

# Worker's Compensation Fund

## Mission Statement

It is the mission of the Worker's Compensation Fund to provide for all administrative, reinsurance and benefit expenses associated with employees' worker's compensation claims.

**Primary Functions** → The primary function is to account for all workers' compensation expenditures.

## Budget Summary

WORKER'S COMPENSATION FUND BUDGET SUMMARY					
APPROPRIATION	2008 ACTUAL	2009 BUDGET	2009 ACTUAL	2009 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	\$2,331,359	\$1,993,739	\$2,258,423	\$1,833,398	(\$160,341)
OTHER EXPENSE	83,400	79,000	79,000	79,900	900
RESERVE ADJUST	0	0	0	0	0
TOTAL	<u>\$2,414,759</u>	<u>\$2,072,739</u>	<u>\$2,337,423</u>	<u>\$1,913,298</u>	<u>(\$159,441)</u>

  

FUNDING SOURCE	2009 AMOUNT	2008 PERCENTAGE	2009 AMOUNT	2009 PERCENTAGE
PROPERTY TAXES				
WORKER'S COMP	\$1,884,694	90.3	\$1,711,915	88.8
INTERFUND TRANSFERS	188,045	9.0	201,383	10.4
INTEREST INCOME	15,000	0.7	15,000	0.8
TOTAL	<u>\$2,087,739</u>	<u>100.0</u>	<u>\$1,928,298</u>	<u>100.0</u>

## Budget Analysis

The City operates a self-insured worker's compensation program with financing provided by premiums charged to departments based on job type and likelihood of injury. With employees having three years from the date of injury to file a claim and payments on yet a longer cycle, the fund tends to exhibit a variable pattern. Adjustments to the reserve reflect this, increases for 2006 (\$710,348), 2007 (\$346,173), 2008 (\$135,062), and 2009 (\$277,565) and decreases for 2010 (\$21,122). Incurred claims currently stand at \$3,569,340. Discounting the reserve adjustment, 2008 and 2009 expenses were 108% and 92% of the budget respectively. Rates, decreased 25% in 2000, were increased 25% for 2007, 10% for 2009, and will be increased 6% for 2011 due to increased expenses. The property tax rate for worker's compensation is unlimited by statute. The 2010 estimated rate is 8.3 cents, slightly less than the prior year's 9.1 cents.

## Five Year Financial Forecast

The 2011-2015 five-year forecast assumes that worker's compensation costs will increase five percent annually and that the revenue mix of property and transfer reimbursements will remain constant. After 2010, premiums will be increased 6% annually during this period.

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## WORKER'S COMPENSATION FUND 2011-2015 FINANCIAL FORECAST (IN \$000'S)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues	\$2,043	\$2,165	\$2,294	\$2,430	\$2,575
Expenses	<u>2,009</u>	<u>2,109</u>	<u>2,214</u>	<u>2,325</u>	<u>2,441</u>
Excess (Deficit)	<u>34</u>	<u>56</u>	<u>80</u>	<u>105</u>	<u>134</u>
Beginning Balance	<u>(2,247)</u>	<u>(2,316)</u>	<u>(2,369)</u>	<u>(2,404)</u>	<u>(2,421)</u>
Acctg Int Adjust	<u>(103)</u>	<u>(109)</u>	<u>(115)</u>	<u>(122)</u>	<u>(130)</u>
Ending Balance	<u>(\$2,316)</u>	<u>(\$2,369)</u>	<u>(\$2,404)</u>	<u>(\$2,421)</u>	<u>(\$2,417)</u>
Property Tax Rates (in cents)	8.3	8.8	9.1	9.5	9.9