

WORKERS COMPENSATION FUND

| | <u>2016 Actual</u> | <u>2017 Budget</u> | <u>2017 Projected</u> | <u>2018 Executive</u> | <u>2018 Adopted</u> |
|---------------------------------------|------------------------|------------------------|---------------------------|---------------------------|-------------------------|
| Cash and Other Assets | 14,926,758 | 13,382,600 | 15,171,187 | 14,564,984 | 14,564,984 |
| Claims Payable and Other Liabilities | <u>(14,937,158)</u> | <u>(12,500,000)</u> | <u>(13,106,203)</u> | <u>(12,500,000)</u> | <u>(12,500,000)</u> |
| Net Assets: January 1 | <u>\$ (10,400)</u> | <u>\$ 882,600</u> | <u>\$ 2,064,984</u> | <u>\$ 2,064,984</u> | <u>\$ 2,064,984</u> |
| REVENUES | | | | | |
| Billings to Departments | 3,850,002 | 4,000,000 | 4,103,900 | 4,250,000 | 4,250,000 |
| Appropriation from Other Funds | - | - | 232,602 | 232,602 | 232,602 |
| Misc. Revenue (3rd Party Subrogation) | <u>42,653</u> | <u>75,000</u> | <u>75,020</u> | <u>75,476</u> | <u>75,476</u> |
| Total Revenue | <u>\$ 3,892,655</u> | <u>\$ 4,075,000</u> | <u>\$ 4,411,522</u> | <u>\$ 4,558,078</u> | <u>\$ 4,558,078</u> |
| EXPENSES | | | | | |
| Workers' Compensation Losses Paid | 1,256,591 | 3,250,000 | 2,374,289 | 3,500,045 | 3,500,045 |
| Actuarial Reserve Adjustment | - | 342,600 | 1,494,186 | 404,488 | 404,488 |
| Legal Services | - | - | - | 42,000 | 42,000 |
| Outside Services | 159,211 | 190,000 | 121,448 | 180,000 | 180,000 |
| Administrative Expense | 113,448 | 175,000 | 171,259 | 101,545 | 101,545 |
| Insurance | <u>288,022</u> | <u>350,000</u> | <u>250,340</u> | <u>330,000</u> | <u>330,000</u> |
| Total Expenses | <u>\$ 1,817,271</u> | <u>\$ 4,307,600</u> | <u>\$ 4,411,522</u> | <u>\$ 4,558,078</u> | <u>\$ 4,558,078</u> |
| Net Assets: December 31 | 2,064,984 | 650,000 | 2,064,984 | 2,064,984 | 2,064,984 |
| Net Asset Goal | <u>600,000</u> | <u>650,000</u> | <u>650,000</u> | <u>650,000</u> | <u>650,000</u> |
| Surplus (Deficiency) | <u>\$ 1,464,984</u> | <u>\$ -</u> | <u>\$ 1,414,984</u> | <u>\$ 1,414,984</u> | <u>\$ 1,414,984</u> |

Note on Workers Compensation Fund Policy:

The City's Workers Compensation Fund policy is to maintain a net asset balance equal to or greater than the current self-insured retention (SIR) contained in the City's excess Workers Compensation insurance policy. In 2015, the SIR is increased to \$650,000. Claims are reserved at a 95% confidence level.

In 2017, the confidence level at which claims are reserved is changed to 85%. This means in 85 out of 100 cases, the amount reserved will be sufficient to pay outstanding claims.

On December 3, 2013, the Common Council authorized an appropriation of \$750,000 to the Workers Compensation Fund from the City General Fund (Legistar #32182, RES-13-00882). In 2015, billings to agencies were increased by \$125,000. Additional appropriations from the General Fund, as well as increased billings to agencies, may be required in the future if fund expenses continue to exceed revenues. Much of these increased expenses can be attributed to the actuarial reserve adjustment associated with medical cost inflation and increases in average claim amounts.

In 2017, billings to agencies are increased by \$150,000.

In 2018, billings to agencies increased by \$250,000 to meet budgeted increase in losses paid.