

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 worker's compensation expenditures.

Budget Summary

WORKER'S COMPENSATION FUND BUDGET SUMMARY					
APPROPRIATION	2003 ACTUAL	2004 BUDGET	2004 ACTUAL	2005 BUDGET	INCREASE (DECREASE)
CONTRACTUAL	\$1,449,221	\$1,221,193	\$1,340,290	\$1,241,607	\$20,414
OTHER EXPENSE	0	63,000	143,000	67,700	4,700
RESERVE ADJUST	321,680	0	298,211	0	0
TOTAL	<u>\$1,770,901</u>	<u>\$1,284,193</u>	<u>\$1,781,501</u>	<u>\$1,309,307</u>	<u>\$25,114</u>
FUNDING SOURCE	2004		2005		2005
PROPERTY TAXES	AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE	
WORKER'S COMP	\$1,181,894	89.2	\$1,181,894	89.2	
INTERFUND TRANSFERS	127,413	9.6	127,413	9.6	
INTEREST INCOME	15,000	1.2	15,000	1.2	
TOTAL	<u>\$1,324,307</u>	<u>100.0</u>	<u>\$1,324,307</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 2000 (\$36,021), 2002 (\$165,405), 2003 (\$321,680), and 2004 (\$298,211), decreases for 2001 (\$21,122). Incurred claims currently stand at \$2,047,873. Discounting the reserve adjustment, 2003 and 2004 expenses were 114% and 127% of the budget respectively. Rates, decreased 25% in 2000, remain unchanged for 2005. The property tax rate for worker's compensation is unlimited by statute. The 2005 estimated rate is 6.8 cents, slightly increased from 2004's 6.7 cents.

Five Year Financial Forecast

The 2006-2010 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. Premiums will be adjusted as necessary during this period.

Worker's Compensation Fund

WORKER'S COMPENSATION FUND 2006-2010 FINANCIAL FORECAST (IN \$000'S)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues	\$1,390	\$1,459	\$1,531	\$1,606	\$1,686
Expenses	<u>1,375</u>	<u>1,444</u>	<u>1,516</u>	<u>1,592</u>	<u>1,672</u>
Excess (Deficit)	<u>15</u>	<u>15</u>	<u>15</u>	<u>14</u>	<u>14</u>
Beginning Balance	<u>58</u>	<u>14</u>	<u>(33)</u>	<u>(83)</u>	<u>(137)</u>
Acctg Int Adjust	<u>(59)</u>	<u>(62)</u>	<u>(65)</u>	<u>(68)</u>	<u>(72)</u>
Ending Balance	<u>\$14</u>	<u>(\$33)</u>	<u>(\$83)</u>	<u>(\$137)</u>	<u>(\$195)</u>
Property Tax Rates (in cents)	6.9	7.0	7.2	7.3	7.4