductible year "closed". City has paid claims up to deductible amount of \$40,000; CIS now assumes payment of any general liability claims from this fiscal year.			
28,187	0	0	8330-04 Liability Aggregate Deductible - 2003 - 2004	0	0	0
			Liability deductible year "closed". City has paid claims up to deductible amount of \$50,000; CIS now assumes payment of any general liability claims from this fiscal year.			
0	0	5,000	8330-05 Liability Aggregate Deductible - 2004 - 2005	0	0	0
			Liability deductible year open; presently no open claims.			
46,507	3,493	0	8330-06 Liability Aggregate Deductible - 2005 - 2006	0	0	0
			Liability deductible year "closed". City has paid claims up to deductible amount of \$50,000; CIS now assumes payment of any general liability claims from this fiscal year.			
0	1,195	30,000	8330-07 Liability Aggregate Deductible - 2006 - 2007	45,000	45,000	35,000
			Liability deductible year open with several outstanding claims. 2006-2007 fiscal year general liability deductible amount was \$50,000.			
0	0	30,000	8330-08 Liability Aggregate Deductible - 2007 - 2008	40,000	40,000	35,000
			Liability deductible year open with several outstanding claims. 2007-2008 fiscal year general liability deductible amount was \$50,000.			
0	0	0	8330-09 Liability Aggregate Deductible - 2008 - 2009	50,000	50,000	50,000

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1,489,110	1,482,288	1,810,000	8340 Medical Insurance Premiums Starting July 1, 2008, the City's medical insurance premiums will be paid directly by payroll operating departments and fund, rather than by the Insurance Services Fund.	2,159,200	2,159,200	0
0	0	0	8350 Workers' Compensation City County Insurance Services (CIS) offers two workers' compensation programs. Over the years, the City has participated in both programs as denoted by the fiscal year workers' compensation Account Titles. Each year during workers' compensation insurance renewal, CIS reviews with City management workers' compensation trends and management decides whether to select the Retrospective Plan (RETRO) or the Guaranteed Plan (GUARANTEED).	0	0	0
7,266	0	0	8350-01 Workers' Compensation - 2000 - 2001 Closed	0	0	0
0	8,001	0	8350-02 Workers' Compensation - 2001 - 2002 Closed	0	0	0
2,595	7,137	15,000	8350-03 Workers' Compensation - 2002 - 2003 Closed	0	0	0
1,083	0	0	8350-04 Workers' Compensation - 2003 - 2004 Guaranteed	0	0	0
35,044	32,319	0	8350-05 Workers' Compensation - 2004 - 2005 Retro One workers' compensation claim open for this fiscal year.	5,000	5,000	5,000
181,437	73,932	20,000	8350-06 Workers' Compensation - 2005 - 2006 Retro Three open workers' compensation claims, with City and McMinnville Water & Light projected to reach maximum contribution in fiscal 2007-2008, so not budgeted for 2008-2009.	0	0	20,000
0	136,412	25,000	8350-07 Workers' Compensation - 2006 - 2007 Retro No open workers' compensation claims for this fiscal year.	0	0	10,000
0	0	200,000	8350-08 Workers' Compensation - 2007 - 2008 Retro Four open workers' compensation claims at March 31, 2008 with approximately three months of operational exposure remaining.	25,000	25,000	25,000
0	0	0	8350-09 Workers' Compensation - 2008 - 2009 Retro	200,000	200,000	200,000
20,630	9,420	30,000	8360 Unemployment Costs Starting July 1, 2008, the City's unemployment payments will be paid directly by payroll operating departments and fund, rather than by the Insurance Services Fund. Budget Note: City unemployment is paid on a reimbursement basis to the State of Oregon's Employment Division for ex-employees who file for unemployment insurance.	30,000	30,000	0
0	0	0	8370 Property & Auto Damage Claims	0	0	0
6,864	13,708	15,850	8370-05 Property & Auto Damage Claims - Property Loss & Damage The City's property insurance carries a \$1,000 deductible.	15,000	15,000	15,000
285	0	0	8370-10 Property & Auto Damage Claims - Park Loss & Damage	0	0	0
2,968	2,765	12,000	8370-15 Property & Auto Damage Claims - Automobile Damage The City's automobile insurance has most recently carried a \$500 collision deductible and a \$250 comprehensive deductible.	12,000	12,000	12,000
2,172,218	2,114,710	2,561,050	TOTAL MATERIALS AND SERVICES	2,948,600	2,948,600	774,400

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<u>TRANSFERS OUT</u>						
0	0	0	9700 Transfers Out	0	0	0
76,434	85,105	84,234	9700-01 Transfers Out - General Fund	81,051	81,051	46,051
			<u>Description</u>	<u>Units</u>	<u>Amt/Unit</u>	<u>Total</u>
			Administration personal services support	1	21,775	21,775
			Finance personal service support	1	24,276	24,276
0	10,880	6,622	9700-34 Transfers Out - Parks & Recreation	0	0	0
76,434	95,985	90,856	<u>TOTAL TRANSFERS OUT</u>	81,051	81,051	46,051
<u>CONTINGENCIES</u>						
0	0	85,000	9800 Contingencies	100,000	100,000	100,000
0	0	85,000	<u>TOTAL CONTINGENCIES</u>	100,000	100,000	100,000
<u>ENDING FUND BALANCE</u>						
0	0	0	9985 Designated End FB - Ins Svc Fd	0	0	0
17,502	6,622	0	9985-05 Designated End FB - Ins Svc Fd - Parks & Recreation Fund	0	0	0
0	3,849	0	9985-10 Designated End FB - Ins Svc Fd - City Hall	0	0	0
85,120	151,666	666	9999 Unappropriated Ending Fd Balance	162,949	162,949	47,949
			Budgeted undesignated cash carryover for July 1, 2009. Actual cash carryover remaining money from the Contingency account and the excess (deficit) of revenues over (under) expenditures from 2008-2009 operations.			
102,622	162,136	666	<u>TOTAL ENDING FUND BALANCE</u>	162,949	162,949	47,949
2,351,274	2,372,831	2,737,572	<u>TOTAL REQUIREMENTS</u>	3,292,600	3,292,600	968,400

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2,351,274	2,372,831	2,737,572	TOTAL REQUIREMENTS	3,292,600	3,292,600	968,400