

WORKERS COMPENSATION FUND

	<u>2022 Actual</u>	<u>2023 Budget</u>	<u>2023 Projected</u>	<u>2024 Executive</u>	<u>2024 Adopted</u>
Cash and Other Assets	15,855,491	15,858,240	15,938,067	15,361,515	15,361,515
Claims Payable and Other Liabilities	<u>(11,193,588)</u>	<u>(11,442,663)</u>	<u>(10,338,557)</u>	<u>(10,338,557)</u>	<u>(10,338,557)</u>
Net Assets: January 1	<u>\$ 4,661,903</u>	<u>\$ 4,415,577</u>	<u>\$ 5,599,510</u>	<u>\$ 5,022,958</u>	<u>\$ 5,022,958</u>
REVENUES					
Billings to Departments	3,750,000	3,750,000	3,750,000	4,000,000	4,000,000
Appropriation from Other Funds	-	-	-	-	-
Misc. Revenue (3rd Party Subrogation)	<u>39,581</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Total Revenue	<u>\$ 3,789,581</u>	<u>\$ 3,790,000</u>	<u>\$ 3,790,000</u>	<u>\$ 4,040,000</u>	<u>\$ 4,040,000</u>
EXPENSES					
Workers' Compensation Losses Paid	1,892,157	3,500,000	3,500,000	3,250,000	3,250,000
Actuarial Reserve Adjustment	-	-	-	-	-
Debt and Other Financing	-	-	-	-	-
Legal Services	118,691	115,500	115,500	123,000	123,000
Outside Services	277,195	187,200	187,200	154,500	154,500
Administrative Expense	141,075	163,852	163,852	179,696	179,696
Insurance	<u>433,017</u>	<u>400,000</u>	<u>400,000</u>	<u>460,000</u>	<u>460,000</u>
Total Expenses	<u>\$ 2,862,136</u>	<u>\$ 4,366,552</u>	<u>\$ 4,366,552</u>	<u>\$ 4,167,196</u>	<u>\$ 4,167,196</u>
Net Assets: December 31	5,589,348	3,839,025	5,022,958	4,895,762	4,895,762
Net Asset Goal	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>
Surplus (Deficiency)	<u>\$ 4,939,348</u>	<u>\$ 3,189,025</u>	<u>\$ 4,372,958</u>	<u>\$ 4,245,762</u>	<u>\$ 4,245,762</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.

In 2023, billings to agencies for the Workers Compensation Fund did not change from 2022. The Adopted Budget assumes using \$576,552 in fund balance in 2023.

In 2024, billings to agencies increased \$250,000. The Adopted Budget assumes using \$127,196 in fund balance in 2024.