

TRUST AND AGENCY FUNDS

INSURANCE TRUST

GENERAL INFORMATION:

This trust fund was first established in 1979/80 for the purpose of accounting for a premium return on the City of Muscatine's retro-rated insurance policy. Through the years the City has had a number of policies that provided for premium returns or dividends based on favorable claims experience. Several policies also provided that additional premiums would be owed based on unfavorable claims experience.

The purpose of the Insurance Trust has been to maintain a reserve of funds to be utilized to support unanticipated insurance premiums, deductibles, and/or claims. In 2001/2002 the City changed to new insurance carriers for both liability and workers compensation insurance. These new companies did not offer premium return or dividend type policies. The City again changed carriers for Workers Compensation insurance in 2004/2005. Under this Workers Compensation policy, potential premium returns are again available with good claims experience. In 2006/2007, 2007/2008, 2008/2009, 2009/2010, and 2010/2011 the City received Workers Compensation premium returns of \$23,747, \$14,022, \$9,861, \$26,782, and \$25,866, respectively which were credited to the trust.

CURRENT TRENDS AND ISSUES:

Since 1991/92, transfers from this trust to the General Fund have been made to fund the cost of the City's risk management program including the employee safety program. At the time the 2011/2012 budget was developed, it was not known if any premium returns would be received in 2010/2011. As such, the original 2011/2012 budget did not include a transfer to the General Fund. The 2011/2012 revised estimate, however, includes a transfer of \$23,000 to the Police Firing Range Relocation capital project fund. The former range location was affected by flooding several times in recent years and this project involves relocating the range to higher ground on the same property. No funds are budgeted to be expended from this trust in 2012/2013; however the trust balance of \$29,834 is available if needed to fund risk management programs, deductibles, or other insurance related costs. Additional information on the City's risk management and safety program is included in the Risk Management activity budget in the General Fund section of this document.

Insurance Trust

Fund Statement

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013
Beginning Balance, July 1	\$ 23,908	\$ 26,798	\$ 26,848	\$ 52,734	\$ 29,834
Revenues					
Insurance Premium					
Returns	\$ 26,782	\$ 25,866	\$ 0	\$ 0	\$ 0
Interest	78	70	50	100	0
Total Revenues	<u>\$ 26,861</u>	<u>\$ 25,936</u>	<u>\$ 50</u>	<u>\$ 100</u>	<u>\$ 0</u>
Funds Available	<u>\$ 50,769</u>	<u>\$ 52,734</u>	<u>\$ 26,898</u>	<u>\$ 52,834</u>	<u>\$ 29,834</u>
Expenditures:					
Transfers Out					
General Fund	\$ 23,971	\$ 0	\$ 0	\$ 0	\$ 0
Police Firing Range Project	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,000</u>	<u>0</u>
Total Expenditures	<u>\$ 23,971</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,000</u>	<u>\$ 0</u>
Ending Balance, June 30	<u><u>\$ 26,798</u></u>	<u><u>\$ 52,734</u></u>	<u><u>\$ 26,898</u></u>	<u><u>\$ 29,834</u></u>	<u><u>\$ 29,834</u></u>

Increase (Decrease) in Fund Balance	\$ 2,889	\$ 25,936	\$ 50	\$ (22,900)	\$ 0
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Explanation of Decreases in Fund Balances:

Funds in this trust have been used to fund the City's Risk Management Program, deductibles, or uninsured losses. The decrease in the Revised Estimate was due to the allocation of \$23,000 towards the relocation of the Police Firing Range. The former range location was affected by flooding several times in recent years and has been relocated to higher ground at the same location.