



FINANCIAL OVERVIEW OF THE CITY'S SELF-INSURANCE TRUST FUNDS

Finance Department

Financial Performance and Budget Committee
December 13, 2023

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1

OVERVIEW

- 1. Worker's Compensation Fund** – Administered by Human Resources
- 2. General Liability Fund** – Risk Management Division of the Finance Department has responsibility for the oversight of the program, and the City Attorney's Office is responsible for administering all third-party claims submitted to the City.



2

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2

INSURANCE COVERAGE AND EXPOSURE

1. General Liability – Policy Aggregate Limit of \$25,000,000
 - a) Self-Insured at \$3,000,000 per occurrence

2. Worker's Compensation – Policy Limit Aggregate of \$25,000,000
 - a) Self-Insured at \$3,000,000 per occurrence

3. Two tort liability claims settled in the last ten years exceeded the City's \$3M self-insured retention



3

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3

FINANCIAL OVERVIEW

1. Large Cash Outlays
 - a) Claim Payments
 - b) Legal Fees

2. Worker's Compensation
 - a) Claim Payments 5-year average \$4,200,000
 - b) Legal Fees 5-year average \$189,000

3. General Liability
 - a) Claim Payments 5-year average \$3,400,000
 - b) Legal Fees 5-year average \$1,800,000



4

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4

FINANCIAL OVERVIEW - REVENUE

Self Insurance Trust Funds Analysis (Excludes Parada Settlement Fund - Established FY22)

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY19	FY20	FY21	FY22	FY23	FY24
Beginning Fund Balance	\$ (30,850)	\$ (24,630)	\$ (25,020)	\$ (32,132)	\$ (34,654)	\$ (24,423)
Charges for Services-WC	8,854	7,610	5,029	9,235	9,697	10,036
Charges for Services-GL	10,305	9,063	8,235	8,793	11,154	13,385
Interest Income-WC	482	623	(13)	(525)	245	-
Interest Income-GL	113	287	(39)	(476)	570	130
Other Income-WC	(10)	9	2	3	102	-
Other Income-GL	12	1	416	130	43	-
General Fund Contribution-GL	-	-	-	2,500	-	-
Measure Z Fund Contribution-GL	2,500	-	-	-	-	-
Total Revenue	22,257	17,592	13,629	19,660	21,810	23,551



5

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5

FINANCIAL OVERVIEW - EXPENDITURES

Self Insurance Trust Funds Analysis (Excludes Parada Settlement Fund - Established FY22)

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY19	FY20	FY21	FY22	FY23	FY24
Direct Personnel-WC	606	695	370	365	543	595
Direct Personnel-GL	357	527	737	366	510	568
Prof.Serv & Other Non-Personnel-WC	114	115	112	102	101	155
Prof.Serv & Other Non-Personnel-GL	252	261	311	253	1,052	331
Indirect Charges-WC	540	589	1,242	1,092	1,076	1,116
Indirect Charges-GL	2,200	2,395	3,429	3,751	3,824	3,932
Claims & Judgments-WC	4,231	3,655	3,713	4,825	4,549	4,788
Claims & Judgments-GL	2,389	1,141	7,557	2,796	3,139	2,400
Legal Fees-WC	285	203	201	109	146	442
Legal Fees-GL	1,280	1,782	2,783	2,154	1,016	2,575
Premiums-WC	484	470	563	552	624	685
Premiums-GL	551	568	708	1,106	1,480	1,500
Actuarial Adjustment-WC	2,214	4,468	1,278	1,789	(3,807)	1,500
Actuarial Adjustment-GL	17	899	(2,506)	2,666	(3,179)	0
Misc. Expense-WC	348	214	241	253	502	366
Misc. Expense-GL	-	-	2	3	2	7
Prior Period Adjustment-WC	168	-	-	-	-	-
Total Expense	16,036	17,982	20,741	22,183	11,578	20,960



6

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6

FINANCIAL OVERVIEW - FUND BALANCE

Self Insurance Trust Funds Analysis (Excludes Parada Settlement Fund - Established FY22)

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY19	FY20	FY21	FY22	FY23	FY24
Cash Position	\$24,823	\$29,922	\$21,602	\$23,216	\$26,420	\$30,512
Estimated Claims & Judgments	\$48,294	\$53,661	\$52,433	\$56,888	\$49,902	\$51,402
Cash Balance as a % of Total Liability	51%	56%	41%	41%	53%	59%



7

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7

CASH POSITION AND FUND BALANCE

1. Combined cash on hand is approximately \$26.4 million
2. Fund Balance at a deficit
 - a) Reflects long-term nature of many claims
 - b) Sufficient cash on hand to cover 53% of long-term liabilities. Projected to increase to 59% in fiscal year 2023-24.
 - c) Actuarial Adjustments have significant impact on fund balance.

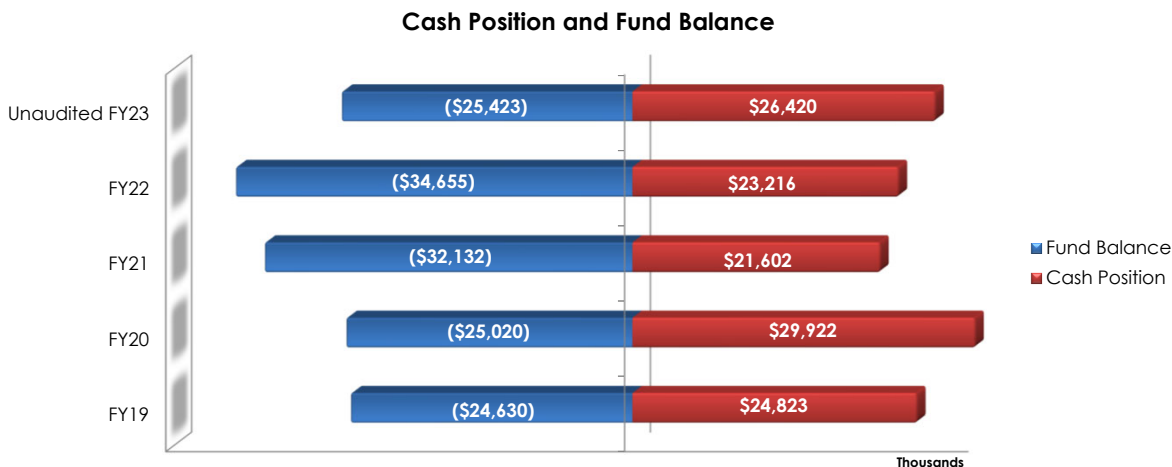


8

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8

CASH POSITION AND FUND BALANCE (CONT.)



9

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9

CLAIMS AND JUDGMENT LIABILITY BY FUND

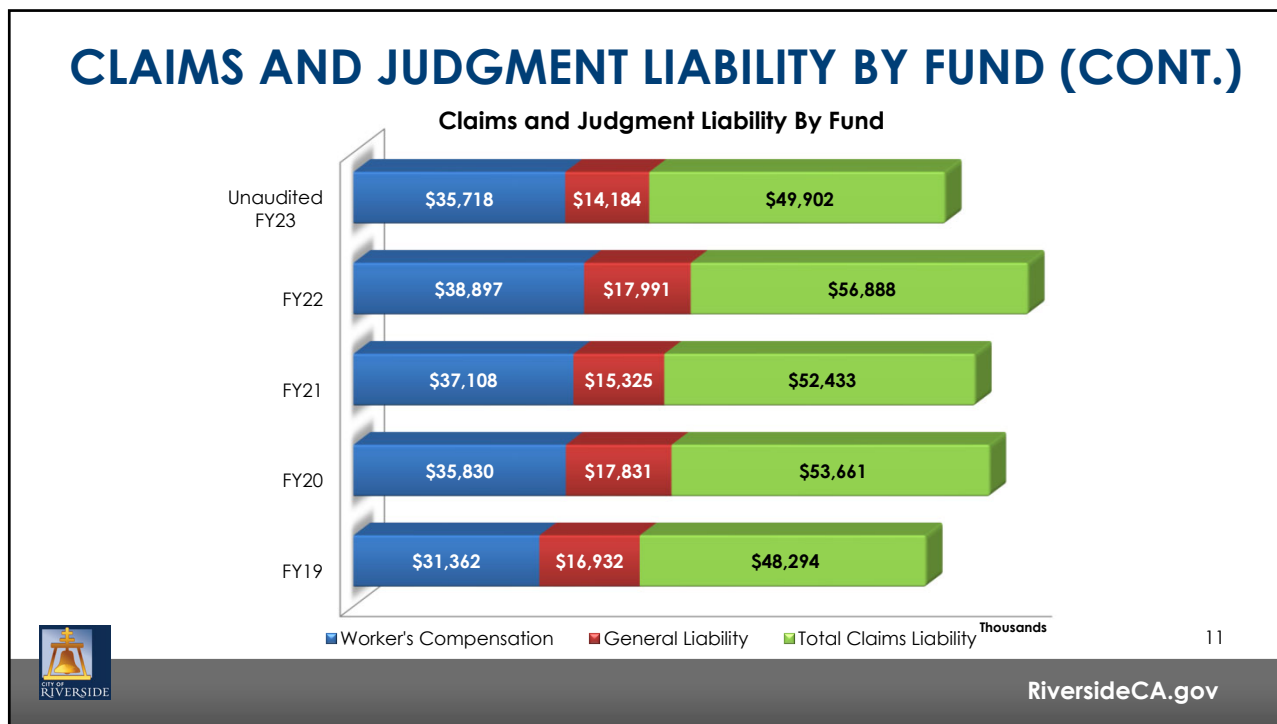
1. Claims liabilities are estimates of long-term liabilities:
 - a) Basis for determining appropriate level of reserves;
 - b) Actuarial valuation based on historical data;
 - c) Claims often resolved for less than potential liability; and
 - d) Cash on hand not required to service total liability today.



10

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10



11

STRATEGIC PLAN ALIGNMENT

Strategic Priority No. 5 – High Performing Government

Goal No. 5.3 - Enhance communication and collaboration with community members to improve transparency, build public trust and encourage shared decision making.

Cross-Cutting Threads



Community Trust



Equity



Innovation



Fiscal Responsibility



Sustainability and Resiliency

12

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12

RECOMMENDATION

That the Financial Performance and Budget Committee receive, provide input on, and forward to the City Council for approval the annual financial review of the City's Self-Insurance Trust Funds for Fiscal Year 2022-23.

