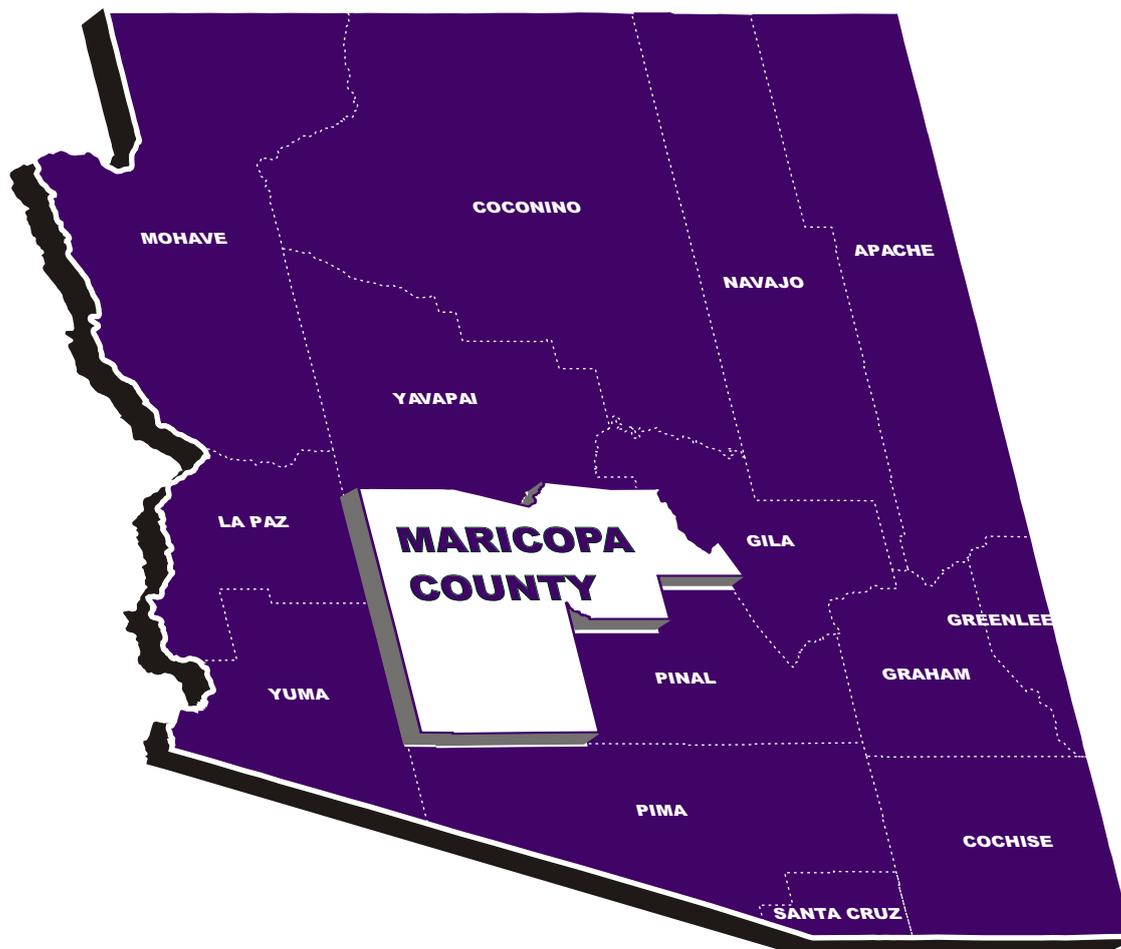


# Risk Management Annual Report

Fiscal Year Ended June 30, 2010



Maricopa County, Arizona

[www.maricopa.gov](http://www.maricopa.gov)

**MARICOPA COUNTY  
RISK MANAGEMENT ANNUAL REPORT  
FISCAL YEAR 2009-10**

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# EXECUTIVE SUMMARY

## **RISK MANAGEMENT ANNUAL REPORT EXECUTIVE SUMMARY**

Presented herein is the *Maricopa County Risk Management Annual Report*, for the fiscal year July 1, 2009 through June 30, 2010.

This report contains summaries of the fiscal year's losses and costs for Maricopa County's auto liability, auto physical damage, general liability, medical malpractice, property damage, workers' compensation, and unemployment exposures. This report, along with ongoing quarterly reports to Maricopa County departments during the year, are intended to assist departments in recognizing the nature and extent of their losses, and to lead departments to consider implementation of effective loss control and prevention programs.

### **Structure and Mission**

As of June 30, 2010, the Risk Management Department completed its **29th year** administering the County's self-insurance program. Risk Management's mission is to provide claim management, safety consultations and training, environmental consultations and insurance coverage services to Maricopa County departments, districts, and Trust members so they can reduce or eliminate losses. Its vision is to be recognized as a leader, and to be relied upon for a Countywide risk management philosophy and culture. Risk Management's primary activities are:

- Risk consulting
- Insurance procurement above self-insured retention levels
- Maricopa County Self-Insured Trust Fund management and financing
- Administration and monitoring of third party administrators' adjusting workers' compensation and unemployment claims
- Investigation and disposition of casualty and property claims and lawsuits
- Safety training, reporting, and compliance
- Loss control programs
- Environmental investigation, remediation, and reporting
- Contractual indemnification and insurance requirement language drafting and review

The Risk Management Department is divided into three operating divisions, Claims, Safety, and Environmental, and one Administration division. Highlights for each division are contained in this report. In this fiscal year, the Department strived to accomplish its mission with assistance and direction from the Maricopa County Board of Supervisors, the Maricopa County Self-Insured Trust Fund Board of Trustees, the County Manager and Deputy County Manager. The Risk Manager reports to the Deputy County Manager.

## **Self-Insured Trust Fund**

Arizona law (ARS § 11-981) authorizes Maricopa County (County) to self-insure, procure insurance from any insurer authorized by the State of Arizona Department of Insurance, or both. Insurance (defined in Title 20 Arizona Revised Statutes) includes, but is not limited to, auto liability, auto physical damage, general liability, medical malpractice, property, workers' compensation, and unemployment insurance.

Upon establishment of a self-insurance program, the County is required to designate a Trust Administrator (Risk Manager), and establish a Trust. The Trust is funded by an allocation of funds from General Fund and Non-General Fund departments and Special Districts, or such other funding techniques permitted by state statute and authorized by the Trust's Board of Trustees.

A Board of Trustees manages and directs the Trust's activities and affairs. Trustees must be United States citizens and residents of Maricopa County, and are appointed by the Maricopa County Board of Supervisors (BOS) and County Manager. During Fiscal Year (FY) 09-10, the following individuals were members of the Board of Trustees:

<u>Trustee District/Appointment</u>	<u>Trustee</u>
BOS District One	Les Clark
BOS District Two	Joel Sterrett, Chair
BOS District Three	Thomas Katsenes
BOS District Four	Steven Beeghley
BOS District Five	Richard "Joe" Lugo
BOS Chairman	BOS Chairman
County Manager	Vacant

### **FY09-10 Results**

Maricopa County experienced heavy activity this fiscal year in the risk/exposure area. Total dollars paid plus open reserves were \$30,675,190, an increase of 142.68% from FY 08-09 (see page VI-1). However, the Cost of Risk remained constant. Risk Management's costs decreased \$901,676 or 3.70%, resulting in the Cost of Risk (Risk Management's costs compared to total County and Maricopa Integrated Health System expenditures) for this fiscal year coming in at a stable 0.93%. (Note that the Division managed 2,578 new workers' compensation, auto liability, auto physical damage, general liability, medical malpractice, and property claims, an increase of 199, 8.4%, from FY 08-09. These figures are not based on event date, and do not include unemployment claims. The County realized \$2,081,256 in net savings this fiscal year through the use of in-network medical providers and a medical bill review service, and collected \$903,853 through subrogation, restitution, and deductible recovery efforts of the Claims and Safety divisions, and our Third Party Claim Administrator for workers' compensation claims.

Maricopa County has a population of over 3.9 million people. It is the 4th most populous County in the United States. According to the U.S. Census Bureau, more than half of the state's population resides in Maricopa County. The County experienced growth in population, though this growth has

slowed in recent years due to the negative economical conditions nationwide. Size and growth, while economically positive, can result in claim frequency. Risk Management's emphasis on responsible claim handling and a strong proactive loss prevention and safety program is designed to keep any increase to a minimum.

The number of Maricopa County and MIHS employees varies from month to month. For FY08-09 and FY09-10, the numbers of actual positions were 18,522 and 16,980, respectively. Workers' compensation claims with an event date in FY08-09 were 1,264, while workers' compensation claims with an event date in FY09-10 were 1,195. (Note, here we use event dates for these claims as these figures better reflect safety issues within the fiscal year.) This reflects a decrease in the number of actual positions of 9.08% over the previous fiscal year, and a decrease in the number of workers' compensation claims of 5.46% over this period. This highlights improvement with safety processes in the County during the fiscal year.

## Cost of Risk

Cost of Risk is a comparison of the County's expenditures of claims and the risk management program to the County's overall expenditures in the fiscal year. The effectiveness of a risk management program can be reflected in this comparison since the cost of a risk management program includes paid claims (amounts paid in the fiscal year without regard to the year the claim arose), insurance premiums, safety and loss control programs, and operational and administrative expenses, against total County's expenditures. During the past three fiscal years, Cost of Risk for the County has decreased from 1.12% to the present 0.93%. Risk Management's commitment is to maintain this measure to below 1%.

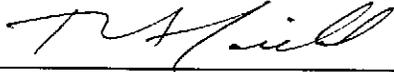
	FY07-08	FY08-09	FY09-10
<b>Claims and Premiums</b>			
Auto Liability	\$1,245,872	\$398,229	\$1,714,581
General Liability	\$3,168,264	\$2,576,246	\$1,448,516
Medical Malpractice	\$3,675,378	\$966,588	\$1,649,324
Property/Auto Physical Damage	\$608,084	\$483,644	\$249,392
Workers' Compensation	\$4,420,652	\$4,402,818	\$4,701,475
Unemployment	\$769,150	\$1,088,164	\$1,810,153
Premiums	\$4,069,441	\$3,737,971	\$3,623,022
<b>Subtotal</b>	<b>\$17,956,841</b>	<b>\$13,653,660</b>	<b>\$15,196,463</b>
Legal Expenses	\$7,329,475	\$7,201,470	\$4,900,396
Actuary Fees	\$44,366	\$39,900	\$42,100
Broker Fees	\$54,575	\$57,000	\$59,001
Consulting and Management Fees	\$212,109	\$197,150	\$82,943
Claims Administration Service Fees	\$601,337	\$555,248	\$601,899
Workers' Compensation Taxes	\$404,940	\$604,137	\$415,367
Administrative	\$2,084,536	\$2,063,837	\$2,172,557
<b>Subtotal</b>	<b>\$10,731,338</b>	<b>\$10,718,742</b>	<b>\$8,274,263</b>
<b>Total Risk Management Costs</b>	<b>\$28,688,179</b>	<b>\$24,372,402</b>	<b>\$23,470,726</b>
<b>Total County Expenditures</b>	<b>\$2,557,866,240</b>	<b>\$2,610,316,043</b>	<b>\$2,523,844,489</b>
<b>TOTAL COST AS A PERCENTAGE OF COUNTY EXPENDITURES</b>	<b>1.12%</b>	<b>0.93%</b>	<b>0.93%</b>

- Notes:
1. Paid claims represents the amount paid in the fiscal year regardless of occurrence date and does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves.
  2. Amounts as valued on June 30, 2010, as reported in the Advantage Financial System.
  3. County expenditures include the audited FY09-10 Maricopa County Comprehensive Annual Financial Report (CAFR), the audited FY09-10 Risk Management and Employee Benefits Trust Report on Audit of Financial Statements and the audited FY09-10 Maricopa County Special Health Care District (MCSHCD).

## Acknowledgments

The Risk Management Department would like to thank the Maricopa County Board of Supervisors, Elected Officials, County Manager, Deputy County Manager, Chief Financial Officer, Self-Insured Trust Fund Board of Trustees, County departmental management and all County employees and volunteers for their demonstrated interest in reducing claims and lawsuits, and their commitment to safety.

Respectfully submitted,



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Rocky Armfield  
Director, Risk Management

Brad Keogh, Deputy Director  
Jean Poe, Manager, Safety Division  
Samantha Wright-Sprague, Manager, Administration Division  
Rita Neill, Manager, Environmental Division  
Elena Yniguez, Administrative/Insurance Coordinator  
Jenny Durda, Database Report Writer Analyst  
Kathy Badendick, Accountant  
and the entire Risk Management Staff

Notes: For presentation purposes only, the dollar amounts and associated percentages in all of the charts and tables presented herein, have been rounded to the nearest whole dollar or percent.



# CLAIMS DIVISION

CLAIMS  
DIVISION

## **CLAIMS DIVISION**

The Risk Management Claims Division (Division) is staffed with a manager, four senior adjusters and three administrative employees. The Division is committed to reducing Maricopa County's (County) cost of risk through efficient and appropriate claim and litigation management, and strives to avoid costs associated with claims arising from the County's employee, auto, property and liability exposures. The Division also manages the County's workers' compensation and unemployment claims through two third party claim administrators.

Claims and lawsuits are investigated, evaluated and then either denied or resolved based on their merits. Litigated matters are assigned to either County-employed attorneys or attorneys operating under a County contract. Thereafter, the Division manages the assigned attorneys to obtain expeditious and fair resolutions.

### **Fiscal Year 09-10 Summary**

In Fiscal Year (FY) 09-10, the Division managed 2,578 new workers' compensation, auto liability, auto physical damage, general liability, medical malpractice, and property claims, an increase of 199, 8.4%, from FY 08-09. For all such claims and lawsuits, the Division paid \$16,810,273, a \$757,337 increase of 4.7%, from FY 08-09.

The Division also provided the following services to County departments and districts:

- Management of the County's third party workers' compensation claim administrator that adjusts employee workers' compensation claims. In FY 09-10, 1,298 new workers' compensation claims were filed by County employees, an increase of 46, 3.7%, from FY 08-09. In addition to claim adjusting, Risk Management's vendors conduct bill/invoice reviews, and apply available discounts when injured County employees utilize a Preferred Provider Organization (PPO) (a medical services network). In FY 09-10, the County realized a net savings of \$2,081,256 from reductions in amounts billed and available PPO discounts, a \$379,279 increase, 22.3%, from FY 08-09.
- In FY 09-10, Risk Management's third party unemployment claim administrator opened 1,477 new unemployment compensation claims and paid \$1,810,153 in direct claim payments. In FY 08-09, 1,388 claims were opened and \$1,088,164 paid.
- Subrogation and restitution recoveries increased during FY 09-10. The Division collected \$903,853 from parties at fault for injuries to County personnel or damage to County property, an increase of \$175,736, 24.1%, from FY 08-09.
- Consultation services: To inform and reduce claims and exposures, the Division consults with County departments concerning coverage, exposures, perils, Risk Management issues, and pending claims and litigation.
- Review of indemnity and insurance requirements for County contracts.

- Oversight of vendors and contractors providing Risk Management services, auto and property appraisals, auto repair and structured settlement services.
- Coordinate claim adjusting and recovery from the County's property, aviation and crime insurance policies, as well as from the County's excess liability and medical malpractice insurers.



# **SAFETY DIVISION**

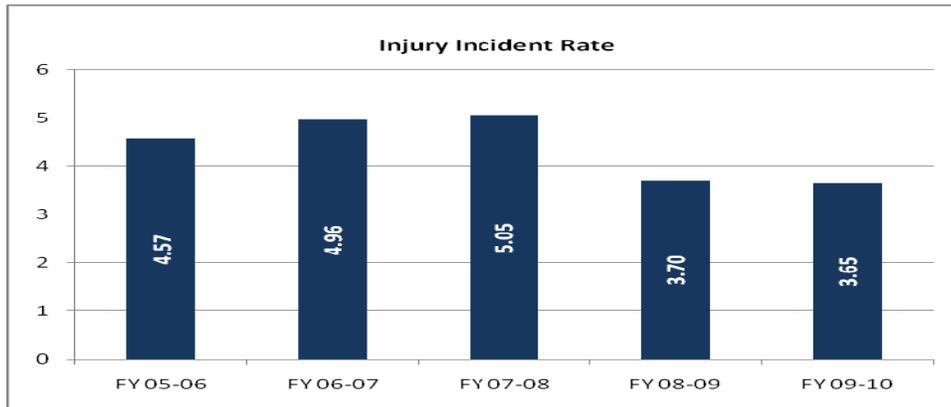
**SAFETY  
DIVISION**

## SAFETY DIVISION

The Safety Division of Risk Management continued to focus on a countywide initiative ensuring safety compliance and loss prevention throughout the organization. With continuing reductions in departmental budgets, it was imperative that we minimized exposure to injury and loss to personnel and property. The objective improved safety compliance and loss prevention continues to be accomplished through:

1. Full management support of our safety policies.
2. Maintaining an effective, comprehensive safety program.
3. Identifying potential risks and hazard awareness.
4. Training employees in safe work practices.

The establishment of effective safety programs continues to be crucial in reducing accidents and injuries in the workplace. As a clear example of its efforts to improve departmental safety performance, workers compensation data this fiscal year evidences an overall decrease of 69 claims, (1,264 claims in FY08-09, and 1,195 claims in FY09-10, see page VI-3 of the statistics and coverage section). Workers Compensation payments and reserves (see page VI-1 of the statistics and coverage section) were decreased from \$3,957,692 in FY08-09 to \$3,590,392 in FY09-10, a \$367,300 or a 9.28% decrease in cost. This resulted in a reduction of the injury incident rate from 3.70 injuries per 100 employees to 3.65 injuries per 100 employees.



Working to improve workplace safety and ensure regulatory compliance, the Division:

- Conducted 633 workplace inspection, 140 facility safety inspections, 255 safety classes, reviewed 12,894 Motor Vehicle Records, and issued 5,025 Vehicle Use Permits.
- Conducted a countywide four-day Employee Safety Fair, with over 500 employees participating in 81 safety classes.

As Maricopa County continues to develop its future strategies in safety management systems, it is necessary that each level of management must take a proactive role in safety development. Management commitment and front line supervision accountability is the key to sustaining the safety process and reducing unsafe work practices. Safety is a corporate effort!



# ENVIRONMENTAL DIVISION

ENVIRONMENTAL  
DIVISION

## ENVIRONMENTAL DIVISION

The Environmental Division of Risk Management conducts remedial investigations and takes action to minimize County environmental liability as determined by law, regulation, statute, and/or court order. The Division provides leadership in the area of pollution prevention and environmental management, and has developed a proactive assessment and action process that mitigates environmental liabilities, saving the County in the cost of remedial action and regulatory penalties. Possible environmental liability costs of known sites have been reduced from previous estimates of over \$500 million for FY95-96, to approximately \$5.1 million for FY09-10.

This fiscal year the Division:

- Continued to cooperate with ADEQ in conducting site characterization of groundwater contamination at the Cave Creek Landfill.
- Continued to work on Stormwater Pollution Prevention Plans (SPPPs) for 15 County properties. Worked with departments to make corrections to storm water issues identified during audit.
- Continued to participate with the Hassayampa Steering Committee in working towards the remediation of the Hassayampa Superfund Site.
- Completed Phase I and additional environmental assessments for (2) facilities. Completed in-house assessments for industrial hygiene, indoor air quality and mold (32), asbestos (61), lead paint (33) and conducted abatement oversight at (28) additional facilities.
- Created and provided on-line spill prevention training for use by departments with Spill Prevention, Control and Countermeasures Permits.
- Assisted Air Quality with creation and preparation of an Air Quality Waste Stream Plan for the Voluntary Vehicle Repair Program.
- Assisted Solid Waste with the evaluation of (10) closed landfills for compliance with new Greenhouse Gas regulations.
- Assisted Parks and Recreation, Facilities Management, Superior Courts, Real Estate, MCSO, MCDOT, Juvenile Probation, Flood Control, Legal Defender, Environmental Services, Animal Control, MCAO, Assessor, Agricultural Exchange, WIC, Solid Waste, Air Quality and the Library District in preparing Requests for Proposals for environmental studies, and conducting indoor air quality review, asbestos and lead paint surveys, and air permit reviews.
- Continued to work with APS to allow continued access to County property to conduct USEPA mandated sampling to characterize contamination from APS facility.
- Continued to provide sound environmental compliance information to requesting departments.

The Division recognizes that environmental risks are capable of being managed through risk control and prevention measures. These measures include separation of hazardous materials, effective pollution prevention and loss control techniques, redundant controls and safety mechanisms, double and triple containment of tanks and flow tubes, emergency response plans,

and effective training of employees. The Division will continue to seek to implement these measures.



# ADMINISTRATIVE DIVISION

## ADMINISTRATIVE DIVISION

The Administrative Division is responsible for procuring the insurance policies above the County's self-insured retention, providing certificates of insurance to County departments, preparing the annual user charges for services, preparing the annual budget and financial statements for the Trust, and providing administrative support to the other divisions within the department. Included in this report is a comparison of the assets and liabilities of the Trust over a three-year period, the trend of the current insurance market, a budget summary, and the financial statements through fiscal year ended June 30, 2010.

### Self-Insured Trust Fund Combined Balance Sheet Comparison FY07-08, FY08-09, and FY09-10

	<u>FY07-08</u>	<u>FY08-09</u>	<u>FY09-10</u>
Assets	\$44,847,793	\$56,920,496	\$63,134,669
Liabilities	\$59,277,021	\$63,774,675	\$91,891,866
Net assets (deficit)	(\$14,429,228)	(\$6,854,179)	(\$28,757,197)

During the FY07-08 through FY09-10 period, the Trust's assets increased \$18,286,876, or 40.77%, from \$44,847,793 to \$63,134,669. During the same period, the Trust's liabilities increased \$32,614,845, or 55.02%, from \$59,277,021 to \$91,891,866. The deficit in Trust net assets is a result of a spend down of the Trust fund in fiscal years where user departments were only charged for administrative costs while claims and insurance were still being paid by Risk Management on behalf of these user departments.

The Trust began billing user departments for the full costs of claims and insurance, along with administrative costs in FY99-00. On an annual basis, the trust funding plan is used to calculate the total Risk Management's expenses for the fiscal year and the next year's claims and claims related expenses. The County does not fund the Trust for reserves; however, the reserves are part of the liability calculation. It is not the intent of the funding plan to decrease the deficit, but to continue to fund for the next year's claims and claims related expenses. FY09-10 balance sheet details are provided in the financial section.

### Insurance Policies

Risk Management continues to analyze current insurance market trends. Due to recent claims and weather related events, it is expected that insurance premiums in all lines of coverage will increase somewhat, but the "hard" market of the last few years may be abating. It is projected that potential increases in annual premium costs will not be as great as in the past years. Risk Management will continue working closely with our insurance broker to aggressively pursue reasonable insurance coverages to protect Maricopa County.

At the close of this fiscal year, the County's major insurance policies are as follows:

<u>Coverage</u>	<u>Policy Period</u>	<u>Limits</u>	<u>Deductible/SIR</u>
General Liability (Excess Liability)	3/1/10 – 3/1/11	\$5 million \$25 million	\$5 million SIR
Medical Malpractice	12/4/09 – 12/4/10	\$25 million	\$5 million SIR
Workers' Compensation	7/1/09 – 7/1/10	\$25 million	\$2 million SIR
Property Damage	7/1/09 – 7/1/10	\$300 million	\$100,000 per occ.

### **Budget Summary**

The expenditure budget for the Risk Management Department for FY09-10 was \$40,194,587. Of this amount, \$1,741,525 was for personnel costs, \$528,193 was for supplies and services, and \$37,924,869 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 94.35% of Risk Management's budget is for insurance, legal, claims and claim related expenditures.

The revenue budget for the Risk Management Department for FY09-10 was \$29,772,379. Of this amount, \$28,772,379 was from user charges and \$1,000,000 was from interest earnings. On a percentage basis, 96.64% of the revenue is from user charges. These user charges are based on actuarially estimated claims payments and insurance projections for what the Risk Management Department will pay out on behalf of County departments.

### **Financial Statements**

The actual expenditures for the Risk Management Department for FY09-10 were \$51,457,234. Of this amount, \$1,800,164 was for personnel costs, \$455,336 was for supplies and services, and \$49,201,734 was for insurance, legal, claims and claims related expenditures. On a percentage basis, 95.62% of Risk Management's actual expenditures are for insurance, legal, and claims and claims related expenditures.

The actual revenue for the Risk Management Department for FY09-10 was \$29,554,216. Of this amount, \$28,772,379 was from user charges, \$13,120 was other income and \$768,717 was from interest earnings. On a percentage basis, 97.35% of the revenue was from user charges.

Notes: 1. The financial statements presented in this section have been audited and are included in the Maricopa County Comprehensive Annual Financial Report (CAFR) and the Risk Management and Employee Benefits Trust Report on Audit of Financial Statements for FY09-10. The auditors have not reviewed and are not providing an opinion as to the information disclosed in the annual report with the exception of the audited financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Management's Discussion and Analysis**  
**June 30, 2010**

This section of the financial statements of the Maricopa County Risk Management and Employee Benefits Trust Funds presents a discussion and analysis of its financial performance for the fiscal year ended June 30, 2010. Management's Discussion and Analysis (MDA) is to be read in conjunction with the basic financial statements.

**Overview of the Financial Statements**

Maricopa County, Arizona (County) established Trust Funds and declares itself Self-Insured under the provisions of Arizona Revised Statute (A.R.S.) 11-981. For financial statement presentation purposes, the Self-insured Trust Funds are reported as the Maricopa County Risk Management and Employee Benefits Trust Funds (Funds). The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental bodies as applicable. The primary purpose of the Risk Management Fund is to provide indemnity protection from liability claims and lawsuits and to provide a source of funds to repair or replace damaged structures and/or personal property when damaged by a covered peril for County departments, County districts and other participants. The primary purpose of the Employee Benefits Fund is to provide certain health benefits (medical, dental, pharmacy, short-term disability, medical incentives, behavioral health and vision) to eligible County employees and their dependents.

The basic financial statements are presented on the accrual basis of accounting. The three basic financial statements are as follows:

Statement of Net Assets (Deficit)

This statement presents information reflecting the assets, liabilities, and accumulated net assets of each Fund as of June 30, 2010.

Statement of Revenues, Expenses and Changes in Net Assets (Deficit)

This statement reflects the revenues and expenses, as well as non-operating revenues during the year ended June 30, 2010.

Statement of Cash Flows

This statement reflects the cash flows from operating, investing, capital and related financing activities during the year ended June 30, 2010.

**Financial Highlights**

The more significant highlights of fiscal year 2010 as compared to fiscal year 2009 follows:

Risk Management

- Cash and cash equivalents increased \$6,357,388 from \$55,524,869 as of June 30, 2009 to \$61,882,257 as of June 30, 2010.
- Total assets increased \$6,214,173 from \$56,920,496 as of June 30, 2009 to \$63,134,669 as of June 30, 2010.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Management's Discussion and Analysis**  
**June 30, 2010**

- Net deficit increased \$21,903,018 from \$(6,854,179) as of June 30, 2009 to \$(28,757,197) as of June 30, 2010.
- Change in net assets decreased \$29,478,067 from \$7,575,049 for 2009 as compared to \$(21,903,018) for 2010.

Employee Benefits

- Cash and cash equivalents decreased \$2,580,449 from \$59,849,493 as of June 30, 2009 to \$57,269,044 as of June 30, 2010.
- Total assets decreased \$2,561,861 from \$61,326,061 as of June 30, 2009 to \$58,764,200 as of June 30, 2010.
- Net assets decreased \$865,906 from \$44,941,935 as of June 30, 2009 to \$44,076,029 as of June 30, 2010.
- Change in net assets decreased \$6,538,344 from \$5,732,408 for 2009 as compared to (\$865,906) for 2010.

The following tables and analysis discuss the financial position of the Funds as of June 30, 2010 and 2009 and the results achieved from the operations of the Funds for the year ended June 30, 2010 as compared to the year ended June 30, 2009.

**Summary of Net Assets**

Risk Management

	<u>2010</u>	<u>June 30,</u> <u>2009</u>
Cash and cash equivalents	\$ 61,882,257	\$ 55,524,869
Prepaid insurance	1,155,285	1,261,618
Capital assets, net	17,298	19,461
All other assets	<u>79,829</u>	<u>114,548</u>
<b>Total assets</b>	<u>\$ 63,134,669</u>	<u>\$ 56,920,496</u>
Reserve for losses and loss expenses	\$ 90,415,628	\$ 62,429,120
Accounts payable	1,301,868	1,213,024
All other liabilities	174,370	132,531
Net assets (deficit)		
Invested in capital assets	17,298	19,461
Unrestricted (deficit)	<u>(28,774,495)</u>	<u>(6,873,640)</u>
<b>Total liabilities and net assets</b>	<u>\$ 63,134,669</u>	<u>\$ 56,920,496</u>

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Management's Discussion and Analysis**  
**June 30, 2010**

Cash and cash equivalents increased by \$6.4 million or 11.4% as of June 30, 2010 compared to June 30, 2009. The increase is primarily attributable to bringing in \$29.6 million in revenue with \$23.2 million of payouts, leaving \$6.4 million of net cash. Capital assets decreased by \$2,163 which is depreciation expense in 2010.

Reserve for losses and loss expenses increased by \$28.0 million or 44.8%. The increase resulted from an increase in reported claims of \$24.1 million and an increase in the provision for incurred but unreported losses (IBNR) of \$3.9 million. This increase resulted from lower payments than expected this fiscal year still continuing to have reserved losses with the addition of some large new claims coming in.

Net assets are reported in the accompanying financial statements as unrestricted and invested in capital assets.

Employee Benefits

	<u>2010</u>	<u>June 30,</u> <u>2009</u>
Cash and cash equivalents	\$ 57,269,044	\$ 59,849,493
Prepaid insurance	110,532	108,154
Capital assets, net	4,012	6,283
All other assets	<u>1,380,612</u>	<u>1,362,131</u>
<b>Total assets</b>	<b><u>\$ 58,764,200</u></b>	<b><u>\$ 61,326,061</u></b>
Reserve for losses and loss expenses	\$ 8,505,030	\$ 11,497,701
Accounts payable	3,919,715	4,747,476
All other liabilities	2,263,426	138,949
Net assets		
Invested in capital assets	4,012	6,283
Unrestricted	<u>44,072,017</u>	<u>44,935,652</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 44,076,029</u></b>	<b><u>\$ 61,326,061</u></b>

Cash and cash equivalents decreased by \$2.6 million or 4% as of June 30, 2010 compared to June 30, 2009. The decrease is primarily attributable to a \$1.6 million drop of revenue over expenses and a decrease in investment income of \$865,906.

Reserve for losses and loss expenses decreased over all by \$2,992,671 or 26%. \$1.8 million of the decrease was for Walgreen's Consumer Choice Rx plan which was re-classed as a liability. The remaining \$1.1 million resulted from an increase in paid claims and the decrease in the provision for incurred but unreported losses (IBNR).

Net assets are reported in the accompanying financial statements as unrestricted and invested in capital assets.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Management's Discussion and Analysis**  
**June 30, 2010**

**Capital Assets and Related Debt**

The Funds investment in capital assets as of June 30, 2010, amounted to \$17,298 net of accumulated depreciation for Risk Management and \$4,012 for Employee Benefits. Capital assets consist of equipment and furnishings. No long-term debt was added in 2010.

Depreciation expense for Risk Management for fiscal year 2010 was \$2,163 as compared to \$3,556 in 2009. Depreciation expense for Employee Benefits for fiscal year 2010 was \$2,270 as compared to \$3,379 in 2009.

**Summary of Revenues and Expenses and Changes in Net Assets**

Risk Management

	<u>Years Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Operating income	\$ 28,772,379	\$ 35,172,048
Other income	13,120	
Investment income	<u>768,717</u>	<u>1,132,429</u>
Total revenue	<u>29,554,216</u>	<u>36,304,477</u>
Losses and loss expenses	43,182,971	22,029,433
All other expenses	<u>8,274,263</u>	<u>6,699,995</u>
Total expenses	<u>51,457,234</u>	<u>28,729,428</u>
<b>Excess of revenues over expenses</b>	<u>\$ (21,903,018)</u>	<u>\$ 7,575,049</u>

Operating income decreased by \$6.4 million. The decrease in operating income is primarily a result of a decrease in user charges in fiscal year 2010 due to a \$12.4 net increase in cash in fiscal year 2009. When there is a large excess of cash in a fiscal year, the user charges will be decreased the next fiscal year. Investment income decreased \$363,712 in fiscal year 2010 due to lower rates of return during the weakening economy compared to fiscal year 2009.

Total expenses increased by approximately \$22,727,806 or 79.1%. This increase is due to a large increase in loss and loss expenses of approximately \$21,153,538 and an increase of \$1,574,268 for other expenses during the fiscal year ended June 30, 2010.

The excess of revenues over expenses was \$(22.0) million for 2010, a decrease of approximately \$29.5 million from the excess revenues over expenses of \$7.6 million for 2009, primarily resulting from lower payments than expected this fiscal year still continuing to have reserved losses with the addition of some large new claims coming in.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Management's Discussion and Analysis**  
**June 30, 2010**

Employee Benefits

	<u>Years Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Operating income	\$ 113,114,496	\$ 129,607,798
Other income	97,894	54,131
Investment income	<u>779,857</u>	<u>1,354,252</u>
 Total revenue	 <u>113,992,247</u>	 <u>131,016,181</u>
 Losses and loss expenses	 101,098,908	 99,512,245
All other expenses	<u>13,759,245</u>	<u>25,771,528</u>
 Total expenses	 <u>114,858,153</u>	 <u>125,283,773</u>
 <b>Excess of revenues over expenses</b>	 <u>\$ (865,906)</u>	 <u>\$ 5,732,408</u>

Net revenue decreased by \$17 million, \$18.9 million is revenue from the fully insured products which were excluded from 2010 for more accurate reporting of the self funded products. The decrease in net revenue is primarily a result of a decrease in the charges for services and premiums. The investment income includes \$779,857 thousand of interest and dividends, realized gains, and unrealized gains on investments for the year ended June 30, 2010.

Total expenses decreased by approximately \$10.4 million, \$14.7 million is expense from the fully insured products which were excluded from 2010 for more accurate reporting of the self funded products. This increase is primarily due to the increase in claims and other expenses of approximately \$4.3 million during the fiscal year ended June 30, 2010.

The deficit of revenues over expenses was \$866 thousand for 2010, a decrease of approximately \$6.5 million from \$5.7 million for 2009, primarily from management's decision to hold premium rates relatively flat year to year.

**Net Assets Deficit**

The County Board of Supervisors elected not to fund the Risk Management Trust Fund's unpaid claims in fiscal years 1996 through 1999. Consequently, the Risk Management Trust Fund only billed user departments for operating costs and administrative expenses for those years. This resulted in a total net assets (deficit) of \$(23,321,519) at June 30, 1999. Starting July 1, 1999, the Risk Management Trust Fund implemented a funding plan that calls for the fiscal year ending cash balance to equal the next year's estimated claims and claims related expenses. As of June 30, 2010, the total net assets (deficit) was \$(28,757,197). This is primarily due to the Risk Management Trust Fund not being funded for accrued claim liabilities which are not considered when determining funding for each fiscal year.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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**Economic Factors**

During the budget and planning process for fiscal year 2010, County management was aware of the declining economy. Maricopa County's main revenue sources of sales tax, vehicle license tax and jail taxes continue to decline as they had in the previous fiscal years. The Arizona economy continues to be in a downturn and the housing market continues to deteriorate. There are tougher lending standards, consumer spending is down, and the unemployment rate continues to increase.

As a result, County management continued the hiring freeze and a capital purchase freeze they had implemented in the prior fiscal year. In addition, County leadership asked each department to submit relatively flat budget requests without increases from the prior fiscal year requests. This included the Risk Management and Employee Benefits departments.

The Risk Management Trust Fund projected claim and claims expense payments using an eighty percent confidence level for the three prior fiscal years 2010, 2009 and 2008. In the past years, a fifty five percent confidence level had been used. Due to the foreseen economic problems, County management used the greater confidence level.

**Contact Information**

The management report is to provide our participants, customers and consultants with a general overview of the Funds finances. If you have any questions about this report or need additional information, please contact the Maricopa County Risk Management Department, 222 N. Central Ave., Suite 1110, Phoenix, AZ 85004, or the Employee Health Initiatives Department, 301 S. 4th Ave., Suite B100, Phoenix, AZ 85003, or at [www.maricopa.gov](http://www.maricopa.gov).

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Net Assets—Internal Service Funds**  
**June 30, 2010**

	<u><b>Risk Management</b></u>	<u><b>Employee Benefits</b></u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents-		
Risk management	\$ 61,882,257	
Employee benefits		\$ 57,269,044
Interest receivable	79,829	81,358
Accounts receivable		1,299,254
Prepaid insurance	1,155,285	110,532
Total current assets	<u>63,117,371</u>	<u>58,760,188</u>
Noncurrent assets:		
Capital assets	108,666	63,409
Less: accumulated depreciation	91,368	59,395
Total noncurrent assets	<u>17,298</u>	<u>4,012</u>
<b>Total assets</b>	<u>63,134,669</u>	<u>58,764,200</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,301,868	3,919,715
Employee compensation payable	174,370	2,263,426
RBUC and IBNR claims	38,110,343	8,505,030
Total current liabilities	<u>39,586,581</u>	<u>14,688,171</u>
Noncurrent liabilities:		
RBUC and IBNR claims	52,305,285	
Total noncurrent liabilities	<u>52,305,285</u>	
<b>Total liabilities</b>	<u>91,891,866</u>	<u>14,688,171</u>
<b>Net Assets</b>		
Invested in capital assets	17,298	4,012
Unrestricted (deficit)	(28,774,495)	44,072,017
<b>Total net assets (deficit)</b>	<u>\$ (28,757,197)</u>	<u>\$ 44,076,029</u>

The accompanying notes are an integral part of the financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Net Assets—Internal Service Funds**  
**Year Ended June 30, 2010**

	<u>Risk Management</u>	<u>Employee Benefits</u>
<b>Operating revenues:</b>		
Charges for services	\$ 7,425,665	1,548,015
County and employee premiums		\$ 110,192,606
Intergovernmental charges	231,132	1,373,875
Internal service charges	21,115,582	
Other income	13,120	97,894
<b>Total operating revenues</b>	<u>28,785,499</u>	<u>113,212,390</u>
<b>Operating expenses:</b>		
Personal services	1,800,164	1,503,614
Supplies and services	348,730	428,499
Accounting and auditing fees	21,500	345,722
Actuary fees	42,100	160,129
Consulting and management fees	82,943	
Brokers' fees	59,001	
Claims administration service fees	601,899	11,130,513
Legal expenses	4,900,396	
Workers' compensation taxes	415,367	
Claims and insurance:		
Auto liability claims paid	1,714,581	
Auto liability RBUC and IBNR claims decrease in estimate	(1,819,073)	
Total auto liability	<u>(104,492)</u>	
General liability claims paid	1,448,516	
General liability RBUC and IBNR claims increase in estimate	21,661,245	
Total general liability	<u>23,109,761</u>	
Workers' compensation claims paid	4,701,475	
Workers' compensation RBUC and IBNR claims increase in estimate	649,448	
Total workers' compensation	<u>5,350,923</u>	
Medical malpractice claims paid	1,649,324	
Medical malpractice RBUC and IBNR claims increase in estimate	1,262,066	
Total medical malpractice	<u>2,911,390</u>	
Auto physical damage claims paid	186,091	
Auto physical damage RBUC decrease in estimate	(62,469)	
Total auto physical damage	<u>123,622</u>	
Property claims paid	63,301	
Property claims RBUC increase in estimate	118,097	
Total property	<u>181,398</u>	
Unallocated claims increase in estimate	<u>6,177,194</u>	
Medical claims paid		65,936,534
Medical IBNR claims decrease in estimate		(1,004,065)
Total medical		<u>64,932,469</u>

(Continued)

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Net Assets—Internal Service Funds**  
**Year Ended June 30, 2010**  
**(Continued)**

	<b>Risk Management</b>	<b>Employee Benefits</b>
Pharmacy claims paid		13,637,794
Pharmacy IBNR claims decrease in estimate		(311,001)
<b>Total pharmacy</b>		<b>13,326,793</b>
Short-term disability claims paid		\$ 1,746,191
Short-term disability IBNR claims increase in estimate		84,148
<b>Total short-term disability</b>		<b>1,830,339</b>
Dental claims paid		2,879,750
Dental IBNR claims increase in estimate		88,756
<b>Total dental</b>		<b>2,968,506</b>
Behavioral health claims paid		1,481,261
Behavioral health IBNR claims increase in estimate		36,691
<b>Total behavioral health</b>		<b>1,517,952</b>
Vision claims paid		1,275,423
Vision IBNR claims decrease in estimate		(23,498)
<b>Total vision</b>		<b>1,251,925</b>
Incentives paid		0
Wellness claims/incentives paid		615,683
Unemployment claims	\$ 1,810,153	
General liability insurance premiums	931,103	
Workers' compensation insurance premiums	398,304	
Crime insurance premiums	29,891	
Property insurance premiums	1,092,535	
Malpractice insurance premiums	1,171,189	
Dental premiums paid		5,914,196
Life insurance premiums paid		4,928,669
Flexible spending accounts claims paid		2,990,545
Cigna for seniors claims paid		535,455
Other benefit premiums paid		286,374
Employee assistance program		188,500
Depreciation	2,163	2,270
<b>Total operating expenses</b>	<b>51,457,234</b>	<b>114,858,153</b>
<b>Operating loss</b>	<b>(22,671,735)</b>	<b>(1,645,763)</b>
<b>Nonoperating revenues:</b>		
Investment income	768,717	779,857
<b>Total nonoperating revenues</b>	<b>768,717</b>	<b>779,857</b>
<b>Decrease in net assets</b>	<b>(21,903,018)</b>	<b>(865,906)</b>
<b>Total net assets (deficit), July 1, 2009</b>	<b>(6,854,179)</b>	<b>44,941,935</b>
<b>Total net assets (deficit), June 30, 2010</b>	<b>\$ (28,757,197)</b>	<b>\$ 44,076,029</b>

The accompanying notes are an integral part of the financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Cash Flows—Internal Service Funds**  
**Year Ended June 30, 2010**

	<u>Risk Management</u>	<u>Employee Benefits</u>
<b>Cash flows from operating activities:</b>		
Receipts from employees and other funds	\$ 28,772,379	\$ 113,114,496
Other receipts	13,120	97,894
Payments for fees, supplies, and services	(6,383,092)	(11,463,982)
Payments for insurance claims	(11,573,441)	(91,112,614)
Payments for insurance premiums	(3,516,689)	(14,657,617)
Payments to employees	(1,758,325)	620,864
Net cash provided by operating activities	<u>5,553,952</u>	<u>(3,400,959)</u>
<b>Cash flows from investing activities:</b>		
Interest received on investments	<u>803,436</u>	<u>820,512</u>
Net increase in cash and cash equivalents	6,357,388	(2,580,447)
Cash and cash equivalents, July 1, 2009	<u>55,524,869</u>	<u>59,849,491</u>
Cash and cash equivalents, June 30, 2010	<u>\$ 61,882,257</u>	<u>\$ 57,269,044</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (22,671,735)	\$ (1,645,763)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,163	2,270
Net change in RBUC and IBNR claims, noncurrent portion	12,128,009	
Changes in assets and liabilities:		
Increase in:		
Accounts payable	88,842	
Employee compensation payable	41,839	
RBUC and IBNR claims, current portion	15,858,499	2,124,477
Decrease in:		
Prepaid insurance	106,333	(2,378)
Accounts payable		(827,758)
Accounts receivable		(59,135)
Employee compensation payable		(2,992,672)
RBUC and IBNR claims, current portion	-	
Net cash provided by operating activities	<u>\$ 5,553,952</u>	<u>\$ (3,400,959)</u>

The accompanying notes are an integral part of the financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT TRUST FUND**  
**Statements of Revenues, Expenses, and**  
**Changes in Fund Net Assets—Internal Service Fund**  
**Budget and Actual**  
**Year Ended June 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating revenues:</b>			
Charges for services	\$ 7,425,665	\$ 7,425,665	\$ -
Intergovernmental charges	231,132	231,132	-
Internal service charges	21,115,582	21,115,582	-
Other income	13,120	13,120	13,120
<b>Total operating revenues</b>	<u>28,772,379</u>	<u>28,785,499</u>	<u>13,120</u>
<b>Operating expenses:</b>			
Personal services	1,741,525	1,800,164	58,639
Supplies and services	360,193	348,730	(11,463)
Accounting and auditing fees	18,000	21,500	3,500
Actuary fees	42,100	42,100	0
Consulting and management fees	150,000	82,943	(67,057)
Brokers' fees	59,000	59,001	1
Claims administration service fees	637,000	601,899	(35,101)
Legal expenses	10,303,458	4,900,396	(5,403,062)
Workers' compensation taxes	650,000	415,367	(234,633)
Total auto liability	997,811	(104,492)	(1,102,303)
Total general liability	9,851,940	23,109,761	13,257,821
Total workers' compensation	6,201,417	5,350,923	(850,494)
Total medical malpractice	2,809,045	2,911,390	102,345
Total auto physical damage	857,405	123,622	(733,783)
Total property	440,162	181,398	(258,764)
Total unallocated claims		6,177,194	6,177,194
Unemployment claims	800,000	1,810,153	1,010,153
General liability insurance premiums	1,216,500	931,103	(285,397)
Workers' compensation insurance premiums	602,000	398,304	(203,696)
Crime insurance premiums	32,000	29,891	(2,109)
Property insurance premiums	954,849	1,092,535	137,686
Malpractice insurance premiums	1,470,182	1,171,189	(298,993)
Depreciation		2,163	2,163
<b>Total operating expenses</b>	<u>40,194,587</u>	<u>51,457,234</u>	<u>11,262,647</u>
<b>Operating loss</b>		(22,671,735)	
<b>Nonoperating revenues:</b>			
Investment income	1,000,000	768,717	(231,283)
<b>Total nonoperating revenues</b>	<u>1,000,000</u>	<u>768,717</u>	<u>(231,283)</u>
<b>Decrease in net assets</b>		(21,903,018)	
<b>Total net deficit, July 1, 2009</b>		<u>(6,854,179)</u>	
<b>Total net deficit, June 30, 2010</b>		<u><u>\$ (28,757,197)</u></u>	

The accompanying notes are an integral part of the financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2010**

**NOTE 1 - Organization and Summary of Significant Accounting Policies**

Maricopa County, Arizona (the County), in the exercise of the authority granted by Arizona Revised Statutes (A.R.S.) §11-981, has established trust funds and declares itself self-insured. For financial statement presentation purposes, the Self-insured Trust Fund is reported as Risk Management and Employee Benefits Trust Funds (Funds) and all monies held in these Funds are considered restricted for purposes of self-insurance. The Funds' financial statements are prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The accompanying financial statements are those of the funds and do not represent the financials statements of the County. The Maricopa County, Arizona *Comprehensive Annual Financial Report* as of and for the year ended June 30, 2010, will report the Funds as governmental activities on the government-wide financial statements since they predominantly service the County's governmental funds. A summary of the Funds' significant accounting policies follows.

**A. Reporting Entity**

The Funds are accounted for as internal service funds of Maricopa County, Arizona, under the direction of an administrator appointed by the County Board of Supervisors. In addition, the Funds are administered by no less than six joint trustees, all of whom shall be citizens of the United States of America and residents of Maricopa County. The County Board of Supervisors also appoints the trustees. However, the ultimate financial accountability for the Funds remains with the County. The County is responsible for the management and operations of the financing of the uninsured risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and for certain health benefits (medical, dental, pharmacy, short-term disability, medical incentives, behavioral health and vision) to eligible County employees and their dependents.

**B. Fund Accounting**

The Funds' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Funds' available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, net assets, revenues, and expenses.

The Funds' financial transactions are recorded and reported as internal service funds since their operations are financed and operated in a manner similar to private business enterprises.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
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The intent of the County Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or services to other departments within the County on a continuing basis be financed or recovered primarily through user charges.

**C. Basis of Presentation and Accounting**

The financial statements include statements of net assets; statements of revenues, expenses, and changes in fund net assets; and statements of cash flows.

The statements of net assets provide information about the assets, liabilities, and net assets of the Funds at the end of the year. Assets and liabilities are unclassified. Invested in capital assets represents the value of capital assets, net of accumulated depreciation. Unrestricted net assets represent the balance of monies held in the Funds.

The statements of revenues, expenses, and changes in fund net assets (deficit) provide information about the Funds' financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported. Generally, charges for services and premiums are considered to be operating revenues. Other revenues such as investment income are not generated from operations and are considered to be nonoperating revenues. The cost of services, administrative expenses, and depreciation on capital assets are considered to be operating expenses.

The statements of cash flows provide information about the Funds' sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating or investing.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied, and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Funds are presented on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The Funds apply applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The Funds have chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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**D. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Funds consider cash on hand, demand deposits, cash on deposit with the County Treasurer, and highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

**F. Capital Assets**

Equipment is initially recorded at cost. Depreciation of equipment is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of equipment range from 3 to 10 years.

**G. Reserve for Losses and Loss Expenses**

The Funds establish claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other socioeconomic factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

**H. Employee Compensation Payable**

Compensated absences consist of vacation leave and a calculated amount of sick leave

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2010**

earned by employees based on services already rendered. Classified employees may accumulate up to 240 hours of vacation leave. Any vacation hours in excess of the maximum amount that are unused at calendar year-end convert to sick leave. Unclassified employees may accumulate up to 320 hours of vacation leave. Any vacation hours in excess of the maximum amount that are unused at calendar year-end convert to sick leave. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, upon retirement, County employees with accumulated sick leave in excess of 1,000 hours are entitled to a \$10,000 nontaxable investment in a Post Employment Health Plan established pursuant to Internal Revenue Code §501(c)(9). The obligations vested at June 30, 2010, under this policy are accrued as a liability.

Compensated absences are substantially paid within one year from fiscal year-end and, therefore, are reported as a current liability.

**I. Income Tax**

The Trust Funds are a component unit of Maricopa County, Arizona, a governmental agency, and are exempt from federal and state income taxes.

**NOTE 2 - Deposits and Investments**

Arizona Revised Statutes (A.R.S.) authorize the Funds to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

**Custodial credit risk**

Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

**Interest rate risk**

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

**Deposits**—At June 30, 2010, the carrying amount of the Funds' deposits was \$380,070, and the bank balance was \$476,690. The Funds follow the County's policies requiring collateralization of all deposits by at least 101% of the deposits not covered by depository insurance. At a minimum, the collateral is to be held by the pledging financial institution or its agent, but does not have to be held in the County's name.

**Investments**—The Funds' investments at June 30, 2010, consisted of monies invested in the Maricopa County Treasurer's Investment Pool. The Funds' investments in the pool represent a portion of the County Treasurer's pool portfolio. There is no oversight provided for the County Treasurer's investment pool, and the pool's structure does not provide for shares. The Funds' portion in the pool is not identified with specific investments.

**Credit Risk**—The Funds follow the County's policy to preserve the principal value and the interest income of an investment. The County can invest in obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, or instrumentalities. The County can also invest in commercial paper and corporate bonds with ratings that meet the statutory requirements specified above. At June 30, 2010, the Funds' investments consisted of monies invested in the Maricopa County Treasurer's Investment Pool which is unrated.

**Interest rate risk**—It is the County's policy to hold investments to maturity, where practical, and avoid any loss on investments resulting from an early sale or retirement of an investment. Additionally, securities should be invested for a shorter duration, where applicable. At June 30, 2010, the Funds had investments of \$118,771,131 in the Maricopa County Treasurer's Investment Pool with a weighted average maturity of 607 days, of which

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2010**

33% (in excess of \$1 billion) of pooled investments have maturities of 90 days or less. The County invests the pooled investments primarily in U.S. government agency securities.

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash, deposits, and investments:	
Cash on hand	\$ 100
Amount of deposits	380,070
County Treasurer's Investment Pool	<u>118,771,131</u>
Total	<u>\$119,151,301</u>

**NOTE 3 - Reserve for Losses and Loss Expenses**

The Funds provide for claims liabilities based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but unpaid (RBUC), and of claims that have been incurred but not reported (IBNR).

The County is liable for any single claim up to the insurance deductible or self-insurance retention (SIR), whichever is applicable, and the excess over insurance limits. Settled claims have not exceeded the commercial insurance coverage limits over the past 3 years.

**Risk Management Trust Fund**

Reserve for losses and loss expenses are estimates of the ultimate cost of claims that include the insurance deductible, the SIR, and the excess over insurance limits. The estimates are determined by an independent actuary using the following actuarial methods: reported loss development, paid loss development, Bornhuetter-Ferguson reported loss and paid loss, frequency times severity, expected loss, incremental paid-workers' compensation, paid allocated loss adjustment expense to paid loss development-automobile liability, and tail liability for medical malpractice. Total liabilities are equal to the sum of:

1. Reported but unpaid claims (RBUC), which represent the estimated liability on reported claims established by the Risk Management department and
2. Incurred but not reported (IBNR) reserves, which include known loss events that are expected to become claims and expected future development on claims already reported. Therefore, IBNR is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
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Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 2.0 percent annual rate of return on investments.

The total liabilities reported at June 30, 2010, categorized by insurable area follow:

	<u><b>Total Liabilities</b></u>
Auto liability	\$ 1,285,598
General liability	55,156,716
Workers' compensation	12,406,026
Medical malpractice	14,777,957
Auto physical damage	251,850
Property	360,287
Unallocated	6,177,194
Total	<u>\$90,415,628</u>

The total estimates of unpaid claim liabilities of \$90,415,628 at June 30, 2010, increased by \$27,986,508 from last year's balance of \$62,429,120. The areas with the largest increases were general liability, workers' compensation, medical malpractice, and unallocated.

Changes in the liabilities for unpaid auto, general, workers' compensation, medical malpractice, auto physical damage, and property claims follow:

	<u><b>FY 2009-10</b></u>	<u><b>FY 2008-09</b></u>	<u><b>FY 2007-08</b></u>
Balance July 1	\$62,429,120	\$58,072,094	\$57,730,019
Current-Year Claims and Changes in Estimates	37,749,796	13,180,821	13,460,325
Claim Payments	<u>(9,763,288)</u>	<u>(8,823,795)</u>	<u>(13,118,250)</u>
Balance June 30	<u>\$90,415,628</u>	<u>\$62,429,120</u>	<u>\$58,072,094</u>

Of these liabilities, \$38,110,343 were actuarially estimated to be payable within the next 12 months.

**Employee Benefits Trust Fund**

The liability for medical, dental, short-term disability, behavioral health and vision claims as shown below is based on the fiscal year 2009-10 actuarial reports.

Accrued claims liabilities at June 30, 2010, for each insurable area follow:

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2010**

Medical	\$7,444,935
Dental	374,756
Short-term disability	380,146
Behavioral Health	252,691
Vision	52,502
Total	<u>\$8,505,030</u>

Changes in the liabilities for unpaid medical, dental, short-term disability, vision and behavioral health claims follow:

	<u>FY 2009-10</u>	<u>FY 2008-09</u>	<u>FY 2007-08</u>
Balance July 1	\$11,497,701	\$10,546,651	\$2,206,068
Current-Year Claims and Changes in Estimates	98,619,427	99,512,245	95,933,611
Claim Payments	(101,612,098)	(98,479,540)	(87,449,314)
Other Payments	<u>----</u>	(81,653)	(143,714)
Balance June 30	<u>\$8,505,030</u>	<u>\$11,497,701</u>	<u>\$10,546,651</u>

It is estimated that the June 30, 2010, liabilities balance of \$8,505,030 will be paid within the next 12 months.

**NOTE 4 - Net Assets Deficit**

The County Board of Supervisors elected not to fund the Risk Management Trust Fund's unpaid claims in fiscal years 1996 through 1999. Consequently, the Risk Management Trust Fund only billed user departments for operating costs and administrative expenses for those years. This resulted in a total net deficit of \$23,321,519 at June 30, 1999. Starting July 1, 1999, the Risk Management Trust Fund implemented a funding plan that calls for the fiscal year ending cash balance to equal the next year's estimated claims and claims related expenses. As of June 30, 2010, the total net deficit was \$28,757,197. This is primarily due to the Risk Management Trust Fund not being funded for accrued claim liabilities which are not considered when determining funding for each fiscal year.

**NOTE 5 - Letter of Credit**

On July 1, 2009, the County renewed its workers' compensation insurance with a self-

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2010**

insured retention of \$2,000,000 for the policy period July 1, 2009 through June 30, 2010. As a result, the Industrial Commission of Arizona required the County to secure an irrevocable letter of credit in the amount of \$5.3 million with a financial institution to cover unfunded workers' compensation claims for that policy period. During fiscal year 2009-10, the letter of credit had not been drawn upon. The letter of credit was renewed on July 1, 2010 to June 30, 2011 for \$5.6 million.

**NOTE 6 - Retirement Plan**

**Plan Description**—The Funds contribute to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

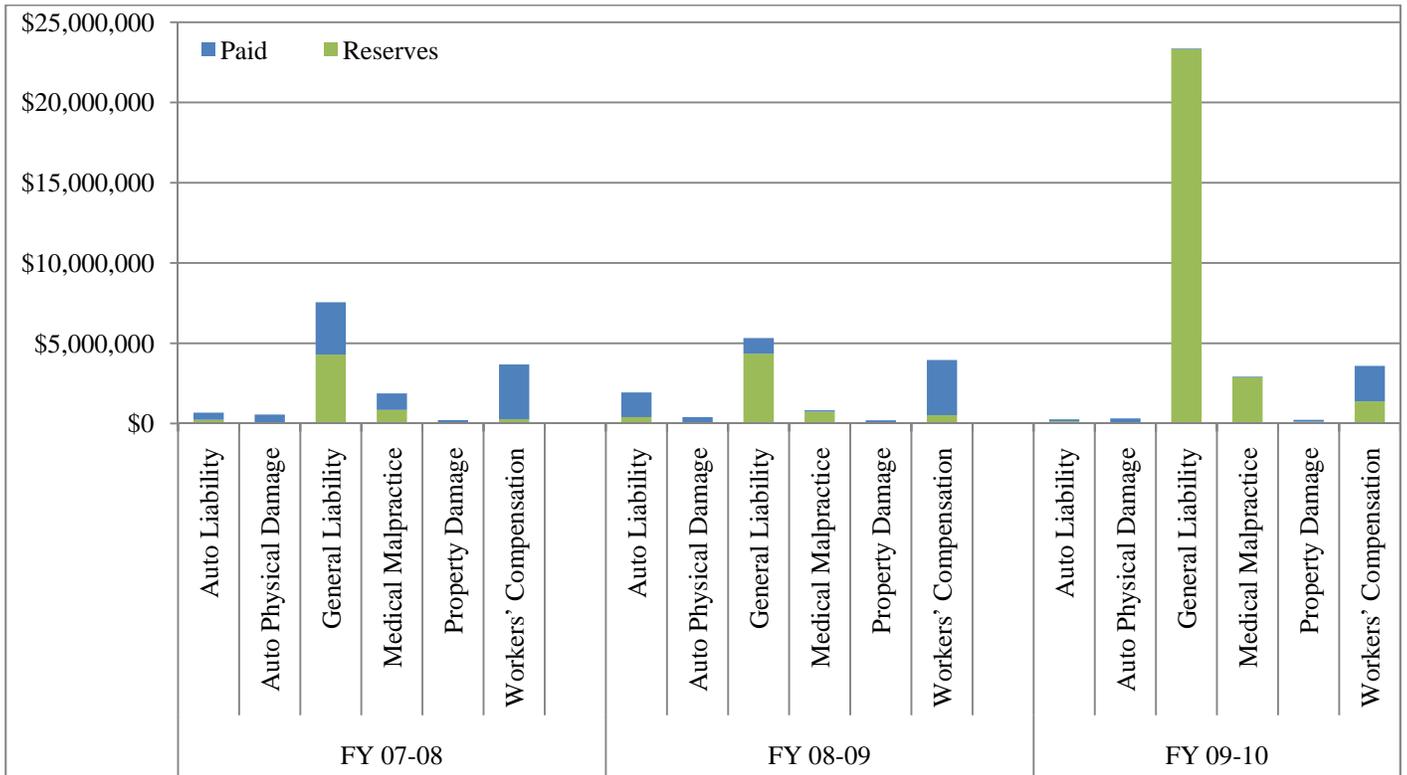
The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

**Funding Policy**—The Arizona State Legislature establishes and may amend active plan members' and the Fund's contribution rates. For the year ended June 30, 2010, active plan members and the Funds were each required by statute to contribute at the actuarially determined rate of 9.40 percent (8.90 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The Fund's contributions to the System for the years ended June 30, 2010 and 2009 were \$210,707 and \$260,993, respectively.



# STATISTICS AND COVERAGE

**TOTAL COST SUMMARY  
FY07-08 TO FY09-10**



		Auto Liability	Auto Physical Damage	General Liability	Medical Malpractice	Property	Worker's Compensation	Total
<b>FY 07-08</b>	\$ Paid	\$448,732	\$550,986	\$3,260,289	\$1,033,106	\$205,825	\$3,407,766	\$8,906,705
	Open Reserves	\$230,244	\$4,345	\$4,292,079	\$844,849	\$0	\$266,835	\$5,638,352
	Total Incurred <sup>5</sup>	\$678,975	\$555,331	\$7,552,368	\$1,877,956	\$205,825	\$3,674,601	\$14,545,056
<b>FY 08-09</b>	\$ Paid	\$1,536,157	\$396,781	\$975,412	\$91,306	\$176,068	\$3,443,908	\$6,619,631
	Open Reserves	\$400,097	\$1,652	\$4,350,679	\$732,383	\$21,706	\$514,054	\$6,020,572
	Total Incurred <sup>5</sup>	\$1,936,254	\$398,433	\$5,326,091	\$823,689	\$197,774	\$3,957,962	\$12,640,203
<b>FY 09-10</b>	\$ Paid	\$116,106	\$257,628	\$30,289	\$46,371	\$117,095	\$2,207,780	\$2,775,270
	Open Reserves	\$142,035	\$56,877	\$23,328,793	\$2,879,833	\$109,770	\$1,382,613	\$27,899,920
	Total Incurred <sup>5</sup>	\$258,141	\$314,505	\$23,359,083	\$2,926,204	\$226,865	\$3,590,392	\$30,675,190

Notes:

1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY07-08 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2010, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2010, as reported by the Pinnacle system.
3. Unemployment not included.
4. Total Incurred = \$ Paid plus Open Reserves, minus Total Recoveries.
5. Small dollar amounts may not be visible on the chart, but they are included in the data.
6. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.

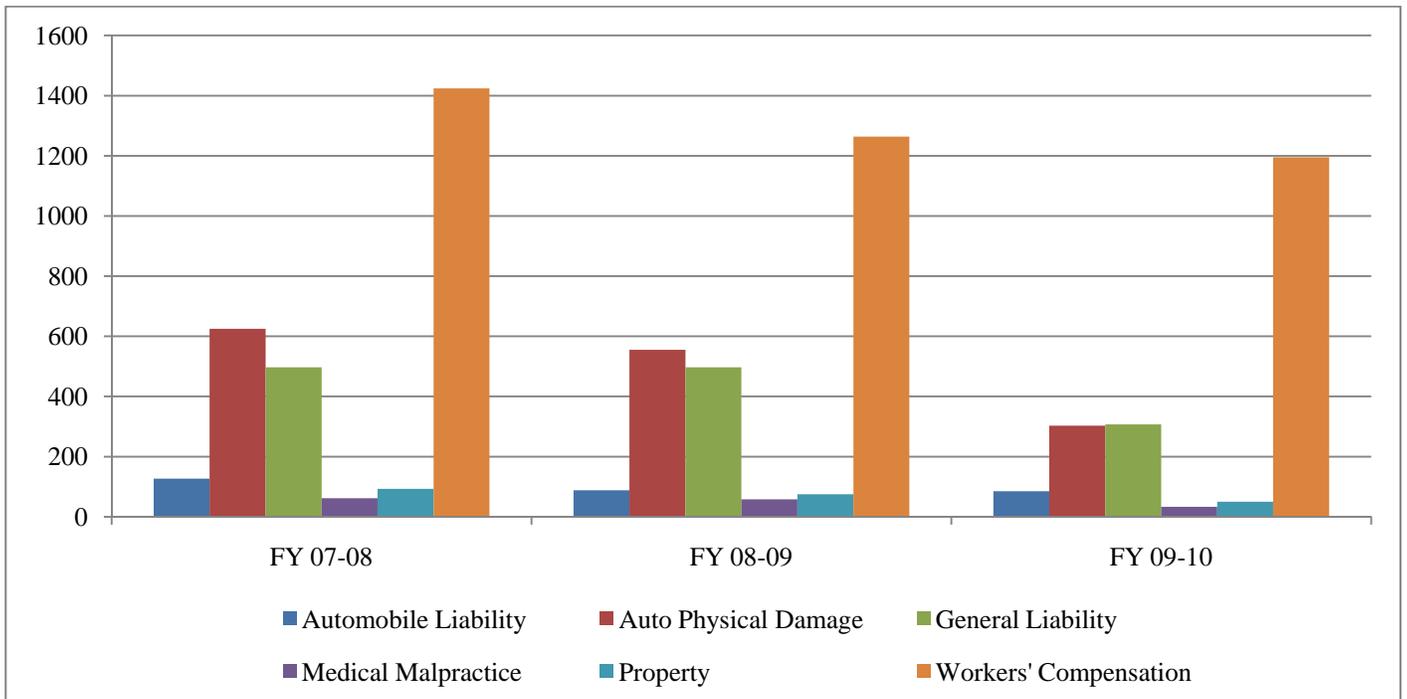
**TOTAL CLAIMS SUMMARY TABLE  
FY07-08 TO FY09-10**

Department	FY07-08		FY08-09		FY09-10	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	92	\$121,998	68	\$261,206	58	\$146,494
AIR QUALITY	35	\$32,665	52	\$19,498	20	\$1,903
ANIMAL CONTROL	133	\$81,450	107	\$77,402	91	\$184,044
CLERK OF SUPERIOR COURT	21	\$17,607	15	\$8,344	15	\$57,511
CORRECTIONAL HEALTH	84	\$394,458	82	\$272,613	67	\$44,686
COUNTY ATTORNEY	47	\$354,845	45	\$35,537	39	\$18,097
ENVIRONMENTAL SERVICES	49	\$50,553	43	\$78,156	38	\$15,566
EQUIPMENT SERVICES	16	\$137,100	16	\$30,146	13	\$61,394
FACILITIES MANAGEMENT	45	\$77,239	28	\$21,017	8	\$1,500
FLOOD CONTROL	46	\$114,002	10	\$9,271	0	\$0
HUMAN SERVICES	67	\$74,586	38	\$63,181	31	\$55,555
JUSTICE COURTS	12	\$32,506	16	\$26,832	11	\$5,482
JUVENILE PROBATION	91	\$322,933	70	\$206,090	80	\$314,586
LIBRARY DISTRICT	12	\$6,102	6	\$4,222	8	\$61,777
MARICOPA MEDICAL CENTER	535	\$2,124,705	411	\$944,286	350	\$909,851
MEDICAL EXAMINER	17	\$19,441	22	\$14,120	7	\$8,436
PARKS & RECREATION	28	\$118,056	15	\$19,442	13	\$6,661
PLANNING AND DEVELOPMENT	17	\$36,619	14	\$18,890	7	\$14,096
PUBLIC DEFENDER	27	\$94,552	17	\$24,343	25	\$70,193
PUBLIC HEALTH	56	\$78,708	47	\$200,360	37	\$45,367
PUBLIC WORKS	210	\$273,612	179	\$226,608	146	\$124,975
RISK MANAGEMENT	14	\$4,152	31	\$55,256	18	\$21,748
SHERIFF	1060	\$4,204,651	1076	\$3,946,664	804	\$1,644,917
TRIAL COURTS	58	\$145,433	53	\$290,077	37	\$84,784
ALL OTHERS	56	\$255,565	76	\$279,791	48	\$172,280
<b>TOTAL</b>	2828	\$9,173,538	2537	\$7,133,351	1971	\$4,071,904

Notes:

1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY07-08 give a truer picture as these claims have had time to mature.
2. Number of claims paid represents the amount of claims for the year in which the event occurred.
3. Unemployment not included.
4. Amounts as valued on June 30, 2010, as reported by the RiskMaster system and the Pinnacle system.
5. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.

**TOTAL NUMBER OF CLAIMS SUMMARY  
FY07-08 TO FY09-10**



	FY 07-08	FY 08-09	FY 09-10
Automobile Liability	127	88	85
Auto Physical Damage	625	555	303
General Liability	497	497	307
Medical Malpractice	62	58	33
Property	93	75	50
Workers' Compensation	1424	1264	1195
<b>TOTAL</b>	<b>2828</b>	<b>2537</b>	<b>1973</b>

Notes:

1. Number of claims represents the number of claims for the year in which the event occurred.
2. Unemployment not included.

**AUTO LIABILITY LOSS SUMMARY  
FY 07-08 TO FY 09-10**

Department	FY 07-08		FY 08-09		FY 09-10	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	2	\$0	2	\$0	1	\$0
COUNTY ATTORNEY	4	\$5,606	0	\$0	1	\$2,447
ELECTIONS DEPARTMENT	0	\$0	1	\$0	0	\$0
HUMAN SERVICES	7	\$6,235	2	\$0	0	\$0
CORRECTIONAL HEALTH	0	\$0	1	\$0	0	\$0
PARKS & RECREATION	1	\$1,137	1	\$1,055	0	\$0
PLANNING AND DEVELOPMENT	2	\$8,701	1	\$3,975	0	\$0
SHERIFF GENERAL FUND	65	\$280,786	51	\$1,471,081	36	\$93,045
FLOOD CONTROL	3	\$6,837	0	\$0	0	\$0
FACILITIES MANAGEMENT	2	\$22,906	3	\$6,880	1	\$0
EQUIPMENT SERVICES	2	\$12,386	2	\$2,790	1	\$4,906
RISK MANAGEMENT	2	\$0	5	\$0	1	\$0
ANIMAL CONTROL	8	\$21,535	6	\$19,027	4	\$13,528
TRIAL COURTS	0	\$0	0	\$0	1	\$0
AIR QUALITY	7	\$15,465	3	\$1,232	1	\$50
PUBLIC HEALTH	2	\$2,233	2	\$24,936	0	\$0
ENVIRONMENTAL SERVICES	4	\$2,737	0	\$0	3	\$368
MARICOPA MEDICAL CENTER	1	\$0	0	\$0	1	\$425
PUBLIC WORKS FLOOD CONTROL	15	\$62,167	8	\$5,181	34	\$1,336
Grand Total	127	\$448,732	88	\$1,536,157	85	\$116,106

Notes:

1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY07-08 give a truer picture as these claims have had time to mature.
2. Number of claims paid represents the amount of claims for the year in which the event occurred.
3. Amounts as valued on June 30, 2010, as reported by the RiskMaster system.
4. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.

**AUTO PHYSICAL DAMAGE LOSS SUMMARY  
FY 07-08 TO FY 09-10**

Department	FY 07-08		FY 08-09		FY 09-10	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	22	\$12,457	16	\$7,212	13	\$14,689
AIR QUALITY	14	\$5,865	33	\$7,489	10	\$217
ANIMAL CONTROL	39	\$7,498	34	\$1,902	17	\$11,552
CLERK OF SUPERIOR COURT	1	\$2,328	2	\$475	0	\$0
CONSTABLES	2	\$0	1	\$3,136	5	\$1,806
CORRECTIONAL HEALTH	1	\$500	1	\$0	1	\$500
COUNTY ASSESSOR	1	\$250	1	\$500	2	\$500
COUNTY ATTORNEY	8	\$4,543	7	\$2,683	7	\$0
ENVIRONMENTAL SERVICES	26	\$12,004	23	\$18,353	17	\$9,205
EQUIPMENT SERVICES	7	\$58,029	5	\$10,452	4	\$3,843
FACILITIES MANAGEMENT	10	\$1,103	8	\$0	0	\$0
FLOOD CONTROL	30	\$21,067	6	\$4,627	0	\$0
HUMAN SERVICES	22	\$5,136	14	\$2,935	9	\$1,276
JUVENILE PROBATION	10	\$7,750	4	\$10,347	2	\$0
MARICOPA MEDICAL CENTER	2	\$0	0	\$0	2	\$3,025
MEDICAL EXAMINER	3	\$2,336	4	\$0	0	\$0
OFFICE OF ENTERPRISE TECH	1	\$551	0	\$0	2	\$890
OFFICE OF LEGAL ADVOCATE	1	\$2,660	0	\$0	0	\$0
PARKS & RECREATION	6	\$2,882	3	\$1,059	1	\$0
PLANNING AND DEVELOPMENT	9	\$7,611	5	\$0	1	\$0
PUBLIC HEALTH	10	\$750	10	\$4,583	0	\$0
PUBLIC WORKS	47	\$90,348	62	\$70,597	39	\$38,544
SHERIFF	352	\$305,317	308	\$247,852	168	\$168,919
SUPERINTENDENT OF SCHOOLS	1	\$0	0	\$0	0	\$0
ALL OTHERS	0	\$0	8	\$2,578	3	\$2,663
<b>TOTALS</b>	<b>625</b>	<b>\$550,986</b>	<b>555</b>	<b>\$396,781</b>	<b>303</b>	<b>\$257,628</b>

Notes:

1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY07-08 give a truer picture as these claims have had time to mature.
2. Number of claims paid represents the amount of claims for the year in which the event occurred.
3. Amounts as valued on June 30, 2010, as reported by the RiskMaster System.
4. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.

**GENERAL LIABILITY LOSS SUMMARY  
FY 07-08 TO FY 09-10**

Department	FY 07-08		FY 08-09		FY 09-10	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	7	\$0	2	\$0	3	\$0
ANIMAL CONTROL	25	\$22,952	22	\$1,574	18	\$3,256
BOARD OF SUPERVISORS CLERK	2	\$131,311	9	\$58,076	0	\$0
CORRECTIONAL HEALTH	5	\$0	6	\$1,721	6	\$0
COUNTY ASSESSOR	5	\$0	3	\$375	1	\$0
COUNTY ATTORNEY	20	\$302,028	29	\$15,762	19	\$0
FACILITIES MANAGEMENT	13	\$0	8	\$2,667	6	\$1,500
FLOOD CONTROL	4	\$20,966	1	\$0	0	\$0
HUMAN SERVICES	2	\$0	5	\$0	0	\$0
JUSTICE COURTS	4	\$0	6	\$8,099	4	\$0
JUVENILE PROBATION	3	\$0	0	\$0	2	\$0
LEGAL DEFENDER	2	\$30,695	1	\$0	1	\$0
LIBRARY DISTRICT	2	\$0	1	\$0	0	\$0
MARICOPA MEDICAL CENTER	29	\$113,902	22	\$0	16	\$1,175
PARKS & RECREATION	5	\$4,342	1	\$0	0	\$0
PLANNING & DEVELOPMENT	1	\$0	3	\$345	3	\$12,199
PUBLIC DEFENDER	10	\$32,956	9	\$0	7	\$0
PUBLIC HEALTH	2	\$0	2	\$0	3	\$0
PUBLIC WORKS	103	\$14,490	76	\$12,599	22	\$727
RISK MANAGEMENT	12	\$4,152	23	\$55,256	15	\$0
SHERIFF	221	\$2,572,586	233	\$815,148	158	\$11,405
SUPERINTENDENT OF SCHOOLS	3	\$6,904	2	\$0	0	\$0
TREASURER	3	\$2,966	1	\$0	0	\$0
TRIAL COURTS	7	\$40	20	\$0	14	\$27
ALL OTHERS	7	\$0	12	\$3,789	10	\$0
<b>TOTALS</b>	<b>497</b>	<b>\$3,260,289</b>	<b>497</b>	<b>\$975,412</b>	<b>308</b>	<b>\$30,289</b>

Notes:

1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY07-08 give a truer picture as these claims have had time to mature.
2. Number of claims paid represents the amount of claims for the year in which the event occurred.
3. Amounts as valued on June 30, 2010, as reported by the RiskMaster System.
4. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.

**MEDICAL MALPRACTICE LOSS SUMMARY  
FY 07-08 TO FY 09-10**

Department	FY 07-08		FY 08-09		FY 09-10	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
CORRECTIONAL HEALTH	43	\$356,581	46	\$82,734	26	\$176
MARICOPA MEDICAL CENTER	17	\$655,533	11	\$8,072	4	\$46,196
PUBLIC HEALTH	2	\$20,992	1	\$500	0	\$0
Grand Total	62	\$1,033,106	58	\$91,306	30	\$46,371

Notes:

1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY07-08 give a truer picture as these claims have had time to mature.
2. Number of claims paid represents the amount of claims for the year in which the event occurred.
3. Amounts as valued on June 30, 2010, as reported by the RiskMaster system.
4. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.

**PROPERTY DAMAGE LOSS SUMMARY  
FY07-08 TO FY09-10**

Department	FY07-08		FY08-09		FY09-10	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	4	\$1,062	2	\$0	1	\$0
AIR QUALITY	5	\$9,368	6	\$0	2	\$0
ANIMAL CONTROL	17	\$0	8	\$5,689	2	\$1,230
COUNTY ASSESSOR	1	\$0	4	\$0	0	\$0
COUNTY MANAGERS OFFICE	0	\$0	0	\$0	1	\$1,500
ELECTIONS DEPARTMENT	0	\$0	0	\$0	1	\$0
ENVIRONMENTAL SERVICES	4	\$6,254	2	\$0	3	\$564
EQUIPMENT SERVICES	0	\$0	0	\$0	1	\$0
FACILITIES MANAGEMENT	6	\$27,439	6	\$2,854	1	\$0
FLOOD CONTROL	2	\$1,865	3	\$4,644	0	\$0
HEALTH CARE DISTRICT	1	\$0	3	\$15,489	2	\$37,945
HUMAN SERVICES	1	\$2,010	0	\$0	5	\$4,532
JUSTICE COURTS	1	\$0	0	\$0	0	\$0
JUVENILE PROBATION	1	\$0	0	\$0	0	\$0
OFFICE OF ENTERPRISE TECH	1	\$35,272	2	\$104,310	1	\$38,899
PARKS & RECREATION	8	\$9,983	2	\$13,799	3	\$0
PLANNING & DEVELOPMENT	1	\$0	0	\$0	0	\$0
PUBLIC DEFENDER	1	\$0	1	\$0	0	\$0
PUBLIC HEALTH	2	\$0	2	\$4,990	3	\$3,479
PUBLIC WORKS	19	\$28,071	8	\$8,246	16	\$28,946
RECORDER	0	\$0	0	\$0	1	\$0
SHERIFF	17	\$84,500	25	\$16,047	6	\$0
TRIAL COURTS	1	\$0	1	\$0	1	\$0
<b>TOTALS</b>	<b>93</b>	<b>\$205,825</b>	<b>75</b>	<b>\$176,068</b>	<b>50</b>	<b>\$117,095</b>

Notes:

1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY07-08 give a truer picture as these claims have had time to mature.
2. Number of claims paid represents the amount of claims for the year in which the event occurred.
3. Amounts as valued on June 30, 2010, as reported by the RiskMaster System.
4. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.

**WORKERS' COMPENSATION LOSS SUMMARY  
FY07-08 TO FY09-10**

Department	FY07-08		FY08-09		FY09-10	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	57	\$108,479	46	\$253,994	40	\$131,805
AIR QUALITY	8	\$1,967	9	\$9,676	6	\$1,637
ANIMAL CONTROL SERVICES	44	\$29,466	37	\$49,210	50	\$154,479
ASSESSOR	8	\$21,152	16	\$24,154	6	\$51,926
CLERK OF SUPERIOR COURT	20	\$15,279	13	\$7,869	11	\$57,511
CORRECTIONAL HEALTH	35	\$37,377	28	\$188,158	34	\$44,011
COUNTY ATTORNEY	15	\$42,668	9	\$17,092	11	\$12,593
ELECTIONS	6	\$7,892	11	\$24,127	5	\$4,620
ENVIRONMENTAL SERVICES	14	\$29,558	17	\$59,803	13	\$5,429
EQUIPMENT SERVICES	7	\$66,685	7	\$16,904	7	\$52,645
FACILITIES MANAGEMENT	14	\$25,790	3	\$8,616	0	\$0
HEALTH CARE DISTRICT	485	\$1,355,270	375	\$920,725	325	\$821,085
HUMAN SERVICES	35	\$61,204	17	\$60,247	17	\$49,748
JUSTICE COURTS	7	\$32,506	10	\$18,733	7	\$5,482
JUVENILE PROBATION	77	\$315,183	66	\$195,742	76	\$314,586
LIBRARY DISTRICT	10	\$6,102	4	\$3,039	8	\$61,777
MEDICAL EXAMINER	14	\$17,105	17	\$14,120	7	\$8,436
PARKS & RECREATION	8	\$99,713	8	\$3,529	9	\$6,661
PUBLIC DEFENDER	15	\$61,596	6	\$24,212	17	\$67,530
PUBLIC HEALTH	38	\$54,733	30	\$165,351	31	\$41,888
PUBLIC WORKS	7	\$63,268	0	\$0	0	\$0
SHERIFF	405	\$961,462	459	\$1,396,535	436	\$1,371,548
TRANSPORTATION	25	\$77,965	2	\$1,262	0	\$0
TRIAL COURTS	50	\$145,393	32	\$290,077	21	\$84,757
ALL OTHERS	20	\$36,788	42	\$204,453	58	\$154,264
<b>TOTALS</b>	1424	\$3,674,601	1264	\$3,957,627	1195	\$3,504,418

Notes:

1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY07-08 give a truer picture as these claims have had time to mature.
2. Number of claims paid represents the amount of claims for the year in which the event occurred.
3. Amounts as valued on June 30, 2010, as reported by the Pinnacle system.
4. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.

**UNEMPLOYMENT LOSS SUMMARY  
FY07-08 TO FY09-10**

Department	FY07-08	FY08-09	FY09-10
	\$ Paid	\$ Paid	\$ Paid
ADULT PROBATION	\$24,087	\$17,083	\$94,963
ANIMAL CONTROL	\$9,341	\$8,594	\$9,695
ASSESSOR	\$8,361	\$26,326	\$20,864
CLERK OF SUPERIOR COURT	\$39,768	\$21,905	\$59,988
CORRECTIONAL HLTH	\$20,183	\$22,180	\$54,186
COUNTY ATTORNEY	\$19,103	\$15,031	\$29,335
ELECTIONS	\$2,926	\$32,138	\$47,996
EMPLOYEE HEALTH INITIATIVES	\$1,669	\$233	\$21,740
ENTERPRISE TECHNOLOGY	\$3,883	\$11,378	\$99
ENVIRONMENTAL SVS	\$14,712	\$30,053	\$42,191
GENERAL GOVT	\$3,565	\$0	\$0
HUMAN SERVICES	\$137,358	\$198,958	\$238,578
JUVENILE PROBATION	\$39,087	\$41,097	\$78,640
LIBRARY	\$2,646	\$15,032	\$18,605
MARICOPA MEDICAL CENTER	\$149,810	\$225,845	\$371,276
PARKS	\$6,240	\$137	\$15
PLANNING & DEVELOPEMENT	\$25,410	\$77,716	\$64,542
PUBLIC DEFENDER	\$18,617	\$7,314	\$10,662
PUBLIC FICUCIARY	\$2,880	\$3,171	\$3,098
PUBLIC HEALTH	\$35,721	\$29,628	\$62,369
RECORDER	\$1,540	\$21,816	\$8,508
SHERIFF	\$49,963	\$39,957	\$95,162
TRIAL COURT	\$44,145	\$36,532	\$164,529
WORKFORCE MGT & DEVELOPMENT	\$2,053	\$7,278	\$9,360
ALL OTHERS	\$2,439	\$70,613	\$303,755
<b>TOTAL</b>	<b>\$665,507</b>	<b>\$960,017</b>	<b>\$1,810,156</b>

Notes:

1. Dollars paid represents the amount paid for the fiscal year. There are no reserves for unemployment.
2. Amounts as valued on June 30, 2010, as reported by the Advantage Financial System.
3. The totals are derived using both dollars and cents. The cents are removed for presentation purposes and all dollar amounts are rounded to the nearest dollar.