



BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: 12/17/13

ITEM SUMMARY, JUSTIFICATION and/or SPECIAL CONSIDERATIONS:

REQUESTING EXEMPTION FROM POSTING OF SECURITY FOR PIMA COUNTY'S SELF-INSURED WORKERS' COMPENSATION PROGRAM.

Beginning in 1978, Pima County has been authorized by the Industrial Commission of Arizona (ICA) to self-insure workers' compensation. Each year, the ICA requires self-insurers to post security to financially assure payment of outstanding entities that fully fund their liability to request exemption from this requirement. Pima County was granted exemption beginning in 2005.

The Commission's rules require each public entity to file a certified statement with its annual application containing the items included in this resolution. The Commission's rules also require the exemption form to be signed by not less than a majority of the governing board.

DEPARTMENT NAME: Finance/Risk Management

CONTACT: Lauren Eib, Risk Manager 724-8219

CLERK OF THE BOARD USE ONLY: BOS MTG: _____

ITEM NO. _____

PIMA COUNTY COST: N/A and/or REVENUE TO PIMA COUNTY: \$N/A

FUNDING SOURCE(S): Self-Insured Trust Fund
(i.e., General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

Advertised Public Hearing:

<input type="checkbox"/>	<input type="checkbox"/>	YES	<input checked="" type="checkbox"/>	NO
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Board of Supervisors District:

1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>	4	<input type="checkbox"/>	5	<input type="checkbox"/>	All	<input checked="" type="checkbox"/>
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IMPACT:

IF APPROVED:

Pima County will continue the annual exemption and will not be required to post the calculated security deposit of approximately \$16.3 Million as reported to the Industrial Commission of Arizona (ICA) in 2013.

IF DENIED:

Pima County would not be eligible for exemption and would be required to post the security deposit of approximately \$16.3 Million or post a surety bond at an estimated cost of \$150,000 annually to guarantee the outstanding liability on workers' compensation claims.

DEPARTMENT NAME: FINANCE AND RISK MANAGEMENT



Tom Burke

12-4-13

Date

CONTACT PERSON: Lauren Eib TELEPHONE NO.: 724-8219



Re: Request to ICA for Exemption from Requirement to Post Statutory Deposit

COUNTY OF PIMA

I, Robin Brigode, Clerk of the Board of Pima County Board of Supervisors, County of Pima, within the State of Arizona, do hereby certify and attest that the attached is the original Request for Exemption from Requirement to Post Statutory Deposit for Pima County in accordance with the Arizona Administrative Code and for its Self-Insured Workers' Compensation program, has been duly approved on December 17, 2013 and signed by the Chairman of the Pima County Board of Supervisors, Ramón Valadez–District 2 and the Pima County Board of Supervisors Members; Ally Miller- District 1; Sharon Bronson–District 3; Ray Carroll–District 4; and Richard Elías–District 5.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the official seal of Pima County to be affixed hereunto this _____ day of December, 2013.

Robin Brigode, Clerk of the Board

Request for Exemption from Requirement to Post Statutory Deposit

Pursuant to the Arizona Administrative Code subsection R20-5-1114 (A & B), this document constitutes a certified statement from Pima County, duly qualified and authorized Arizona Workers Compensation self-insurer.

Pima County hereby requests the Industrial Commission of Arizona (ICA) approve an alternate (exemption) from the posting of a statutory deposit, of which the current approved types are as follows: Letter of credit; a surety bond; U.S. Treasury notes or establishing a local government investment pool (LGIP) account. This request is made in accordance with A.A.C § R20-5-1114 and shall cover Pima County unpaid Workers Compensation claims liability, as outlined in the foregoing statement.

Pima County, Arizona States:

- 1) Pima County has established a self-insurance trust pursuant to A.R.S. § 11-981 (A-F) and the Pima County Code Chapter 3.04.
- 2) Pima County shall conduct an actuary report on an annual basis. The confidence level shall be no less than fifty-five percent. The discount for investments shall be no more than 3.0% annually.
- 3) The risk management fund and/or workers compensation trust is sufficient to cover actuarial liabilities for workers compensation' as determined by the self-insurer in accordance with Government Accounting Standards Board Statement #10 (replaced by GASB No. 30); and
- 4) Pima County provides funding to the risk management fund and/or trust established pursuant to A.R.S. § 11-981 (A-F) each year. The amount in the internal service fund held for workers' compensation purposes within the trust is sufficient to cover actuarial liabilities for workers compensation claims as determined by the self-insurer's actuary in accordance with Government Accounting Standards Board Statement #10 (replaced by GASB No. 30), as well as workers' compensation reserves multiplied by 125% pursuant to the A.A.C.
- 5) The Pima County governing body, or designate, shall immediately notify the ICA and provide security as provided by and in this Article, if the governing body, or designate, learns that the risk management internal service fund and/or trust has insufficient funds to cover all workers compensation liabilities of Pima County.
- 6) Pursuant to items 1 through 4, Pima County meets the conditions required under A.R.S. § 11-981 (A-F) and the Arizona Administrative Code, subsection R20-5-1114 (A&B).
- 7) The signatures below represent a majority of the governing body (Council/Board) members.

Signed _____
Ramón Valadez, Chairman

Date _____

Signed _____
Ally Miller

Date _____

Signed _____
Sharon Bronson

Date _____

Signed _____
Ray Carroll

Date _____

Signed _____
Richard Elías

Date _____