

# 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.

## Budget Summary

WORKER'S COMPENSATION FUND BUDGET SUMMARY					
APPROPRIATION	2007 <u>ACTUAL</u>	2008 <u>BUDGET</u>	2008 <u>ACTUAL</u>	2009 <u>BUDGET</u>	INCREASE (DECREASE)
CONTRACTUAL	\$2,504,172	\$1,754,957	\$2,331,359	\$1,993,739	\$238,782
OTHER EXPENSE	80,800	83,400	83,400	79,000	(4,400)
RESERVE ADJUST	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>\$2,584,972</u>	<u>\$1,838,357</u>	<u>\$2,414,759</u>	<u>\$2,072,739</u>	<u>\$234,382</u>
FUNDING SOURCE	2008		2009		2009
PROPERTY TAXES	<u>AMOUNT</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>	<u>PERCENTAGE</u>	
WORKER'S COMP	\$1,667,717	90.0	\$1,884,694	90.3	
INTERFUND TRANSFERS	170,640	9.2	188,045	9.0	
INTEREST INCOME	<u>15,000</u>	<u>0.8</u>	<u>15,000</u>	<u>0.7</u>	
TOTAL	<u>\$1,853,357</u>	<u>100.0</u>	<u>\$2,087,739</u>	<u>100.0</u>	

## Budget Analysis

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. With employees having three years from the date of injury to file a claim and payments on yet a longer cycle, the fund tends to exhibit a variable pattern. Adjustments to the reserve reflect this, increases for 2005 (\$52,319), 2006 (\$710,348), 2007 (\$346,173), and 2008 (\$264,179), and decreases for 2001 (\$21,122). Incurred claims currently stand at \$3,464,344. Discounting the reserve adjustment, 2007 and 2008 expenses were 121% and 100% of the budget respectively. Rates, decreased 25% in 2000, were increased 25% for 2007 and have again been increased for 2009, 10%, due to increased expenses. The property tax rate for worker's compensation is unlimited by statute. The 2009 estimated rate is 8.9 cents, slightly less than the prior year's 9.1 cents.

## Five Year Financial Forecast

The 2010-2014 five-year forecast assumes that worker's compensation costs will increase five percent annually and that the revenue mix of property and transfer reimbursements will remain constant. After 2010, premiums may be increased 10% annually during this period.

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## WORKER'S COMPENSATION FUND 2010-2014 FINANCIAL FORECAST (IN \$000'S)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues	\$2,295	\$2,523	\$2,774	\$3,050	\$3,353
Expenses	<u>2,176</u>	<u>2,285</u>	<u>2,399</u>	<u>2,519</u>	<u>2,645</u>
Excess (Deficit)	<u>119</u>	<u>238</u>	<u>375</u>	<u>531</u>	<u>708</u>
Beginning Balance	<u>(2,320)</u>	<u>(2,389)</u>	<u>(2,358)</u>	<u>(2,211)</u>	<u>(1,931)</u>
Acctg Int Adjust	<u>(188)</u>	<u>(207)</u>	<u>(228)</u>	<u>(251)</u>	<u>(276)</u>
Ending Balance	<u>(\$2,389)</u>	<u>(\$2,358)</u>	<u>(\$2,211)</u>	<u>(\$1,931)</u>	<u>(\$1,499)</u>
Property Tax Rates (in cents)	9.8	10.8	11.6	12.5	13.5