

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

Finance Department

Finance Committee

January 14, 2026

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OVERVIEW

- **Workers' 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.



2

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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 \$4,000,000	Self-Insured Retention \$3,000,000



3

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FINANCIAL OVERVIEW

- Large Cash Outlays
 - Claim Payments
 - Legal Fees
- Workers' Compensation
 - Claim Payments 5-year average \$4,666,074
 - Legal Fees 5-year average \$130,158
- General Liability
 - Claim Payments 5-year average \$4,047,378
 - Legal Fees 5-year average \$1,792,301



4

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FINANCIAL OVERVIEW - REVENUE

Self Insurance Trust Funds Analysis (Workers' compensation and General Liability)

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY21	FY22	FY23	FY24	FY25	FY26
Beginning Fund Balance	\$ (25,020)	\$ (32,132)	\$ (34,654)	\$ (24,423)	\$ (31,763)	\$ (37,438)
Charges for Services-WC	5,029	9,235	9,697	10,040	9,000	9,000
Charges for Services-GL	8,235	8,793	11,154	13,385	13,115	13,534
Interest Income-WC	(13)	(525)	245	904	1,479	-
Interest Income-GL	(39)	(476)	570	162	332	130
Other Income-WC	2	3	102	2	7	-
Other Income-GL	416	130	43	1,892	5	-
General Fund Contribution-GL	-	2,500	-	-	-	-
Total Revenue	13,629	19,660	21,810	26,385	23,938	22,664



5

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FINANCIAL OVERVIEW - EXPENDITURES

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY21	FY22	FY23	FY24	FY25	FY26
Direct Personnel-WC	370	365	543	665	775	690
Direct Personnel-GL	737	366	510	774	1,514	1,389
Prof.Serv & Other Non-Personnel-WC	112	102	101	186	225	212
Prof.Serv & Other Non-Personnel-GL	311	253	1,052	446	226	344
Indirect Charges-WC	1,242	1,092	1,076	1,209	1,242	1,287
Indirect Charges-GL	3,429	3,751	3,824	3,991	4,017	4,255
Claims & Judgments-WC	3,713	4,825	4,549	5,191	5,052	5,080
Claims & Judgments-GL	7,557	2,796	3,139	5,882	862	3,200
Legal Fees-WC	201	109	146	128	67	468
Legal Fees-GL	2,783	2,154	1,016	1,463	1,545	1,988
Premiums-WC	563	552	624	743	697	906
Premiums-GL	708	1,106	1,480	1,876	2,828	2,561
Actuarial Adjustment-WC	1,278	1,789	(3,179)	2,054	2,811	2,664
Actuarial Adjustment-GL	(2,506)	2,666	(3,807)	8,707	7,390	(1,282)
Misc. Expense-WC	241	253	502	407	360	463
Misc. Expense-GL	2	3	2	2	2	8
Total Expense	20,741	22,183	11,578	33,726	29,613	24,233



6

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FINANCIAL OVERVIEW - FUND BALANCE

Fund Activity (Thousands)	Audited Data				Unaudited	Projected
	FY21	FY22	FY23	FY24	FY25	FY26
Ending Fund Balance	\$ (32,132)	\$ (34,654)	\$ (24,423)	\$ (31,763)	\$ (37,438)	\$ (39,007)
Cash Position	\$21,602	\$23,216	\$26,420	\$29,303	\$34,016	\$33,829
Estimated Claims & Judgments	\$52,433	\$56,888	\$49,902	\$60,664	\$70,865	\$72,247
Cash Balance as a % of Total Liability	41%	41%	53%	48%	48%	47%

- 17% (\$10.2M) increase in Estimated Claims & Judgements
- Projected FY 2024/25 reserve 44%; actual 48%
- Projected FY 2025/26 reserve 47%



7

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CASH POSITION AND FUND BALANCE

- Combined cash on hand is approximately \$34 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.

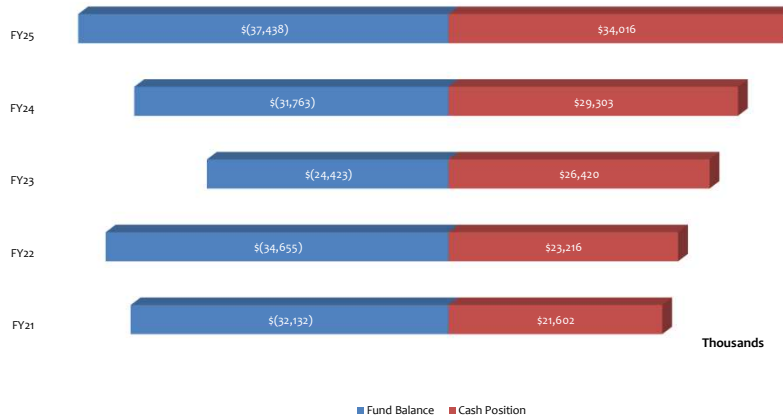


8

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CASH POSITION AND FUND BALANCE (CONT.)

Cash Position and Fund Balance



9

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CLAIMS AND JUDGMENT LIABILITY BY FUND

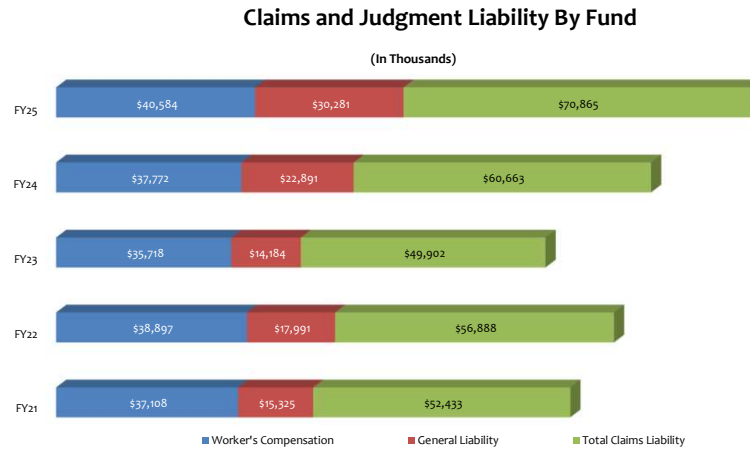
- Claims liabilities are estimates of long-term liabilities:
 - Basis for determining appropriate level of reserves;
 - Actuarial valuation based on historical data;
 - Claims often resolved for less than potential liability; and
 - Cash on hand not required to service total liability today.



10

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CLAIMS AND JUDGMENT LIABILITY BY FUND (CONT.)



11

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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 2024/25.



12

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