

# Risk Management Annual Report

Fiscal Year Ended June 30, 2005



**Maricopa County, Arizona**

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**MARICOPA COUNTY  
RISK MANAGEMENT ANNUAL REPORT  
FISCAL YEAR 2004-05**

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

Presented herein is the *Maricopa County Risk Management Annual Report*, for the fiscal year July 1, 2004 to June 30, 2005.

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, workers' compensation, and unemployment exposures. This report, along with ongoing quarterly reports to 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**

On June 30, 2005, the Risk Management Department completed its **24th year** administering the County's self-insurance program. Risk Management's mission is to provide loss prevention and control programs and direction, insurance, environmental and claims management services to Maricopa County departments, districts and Trust members to 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 of and monitoring third party administrators' adjusting of 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. The staff strives 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, and the Office of the County Attorney. The Risk Manager reports to the Chief Financial Officer of Maricopa County.

## Self-Insured Trust Fund

Arizona law (ARS § 11-981) authorizes Maricopa 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, Maricopa 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 FY04-05, the following individuals were members of the Board of Trustees:

<u>Trustee District/Appointment</u>	<u>Trustee</u>
BOS District One	Michael Liburdi
BOS District Two	Joel Sterrett
BOS District Three	Donald (Dutch) Baker
BOS District Four	David Tierney, Chairman
BOS District Five	Peter Moraga
BOS Chairman	BOS Chairman
County Manager	Tom Manos

### FY04-05 Results

Maricopa County enjoyed mixed results this fiscal year in the risk/exposure area. Total claim costs (dollars paid plus open reserves) were down 39.7% for this fiscal year, though this percentage could be misleading since the figures do not include Incurred But Not Reported (IBNR) claims, which will affect the ultimate percentages and total claim costs. A truer picture of fiscal year results is the Cost of Risk. Although Risk Management's costs increased \$595,925 (2.8%), due primarily to the increased costs of insurance premiums, the Cost of Risk (Risk Management's costs compared to total County expenditures) was a very good 0.94%. In addition, the County realized \$1,062,548 in net savings in FY04-05 through the use of in-network medical providers and a medical bill review service, and collected \$2,295,362 through subrogation, restitution, and deductible recovery efforts (the Claims and Environmental divisions, and our Third Party Administrator for Workers' Compensation). These positive results need to be viewed in light of the County's growth in the number of people served within the County and in services rendered.

Maricopa County continues to be one of the fastest growing counties in the nation with a population over 3.5 million. It is the 4th most populous County in the United States, larger in population than 21 states, and larger geographically than 7 states. The County enjoyed a growth rate of

approximately 3.2% or 112,233 more people than last year. Such size and growth, while economically positive, has resulted in an increase in the number of claims. Risk Management's emphasis on responsible claim handling and a strong proactive loss prevention and safety program is designed to keep this increase to a minimum.

The number of Maricopa County employees varies from month to month. For FY03-04 and FY04-05, the numbers of actual budgeted positions were 16,637 and 17,564, respectively. Workers' compensation claims for FY03-04 and FY04-05 were 868 and 1039, respectively. This reflects an increase in the number of budgeted positions of 5.6% over the previous fiscal year, and an increase in the number of workers' compensation claims of 19.7% over this period. This is a negative result that Risk Management will seek to reverse.

## Cost of Risk

Cost of Risk is a comparison of the County's expenditures of 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 year period, Cost of Risk for the County has remained under 1%, varying from 0.86% to 0.94%. This reflects a positive, stable result.

	FY02-03	FY03-04	FY04-05
<b>Claims and Premiums</b>			
Auto Liability	\$162,686	\$305,267	\$333,947
General Liability	\$2,019,985	\$1,420,281	\$2,398,938
Medical Malpractice	\$366,501	\$482,400	\$1,318,214
Property/Auto Physical Damage	\$506,413	\$729,133	\$292,481
Workers' Compensation	\$3,481,554	\$4,570,705	\$4,064,099
Unemployment	\$833,459	\$801,973	\$776,861
Environmental Contingency	\$625	\$0	\$0
Premiums	\$4,577,114	\$3,931,045	\$4,191,010
<b>Subtotal</b>	<b>\$11,948,337</b>	<b>\$12,240,804</b>	<b>\$13,375,550</b>
<b>Other Costs</b>			
Legal Expenses	\$4,708,769	\$6,702,686	\$6,403,302
Broker Fees	\$115,000	\$130,000	\$145,000
Consulting and Mngt Fees	\$289,117	\$198,048	\$150,825
Claims Admin Fees	\$320,532	\$398,395	\$394,527
Administrative	\$1,656,270	\$1,789,538	\$1,586,192
<b>Subtotal</b>	<b>\$7,089,688</b>	<b>\$9,218,667</b>	<b>\$8,679,846</b>
<b>Total Risk Management Costs</b>	<b>\$19,038,025</b>	<b>\$21,459,471</b>	<b>\$22,055,396</b>
<b>Total County Expenditures</b>	<b>\$2,220,941,795</b>	<b>\$2,351,591,257</b>	<b>\$2,353,876,507</b>
<b>TOTAL COST AS A PERCENTAGE OF COUNTY EXPENDITURES</b>	<b>0.86%</b>	<b>0.91%</b>	<b>0.94%</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 IBNR reserves.
  2. Amounts as valued on June 30, 2005, as reported in the Advantage Financial System.
  3. Total County Expenditures includes six months of Maricopa Integrated Healthcare System, as reported in the Advantage Financial System.
  4. Total County Expenditures includes six months of Maricopa County Special Health Care District, as reported in the Accountants' Report and Financial Statements on June 30, 2005.

## Acknowledgment

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

Respectfully submitted,

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Peter J. Crowley  
Risk Manager

Bill Warren, Assistant Risk Manager, Safety Division  
Ted Howard, Claims Manager  
Samantha Wright-Sprague, Administration Manager  
Rita Neill, Environmental Programs Manager  
Terry Jankowski, Administrative/Insurance Coordinator  
Jenny Durda, Information Specialist  
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**

The Claims Division of Risk Management handles all property and liability claims filed against Maricopa County and its employees. The Division is staffed with five full time adjusters, a manager, and support staff. In addition to handling the claims described above, the Division oversees the adjustment of workers' compensation and unemployment claims by third party administrators. These claims are handled by Pinnacle Risk Services and Talx Employer Services (formerly Sheakley UniService).

Claims are investigated and evaluated, then either paid or denied on their merits. Litigated claims are assigned to either the County Attorney's Office or outside counsel. The Division works with assigned attorneys to obtain the most favorable result possible for the County. We are committed to settling claims owed at a fair and reasonable amount while defending claims without merit.

### **FY 04-05 Summary**

New claims arising from events in FY04-05 reflect an overall increase in the total number of new claims filed over the past three fiscal years. Since FY02-03, the total number of new claims handled by the Claims Division has increased nearly 24%. Due to the efforts of the Claims Division, the County continues to realize substantial savings from its property, liability and worker's compensation exposures. The Division is committed to work to further improve in these areas and help reduce the cost of risk to the taxpayers of Maricopa County.

In addition to handling claims, the Division provides the following services to the County:

- Subrogation, restitution, and deductible recovery. In FY04-05, the Division collected \$2,284,881.
- Consultation services. We report to, and consult with County departments on coverage issues, pending claims and litigation. This is done as both an informational tool and as a means to find ways to reduce claims or exposures.
- Review and management of the third party administrator providing adjustment of workers' compensation claims for County employees. In addition to adjustment of these losses, Pinnacle Risk Services and its affiliated vendors also conduct bill reviews and monitor discounts available to the County for use of a PPO network. Over the last year, the net savings with the use of in-network medical practitioners was \$1,062,548 (relative to billed charges).
- Review of indemnity and insurance language in County contracts.
- Oversee outside contractors providing automobile and property appraisal services, vehicle repair services and structured settlement services to the County.
- Coordinate recovery for County agencies from our excess property and liability insurance policies.

## **SAFETY DIVISION**

The Safety Division of Risk Management continued to focus on our countywide initiative to ensure safety standard compliance and loss prevention organizationally. The process uses a safety management system of supervisor and worker accountability along the theme of “Safety: It’s the way we work!” The Division continues to consult with Agencies and Departments to establish the safety management system as a core business function. The establishment of a safety program continues to be crucial in reducing accidents and losses. As a clear example of its efforts to improve departmental safety performance, workers compensation data this fiscal year evidenced an overall increase in claims of 20% (868 claims in FY03-04, and 1039 claims in FY04-05, see page VI-3 of the statistics and coverage section), while Workers’ Compensation payments and reserves (see page VI-1 of the statistics and coverage section) were decreased from \$3,592,256 in FY03-04 to \$2,756,159 in FY04-05, a \$836,097 (23%) decrease.

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

- Negotiated with the United States Department of Labor and the Arizona Commerce Commission the development of a Heavy Equipment Apprenticeship program for off duty training.
- Conducted a countywide four-day Employee Safety Fair and Equipment ROADEO, with 700 employees participating in 36 Safety Classes along with events testing operator skills and knowledge of equipment operations.
- Conducted two OSHA 500 Construction Industry and one OSHA 501 General Industry 40 hour Safety training courses to enhance employee safety knowledge.
- Completed 485 field safety inspections, 169 facility safety inspections, 330 safety classes and 126 safety consultations to enhance safety compliance and employee safety within Maricopa County.
- Successfully subrogated recovery for MCDOT damaged property. FY04-05, the Division collected \$13,142.30 from “at fault” parties that caused damage to MCDOT property.

Additionally, the Safety Division provides technical assistance and training to various departments in the areas of occupational safety, fleet safety, drug & alcohol testing, commercial drivers programs, heavy equipment training, hazardous materials management, OSHA compliance, and hazard communication - employees “right-to-know” training. These efforts continue to have a positive influence on the County’s safety awareness and loss prevention efforts.

Safety is a total team effort! As Maricopa County continues to develop its strategies in developing its safety management system, it is necessary that each level of management must take a greater role in safety development. Including specific safety activities and initiative within the County’s overall work process and evaluation creates a safe working environment. A combination of management commitment and front line supervision accountability is the key to sustaining the safety process and reducing unsafe work practices.

## 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 \$40 million for FY04-05.

This fiscal year the Division:

- Recovered \$10,481 from the State of Arizona's Department of Environmental Quality for remedial actions for soil and groundwater contamination related to former leaking underground storage tanks (USTs) at 4701 East Washington Street, site of the former Sheriff's Office, MCDOT yard and Vector Control.
- Completed Phase I and II environmental assessments for 12 MIHS properties in preparation for the transfer of the Medical Center to the new Health District.
- Conducted negotiations with ADEQ regarding a new Consent Order for the Cave Creek Landfill. Successfully deepened 2 existing monitoring wells and rehabilitated site production well to comply with monitoring requirements and avoid costs of installing new deep monitoring wells. Completed a vapor study of the Old and New Cave Creek Landfills.
- Completed Phase II environmental assessment of Sheriff's shooting range.
- Completed Phase I environmental assessments for 3 facilities. Completed assessments for indoor air quality and mold at 4 additional facilities.
- Assisted a County resident in completing requirements for applying to the ADEQ Orphan Tank program.
- Negotiated with ADEQ and completed the closure of the County's 3 open leaking USTs.
- Assisted Parks, Real Estate, MCSO and FMD in preparing Requests For Proposals for environmental studies, indoor air quality and asbestos surveys.
- Continued environmental evaluation of a former County landfill.
- 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

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, 2005.

### Self-Insured Trust Fund Combined Balance Sheet Comparison FY02-03, FY03-04, and FY04-05

	<u>FY02-03</u>	<u>FY03-04</u>	<u>FY04-05</u>
Assets	\$29,287,214	\$34,064,513	\$39,013,788
Liabilities	\$41,851,737	\$43,488,963	\$51,716,639
Net assets (deficit)	(\$12,564,523)	(\$ 9,424,450)	(\$12,702,851)

During the FY02-03 through FY04-05 period, the Trust's assets increased \$9,726,574 or 33.21%, from \$29,287,214 to \$39,013,788. During the same period, the Trust's liabilities increased \$9,864,902 or 23.57%, from \$41,851,737 to \$51,716,639. Net assets (deficits) are a result of a spend down of the self-insured trust fund in a prior period, 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. FY04-05 balance sheet details are provided in the financial section. The Trust began billing user departments for the full costs of claims and insurance in FY99-00.

### Insurance Policies

Risk Management continues to analyze current insurance market trends. 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)	3-1-05/3-1-06	\$5 million \$25 million	\$5 million SIR
Medical Malpractice (Excess liability)	12-4-04/12-4-05	\$15 million \$10 million	\$5 million SIR

Workers' Compensation	7-1-04/7-1-05	\$25 million	\$1 million SIR
Property Damage	7-1-04/7-1-05	\$200 million	\$100,000 per occ.

### **Budget Summary**

The expenditure budget for the Risk Management Department for FY04-05 was \$26,070,716. Of this amount, \$1,324,639 was for personnel costs, \$284,737 was for supplies and services, \$21,000 was for capital equipment and \$24,440,340 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 93.75% of Risk Management's budget is for insurance, legal, and claims and claim related expenditures.

The revenue budget for the Risk Management Department for FY04-05 was \$26,644,669. Of this amount, \$26,144,669 was from user charges and \$500,000 was from interest earnings. On a percentage basis, 98.12% 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 financial statements presented in this section have been audited by the State of Arizona, Office of the Auditor General, 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 FY04-05.

The actual expenditures for the Risk Management Department for FY04-05 were \$30,013,334. Of this amount, \$1,270,312 was for personnel costs, \$260,784 was for supplies and services and \$28,482,238 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 94.90% 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 FY04-05 was \$26,734,933. Of this amount, \$25,973,357 was from user charges and \$751,208 was from interest earnings. On a percentage basis, 97.15% of the revenue was from user charges.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Net Assets—Internal Service Funds**  
**June 30, 2005**

	<b>Risk Management</b>	<b>Employee Benefits</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents-		
Risk management	\$ 35,864,889	
Environmental insurance claims recovery	1,154,502	
Employee benefits		\$ 22,521,849
Interest receivable	172,094	62,073
Accounts receivable		2,720,804
Prepaid insurance	1,804,757	1,173,867
Total current assets	38,996,242	26,478,593
Noncurrent assets:		
Machinery and equipment	71,430	
Less: accumulated depreciation	53,884	
Total noncurrent assets	17,546	
<b>Total assets</b>	<b>39,013,788</b>	<b>26,478,593</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,117,861	601,127
Employee compensation payable	108,227	
Unearned revenue		309,947
RBUC and IBNR claims	20,149,947	4,080,935
Total current liabilities	21,376,035	4,992,009
Noncurrent liabilities:		
RBUC and IBNR claims	30,340,604	
Total noncurrent liabilities	30,340,604	
<b>Total liabilities</b>	<b>51,716,639</b>	<b>4,992,009</b>
<b>Net Assets</b>		
Invested in capital assets	17,546	
Unrestricted (deficit)	(12,720,397)	21,486,584
<b>Total net assets (deficit)</b>	<b>\$ (12,702,851)</b>	<b>\$ 21,486,584</b>

See accompanying notes to 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, 2005**

	<b>Risk Management</b>	<b>Employee Benefits</b>
<b>Operating revenues:</b>		
Charges for services	\$ 22,364,322	
County and employee premiums		\$ 35,773,275
Intergovernmental charges	3,609,035	6,373,968
Other income	10,368	58,216
<b>Total operating revenues</b>	<b>25,983,725</b>	<b>42,205,459</b>
<b>Operating expenses:</b>		
Personal services	1,270,312	
Supplies and services	260,784	
Accounting and auditing fees	12,173	
Actuary fees	38,325	
Consulting and management fees	150,825	
Brokers' fees	145,000	
Claims administration service fees	394,527	2,299,248
Legal expenses	6,403,302	
Workers' compensation taxes	442,280	
Claims and insurance:		
Auto liability claims paid	333,947	
Auto liability RBUC and IBNR claims increase in estimate	414,569	
Total auto liability	748,516	
General liability claims paid	2,398,938	
General liability RBUC and IBNR claims increase in estimate	4,258,746	
Total general liability	6,657,684	
Workers' compensation claims paid	3,621,819	
Workers' compensation RBUC and IBNR claims increase in estimate	630,825	
Total workers' compensation	4,252,644	
Medical malpractice claims paid	1,318,214	
Medical malpractice RBUC and IBNR claims increase in estimate	2,703,663	
Total medical malpractice	4,021,877	
Auto physical damage claims paid	229,694	
Auto physical damage RBUC increase in estimate	34,341	
Total auto physical damage	264,035	
Property claims paid	62,787	
Property RBUC decrease in estimate	(84,206)	
Total property	(21,419)	
Pharmacy claims paid		13,849,111
Pharmacy IBNR claims increase in estimate		397,720
Total pharmacy		14,246,831
Medical claims paid		13,292,425
Medical RBUC and IBNR claims decrease in estimate		(1,451,000)
Total medical		11,841,425

See accompanying notes to financial statements.

(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, 2005**  
**(Continued)**

	<b>Risk Management</b>	<b>Employee Benefits</b>
Dental claims paid		\$ 5,007,820
Dental IBNR claims decrease in estimate		(45,000)
Total dental		4,962,820
Short-term disability claims paid		2,168,399
Short-term disability IBNR claims increase in estimate		41,215
Total short-term disability		2,209,614
Wellness incentives paid		11,900
General medical IBNR claims decrease in estimate		(1,150)
Total general medical		10,750
Unemployment claims	\$ 776,861	
General liability insurance premiums	1,632,039	
Workers' compensation insurance premiums	505,357	
Crime insurance premiums	32,422	
Property insurance premiums	726,087	
Malpractice insurance premiums	1,295,105	
Stop loss insurance premiums		122,360
Depreciation	4,598	
<b>Total operating expenses</b>	<b>30,013,334</b>	<b>35,693,048</b>
<b>Operating income (loss)</b>	<b>(4,029,609)</b>	<b>6,512,411</b>
<b>Nonoperating revenues:</b>		
Investment income	751,208	432,990
<b>Total nonoperating revenues</b>	<b>751,208</b>	<b>432,990</b>
<b>Income (loss) before transfers</b>	<b>(3,278,401)</b>	<b>6,945,401</b>
Transfers from other County funds		7,545,007
<b>Increase (decrease) in net assets</b>	<b>(3,278,401)</b>	<b>14,490,408</b>
<b>Total net assets (deficit), July 1, 2004</b>	<b>(9,424,450)</b>	<b>6,996,176</b>
<b>Total net assets (deficit), June 30, 2005</b>	<b>\$ (12,702,851)</b>	<b>\$ 21,486,584</b>

See accompanying notes to financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Statements of Cash Flows—Internal Service Funds**  
**Year Ended June 30, 2005**

	<b>Risk Management</b>	<b>Employee Benefits</b>
<b>Cash flows from operating activities:</b>		
Receipts from other funds	\$ 22,364,541	\$ 34,834,643
Other receipts	3,619,403	6,742,131
Payments for fees, supplies, and services	(7,580,318)	(2,299,248)
Payments for insurance claims	(8,742,260)	(35,597,324)
Payments for insurance premiums	(4,289,980)	(157,629)
Payments to employees	(1,267,472)	
Net cash provided by operating activities	<u>4,103,914</u>	<u>3,522,573</u>
<b>Cash flows from noncapital financing activities:</b>		
Cash transfers from other funds		<u>7,545,007</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	<u>(19,754)</u>	
<b>Cash flows from investing activities:</b>		
Interest received on investments	<u>712,623</u>	<u>413,796</u>
Net increase in cash and cash equivalents	4,796,783	11,481,376
Cash and cash equivalents, July 1, 2004	<u>32,222,608</u>	<u>11,040,473</u>
Cash and cash equivalents, June 30, 2005	<u>\$37,019,391</u>	<u>\$ 22,521,849</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (4,029,609)	\$ 6,512,411
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,598	
Net change in RBUC and IBNR claims, noncurrent portion	3,621,540	
Changes in assets and liabilities:		
Increase in:		
Accounts receivable		(938,632)
Prepaid insurance	(98,970)	(35,269)
Accounts payable	266,898	
Employee compensation payable	2,840	
Unearned revenue		309,947
RBUC and IBNR claims, current portion	4,336,398	
Decrease in:		
Accounts receivable	219	
Accounts payable		(1,267,669)
RBUC and IBNR claims, current portion		(1,058,215)
Net cash provided by operating activities	<u>\$ 4,103,914</u>	<u>\$ 3,522,573</u>

See accompanying notes to 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, 2005**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Operating revenues:</b>			
Charges for services	\$ 26,144,669	\$ 22,364,322	\$ (3,780,347)
Intergovernmental charges		3,609,035	3,609,035
Other income		10,368	10,368
<b>Total operating revenues</b>	26,144,669	25,983,725	(160,944)
<b>Operating expenses:</b>			
Personal services	1,324,639	1,270,312	(54,327)
Supplies and services	284,737	260,784	(23,953)
Accounting and auditing fees	16,500	12,173	(4,327)
Actuary fees	43,625	38,325	(5,300)
Consulting and management fees	298,000	150,825	(147,175)
Brokers' fees	145,000	145,000	0
Claims administration service fees	285,800	394,527	108,727
Legal expenses	4,564,719	6,403,302	1,838,583
Workers' compensation taxes	220,000	442,280	222,280
Total auto liability	353,271	748,516	395,245
Total general liability	3,503,315	6,657,684	3,154,369
Total workers' compensation	4,182,259	4,252,644	70,385
Total medical malpractice	3,892,321	4,021,877	129,556
Total auto physical damage	425,699	264,035	(161,664)
Total property	299,329	(21,419)	(320,748)
Unemployment claims	750,000	776,861	26,861
General liability insurance premiums	2,128,544	1,632,039	(496,505)
Workers' compensation insurance premiums	609,958	505,357	(104,601)
Crime insurance premiums	55,000	32,422	(22,578)
Property insurance premiums	970,000	726,087	(243,913)
Malpractice insurance premiums	1,718,000	1,295,105	(422,895)
Depreciation		4,598	
<b>Total operating expenses</b>	26,070,716	30,013,334	3,938,020
<b>Operating loss</b>		(4,029,609)	
<b>Nonoperating revenues:</b>			
Investment income	500,000	751,208	251,208
<b>Total nonoperating revenues</b>	500,000	751,208	251,208
<b>Loss before transfers</b>		(3,278,401)	
Transfers from other County funds		(3,278,401)	
<b>Decrease in net assets</b>		(3,278,401)	
<b>Total net deficit, July 1, 2004</b>		(9,424,450)	
<b>Total net deficit, June 30, 2005</b>		\$ (12,702,851)	

See accompanying notes to financial statements.

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
**June 30, 2005**

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

The County, in the exercise of the authority granted by Arizona Revised Statutes (A.R.S.) §11-981, has established a trust fund 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 unrestricted. The Funds' financial statements are prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The Maricopa County *Comprehensive Annual Financial Report* for the year ended June 30, 2005, 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' more significant accounting policies follows.

During the year ended June 30, 2005, the Funds implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 establishes and modifies the risk disclosures about the Trust Funds' deposits and investments. The implementation of GASB Statement No. 40 requires only additional disclosures, and had no effect on reported cash and cash equivalents, net assets, or changes in net assets.

**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 risk 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 (pharmacy, medical, dental, short-term disability, medical incentives, and wellness incentives) to eligible 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

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**Notes to Financial Statements**  
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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. 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 classified as either current or noncurrent. Net assets are classified according to the availability of assets to satisfy the Funds' obligations. 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 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 insurance 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, noncapital financing, capital financing, 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.

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**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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The Funds apply only those applicable Financial Accounting Standards Board 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.

**D. 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 only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

**E. Machinery and Equipment**

Machinery and equipment are capitalized at cost. Depreciation of machinery and 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 machinery and equipment range from 3 to 10 years.

**F. Employee Compensation Payable**

Employee compensation payable consists of payroll and payroll-related costs incurred but not paid at June 30, and personal time off (PTO) earned by employees based on services already rendered. Employees may accumulate up to 240 hours of PTO, but any PTO hours in excess of the maximum amount that are unused at calendar year-end will be transferred to family medical leave (FML). FML benefits are used by employees for FML-qualifying events and are cumulative but do not vest with employees and, therefore, are not accrued. However, upon retirement, employees of the Funds with accumulated FML in excess of 1,000 hours are entitled to a \$3,000 bonus. The amount of such bonuses is accrued in the liability for employee compensation payable.

**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

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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.
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, 2005, the carrying amount of the Funds' deposits was \$9,888,209, and the bank balance was \$10,084,342. 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.

At June 30, 2005, the Funds' bank balance was uninsured with collateral held by the pledging financial institution in the County's name. The deposits pertain totally to the Employee Benefits Trust Fund.

**Investments**—The Funds' investments at June 30, 2005, 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

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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, 2005, 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, 2005, the Funds had investments of \$49,652,931 in the Maricopa County Treasurer's Investment Pool with a weighted average maturity of 440 days.

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	9,888,209
County Treasurer's Investment Pool	<u>49,652,931</u>
Total	<u>\$59,541,240</u>

**NOTE 3 - Liabilities for Unpaid Claims**

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.

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**Notes to Financial Statements**  
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The following insurance deductibles, self-insurance retentions, and insurance limits were in effect during fiscal year 2004-05:

<u>Policy Type</u>	<u>Deductible</u>	<u>SIR</u>	<u>Limit</u>
General and auto liability		\$ 5,000,000	\$ 5,000,000
Excess general and auto liability		primary	25,000,000
Property/inland marine	\$ 100,000		200,000,000
Boiler and machinery	100,000		50,000,000
Earthquake	100,000		100,000,000
Flood zones except A and V	500,000		25,000,000
Flood zone A and V	500,000		10,000,000
Difference in conditions	primary		40,000,000
Employee theft	100,000		10,000,000
Faithful performance of duty	100,000		1,000,000
Theft and robbery	10,000		1,000,000
Computer and wire transfer fraud	100,000		10,000,000
Forgery alteration/property	10,000		1,000,000
Workers' compensation		1,000,000	25,000,000
Employer's liability			1,000,000
Medical malpractice		5,000,000	15,000,000
Excess medical malpractice		primary	10,000,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past 3 years.

**Risk Management Trust Fund**

Liabilities for unpaid claims 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, case outstanding loss development, expected loss, incremental paid-workers' compensation, paid allocated loss adjustment expense to paid loss development, 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

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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.

Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 3.0 percent annual rate of return on investments.

The total liabilities reported at June 30, 2005, categorized by RBUC and IBNR by insurable area follow:

	<u><b>RBUC</b></u>	<u><b>IBNR</b></u>	<u><b>Total Liabilities</b></u>
Auto liability	\$ 348,312	\$ 518,215	\$ 866,527
General liability	19,035,507	6,737,997	25,773,504
Workers' compensation	7,999,414	2,044,906	10,044,320
Medical malpractice	5,902,484	7,456,130	13,358,614
Auto physical damage	166,284		166,284
Property	281,302		281,302
Total			<u>\$ 50,490,551</u>

The total estimates of unpaid claim liabilities of \$50,490,551 at June 30, 2005, increased by \$7,957,938 from last year's balance of \$42,532,613. The areas that significantly increased were general liability and medical malpractice.

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

	<u><b>Balance</b></u> <u><b>July 1</b></u>	<u><b>Current-Year</b></u> <u><b>Claims and</b></u> <u><b>Changes in</b></u> <u><b>Estimates</b></u>	<u><b>Claims</b></u> <u><b>Payments</b></u>	<u><b>Balance</b></u> <u><b>June 30</b></u>
2002-03	\$ 41,677,379	\$ 5,907,531	\$ (6,537,139)	\$ 41,047,771
2003-04	41,047,771	8,992,628	(7,507,786)	42,532,613
2004-05	42,532,613	15,923,337	(7,965,399)	50,490,551

Of these liabilities, \$20,149,947 were actuarially estimated to be paid within the next 12 months.

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**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
**Notes to Financial Statements**  
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**Employee Benefits Trust Fund**

The liability for pharmacy (Coinsurance Plan), medical, dental, and short-term disability claims as shown below is based on the fiscal year 2004-05 actuarial reports. The Consumer Choice Plan portion of the liability for pharmacy is based on the unused portion of the members' pharmacy accounts administered by Walgreens Health Initiatives. The liability for medical incentives as shown below is based on the contract with CIGNA HealthCare.

Accrued liabilities at June 30, 2005, for each insurable area follow:

Pharmacy	\$ 692,720
Medical	2,117,000
Dental	455,000
Short-term disability	216,215
Medical incentives	600,000
Total	<u>\$ 4,080,935</u>

Changes in the liabilities for unpaid pharmacy, medical, dental, short-term disability, and medical incentives claims follow:

	<b>Balance</b>	<b>Current-Year</b>	<b>Claims</b>	<b>Balance</b>
	<b><u>July 1</u></b>	<b>Claims and</b>	<b><u>Payments</u></b>	<b><u>June 30</u></b>
		<b>Changes in</b>		
		<b><u>Estimates</u></b>		
2002-03	\$ 794,084	\$ 13,182,511	\$ (11,529,691)	\$ 2,446,904
2003-04	2,446,904	24,840,807	(22,148,561)	5,139,150
2004-05	5,139,150	33,271,440	(34,329,655)	4,080,935

It is estimated that the June 30, 2005, liabilities balance of \$4,080,935 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 1995-96 through 1998-99. 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, Risk Management began billing user departments for actuarially

**MARICOPA COUNTY**  
**RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS**  
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determined claim estimates that are projected to be paid each fiscal year. As of June 30, 2005, the total net assets deficit has been reduced to \$12,702,851.

**NOTE 5 - Letter of Credit**

On July 1, 2004, the County renewed its workers' compensation insurance with a self-insured retention of \$1,000,000. As a result, the Industrial Commission of Arizona required the County to secure an irrevocable letter of credit in the amount of \$8.5 million with a financial institution to cover unfunded workers' compensation claims. During fiscal year 2004-05, the letter of credit had not been drawn upon. The letter of credit was renewed to July 1, 2006.

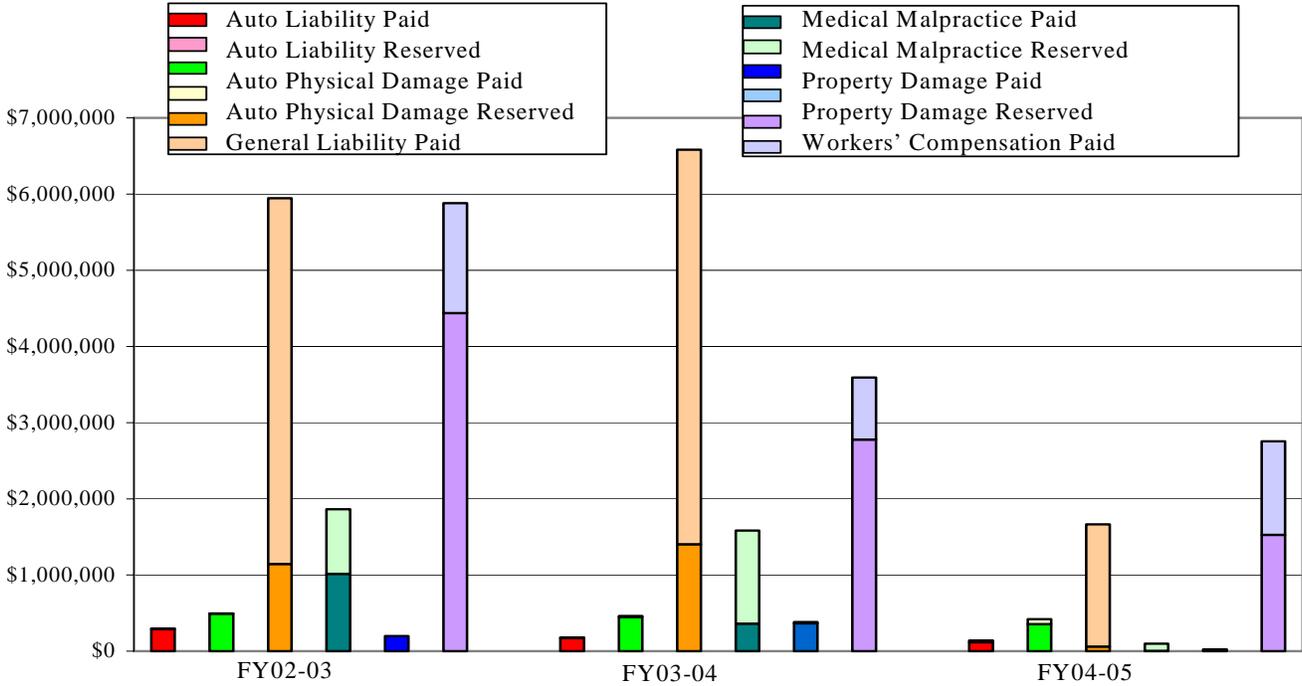
**NOTE 6 - Retirement Plan**

**Plan Description**—The Risk Management Fund contributes 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 Risk Management Fund's contribution rates. For the year ended June 30, 2005, active plan members and the Risk Management Fund were each required by statute to contribute at the actuarially determined rate of 5.7 percent (5.2 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The Risk Management Fund's contributions to the System for the years ended June 30, 2005, 2004, and 2003 were \$56,705, \$54,687, and \$22,894, respectively, which were equal to the required contributions for the year.

**TOTAL COST-ALL CLAIMS  
(PAID OR RESERVED)  
FY02-03 TO FY04-05**



		Auto Liability	Auto Physical Damage	General Liability	Medical Malpractice	Property	Workers' Compensation	TOTAL
<b>FY02-03</b>	\$ Paid	\$294,316	\$490,614	\$1,146,074	\$1,015,250	\$199,487	\$4,439,076	\$7,584,818
	Open Reserves	\$2,000	\$7,410	\$4,801,960	\$846,510	\$0	\$1,443,802	\$7,101,682
	Total Incurred <sup>4</sup>	\$296,316	\$358,228	\$5,947,034	\$1,861,760	\$199,487	\$5,882,878	\$14,545,703
<b>FY03-04</b>	\$ Paid	\$173,655	\$449,499	\$1,406,064	\$360,803	\$368,141	\$2,778,073	\$5,536,236
	Open Reserves	\$7,289	\$10,846	\$5,177,347	\$1,224,665	\$11,750	\$814,184	\$7,246,081
	Total Incurred <sup>4</sup>	\$180,944	\$303,763	\$6,583,050	\$1,585,468	\$379,891	\$3,592,256	\$12,625,372
<b>FY04-05</b>	\$ Paid	\$119,359	\$354,581	\$60,774	\$5,227	\$23,454	\$1,524,993	\$2,088,389
	Open Reserves	\$23,768	\$64,574	\$1,602,998	\$95,868	\$0	\$1,231,166	\$3,018,374
	Total Incurred <sup>4</sup>	\$143,128	\$336,875	\$1,663,773	\$101,095	\$23,454	\$2,756,159	\$5,024,483

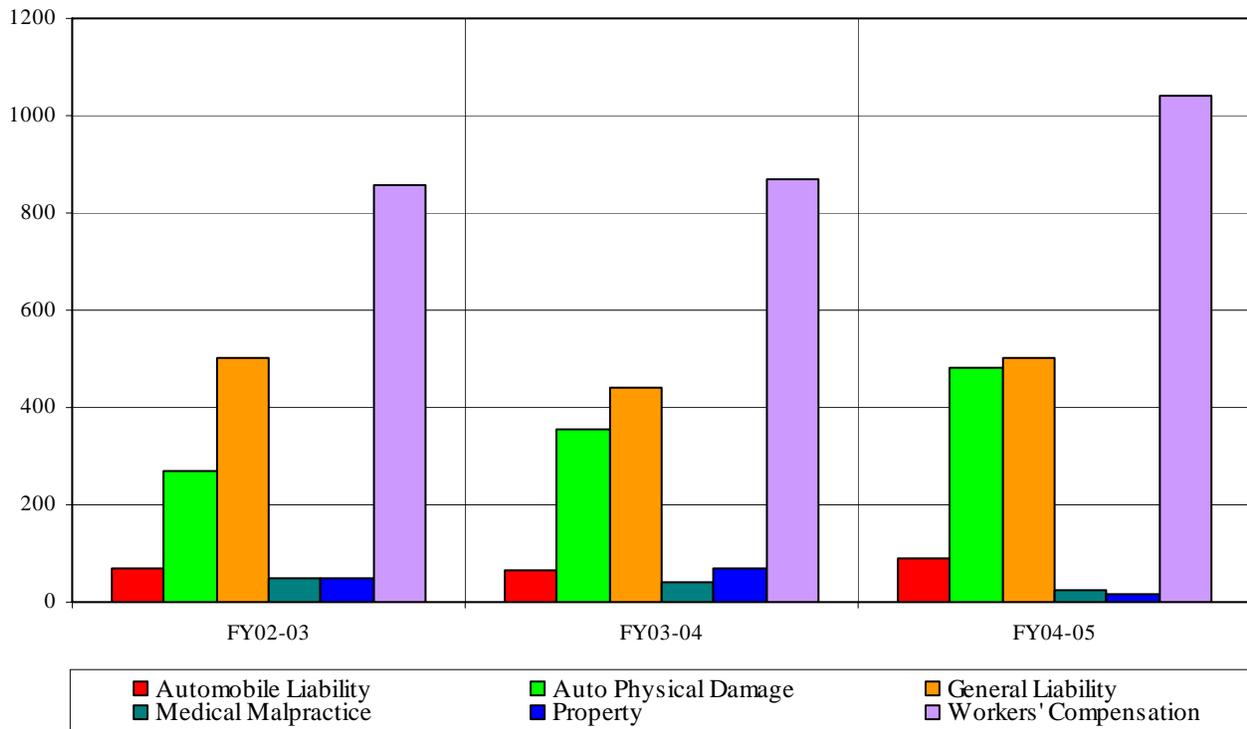
- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP or IBNR reserves.  
2. Amounts as valued on June 30, 2005, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2005, as reported by the Pinnacle system.  
3. Unemployment not included.  
4. Total Incurred = \$ Paid + Open Reserves - Total Recoveries

**TOTAL CLAIMS SUMMARY TABLE  
FY02-03 TO FY04-05**

Department	FY02-03		FY03-04		FY04-05	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	49	\$141,073	58	\$90,594	61	\$92,050
ANIMAL CONTROL	52	\$29,387	50	\$29,912	66	\$31,795
CLERK OF THE COURT	16	\$19,980	19	\$25,270	19	\$19,572
CORRECTIONAL HEALTH	47	\$412,093	37	\$35,777	34	\$66,405
COUNTY ATTORNEY	33	\$44,510	48	\$43,222	30	\$49,435
ELECTIONS	14	\$50,357	24	\$38,887	16	\$1,426
ENVIRONMENTAL SERVICES	41	\$138,077	32	\$63,353	50	\$44,503
EQUIPMENT SERVICES	14	\$41,875	10	\$6,485	10	\$8,434
FACILITIES MANAGEMENT	41	\$198,603	29	\$156,374	36	\$52,543
FLOOD CONTROL	32	\$111,420	52	\$108,895	23	\$86,834
HUMAN SERVICES	55	\$141,495	55	\$102,018	51	\$62,775
JUVENILE COURT	41	\$178,406	51	\$91,596	34	\$25,248
LEGAL DEFENDER	1	\$144,384	1	\$2,738	0	\$0
MARICOPA HEALTH SYSTEM	298	\$1,441,410	308	\$1,149,201	253	\$330,070
MCDOT	161	\$133,602	139	\$98,599	204	\$46,122
PARKS & RECREATION	22	\$34,769	21	\$34,331	22	\$13,849
PLANNING & DEVELOPMENT	9	\$24,644	7	\$6,526	16	\$36,205
PUBLIC DEFENDER	11	\$41,028	20	\$60,537	5	\$620
PUBLIC HEALTH	28	\$40,835	42	\$35,856	27	\$31,033
RECORDER	2	\$52,575	5	\$0	2	\$3,597
SHERIFF	673	\$3,950,996	678	\$1,888,993	863	\$809,348
TELECOM	5	\$22,429	5	\$13,304	5	\$577
TRANSPORTATION	23	\$124,610	26	\$114,954	35	\$66,169
TRIAL COURTS	42	\$39,349	36	\$42,427	20	\$40,306
ALL OTHERS	91	\$65,852	90	\$1,296,387	272	\$172,600
<b>TOTALS</b>	<b>1801</b>	<b>\$7,623,756</b>	<b>1843</b>	<b>\$5,536,236</b>	<b>2154</b>	<b>\$2,091,517</b>

- Notes:
1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY02-03 give a truer picture as these claims have had time to mature.
  2. Amounts as valued on June 30, 2005, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2005, as reported by the Pinnacle system.
  3. Unemployment not included.

**TOTAL NUMBER OF CLAIMS  
FY02-03 TO FY04-05**



	FY02-03	FY03-04	FY04-05
Automobile Liability	70	64	91
Auto Physical Damage	271	355	482
General Liability	504	442	501
Medical Malpractice	49	41	25
Property	48	71	16
Workers' Compensation	859	868	1039
<b>TOTALS</b>	<b>1801</b>	<b>1841</b>	<b>2154</b>

- Notes:
1. Number of claims paid represents the amount of claims for the year in which the event occurred.
  2. Amounts as valued on June 30, 2005, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2005, as reported by the Pinnacle System.
  3. Unemployment not included.

**AUTO LIABILITY LOSS SUMMARY  
FY02-03 TO FY04-05**

Department	FY02-03		FY03-04		FY04-05	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	2	\$0	1	\$0	3	\$0
ANIMAL CONTROL	0	\$0	2	\$9,744	3	\$3,260
CONSTABLES	0	\$0	2	\$3,612	0	\$0
ELECTIONS	1	\$3,231	0	\$0	6	\$1,200
ENVIRONMENTAL SERVICES	4	\$14,898	1	\$556	7	\$28,218
EQUIPMENT SERVICES	0	\$0	1	\$1,750	0	\$0
FACILITIES MANAGEMENT	3	\$3,086	1	\$1,226	1	\$2,785
FLOOD CONTROL	4	\$5,975	2	\$3,579	2	\$409
HOUSING	2	\$3,752	0	\$0	0	\$0
HUMAN SERVICES	5	\$2,005	3	\$17,546	4	\$5,201
JUVENILE COURT	0	\$0	1	\$0	0	\$0
MARICOPA HEALTH SYSTEM	3	\$4,388	2	\$5,209	4	\$17,563
MCDOT	5	\$31,650	6	\$4,564	17	\$16,248
MEDICAL EXAMINER	0	\$0	1	\$394	2	\$95
PARKS & RECREATION	1	\$0	0	\$0	2	\$4,970
PLANNING & DEVELOPMENT	0	\$0	0	\$0	1	\$2,521
PUBLIC DEFENDER	0	\$0	1	\$1,517	0	\$0
PUBLIC HEALTH	1	\$0	0	\$0	1	\$1,839
SCHOOLS	1	\$0	0	\$0	0	\$0
SHERIFF	38	\$225,331	40	\$123,958	35	\$33,537
SOLID WASTE MANAGEMENT	0	\$0	0	\$0	2	\$74
TELECOM	0	\$0	0	\$0	1	\$1,438
<b>TOTALS</b>	<b>70</b>	<b>\$294,316</b>	<b>64</b>	<b>\$173,655</b>	<b>91</b>	<b>\$119,359</b>

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY02-03 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2005, as reported by the RiskMaster system.

**AUTO PHYSICAL DAMAGE LOSS SUMMARY  
FY02-03 TO FY04-05**

Department	FY02-03		FY03-04		FY04-05	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	5	\$3,197	6	\$15,320	17	\$28,747
ANIMAL CONTROL	6	\$2,779	8	\$2,741	13	\$4,396
CONSTABLES	1	\$1,990	5	\$5,410	7	\$85
COUNTY ASSESSOR	1	\$500	2	\$180	2	\$0
COUNTY ATTORNEY	4	\$4,270	5	\$13,790	10	\$2,603
ELECTIONS	3	\$500	0	\$0	7	\$0
ENVIRONMENTAL SERVICES	11	\$4,150	11	\$7,074	35	\$15,078
EQUIPMENT SERVICES	1	\$344	3	\$1,060	0	\$0
FACILITIES MANAGEMENT	5	\$5,959	4	\$6,899	9	\$6,802
FLOOD CONTROL	16	\$66,315	22	\$14,497	9	\$6,946
HOUSING	4	\$1,474	0	\$0	0	\$0
HUMAN SERVICES	13	\$5,682	18	\$23,638	24	\$19,950
JUVENILE COURTS	6	\$8,821	7	\$5,769	4	\$3,188
LEGAL DEFENDER	1	\$1,676	0	\$2,476	0	\$0
MARICOPA HEALTH SYSTEM	10	\$6,303	15	\$4,066	15	\$8,726
MCDOT	21	\$71,259	29	\$70,289	45	\$21,127
MEDICAL EXAMINER	0	\$0	4	\$3,625	4	\$1,938
PARKS & RECREATION	4	\$10,739	4	\$4,069	11	\$1,895
PLANNING & DEVELOPMENT	3	\$1,119	3	\$2,083	7	\$15,026
PUBLIC DEFENDER	2	\$1,124	1	\$0	0	\$0
PUBLIC HEALTH	3	\$580	13	\$8,752	11	\$500
SHERIFF	148	\$289,777	182	\$242,908	242	\$215,176
SOLID WASTE MANAGEMENT	0	\$0	1	\$1,493	4	\$0
TELECOM	2	\$2,056	1	\$8,966	2	\$427
ALL OTHERS	1	0	11	4395.89	4	1970.21
<b>TOTALS</b>	<b>271</b>	<b>\$490,614</b>	<b>355</b>	<b>\$449,499</b>	<b>482</b>	<b>\$354,581</b>

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY02-03 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2005, as reported by the RiskMaster system.

**GENERAL LIABILITY LOSS SUMMARY  
FY02-03 TO FY04-05**

Department	FY02-03		FY03-04		FY04-05	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	1	\$0	6	\$0	3	\$0
ANIMAL CONTROL	11	\$4,850	11	\$3,200	15	\$0
BOARD OF SUPERVISORS	1	\$0	2	\$1,114,360	1	\$0
CONSTABLES	4	\$7,279	2	\$0	0	\$0
CORRECTIONAL HEALTH	5	\$0	8	\$12,945	1	\$0
COUNTY ASSESSOR	3	\$457	2	\$0	0	\$0
COUNTY ATTORNEY	11	\$30,313	23	\$9,729	3	\$0
ENVIRONMENTAL SERVICES	6	\$0	3	\$0	3	\$0
FACILITIES MANAGEMENT	9	\$83,775	5	\$143	11	\$38,300
FLOOD CONTROL	2	\$1,986	10	\$44,510	3	\$0
HUMAN RESOURCES	1	\$0	2	\$1,679	0	\$0
HUMAN SERVICES	0	\$0	4	\$1,600	1	\$0
JUVENILE COURT	3	\$280	1	\$0	0	\$0
MARICOPA HEALTH SYSTEM	22	\$33,834	20	\$2,000	24	\$4,328
MCDOT	133	\$29,304	97	\$18,484	141	\$3,035
MEDICAL EXAMINER	3	\$1,155	2	\$625	1	\$0
PARKS & RECREATION	5	\$11,399	3	\$195	2	\$0
PUBLIC DEFENDER	9	\$33,837	10	\$21,024	4	\$0
PUBLIC HEALTH	3	\$0	9	\$272	6	\$1,397
RECORDER	1	\$52,487	4	\$0	0	\$0
SHERIFF	233	\$850,930	194	\$175,298	269	\$13,714
TOTAL COMP	1	\$688	1	\$0	0	\$0
TREASURER	1	\$1,500	0	\$0	0	\$0
TRIAL COURTS	13	2000	14	0	3	0
ALL OTHERS	23	\$0	9	\$0	10	\$0
<b>TOTALS</b>	<b>504</b>	<b>\$1,146,074</b>	<b>442</b>	<b>\$1,406,064</b>	<b>501</b>	<b>\$60,774</b>

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY02-03 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2005, as reported by the RiskMaster system.

**MEDICAL MALPRACTICE LOSS SUMMARY  
FY02-03 TO FY04-05**

Department	FY02-03		FY03-04		FY04-05	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
CORRECTIONAL HEALTH	24	\$340,003	16	\$11,250	14	\$5,227
MARICOPA HEALTH SYSTEM	24	\$675,247	24	\$349,553	10	\$0
PUBLIC HEALTH	1	\$0	1	\$0	1	\$0
<b>TOTALS</b>	<b>49</b>	<b>\$1,015,250</b>	<b>41</b>	<b>\$360,803</b>	<b>25</b>	<b>\$5,227</b>

- Notes:
1. Dollars paid represent the amount paid for the year in which the event occurred and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY02-03 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, 2005, as reported by the RiskMaster system.

**PROPERTY LOSS SUMMARY  
FY02-03 TO FY04-05**

Department	FY02-03		FY03-04		FY04-05	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	5	\$7,610	0	\$0	0	\$0
ANIMAL CONTROL	0	\$0	1	\$0	0	\$0
BOARD OF SUPERVISORS DIST 1	1	\$0	0	\$0	0	\$0
COUNTY ASSESSOR	0	\$0	1	\$0	0	\$0
EMERGENCY MANAGEMENT	0	\$0	1	\$0	0	\$0
ENVIRONMENTAL SERVICES	0	\$0	3	\$0	0	\$0
FACILITIES MANAGEMENT	7	\$66,128	6	\$3,320	2	\$1,975
FLOOD CONTROL	3	\$11,190	4	\$0	1	\$0
HOUSING	4	\$4,123	5	\$93,022	0	\$0
HUMAN RESOURCES	1	\$0	0	\$0	0	\$0
HUMAN SERVICES	0	\$0	3	\$670	1	\$0
JUVENILE COURT	3	\$4,852	1	\$1,636	0	\$0
LEGAL ADVOCATE	1	\$3,016	0	\$0	0	\$0
LIBRARY	1	\$0	1	\$5,114	0	\$0
MARICOPA HEALTH SYSTEM	1	\$30,293	1	\$99,000	0	\$0
MCDOT	2	\$1,388	7	\$5,262	1	\$5,711
MEDICAL EXAMINER	1	\$0	2	\$1,084	0	\$0
PARKS & RECREATION	2	\$3,910	8	\$8,282	0	\$0
PLANNING & DEVELOPMENT	1	\$0	0	\$0	0	\$0
PUBLIC HEALTH	2	\$14,220	3	\$0	2	\$0
SHERIFF	8	\$29,700	23	\$150,436	9	\$15,768
TELECOM	3	\$20,373	1	\$316	0	\$0
TRIAL COURTS	2	\$2,683	0	\$0	0	\$0
<b>TOTALS</b>	<b>48</b>	<b>\$199,487</b>	<b>71</b>	<b>\$368,141</b>	<b>16</b>	<b>\$23,454</b>

- Notes: 1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY02-03 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2005, as reported by the RiskMaster system.

**WORKERS' COMPENSATION LOSS SUMMARY  
FY02-03 TO FY04-05**

Department	FY02-03		FY03-04		FY04-05	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	36	\$130,266	45	\$75,274	42	\$63,719
ANIMAL CONTROL	35	\$21,759	28	\$14,228	40	\$24,492
ASSESSOR	0	\$9,994	5	\$19,209	7	\$14,518
CLERK OF THE COURT	16	\$19,980	19	\$24,113	19	\$18,729
CORRECTIONAL HEALTH	18	\$72,090	12	\$11,581	23	\$67,988
COUNTY ATTORNEY	18	\$9,927	20	\$19,702	24	\$49,954
ELECTIONS	5	\$46,626	24	\$38,887	3	\$226
ENVIRONMENTAL SERVICES	20	\$119,028	14	\$55,722	8	\$7,774
EQUIPMENT SERVICES	12	\$41,531	6	\$3,531	9	\$8,434
FACILITIES MANAGEMENT	17	\$39,654	13	\$100,420	15	\$5,466
FLOOD CONTROL	7	\$25,954	14	\$90,818	10	\$79,109
HUMAN RESOURCES	2	\$17,839	2	\$152	4	\$2,984
HUMAN SERVICES	37	\$94,869	27	\$58,564	35	\$46,111
JUVENILE COURT	29	\$164,453	41	\$84,192	43	\$36,535
LIBRARY	9	\$142,707	3	\$1,249	0	\$0
MARICOPA HEALTH SYSTEM	238	\$691,345	246	\$689,372	228	\$311,336
MCDOT	23	\$124,610	26	\$114,954	43	\$69,439
MEDICAL EXAMINER	9	\$7,195	9	\$6,719	8	\$4,153
PARKS & RECREATION	10	\$8,721	6	\$21,785	7	\$6,984
PLANNING & DEVELOPMENT	5	\$23,525	3	\$4,443	3	\$18,657
PUBLIC DEFENDER	6	\$6,068	8	\$37,996	5	\$2,071
PUBLIC HEALTH	18	\$26,035	17	\$26,832	21	\$29,455
SHERIFF	246	\$2,555,258	239	\$1,196,394	349	\$568,856
TRIAL COURTS	27	\$34,666	20	\$41,927	28	\$48,806
ALL OTHERS	16	\$5,039	21	\$40,007	65	\$39,196
<b>TOTALS</b>	<b>859</b>	<b>\$4,439,076</b>	<b>868</b>	<b>\$2,778,073</b>	<b>1039</b>	<b>\$1,524,993</b>

- Notes:
1. Dollars paid represents the amount paid for the year in which the event occurred and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY02-03 give a truer picture as these claims have had time to mature.
  2. Amounts as valued on June 30, 2005, as reported by the Pinnacle system.

**UNEMPLOYMENT LOSS SUMMARY  
FY02-03 TO FY04-05**

Department	FY02-03	FY03-04	FY04-05
	\$ Paid	\$ Paid	\$ Paid
ADULT PROBATION	\$60,072	\$51,796	\$31,262
ALTCS	\$25,111	\$13,228	\$7,326
ANIMAL CONTROL SERVICES	\$39,197	\$16,153	\$6,722
CLERK OF SUPERIOR COURT	\$44,176	\$36,874	\$32,444
CORRECTIONAL HEALTH	\$33,879	\$51,335	\$25,812
COUNTY ASSESSOR	\$2,978	\$6,520	\$10,051
COUNTY ATTORNEY	\$28,485	\$6,134	\$10,393
COUNTY CALL CENTER	\$5,907	\$2,787	\$2,235
ELECTIONS	\$11,894	\$12,774	\$22,854
ENVIRONMENTAL SERVICES	\$10,982	\$18,035	\$23,114
FACILITIES MANAGEMENT	\$24,601	\$18,583	\$27,411
HOUSING	\$6,140	\$6,270	\$6,940
HUMAN SERVICES	\$37,640	\$66,386	\$124,257
JUVENILE PROBATION	\$33,456	\$34,075	\$35,903
LIBRARY	\$2,201	\$6,855	\$367
MARICOPA MEDICAL CENTER	\$236,571	\$234,076	\$216,764
MCDOT	\$10,498	\$31,829	\$17,132
PARKS & RECREATION	\$6,795	\$1,393	\$3,724
PUBLIC DEFENDER	\$7,348	\$9,518	\$8,129
PUBLIC HEALTH	\$18,875	\$16,160	\$25,879
RECORDER	\$10,764	\$4,892	\$2,070
SHERIFF	\$68,027	\$64,525	\$53,402
TELECOM	\$3,234	\$8,200	\$7,420
TRIAL COURTS	\$69,284	\$51,299	\$35,459
ALL OTHERS	\$35,343	\$32,276	\$39,012
<b>TOTALS</b>	<b>\$833,459</b>	<b>\$801,973</b>	<b>\$776,082</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, 2005, as reported by the Advantage Financial System.