

WORKERS COMPENSATION FUND

	<u>2019 Actual</u>	<u>2020 Budget</u>	<u>2020 Projected</u>	<u>2021 Executive</u>	<u>2021 Adopted</u>
Cash and Other Assets	16,293,619	16,662,466	16,677,950	15,861,268	15,861,268
Claims Payable and Other Liabilities	<u>(11,668,941)</u>	<u>(11,668,941)</u>	<u>(11,916,255)</u>	<u>(11,916,255)</u>	<u>(11,916,255)</u>
Net Assets: January 1	<u>\$ 4,624,678</u>	<u>\$ 4,993,525</u>	<u>\$ 4,761,695</u>	<u>\$ 3,945,013</u>	<u>\$ 3,945,013</u>
REVENUES					
Billings to Departments	4,049,999	3,150,000	3,150,000	3,650,000	3,650,000
Appropriation from Other Funds	-	-	-	-	-
Misc. Revenue (3rd Party Subrogation)	<u>30,125</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Total Revenue	<u>\$ 4,080,124</u>	<u>\$ 3,225,000</u>	<u>\$ 3,225,000</u>	<u>\$ 3,725,000</u>	<u>\$ 3,725,000</u>
EXPENSES					
Workers' Compensation Losses Paid	3,306,917	3,350,000	3,350,000	3,350,000	3,350,000
Actuarial Reserve Adjustment	-	-	-	-	-
Debt and Other Financing	-	-	-	-	-
Legal Services	45,359	60,000	60,000	60,000	60,000
Outside Services	167,849	165,000	165,000	180,000	180,000
Administrative Expense	122,552	136,682	136,682	151,559	151,559
Insurance	<u>300,428</u>	<u>330,000</u>	<u>330,000</u>	<u>340,000</u>	<u>340,000</u>
Total Expenses	<u>\$ 3,943,105</u>	<u>\$ 4,041,682</u>	<u>\$ 4,041,682</u>	<u>\$ 4,081,559</u>	<u>\$ 4,081,559</u>
Net Assets: December 31	4,761,697	4,176,843	3,945,013	3,588,454	3,588,454
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>\$ 4,161,697</u>	<u>\$ 3,526,843</u>	<u>\$ 3,295,013</u>	<u>\$ 2,938,454</u>	<u>\$ 2,938,454</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 was 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.

In 2021, billings to agencies for the Insurance Fund decreased by \$500,000, and increased by \$500,000 in the Worker's Compensation Fund. This modification restores a portion of a change in billings between the two funds in the 2020 budget that addressed a deficit in the Insurance Fund.