

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

Finance Department

Finance Committee
February 12, 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	-	-	-	-	-	-
Total Revenue	17,592	13,629	19,660	21,810	26,385	22,245



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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	-	-	-	-	-	-
Total Expense	17,982	20,741	22,183	11,578	33,726	26,464



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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.

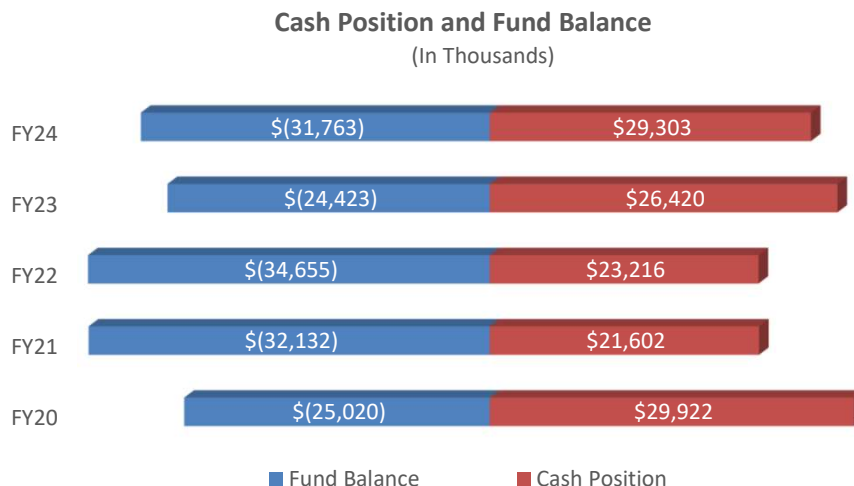


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CASH POSITION AND FUND BALANCE (CONT.)



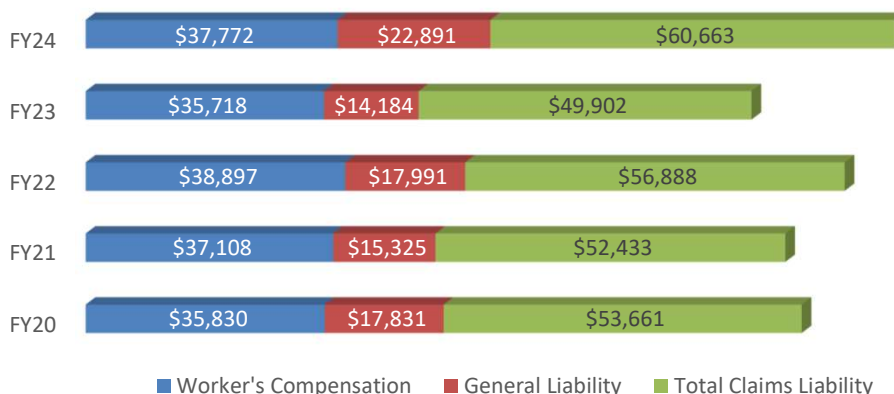
CLAIMS AND JUDGMENT LIABILITY BY FUND

- 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.



CLAIMS AND JUDGMENT LIABILITY BY FUND (CONT.)

Claims and Judgment Liability By Fund
(In Thousands)



STRATEGIC PLAN ALIGNMENT



HIGH PERFORMING GOVERNMENT

CROSS-CUTTING THREADS



Community Trust



Equity



Innovation



Fiscal Responsibility



Sustainability and Resiliency



RECOMMENDATION

That the Finance Committee receive and provide input on the annual financial review of the City's Self-Insurance Trust Funds for Fiscal Year 2023/24.

