

WORKERS COMPENSATION FUND

	<u>2020 Actual</u>	<u>2021 Budget</u>	<u>2021 YTD</u>	<u>2021 Projected</u>	<u>2022 Executive</u>	<u>2022 Adopted</u>
Cash and Other Assets	16,677,950	15,861,268	16,104,567	16,104,567	15,693,008	15,693,008
Claims Payable and Other Liabilities	<u>(11,916,254)</u>	<u>(11,916,255)</u>	<u>(11,260,261)</u>	<u>(11,260,261)</u>	<u>(11,260,261)</u>	<u>(11,260,261)</u>
Net Assets: January 1	<u>\$ 4,761,696</u>	<u>\$ 3,945,013</u>	<u>\$ 4,844,306</u>	<u>\$ 4,844,306</u>	<u>\$ 4,432,747</u>	<u>\$ 4,432,747</u>
REVENUES						
Billings to Departments	3,153,254	3,650,000	1,825,000	3,650,000	3,750,000	3,750,000
Appropriation from Other Funds	3,600	-	-	-	-	-
Misc. Revenue (3rd Party Subrogation)	<u>37,686</u>	<u>75,000</u>	<u>9,378</u>	<u>30,000</u>	<u>75,000</u>	<u>75,000</u>
Total Revenue	<u>\$ 3,194,540</u>	<u>\$ 3,725,000</u>	<u>\$ 1,834,378</u>	<u>\$ 3,680,000</u>	<u>\$ 3,825,000</u>	<u>\$ 3,825,000</u>
EXPENSES						
Workers' Compensation Losses Paid	2,493,163	3,350,000	1,267,164	3,350,000	3,250,000	3,250,000
Actuarial Reserve Adjustment	-	-	-	-	-	-
Debt and Other Financing	-	-	-	-	-	-
Legal Services	45,359	60,000	4,442	60,000	110,000	110,000
Outside Services	139,549	180,000	55,292	180,000	180,000	180,000
Administrative Expense	132,883	151,559	104,818	151,559	155,323	156,327
Insurance	<u>300,975</u>	<u>340,000</u>	<u>345,994</u>	<u>350,000</u>	<u>375,000</u>	<u>375,000</u>
Total Expenses	<u>\$ 3,111,929</u>	<u>\$ 4,081,559</u>	<u>\$ 1,777,710</u>	<u>\$ 4,091,559</u>	<u>\$ 4,070,323</u>	<u>\$ 4,071,327</u>
Net Assets: December 31	4,844,307	3,588,454	4,900,974	4,432,747	4,187,424	4,186,420
Net Asset Goal	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>
Surplus (Deficiency)	<u>\$ 4,194,307</u>	<u>\$ 2,938,454</u>	<u>\$ 4,250,974</u>	<u>\$ 3,782,747</u>	<u>\$ 3,537,424</u>	<u>\$ 3,536,420</u>

Notes 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.

In 2022, billings to agencies for the Insurance Fund decreased by \$100,000, and increased by \$100,000 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.