

WORKERS COMPENSATION FUND

	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2019 Projected</u>	<u>2020 Executive</u>	<u>2020 Adopted</u>
Cash and Other Assets	15,315,228	17,765,340	16,293,619	16,662,466	-
Claims Payable and Other Liabilities	<u>(11,314,760)</u>	<u>(12,500,000)</u>	<u>(11,668,941)</u>	<u>(11,668,941)</u>	-
Net Assets: January 1	<u>\$ 4,000,468</u>	<u>\$ 5,265,340</u>	<u>\$ 4,624,678</u>	<u>\$ 4,993,525</u>	<u>\$ -</u>
REVENUES					
Billings to Departments	4,251,945	4,049,999	4,049,999	3,150,000	-
Appropriation from Other Funds	-	-	-	-	-
Misc. Revenue (3rd Party Subrogation)	<u>199,010</u>	<u>75,000</u>	<u>39,187</u>	<u>75,000</u>	-
Total Revenue	<u>\$ 4,450,955</u>	<u>\$ 4,124,999</u>	<u>\$ 4,089,186</u>	<u>\$ 3,225,000</u>	<u>\$ -</u>
EXPENSES					
Workers' Compensation Losses Paid	3,253,759	3,300,000	3,147,022	3,350,000	-
Actuarial Reserve Adjustment	-	-	-	-	-
Debt and Other Financing	-	131,313	-	-	-
Legal Services	40,360	60,000	48,722	60,000	-
Outside Services	144,206	165,000	143,439	165,000	-
Administrative Expense	98,207	138,686	114,350	136,682	-
Insurance	<u>290,214</u>	<u>330,000</u>	<u>266,806</u>	<u>330,000</u>	-
Total Expenses	<u>\$ 3,826,746</u>	<u>\$ 4,124,999</u>	<u>\$ 3,720,339</u>	<u>\$ 4,041,682</u>	<u>\$ -</u>
Net Assets: December 31	4,624,677	5,265,340	4,993,525	4,176,843	-
Net Asset Goal	<u>600,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	-
Surplus (Deficiency)	<u>\$ 4,024,677</u>	<u>\$ 4,615,340</u>	<u>\$ 4,343,525</u>	<u>\$ 3,526,843</u>	<u>\$ -</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.

In 2020, billings to agencies for Workers Compensation decreased by \$900,000 and increased by \$950,000 for Insurance in order to improve the Insurance fund balance without affecting agency budgets. Budgeted Workers Compensation losses increased by \$50,000.