SELF-INSURANCES

The Insurances category represents the General Operating Fund's share of insurance costs in the Internal Service Funds. Special Funds and the Enterprise Funds also contribute to benefit insurances.

CATEGORIES

- General Liability
- Retirees' Health Care
- Vision Care

HISTORY

General Liability: In Fiscal Year 1993-94, the City joined a liability insurance pool (ACCEL) with other select cities for the provision of $19.5 million coverage in excess of the current $500,000 self-insured retention (SIR) for total coverage of $20.0 million. Beginning in Fiscal Year 2001-02, funding of liability insurance was spread to all funds which receive a benefit from this insurance coverage. Previously, the cost was funded entirely by the General Operating Fund.

Retirees' Health Care and Vision Care: The medical premiums for retirees are paid by the Retirees' Health Fund, and vision care claims and reimbursement for safety glasses are paid by the Employee Benefits Fund. The annual cost of both of these programs is allocated to all operating funds. The Fiscal Year 2002-03 Adopted Budget included funding of the General Operating Fund's share to be paid by investment earnings generated by the reserve balance.

FORECAST

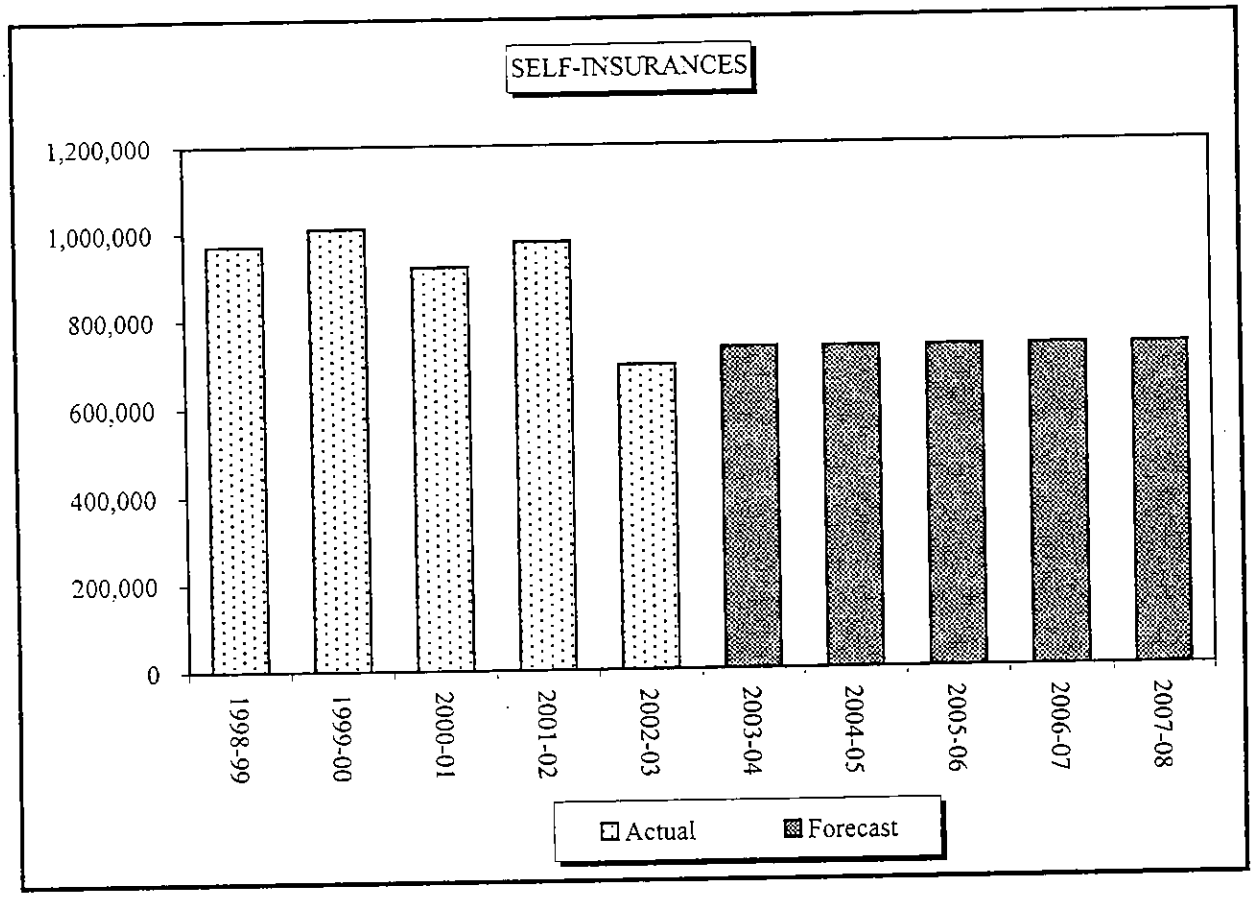
General Liability: The Adopted Budget includes the allocation of this funding to the General Operating Fund, Shoreline Golf Links, Revitalization Authority, Parking District, Shoreline Regional Park Community, Water, Wastewater and Solid Waste Management Funds. The Fiscal Year 2003-04 through 2007-08 projections are based on maintaining the minimum policy level for reserve balances. Operating expenditures for Fiscal Year 2003-04 have been increased, reflecting the overall higher cost of insurances. Property, liability and earthquake insurances all increased for the 2003-04 fiscal year.

Retirees' Health Care: The General Operating Fund's contribution to the Retirees' Health Fund is based on the projected cost of health care premiums for retired employees and the number of retirees. The number of retirees is calculated to increase

by 15 annually through the forecast period. This is based on historical trends and the number of known pending retirements.

To date, the General Operating Fund has contributed the entire reserve balance of the Retirees' Health Fund. The Fiscal Year 2003-04 Adopted Budget continues the funding of the General Operating Fund's share from investment earnings.

Vision Care: The General Operating Fund's contribution is based on the projected amount required to fund vision coverage for employees and retirees and safety glasses for employees.



Fiscal Year		Annual Expenditures	% Change
1998-99		972,000	(0.1%)
1999-00		1,011,000	4.0%
2000-01		921,000	(8.9%)
2001-02		978,000	6.2%
2002-03	*	693,000	(29.1%)
2003-04	**	733,000	5.8%
2004-05		733,000	0.0%
2005-06		733,000	0.0%
2006-07		733,000	0.0%
2007-08		733,000	0.0%

* Unaudited
** Adopted