

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	-
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>	-
Net Assets: January 1	\$ (10,400)	\$ 882,600	\$ 2,064,984	\$ 2,064,984	\$ -
REVENUES					
Billings to Departments	3,850,002	4,000,000	4,103,900	4,250,000	-
Appropriation from Other Funds	-	-	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>	-
Total Revenue	\$ 3,892,655	\$ 4,075,000	\$ 4,411,522	\$ 4,558,078	\$ -
EXPENSES					
Workers' Compensation Losses Paid	1,256,591	3,250,000	2,374,289	3,500,045	-
Actuarial Reserve Adjustment	-	342,600	1,494,186	404,488	-
Legal Services	-	-	-	42,000	-
Outside Services	159,211	190,000	121,448	180,000	-
Administrative Expense	113,448	175,000	171,259	101,545	-
Insurance	<u>288,022</u>	<u>350,000</u>	<u>250,340</u>	<u>330,000</u>	-
Total Expenses	\$ 1,817,271	\$ 4,307,600	\$ 4,411,522	\$ 4,558,078	\$ -
Net Assets: December 31	2,064,984	650,000	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>	-
Surplus (Deficiency)	<u>\$ 1,464,984</u>	<u>\$ -</u>	<u>\$ 1,414,984</u>	<u>\$ 1,414,984</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 are increased by \$150,000.

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