



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

Finance Department

City Council  
October 19, 2021

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## 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 the management of the claims submitted to the City



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## 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. No Claims settled in last ten 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 5-year average \$4,100,000
  - b) Outside Legal and Litigation 5-year average \$322,000
3. General Liability
  - a) Claim Payments 5-year average \$3,400,000
  - b) Outside Legal and Litigation 5-year average \$2,100,000



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## FINANCIAL OVERVIEW - REVENUE

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY17	FY18	FY19	FY20	FY21	FY22
Beginning Fund Balance	\$(31,954)	\$ (31,865)	\$ (30,850)	\$ (24,630)	\$ (25,020)	\$ (24,630)
Charges for Services-WC	6,089	6,274	8,854	7,610	5,029	9,235
Charges for Services-GL	7,470	7,701	10,305	9,063	8,235	8,793
Interest Income-WC	50	73	482	623	(13)	-
Interest Income-GL	-	10	113	287	(46)	130
Other Income-WC	-	3	(10)	9	2	-
Other Income-GL	-	-	12	1	416	-
General Fund Contribution - GL	-	2,500	-	-	-	-
Measure Z Contribution - GL	-	2,500	2,500	-	-	-
Total Revenue	13,608	19,061	22,257	17,592	13,623	18,158



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## FINANCIAL OVERVIEW - EXPENDITURES

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY17	FY18	FY19	FY20	FY21	FY22
Direct Personnel-WC	557	680	606	695	377	601
Direct Personnel-GL	-	252 <sup>1</sup>	357	527	703	521
Prof.Serv & Other Non-Personnel-WC	139	132	114	115	112	135
Prof.Serv & Other Non-Personnel-GL	217	577	259	267	317	338
Indirect Charges-WC	158	440 <sup>3</sup>	540	589	1,242	1,094
Indirect Charges-GL	1,148 <sup>2</sup>	1,020	2,200	2,395	3,429	3,751
Claims & Judgments-WC	3,899	5,238	4,231	3,655	3,713	4,177
Claims & Judgments-GL	1,933	3,932	2,389	1,141	7,557	1,711
Legal Fees-WC	496	424	285	203	201	405
Legal Fees-GL	2,055	2,707	1,280	1,782	2,783	1,835
Premiums-WC	447	429	484	470	563	505
Premiums-GL	476	521	544	562	702	761
Actuarial Adjustment-WC	2,081	(9)	2,214	4,468	1,278	2,000
Actuarial Adjustment-GL	(360)	1,331	17	899	(2,506)	1,000
Misc. Expense-WC	246	365	348	214	241	317
Misc. Expense-GL	27	-	-	-	2	5
Prior Period Adjustment-WC	-	4 <sup>4</sup>	168	-	-	-
Prior Period Adjustment-GL	-	2 <sup>4</sup>	-	-	-	-
Total Expense	13,520	18,046	16,036	17,982	20,713	19,158



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## FINANCIAL OVERVIEW - FUND BALANCE

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY17	FY18	FY19	FY20	FY21	FY22
Ending Fund Balance	\$(31,865)	\$ (30,850)	\$ (24,630)	\$ (25,020)	\$ (32,111)	\$ (25,630)
Cash Position	\$13,684	\$16,180	\$24,823	\$29,922	\$21,612	\$23,612
Estimated Claims & Judgments	\$44,741	\$46,063	\$48,294	\$53,661	\$52,433	\$55,433
Cash Balance as a % of Total Liability	31%	35%	51%	56%	41%	43%



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## CASH POSITION AND FUND BALANCE

1. Combined cash on hand is approximately \$21.6 million
2. Fund Balance at a deficit
  - a) Reflects long-term nature of many claims
  - b) Sufficient cash on hand to cover 41% of long-term liabilities. Projected to increase to 43% in fiscal year 2021-22.
  - c) Actuarial Adjustments have significant impact on fund balance.

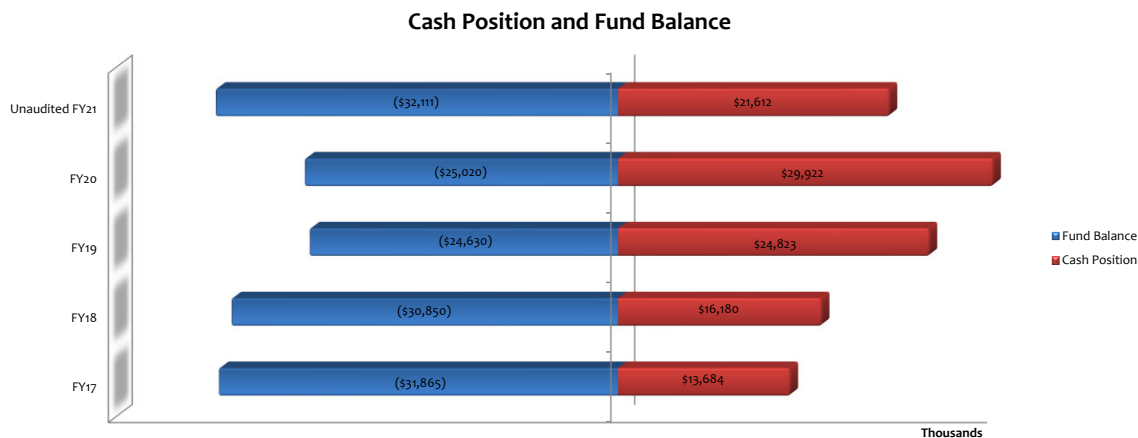


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## CASH POSITION AND FUND BALANCE (CONT.)



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## 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.

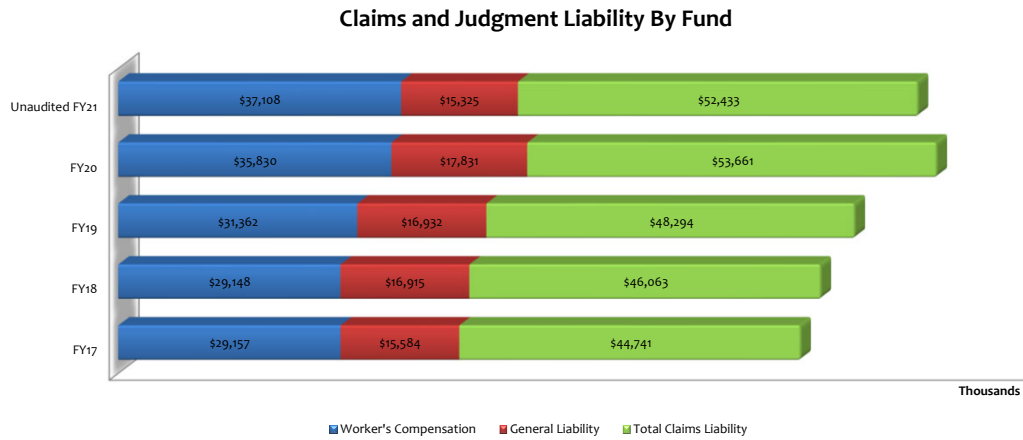


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## CLAIMS AND JUDGMENT LIABILITY BY FUND (CONT.)



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## RECOMMENDATIONS

That the City Council approve the financial overview of the City's Self-Insurance Trust Funds for Fiscal Year 2020-21.



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