

# ANNUAL FINANCIAL REVIEW OF THE CITY'S SELF-INSURANCE TRUST FUNDS – FISCAL YEAR 2018-2019

Finance Department

Finance Committee  
October 30, 2019

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## OVERVIEW

- 1. Worker's Compensation Fund** – Administered by Human Resources
- 2. General Liability Fund** – Administered by City Attorney's Office



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## INSURANCE COVERAGE AND EXPOSURE

1. General Liability – Policy Limit of \$20,000,000
  - a) Self-Insured at \$3,000,000 per occurrence
  
2. Worker’s Compensation – Policy Limit of \$25,000,000
  - a) Self-Insured at \$3,000,000 per occurrence
  
3. No Claims settled in last 10 years that exceed coverage



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## FINANCIAL OVERVIEW

1. Large Cash Outlays
  - a) Claim Payments
  - b) Outside Legal Costs and Litigation Expenses
  
2. Worker’s Compensation
  - a) Claim Payments average \$4,200,000
  - b) Outside Legal and Litigation average \$409,000
  
3. General Liability
  - a) Claim Payments average \$3,000,000
  - b) Outside Legal and Litigation average \$1,800,000



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## FINANCIAL OVERVIEW - REVENUE

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY15	FY16	FY17	FY18	FY19	FY20
<b>Beginning Fund Balance</b>	<b>\$(27,135)</b>	<b>\$(27,779)</b>	<b>\$(31,954)</b>	<b>\$ (31,865)</b>	<b>\$ (30,850)</b>	<b>\$ (24,472)</b>
Charges for Services-WC	6,000	6,126	6,089	6,274	8,854	7,603
Charges for Services-GL	7,400	7,498	7,470	7,711	10,430	9,057
Interest Income-WC	139	179	50	76	473	87
Interest Income-GL	-	-	-	-	0	-
Other Income-WC	-	-	-	-	-	-
Other Income-GL	-	-	-	-	-	-
General Fund Contribution - GL	-	-	-	2,500	-	-
Measure Z Contribution - GL	-	-	-	2,500	2,500	-
<b>Total Revenue</b>	<b>13,539</b>	<b>13,804</b>	<b>13,608</b>	<b>19,061</b>	<b>22,257</b>	<b>16,747</b>



## FINANCIAL OVERVIEW - EXPENDITURES

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY15	FY16	FY17	FY18	FY19	FY20
Direct Personnel-WC	551	428	557	680	617	654
Direct Personnel-GL	-	-	-	252 <sup>1</sup>	357	501
Prof.Serv & Other Non-Personnel-WC	287	109	139	132	114	125
Prof.Serv & Other Non-Personnel-GL	180	926	217	577	259	493
Indirect Charges-WC	187	166	158	440 <sup>3</sup>	540	609
Indirect Charges-GL	315	439	1,148 <sup>2</sup>	1,020	2,200	2,393
Claims & Judgments-WC	3,477	4,003	3,899	5,238	4,231	4,350
Claims & Judgments-GL	2,363	4,314	1,933	3,932	2,389	3,400
Legal Fees-WC	404	435	496	424	285	550
Legal Fees-GL	1,859	1,178	2,055	2,707	1,280	1,500
Premiums-WC	424	487	447	429	484	529
Premiums-GL	439	445	476	521	544	582
Actuarial Adjustment-WC	1,109	3,680	2,081	(9)	2,214	1,000
Actuarial Adjustment-GL	2,554	835	(360)	1,331	17	1,000
Misc. Expense-WC	9	217	246	365	348	318
Misc. Expense-GL	27	315	27	-	-	-
Prior Period Adjustment-WC	-	-	-	4 <sup>4</sup>	-	-
Prior Period Adjustment-GL	-	-	-	2 <sup>4</sup>	-	-
<b>Total Expense</b>	<b>14,183</b>	<b>17,978</b>	<b>13,520</b>	<b>18,046</b>	<b>15,879</b>	<b>18,004</b>



## FINANCIAL OVERVIEW - FUND BALANCE

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY15	FY16	FY17	FY18	FY19	FY20
<b>Ending Fund Balance</b>	<b>\$(27,779)</b>	<b>\$(31,954)</b>	<b>\$(31,865)</b>	<b>\$ (30,850)</b>	<b>\$ (24,472)</b>	<b>\$ (25,729)</b>
<b>Cash Position</b>	\$11,580	\$11,895	\$13,684	\$16,180	\$24,823	\$25,566
Estimated Claims & Judgments	\$38,505	\$43,020	\$44,741	\$46,063	\$48,294	\$50,294
<b>Cash Balance as a % of Total Liability</b>	<b>30%</b>	<b>28%</b>	<b>31%</b>	<b>35%</b>	<b>51%</b>	<b>51%</b>



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## CASH POSITION AND FUND BALANCE

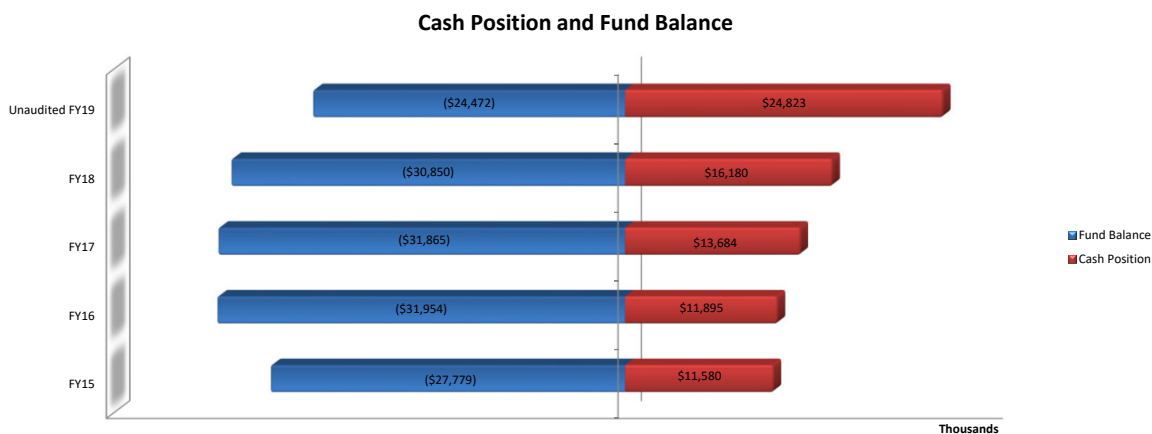
1. Combined cash on hand is approximately \$24.8 million
2. Fund Balance at a deficit
  - a) Reflects long-term nature of many claims
  - b) Sufficient cash on hand to cover 51% of long-term liabilities. Projected to remain the same for fiscal year 2019-20.
  - c) Actuarial Adjustments have significant impact on fund balance.



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## CASH POSITION AND FUND BALANCE



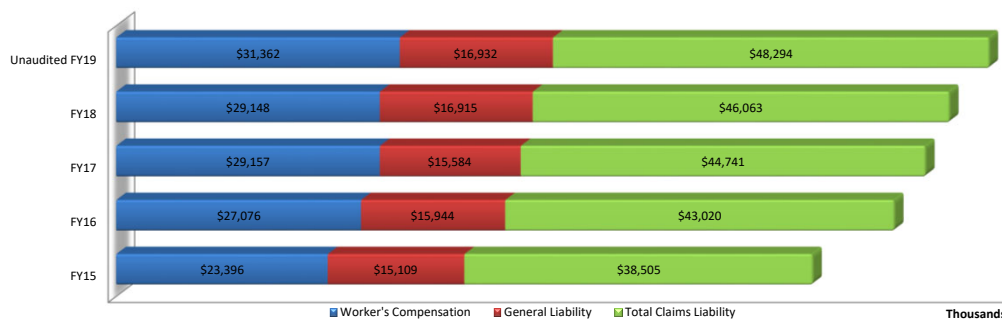
## CLAIMS AND JUDGMENT LIABILITY BY FUND

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.



## CLAIMS AND JUDGMENT LIABILITY BY FUND

Claims and Judgment Liability By Fund



## RECOMMENDATION

That the Finance Committee receive, provide input on, and forward to the City Council for approval an annual financial review of the City's Self-Insurance Trust Funds for Fiscal Year 2018-19.

