

# Financial Overview of the City's Self-Insurance Trust Funds

Finance Department

**City Council**  
February 25, 2025

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## OVERVIEW

- **Worker's Compensation Fund** – Administered by Human Resources
- **General Liability Fund**
  - Program Oversight: Finance/Risk Management Division
  - Claims Administration: City Attorney's Office is responsible for administering all third-party claims submitted to the City.



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## INSURANCE COVERAGE AND EXPOSURE

General Liability & Workers' Compensation Policy Structure	
General Liability	Workers' Compensation (WC)
Allied World National Assurance Excess Layer #2 \$10,000,000 per Occurrence \$10,000,000 Aggregate	Safety National Excess WC \$25,000,000 Aggregate
Homesite/Kinsale Excess Layer #1 \$10,000,000 per Occurrence \$10,000,000 Aggregate	
Safety National Lead Layer \$5,000,000 per Occurrence \$5,000,000 Aggregate	
Self-Insured Retention \$3,000,000	Self-Insured Retention \$3,000,000



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## FINANCIAL OVERVIEW

- Large Cash Outlays
  - Claim Payments
  - Legal Fees
- Worker's Compensation
  - Claim Payments 5-year average \$4,386,608
  - Legal Fees 5-year average \$157,320
- General Liability
  - Claim Payments 5-year average \$4,103,137
  - Legal Fees 5-year average \$1,839,777



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# FINANCIAL OVERVIEW - REVENUE

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

Fund Activity (Thousands)	Audited Data					Projected
	FY20	FY21	FY22	FY23	FY24	FY25
Beginning Fund Balance	\$ (24,630)	\$ (25,020)	\$ (32,132)	\$ (34,654)	\$ (24,423)	\$ (31,763)
Charges for Services-WC	7,610	5,029	9,235	9,697	10,040	9,000
Charges for Services-GL	9,063	8,235	8,793	11,154	13,385	13,115
Interest Income-WC	623	(13)	(525)	245	904	-
Interest Income-GL	287	(39)	(476)	570	162	130
Other Income-WC	9	2	3	102	2	-
Other Income-GL	1	416	130	43	1,892	-
General Fund Contribution-GL	-	-	2,500	-	-	-
Measure Z Fund Contribution-GL	-	-	-	-	-	-
<b>Total Revenue</b>	<b>17,592</b>	<b>13,629</b>	<b>19,660</b>	<b>21,810</b>	<b>26,385</b>	<b>22,245</b>



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# FINANCIAL OVERVIEW - EXPENDITURES

Fund Activity (Thousands)	Audited Data					Projected
	FY20	FY21	FY22	FY23	FY24	FY25
Direct Personnel-WC	695	370	365	543	665	641
Direct Personnel-GL	527	737	366	510	774	1,277
Prof.Serv & Other Non-Personnel-WC	115	112	102	101	186	187
Prof.Serv & Other Non-Personnel-GL	261	311	253	1,052	446	463
Indirect Charges-WC	589	1,242	1,092	1,076	1,209	1,243
Indirect Charges-GL	2,395	3,429	3,751	3,824	3,991	4,017
Claims & Judgments-WC	3,655	3,713	4,825	4,549	5,191	4,932
Claims & Judgments-GL	1,141	7,557	2,796	3,139	5,882	3,200
Legal Fees-WC	203	201	109	146	128	455
Legal Fees-GL	1,782	2,783	2,154	1,016	1,463	3,303
Premiums-WC	470	563	552	624	743	810
Premiums-GL	568	708	1,106	1,480	1,876	2,248
Actuarial Adjustment-WC	4,468	1,278	1,789	(3,179)	2,054	2,795
Actuarial Adjustment-GL	899	(2,506)	2,666	(3,807)	8,707	434
Misc. Expense-WC	214	241	253	502	407	451
Misc. Expense-GL	-	2	3	2	2	8
Prior Period Adjustment-WC	-	-	-	-	-	-
<b>Total Expense</b>	<b>17,982</b>	<b>20,741</b>	<b>22,183</b>	<b>11,578</b>	<b>33,726</b>	<b>26,464</b>



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## FINANCIAL OVERVIEW - FUND BALANCE

Fund Activity (Thousands)	Audited Data					Projected
	FY20	FY21	FY22	FY23	FY24	FY25
Ending Fund Balance	\$ (25,020)	\$ (32,132)	\$ (34,654)	\$ (24,423)	\$ (31,763)	\$ (35,981)
Cash Position	\$29,922	\$21,602	\$23,216	\$26,420	\$29,303	\$28,314
Estimated Claims & Judgments	\$53,661	\$52,433	\$56,888	\$49,902	\$60,664	\$63,892
Cash Balance as a % of Total Liability	56%	41%	41%	53%	48%	44%

- 22% (\$10.8M) increase in Estimated Claims & Judgements
- Projected FY 2023/24 reserve 59%; actual 48%
- Projected FY 2024/25 reserve 59%; updated projection 44%



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## CASH POSITION AND FUND BALANCE

- Combined cash on hand is approximately \$29.3 million
- Fund Balance at a deficit
  - Reflects long-term nature of many claims
  - Actuarial Adjustments have significant impact on fund balance.
  - Sufficient cash on hand to cover 48% of long-term liabilities.
    - Rates will be adjusted in future budgets to regain the 50% policy reserve requirement within 3 years.



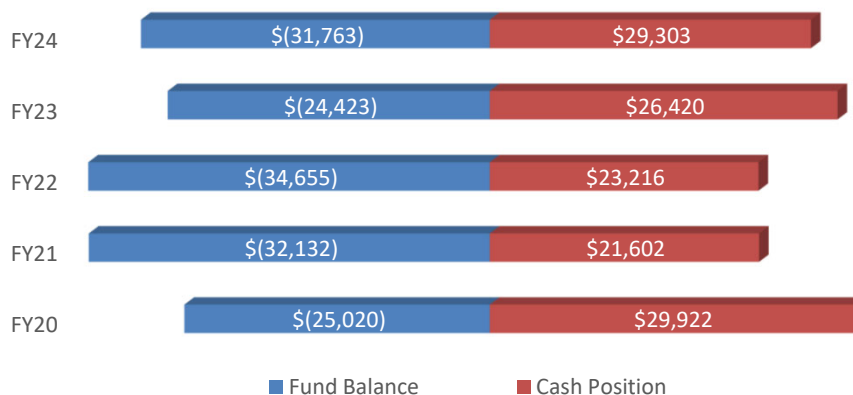
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## CASH POSITION AND FUND BALANCE (CONT.)

Cash Position and Fund Balance  
(In Thousands)



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## CLAIMS AND JUDGMENT LIABILITY BY FUND

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



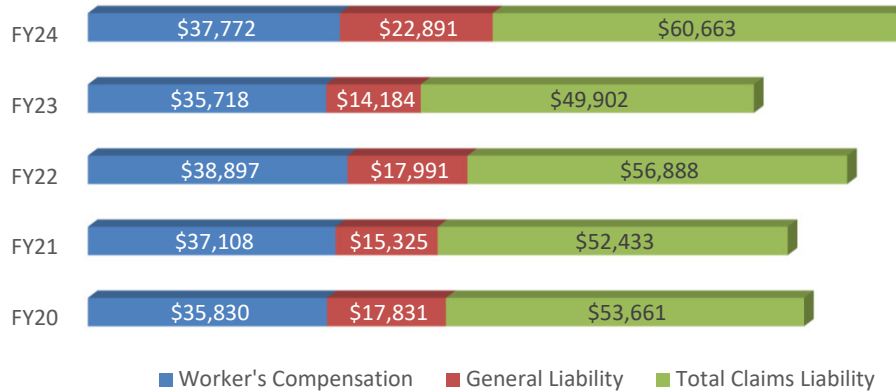
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## CLAIMS AND JUDGMENT LIABILITY BY FUND (CONT.)

Claims and Judgment Liability By Fund  
(In Thousands)



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## STRATEGIC PLAN ALIGNMENT



### HIGH PERFORMING GOVERNMENT

### CROSS-CUTTING THREADS



Community Trust



Equity



Innovation



Fiscal Responsibility



Sustainability and Resiliency



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## RECOMMENDATION

That the City Council approve the financial overview of the City's Self-Insurance Trust Funds for Fiscal Year 2023/24.



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