

City Council's Introductory - FY 2024

Insurance Fund

Calculation of Contribution to(from) Fund Balance/General Fund

| | Adopted Budget FY 2023 | City Council's Introductory FY 2024 |
|---|------------------------|-------------------------------------|
| Estimated Revenue | | |
| Rev-Use Money/Property | 11,010 | 26,560 |
| Charges for Services | 4,056,700 | 4,117,700 |
| Total Estimated Revenue | 4,067,710 | 4,144,260 |
| Operating Expenses | | |
| Workers Comp-Claims & Ser | 1,889,000 | 1,989,000 |
| Insurance Claims & Ser | 2,167,700 | 2,128,700 |
| Total Operating Expenses | 4,056,700 | 4,117,700 |
| Net Operating Income (Loss) | 11,010 | 26,560 |
| Add: | | |
| Depreciation | 0 | 0 |
| Deduct: | | |
| Debt Service Principal | 0 | 0 |
| Capital Expenditures from Current Operating Funds | 0 | 0 |
| Calculation of Contribution to(from) Fund Balance/General Fund | 11,010 | 26,560 |

This fund has two major revenue categories:

Revenue –Use of Money/Property: All of the City’s funds are invested in secured accounts to earn the highest possible return. Investment earnings are a function of the money marketplace and swings in the revenues reflect higher or lower interest rates.

Charges For Services: This revenue represents the premiums or claims that are charged to the various departments and functional areas of the City. In turn, this revenue is used to pay the contracted premiums to the City’s insurance providers, deductibles, and claims for self-insured items.

| | FY 2021 Actual | FY 2022 Actual | FY 2023 Adopted | FY 2024 Introductory | Increase/ (Decrease) |
|-----------------------------|---------------------------|---------------------------|----------------------------|---------------------------------|---------------------------------|
| Revenues: | | | | | |
| Rev-Use of Money & Property | \$ 33,475 | \$ 22,817 | \$ 11,010 | \$ 26,560 | \$ 15,550 |
| Charges for Services | <u>2,365,040</u> | <u>2,208,339</u> | <u>4,056,700</u> | <u>4,117,700</u> | <u>61,000</u> |
| Totals | \$ 2,398,515 | \$ 2,231,156 | \$ 4,067,710 | \$ 4,144,260 | \$ 76,550 |

Description

The Insurance Internal Service fund was established to provide overall management of the City's insurance program. The fund includes all the City's insurance coverage except for group health and life insurance, which are included in the General Fund budget. The cost of the insurance program is allocated to the various funds based upon the estimated cost of the applicable coverage provided. The insurance program includes the following major coverage with certain limitations on each coverage:

1. Property Insurance: all risk coverage with the City self-insuring the first \$10,000
2. Boiler and Machinery: all risk coverage with the City self-insuring the first \$5,000
3. Fleet Insurance: Liability with City self-insuring the first \$50,000
4. Fleet Insurance: Comprehensive and Collision – only for vehicles exceeding \$100,000 in cost and specially identified Mass Transit vehicles (\$5,000 deductible)
5. Comprehensive General Liability with City self-insuring the first \$50,000
6. Public Officials/Law Enforcement Liability
7. Bodily Injury and Property Damage: Airport
8. Fiduciary Liability: Employees' Retirement System
9. Employee's Security Bonds
10. Worker's Compensation: Fully Self Insured

The City contracts with a claims handling agency to handle worker's compensation claims. The City's fleet insurance, comprehensive general liability and public officials/law enforcement are covered through the Virginia Risk Sharing Association. Other coverages are with private carriers.

Expenditures

| | FY 2021 | FY 2022 | FY 2023 | FY 2024 | Increase/ |
|----------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| | Actual | Actual | Adopted | Introductory | (Decrease) |
| Expenditures: | | | | | |
| Employee Benefits | \$ 881,386 | \$ 731,065 | \$ 1,889,000 | \$ 1,989,000 | \$ 100,000 |
| Other Operating Exp | 1,483,654 | 1,477,276 | 2,167,700 | 2,128,700 | (39,000) |
| Totals | \$ 2,365,040 | \$ 2,208,341 | \$ 4,056,700 | \$ 4,117,700 | \$ 61,000 |