

FISCAL YEAR 2009 BUDGET

Fund Summary

Fund Name : Long Term Disability
Business Area Name : Human Resources
Fund No./Bus. Area No. : 9001 / 8000

| | <u>FY2008 Current Budget</u> | <u>FY2008 Estimate</u> | <u>FY2009 Budget</u> |
|----------------------------------|----------------------------------|----------------------------|--------------------------|
| Beginning Fund Balance | 1,869,220 | 1,869,220 | 2,150,226 |
| Current Revenues | 2,286,368 | 2,567,374 | 1,684,794 |
| Total Available Resources | <u>4,155,588</u> | <u>4,436,594</u> | <u>3,835,020</u> |
| Maintenance and Operations | 2,286,368 | 2,286,368 | 2,736,643 |
| Total Expenditures | <u>2,286,368</u> | <u>2,286,368</u> | <u>2,736,643</u> |
| Planned Ending Fund Balance | 1,869,220 | 2,150,226 | 1,098,377 |
| Total Budget | <u>4,155,588</u> | <u>4,436,594</u> | <u>3,835,020</u> |

The long term disability plan is a self-insured program which is accounted for as an internal service fund. The plan was established in 1985 and modified several times since then. The most recent change occurred in 2001 when classified police officers were removed from the plan as a result of Meet and Confer negotiations which replaced their disability plan with a Paid Time Off (PTO) program.

The plan is actuarially funded, which means that each year's expenditures are a combination of current payments to disabled employees and an amount needed to ensure the long-term financial soundness of the fund. An independent actuary makes a determination of the most likely future trends in expenditures and investment return and suggests an appropriate contribution.

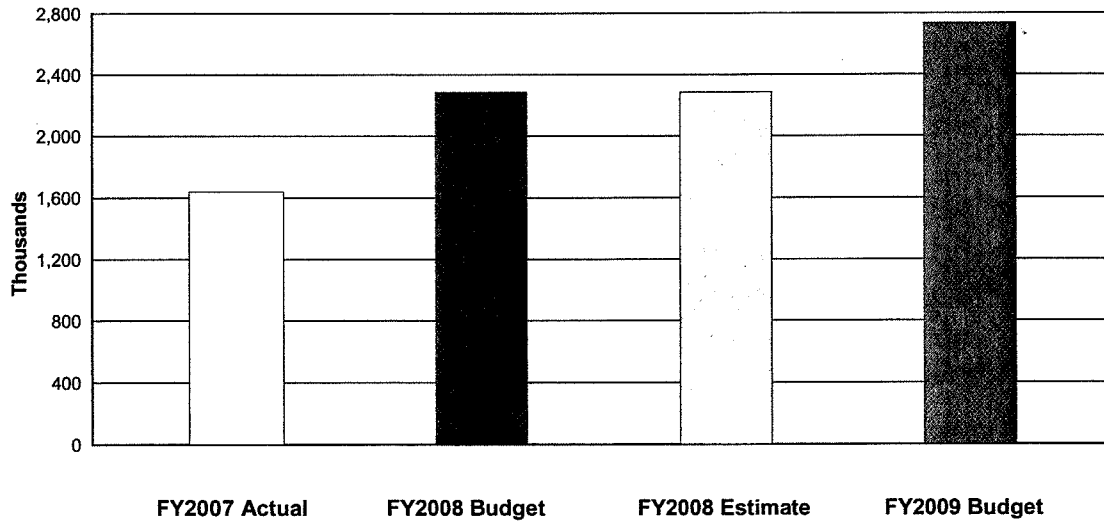
Effective September 1, 2008, each new permanent full time employee (other than classified police officers) is eligible for LTD coverage after one year of employment (previously two years). The Human Resources Department administers the plan and coordinates benefits to disabled employees in a way to avoid possible duplication of benefits with other insurance programs. A third party administrator determines eligibility and pays claims.

Like all internal service funds, the Long Term Disability Fund derives its revenue from transfers from other City departments, through premium charges contained in each department's budget (GL expense acct 503060). These premium charges cover the actuarially-determined contributions as discussed above plus an amount for third party administrative fees.

FISCAL YEAR 2009 BUDGET

| Business Area Budget Summary | | | | | |
|---|--|--------------------------|----------------------------------|----------------------------|--------------------------|
| Fund Name : Long Term Disability | | | | | |
| Business Area Name : Human Resources | | | | | |
| Fund No./Bus. Area No. : 9001 / 8000 | | | | | |
| | | FY2007 Actual | FY2008 Current Budget | FY2008 Estimate | FY2009 Budget |
| Expenditures | Other Services and Charges | 1,638,171 | 2,286,368 | 2,286,368 | 2,736,643 |
| | Total M & O Expenditures | 1,638,171 | 2,286,368 | 2,286,368 | 2,736,643 |
| | Debt Service & Other Uses | 0 | 0 | 0 | 0 |
| | Total Expenditures | 1,638,171 | 2,286,368 | 2,286,368 | 2,736,643 |
| Revenues | | 2,619,524 | 2,286,368 | 2,567,374 | 1,684,794 |
| Staffing | Full-Time Equivalents - Civilian | 0.0 | 0.0 | 0.0 | 0.0 |
| | Full-Time Equivalents - Classified | 0.0 | 0.0 | 0.0 | 0.0 |
| | Full-Time Equivalents - Cadets | 0.0 | 0.0 | 0.0 | 0.0 |
| | Total | 0.0 | 0.0 | 0.0 | 0.0 |
| | Full-Time Equivalents-Overtime | 0.0 | 0.0 | 0.0 | 0.0 |
| Budget Highlights | <ul style="list-style-type: none"> o The FY2009 Budget continues funding on a full accrual basis supported by actuarial valuation and includes benefits for eligible applicants in the Long Term Disability (LTD) program. o Contributions from City departments are based on contribution rate of \$7.06/month (FY2008 \$11.90/month) per eligible employee . The FY2009 average eligible employee base is estimated at 14,575. o The plan includes a \$1,000,000 fund balance reduction attributable to favorable claim activity. o The Department will release an RFP for the Long Term Disability TPA. o Plan change to reduce eligibility period from 2 to 1 year. | | | | |

**Long Term Disability
Human Resources
Expenditure Summary**



FISCAL YEAR 2009 BUDGET

Business Area Cost Center Summary

Fund Name : Long Term Disability
Business Area Name : Human Resources
Fund No./Bus Area No. : 9001 / 8000

| Cost Center Description | Cost Center Objectives |
|--|--|
| <p>Benefits Administration 8000120001</p> <p>Administer, analyze, and fund the City's Long Term Disability Plan for eligible employees.</p> | <p>Process long-term disability claims for eligible employees. The claim costs are actuarially determined.</p> |

FISCAL YEAR 2009 BUDGET

| Business Area Cost Center Summary | | | | | | | | | |
|--|----------------------|-------------|------------------|------------------------|-------------|------------------|----------------------|-------------|------------------|
| Fund Name : Long Term Disability Business Area Name : Human Resources Fund No./Bus Area No. : 9001 / 8000 | | | | | | | | | |
| Performance Measures | FY2007 Actual | | | FY2008 Estimate | | | FY2009 Budget | | |
| | Activities | FTEs | Costs \$ | Activities | FTEs | Costs \$ | Activities | FTEs | Costs \$ |
| Manage LTD claimants | 200 | | | 200 | | | 220 | | |
| Actuarial valuation | 1 | | | 1 | | | 1 | | |
| | | 0.0 | 1,638,171 | | 0.0 | 2,286,368 | | 0.0 | 2,736,643 |
| Total | | <u>0.0</u> | <u>1,638,171</u> | | <u>0.0</u> | <u>2,286,368</u> | | <u>0.0</u> | <u>2,736,643</u> |

FISCAL YEAR 2009 BUDGET

Business Area Revenue Summary

Fund Name : Long Term Disability
Business Area Name : Human Resources
Fund No./Bus Area No. : 9001 / 8000

| Commit Item | Description | FY2008 Current Budget | FY2008 Estimate | FY2009 Budget |
|--------------------|--|------------------------------|------------------------|-------------------------|
| 8000120001 | Benefits Administration | | | |
| 429010 | Interfund Billing - Long Term Disability | 1,936,368 | 2,067,374 | 1,234,794 |
| 432010 | Interest on Pooled Investments | 350,000 | 500,000 | 450,000 |
| Total | Benefits Administration | <u>2,286,368</u> | <u>2,567,374</u> | <u>1,684,794</u> |
| Total | Human Resources | <u>2,286,368</u> | <u>2,567,374</u> | <u>1,684,794</u> |

FISCAL YEAR 2009 BUDGET

Business Area Expenditure Summary

Fund Name : Long Term Disability
Business Area Name : Human Resources
Fund No./Bus. Area No. : 9001 / 8000

| Commit Item | Description | FY2007 Actual | FY2008 Current Budget | FY2008 Estimate | FY2009 Budget |
|---------------------------------|-----------------------------------|----------------------|------------------------------|------------------------|----------------------|
| 520104 | Claims Payment Services | 129,803 | 160,000 | 160,000 | 170,000 |
| 520110 | Management Consulting Services | 11,000 | 11,500 | 11,500 | 12,000 |
| 522605 | Active Employee Incurred Claims | 1,497,368 | 2,114,868 | 2,114,868 | 2,554,643 |
| Total | Other Services and Charges | 1,638,171 | 2,286,368 | 2,286,368 | 2,736,643 |
| Grand Total Expenditures | | 1,638,171 | 2,286,368 | 2,286,368 | 2,736,643 |