



City of Riverside
SELF- INSURANCE TRUST FUNDS RESERVE POLICY
Approved by the City Council on November 28, 2017

PURPOSE:

To maintain a prudent level of cash reserves in the City's Self-Insurance Trust Funds to address anticipated future payouts, while recognizing that not all liabilities will result in actual cash outlays and some liabilities reflect expenses to be incurred over multiple future years.

POLICY:

This policy establishes minimum cash balances for the City's Self-Insurance Trust Funds, which consist of the Worker's Compensation and General Liability funds.

Recognizing the City's fiscal realities, the policy establishes a **40% minimum funding level of the total combined current claims liability outstanding for the Self-Insurance Trust Funds effective June 30, 2018, increasing that minimum level to 50% effective June 30, 2020.**

If at any future point of measurement, the combined cash reserve is lower than the required minimum balance, staff must present a plan to the City Council as part of the subsequent budget process (e.g. two-year budget adoption or mid-cycle update) to bring the balance above the minimum requirement within three fiscal years.

If at any future point of measurement, the cash balance in any of these funds is more than 25 percentage points above the required minimum balance (e.g. above 75% after June 30, 2020), then staff must present a plan to the City Council as part of the subsequent budget process to reduce charges to the contributing City funds in a manner proportionate to the way that the funds were originally contributed.

PROCEDURE:

Responsibility	Action
Finance Department/ Accounting	1. Commission an actuarial analysis of the City's Worker's Compensation and General Liability Trust Funds to determine the estimated liabilities as of June 30 each year. Coordinate and collect pertinent information from the Risk Management and Workers Compensation Divisions and the City Attorney's Office for the actuarial analysis.
Finance Department/ Accounting	2. Adjust the self-insurance trust funds claims and judgments liability based on most recently completed actuarial report or financial analysis performed as of June 30 each year.
Finance Department/ Budget and Revenue	3. Calculate the required minimum reserves established by this policy, and determine whether the cash balance in each fund is above or below the required minimum level.
Finance Department/ Budget and Revenue	4. Incorporate any required adjustments into the rates charged to other City funds for the subsequent fiscal year(s), in order to bring the cash balance into compliance with this policy.

Responsibility**Action**

Finance Department/
Budget and Revenue

5. As part of the budget process, report to the City Council any adjustments made to the rates charged to other City funds to bring the cash balance into compliance with this policy.

Finance Department/
Accounting and Budget and
Revenue

6. As part of the quarterly financial reporting process, report to the City Council the cash balance of the self-insured trust funds reserve.