

# Unemployment Fund

## Mission Statement

It is the mission of the Unemployment Tax Fund to provide services for unemployment costs to former employees.

**Primary Functions** → The primary function of the Unemployment Tax Fund is to account for all unemployment expenditures.

## Fund Highlights

The City will continue to strive to provide this program to former employees while maintaining responsible costs for the taxpayers through its self-insured program.

## Budget Summary

| UNEMPLOYMENT TAX FUND BUDGET SUMMARY |                       |                       |                       |                       |                        |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| APPROPRIATION                        | 2008<br><u>ACTUAL</u> | 2009<br><u>ACTUAL</u> | 2010<br><u>BUDGET</u> | 2011<br><u>BUDGET</u> | INCREASE<br>(DECREASE) |
| CONTRACTUAL                          | <u>\$77,143</u>       | <u>\$111,572</u>      | <u>\$61,514</u>       | <u>\$172,600</u>      | <u>\$111,086</u>       |
| TOTAL                                | <u>\$77,143</u>       | <u>\$111,572</u>      | <u>\$61,514</u>       | <u>\$172,600</u>      | <u>\$111,086</u>       |
| FUNDING SOURCE                       | 2010                  |                       | 2011                  |                       | 2011                   |
| PROPERTY TAXES                       | <u>AMOUNT</u>         | <u>PERCENTAGE</u>     | <u>AMOUNT</u>         | <u>PERCENTAGE</u>     |                        |
| UNEMPLOYMENT TAX                     | \$50,681              | 79.3                  | \$141,313             | 80.6                  |                        |
| INTERFUND TRANSFERS                  | 10,833                | 16.9                  | 31,287                | 17.8                  |                        |
| INTEREST INCOME                      | <u>2,400</u>          | <u>3.8</u>            | <u>2,700</u>          | <u>1.6</u>            |                        |
| TOTAL                                | <u>\$63,914</u>       | <u>100.0</u>          | <u>\$175,300</u>      | <u>100.0</u>          |                        |

## Budget Analysis

The City operates a self-insured unemployment tax program with financing provided by premiums charged to departments based on a percentage of the first \$9,000 salary. The property tax rate for unemployment compensation is unlimited by statute. The 2010 estimated rate is 0.7 cents, changed from the prior year's 0.3 cent rate. Due to the fall 2009 staff reductions, unemployment expense increased in the fourth quarter of 2009 and will be more than normal during 2010.

## Five Year Financial Forecast

The 2012-2016 five-year forecast assumes that unemployment costs will increase 3% annually and that premiums will be adjusted as necessary during this period. The unemployment rate charged to operating departments will be increased from 0.7% (\$63) of the first \$9,000 of salary per employee to 2.0% (\$180) for 2011. For the 2012 – 2016 planning period, the rate will be 2.0% (\$180).

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## UNEMPLOYMENT COMPENSATION FUND 2012-2016 FINANCIAL FORECAST (IN \$000'S)

|                                  | <u>2012</u>   | <u>2013</u>   | <u>2014</u> | <u>2015</u>  | <u>2016</u>  |
|----------------------------------|---------------|---------------|-------------|--------------|--------------|
| Revenues                         | \$169         | \$170         | \$171       | \$173        | \$176        |
| Expenses                         | <u>160</u>    | <u>160</u>    | <u>80</u>   | <u>82</u>    | <u>84</u>    |
| Excess (Deficit)                 | <u>9</u>      | <u>10</u>     | <u>91</u>   | <u>91</u>    | <u>92</u>    |
| Beginning Balance                | <u>(89)</u>   | <u>(80)</u>   | <u>(70)</u> | <u>21</u>    | <u>112</u>   |
| Ending Balance                   | <u>(\$80)</u> | <u>(\$70)</u> | <u>\$21</u> | <u>\$112</u> | <u>\$204</u> |
| Property Tax Rates<br>(in cents) | 0.7           | 0.7           | 0.7         | 0.7          | 0.7          |