

Engage Gwinnett Information on Internal Service Funds within the Gwinnett County Government

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Gwinnett County has five internal service funds as follows:

1. Group Insurance Fund;
2. Risk Management Fund;
3. Automobile Management and Service Fund; and
4. Automotive Liability.

As internal service funds, the goal on an annual basis is to provide enough resources to cover expenses. Future year liabilities and risks are taken into account, so that claims or funds are available when stop loss has not yet covered the County.

Descriptions of the funds are as follows:

Group Insurance Fund: used to account for charges to other funds and contributions from employees and for the payment of health, disability, and life insurance premiums and benefits.

Risk Management Fund: tracks charges to other funds for, and the payment of workers' compensation and liability claims.

Automotive Management and Service Fund: accounts for monies utilized for the service and maintenance of automotive vehicles and equipment.

Automotive Liability: tracks funds utilized for automotive accident expenses.

Allocation Formulas

Group Insurance Fund: commensurate with the County's Balanced Compensation Policy, the annual contributions into the Group Insurance Fund are calculated on an annual basis. The calculation begins with the dollar amount needed for the employer portion of the costs associated with group health insurance. That amount is then divided by the total covered payroll to get a percentage. The percentage is then included within the payroll system and provided between the operating funds and the Group Self Insurance Fund each pay period. Contribution rates are as follows:

2008 – 17%
2009 – 16.5%
2010 – 16.5%
2011 – 16.5% (projected)
2012 – 16.5% (projected)

It is important to note that beginning in 2008, the GSI fund had contributions that were not sufficient to cover expenditures. As such, the Fund Balance of the GSI fund has been utilized to provide benefits. This trend continues through the 2012 year, with dramatic changes required to benefit plan design required.

Risk Management Fund: this fund is divided into two major components. Allocation discussion is below for both.

Workers' Compensation Fund

In both 2009 and 2010, costs were allocated to every department based on the number of employees in the department and their departmental losses. This was completed using two different processes. First, an allocation totaling \$1,000,000 or 25 % of the budget to every department was completed. This was based on the number of employees in the department compared to the total number of employees county-wide. The remaining 75% of the budget was allocated to departments that have experienced losses. Losses are calculated over a five years period (in arrears) and allocated to the department based on the percentage of total departmental losses compared to the total County-wide. For example, Police had 22.5% and 30.4% of the losses in 2009 and 2010 respectively and was allocated \$672,257 and \$907,232 of the total \$3,987,811 and \$3,984,316 respectively.

Risk Management Fund

The Risk Management Fund for 2009 and 2010 is made up of insurance premiums purchased, losses and operational costs of the Risk Management and Treasury Insurance Unit operations.

Based on insurance projections, every department is allocated a cost for crime, fiduciary liability, excess liability, miscellaneous coverage's, and broker fees. Individual bonds, volunteer, aviation, off-duty, reservists, and property premiums were allocated only to the department who required the insurance. For example, aviation insurance was allocated to the airport and the Police Aviation Unit.

The operation of the Risk Management and Treasury Insurance Unit was allocated to all departments based on the number of employees compared to the total number of employees.

Property losses and automobile losses to our own vehicles were allocated to the department base on the prior five year average.

Regarding general liability and error and omission losses, both years we charged every department based on the number of employees they had in the department. A total of \$50,000 was charged to the departments for both general liability and errors and omission losses. This represented 6.25% for general liability and 5% for errors and omission losses respectively for 2009. It was 5% for both general liability and errors and omission losses for 2010. The remaining 93.75% (general liability) and 95% (errors and omissions) for 2009 and 95% for 2010 was charged to the departments that had losses. We calculate losses over the prior five years and charge the department based on the percentage of total losses they had compared to the County-wide total. For example, Police had 22.5% and 30.4% of the losses in 2009 and 2010 respectively.

Automotive Management and Service Fund: The calculations to allocate costs for the maintenance and support of the County's fleet are done in three parts as follows:

1. Parts – costs are incurred within the Fleet Management Division of the Department of Support Services within the internal service fund. These charges are automatically distributed to the benefiting department at the same cost as paid.
2. Fuel – fuel is purchased by the Fleet Management Division and stored at fueling sites across the County. Fuel sites are accessible to employees driving vehicles owned by the County. At the end of each month, the consumption is totaled by cost center / department and charged back to each respective operating fund.
3. Fixed Charge – for fiscal year 2009 and 2010, a \$35 dollar per month, per vehicle charge was allocated to every cost center in the operating funds. This charge is intended to cover the overhead, primarily administration, associated with the Fleet Management operation.

Automobile Liability: For 2009 and 2010 costs to every department were based on the number of employees they had in the department and their departmental losses. We allocated a total of \$50,000 or 6.67 % of the budget to every department based on the number of employees in the department. The remaining 93.33% of the budget was allocated to departments that had losses. We calculated the losses over the prior five years and allocated the department based on the percentage of total losses they had compared to the County-wide total losses. For example, Police had 44.1% and 49.5% of the losses in 2009 and 2010 respectively and was allocated \$308,700 and \$346,500 of the \$700,000 allocated to losses.