

WORKERS COMPENSATION FUND

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Projected</u>	<u>2019 Executive</u>	<u>2019 Adopted</u>
Cash and Other Assets	15,171,187	14,564,984	15,315,228	17,765,340	17,765,340
Claims Payable and Other Liabilities	<u>(13,106,203)</u>	<u>(12,500,000)</u>	<u>(11,314,760)</u>	<u>(12,500,000)</u>	<u>(12,500,000)</u>
Net Assets: January 1	<u>\$ 2,064,984</u>	<u>\$ 2,064,984</u>	<u>\$ 4,000,468</u>	<u>\$ 5,265,340</u>	<u>\$ 5,265,340</u>
REVENUES					
Billings to Departments	4,000,000	4,250,000	4,250,000	4,049,999	4,049,999
Appropriation from Other Funds	-	232,602	-	-	-
Misc. Revenue (3rd Party Subrogation)	<u>24,148</u>	<u>75,476</u>	<u>61,018</u>	<u>75,000</u>	<u>75,000</u>
Total Revenue	<u>\$ 4,024,148</u>	<u>\$ 4,558,078</u>	<u>\$ 4,311,018</u>	<u>\$ 4,124,999</u>	<u>\$ 4,124,999</u>
EXPENSES					
Workers' Compensation Losses Paid	3,056,829	3,500,045	3,112,173	3,300,000	3,300,000
Actuarial Reserve Adjustment	(1,996,875)	404,488	-	-	-
Debt and Other Financing	-	-	-	131,313	131,313
Legal Services	-	42,000	40,360	60,000	60,000
Outside Services	146,269	180,000	155,000	165,000	165,000
Administrative Expense	140,828	101,545	110,786	138,686	138,686
Insurance	<u>291,613</u>	<u>330,000</u>	<u>290,000</u>	<u>330,000</u>	<u>330,000</u>
Total Expenses	<u>\$ 1,638,664</u>	<u>\$ 4,558,078</u>	<u>\$ 3,708,319</u>	<u>\$ 4,124,999</u>	<u>\$ 4,124,999</u>
Net Assets: December 31	4,450,468	2,064,984	4,603,167	5,265,340	5,265,340
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>\$ 3,850,468</u>	<u>\$ 1,414,984</u>	<u>\$ 3,953,167</u>	<u>\$ 4,615,340</u>	<u>\$ 4,615,340</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 increased by \$150,000.

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

In 2019, billings to agencies decreased by \$200,000 to meet budgeted decrease in losses paid.