

Worker's Compensation Fund

MISSION STATEMENT

It is the mission of the Worker's Compensation Fund to provide for all administrative, reinsurance and benefit expenses associated with employees' worker's compensation claims.

PRIMARY FUNCTIONS

The primary function is to account for all workers' compensation expenditures. The City operates a self-insured worker's compensation program with financing provided by premiums charged to departments based on job type and likelihood of injury.

WORKER'S COMPENSATION FUND BUDGET SUMMARY

	2011	2012	2012	2013	INCREASE
APPROPRIATION	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ESTIMATE</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
CONTRACTUAL	\$1,483,367	\$2,407,695	\$1,803,852	\$2,586,971	\$179,276
OTHER EXPENSE	<u>82,800</u>	<u>83,500</u>	<u>83,500</u>	<u>92,400</u>	<u>8,900</u>
TOTAL	<u>\$1,566,167</u>	<u>\$2,491,195</u>	<u>\$1,887,352</u>	<u>\$2,679,371</u>	<u>\$188,176</u>

	2010	2011	2012	2013	INCREASE
FUNDING SOURCE	<u>ACTUAL</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>(DECREASE)</u>
GENERAL FUND TRANSFERS	\$3,213,999	\$2,525,473	\$2,216,812	\$2,401,743	\$184,931
OTHER FUND TRANSFERS	435,604	294,712	274,383	277,378	2,995
REIMBURSEMENTS	4,405	53,278	0	0	0
INTEREST INCOME	<u>(1,730)</u>	<u>62,262</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
TOTAL	<u>\$3,652,278</u>	<u>\$2,935,725</u>	<u>\$2,506,195</u>	<u>\$2,694,121</u>	<u>\$187,926</u>

BUDGET HIGHLIGHTS

- Rates were increased 5% for 2013 due to increased expenses.
- With a fund deficit of \$3.0 million at the end of 2010, a \$1.6 million surcharge was assessed to all participating funds in 2010. An additional surcharge was assessed at the end of 2011, \$656,000, to bring the fund to a positive fund balance at the start of 2012.
- The property tax rate for worker's compensation, collected in the general fund, is unlimited by statute. The 2012 estimated rate is 12.8 cents, 3.3 cents higher than the previous 9.4 cents.

WORKER'S COMPENSATION FUND FIVE YEAR FINANCIAL FORECAST (IN \$000'S)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues	\$2,828	\$2,969	\$3,116	\$3,272	\$3,434
Expenses	<u>2,813</u>	<u>2,954</u>	<u>3,102</u>	<u>3,257</u>	<u>3,420</u>
Excess (Deficit)	<u>15</u>	<u>15</u>	<u>14</u>	<u>15</u>	<u>14</u>
Beginning Balance	<u>910,533</u>	<u>910,548</u>	<u>910,563</u>	<u>910,577</u>	<u>910,592</u>
Ending Balance	<u>\$910,548</u>	<u>\$910,563</u>	<u>\$910,577</u>	<u>\$910,592</u>	<u>\$910,606</u>
Expense Rate Change	5%	5%	5%	5%	5%

The 2014-2018 five-year forecast assumes that worker's compensation costs will increase five percent annually and that premiums will be increased 5% annually to keep pace with expense growth.