

# Annual Risk Management Financial Report

For Fiscal Year Ended June 30, 2022



CITY OF VIRGINIA BEACH, VIRGINIA





# Annual Risk Management Financial Report

**For Fiscal Year End June 30, 2022**  
**City of Virginia Beach, Virginia**

## **Department of Finance**

Letitia L. Shelton, Director of Finance  
Leah Hunger, Risk Management Administrator

# Acknowledgements

The Department of Finance – Risk Management Division would like to take this opportunity to thank the Mayor, Members of City Council, City Manager and City Administration for your dedication and commitment shown in conducting the financial affairs of the City.

I want to thank City Departments for your contribution and collaboration with the Risk Management team throughout the fiscal year. Finally, I sincerely appreciated the Risk Management Team's dedication, professionalism, and high quality of service towards the City's citizens.

## **Management**

Leah Hunger

## **Analyst**

Kellyn Wylie

## **Legal**

Mark Stiles, Christopher Boynton, Christopher Turpin, Gregory Surber, Jerry Harris, Joseph Kurt

## **Support Staff**

Jennifer Wybourn, Bruce Herd, Shelbi Schultz, Jessa Johnson

## **Occupational Safety**

Amanda Martin

## **Emergency Management**

David Topczynski

## **External Support**

CorVel Corporation, Willis Towers Watson

Sincerely,

Letitia L. Shelton, Director of Finance

# Table of Contents

- Transmittal Letter .....1**
- Risk Management Division .....3**
- Total Cost of Risk .....4**
- Risk Management Division Activities .....6**
  - Workers’ Compensation Program .....6
  - Insurance .....12
  - General Liability .....14
  - Auto Liability.....16
  - Risk Administration.....18
- Supporting Data .....20**



# City of Virginia Beach

[VBgov.com](http://VBgov.com)

DEPARTMENT OF FINANCE  
RISK MANAGEMENT DIVISION  
(757) 385-4217  
FAX (757) 385-1839

MUNICIPAL CENTER  
BUILDING 22  
2400 COURTHOUSE DRIVE  
VIRGINIA BEACH, VA 23456-9081

May 3, 2023

Mr. Patrick Duhaney, City Manager  
Municipal Center  
Virginia Beach, Virginia 23456

Dear Mr. Duhaney,

The Risk Management Financial Report of the City of Virginia Beach, Virginia for the fiscal year ended June 30, 2022 (FY22), is hereby submitted. The report is presented in five sections:

- Risk Management Division
- Total Cost of Risk
- Risk Management Division Activities
- Supporting Data

During the year, the Risk Management Division staff provides professional and knowledgeable services to the City with respect to managing risk. The City maintains an internal service fund to account for revenue and expenses associated with this function. The Risk Management Internal Service Fund accounts for the self-insured portion of workers' compensation, general liability, and automobile liability claims as well as the premiums associated with purchased insurance. This fund has five broad areas of cost:

- Workers' Compensation Claims
- Insurance Premiums
- General Liability Claims
- Automobile Liability Claims
- Administrative Costs

Cash Expenditures - Risk Management Function			
Department	FY21	FY22	YoY %
Worker's Compensation Claims *	\$ 6,382,618	\$ 6,820,402	7%
Insurance Premiums	\$ 3,589,026	\$ 3,850,849	7%
General and Auto Liability Claims	\$ 2,447,968	\$ 3,153,939	29%
Administrative Costs	\$ 1,391,798	\$ 1,437,005	3%
<b>Total</b>	<b>\$ 13,811,409</b>	<b>\$ 15,262,195</b>	<b>11%</b>
*Net of Recoveries			

Total cash expenditures in FY22 were \$15.2 million, which includes the costs associated with paying and processing claims, defending those claims, and providing excess insurance coverage. Insurance Premiums increased by 7% this year, primarily related to increased costs of Excess Liability and Cyber insurance. The General and Automobile liability claims expense totaled \$3.1 million, which is up by 29% from last year. FY22 included several high-cost claims and losses for General liability not recurring in FY21.

Workers' compensation continues to be the leading expense for the Division's activities, with FY22 cash expenditures of \$6.8 million, net of recoveries from subrogation. There are two main cost drivers for workers' compensation. The first is the cost of lost wages and medical expenses paid to retirees that were approved for job related disability retirement. The Virginia Retirement System (VRS) requires that all 500 weeks of workers' compensation lost wage payments be paid before VRS payments will begin. Approximately \$1.1 million was paid in FY22 in lost wages to retirees or others no longer employed by the City. The second driver is an overall increase in medical costs, as well as an increase in serious medical issues. FY22 expenses for medical services totaled \$5.5M.

The City of Virginia Beach conducts a biennial actuarial study to estimate the obligation for future payments resulting from claims due to past events. The next actuarial study will be completed in 2023. All valid outstanding claims must be paid by the City and failure to maintain cash balances to cover the liabilities may impact the City's bond ratings and future interest costs to the City. The total estimated unpaid loss for our existing claims as of June 30, 2022 is \$49.4M. The Risk Management Fund currently has \$42.8M in cash to cover these existing claims, which puts us at a claims deficit of \$6.6 million, or 13% of the total future liability. It is recommended that a 70% funding level be maintained, and the City is currently at 87%.

Respectfully,

Letitia L. Shelton  
Director of Finance



Leah Hunger  
Risk Management Administrator



Risk Management is a division of the Finance Department and serves as the insurance company for the City. The Risk Management Division was established to provide risk prevention and mitigation services aimed at reducing the City's overall losses, in a manner which supports the City's strategic mission and objectives. Additionally, the Risk Management Division works with Occupational Health and Safety in identifying areas for training or prevention.

**Our Mission is to actively protect the present and future assets of the City of Virginia Beach government while providing the services to maintain a high quality of life for its citizens.**

There are many services provided by Risk Management, including the processing of liability claims for property damage, bodily injury, and physical damage. In addition, Risk Management is responsible for "Employee Dishonesty" bonds covering all employees. Risk Management works in correlation with Occupational Safety and Health and the operating departments via the Risk Management and Safety Committee to assist in making the workplace safe for all employees. There are two claim adjusters to manage all liability claims and one claim adjuster that coordinates with a third-party administrator, CorVel, to handle worker's compensation claims for the City employees who are injured on the job. Risk Management also provides insurance coverage for all city owned buildings and vehicles, as well as all other city owned property.

The city is exposed to a variety of accidental losses and has established a risk management strategy that attempts to manage and minimize the cost of risk. Risk control techniques have been established to reasonably assure that city employees are aware of their responsibilities regarding loss exposure related to their duties. In addition, these techniques have been established to reduce possible losses to property owned or under the control of the city. The following programs provide specific details of each area.

- Self-Insured Claims Administration – Workers' Compensation, General Liability, and Auto Liability in accordance with legal requirements.
- Insurance Procurement
- Payment of Legal and other Costs in Defending Claims

The Risk Management Division accounts for all costs through the Risk Management Internal Service Fund (ISF). In the Supporting Data section Exhibits 8-10 are the FY22 financial statements for the Risk Management ISF. The Risk Management Division has \$49.4 million in outstanding accrued estimated liability for claims and judgements. The overall fund has a deficit of \$7.2 million as of June 31, 2022.

The total cost of the Risk Management function in FY22 was \$15.2M, an 11% increase when compared to last year’s net expenses of \$13.8M (adjusted for recoveries). The components of the total cost are detailed below in (Figure 1).

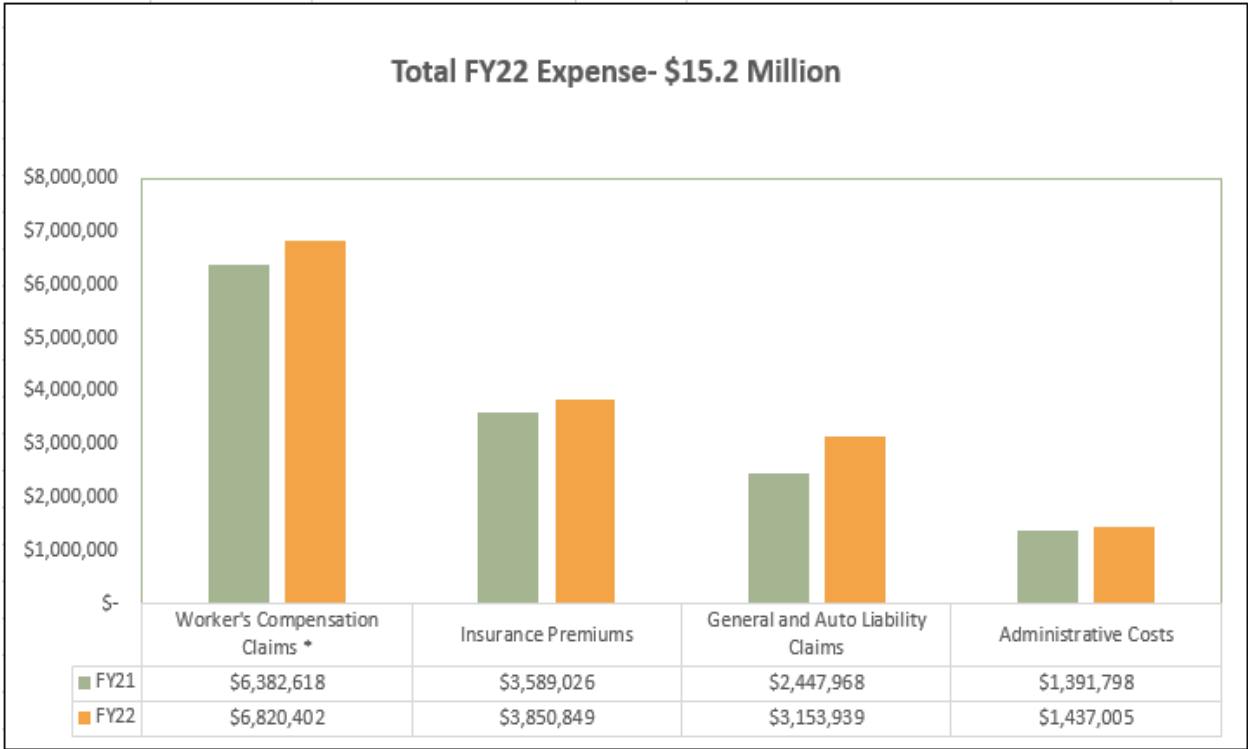


Figure 1

- *Workers’ Compensation Claims (\*net of recoveries)* – Increased by 7%
- *Insurance Premiums* – Increased by 7%
- *General & Auto Liability Claims* – Increased by 29%
- *Administrative costs* – Remained relatively the same



Full-Time Equivalents (FTEs) are used as an exposure basis to trend the Cost of Risk for the Risk Management function. As shown in the chart below (Figure 2), the total Cost of Risk per FTE fluctuated from FY18-FY22 with an increase in the current year.

*The Cost of Risk per FTE was further reviewed by category (Figure 3). A review of these categories shows that the FY21 to FY22 fluctuations are attributable to an increase in Workers' Compensation & an increase in Insurance Premiums, while General & Automobile Liability increased due to high cost claims payments. Administrative costs remained relatively the same.*

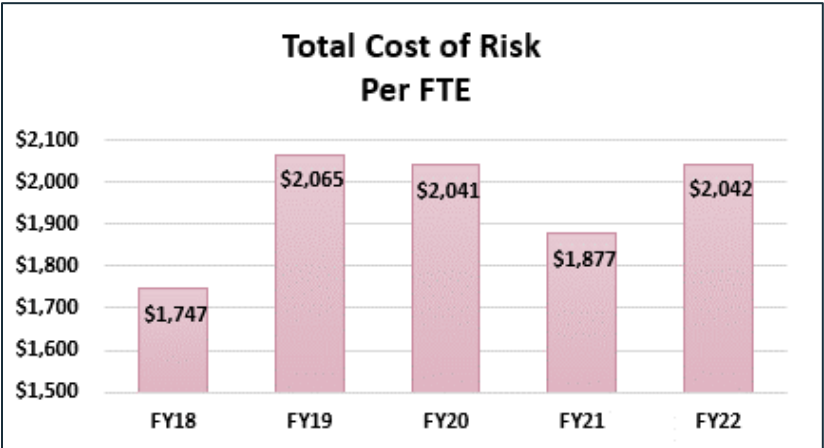


Figure 2

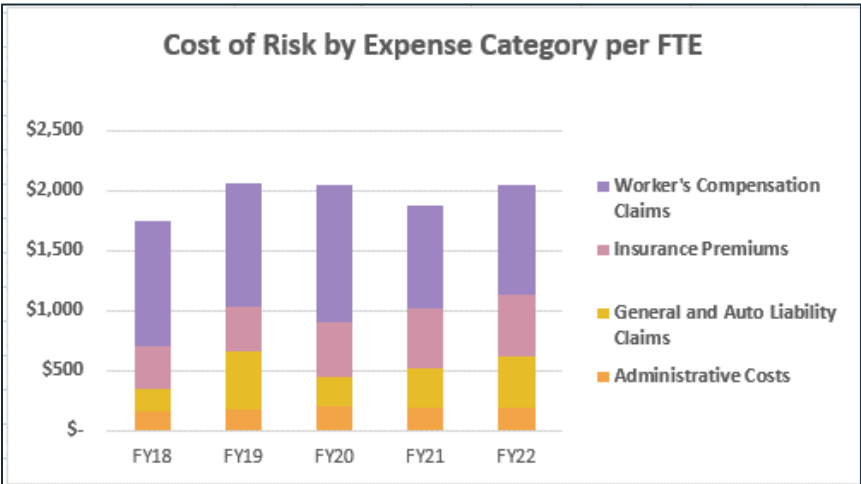


Figure 3

Workers' Compensation makes up a significant portion of the Division's activities. Medical costs and lost wages are the major drivers of the costs. The following sections provide more details on the total cost of risk for FY22.

Actuarial Analysis

Risk Management has incorporated a biennial actuarial report, which is conducted by an accredited actuarial firm. The claims liability of \$49.4 million is based on the cost of settling the claims. This includes incremental claim adjustment expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30.

Risk Management Division Activities

Risk Management Division activities can be divided into five categories that make up the expenses of the Division. These categories discussed below include: Workers’ Compensation, Insurance, General Liability, Auto Liability, and Administrative costs.

Workers’ Compensation

Workers’ compensation is the highest priority for Risk Management due to its financial impact. The workers’ compensation program is the mechanism by which statutory benefits prescribed by Virginia state law are provided to an employee due to a job-related injury (including death) resulting from an accident or occupational disease.

There are two major types of benefits paid by the city for workers’ compensation related injuries. The first type is *medical*, which involves payment for medical treatment. The treatment is provided by a physician chosen from a panel of physicians provided by the city. The second benefit type is *indemnity*. When an employee is incapable of work, the city is legally responsible to pay 66 2/3% of the employee’s average weekly wages for up to 500 weeks.

Claims management is a major component of the workers’ compensation program. This function entails the management of the city’s liability and workers’ compensation claims. The Risk Management Division engages CorVel Corporation, a Third-Party Administrator (TPA), to assist with the administration of the Workers’ Compensation program. Services provided by the TPA include claims investigation, establishing loss reserves, claims adjusting, bill review, and claims payments processing.

The total cost of the workers’ compensation program was \$8.4 million in FY22. Included in this amount are claims payments net of recoveries, the annual TPA fee’s, and our excess insurance premium.

Total FY22 Net Costs of WC Program	
Claims Paid	8,778,896
Subrogation & Recoveries	(1,958,494)
Net Claims Paid	6,820,402
WC Payroll	552,601
Basic WC Claim Admin Fee	180,000
WC Bill Review Fee Total	312,180
Annual Program & Bank Fees	26,000
Excess WC Premium	592,969
Total FY22 Net Costs	\$ 8,484,152

Table 1

Workers’ Compensation Claims

FY22 payments on workers’ compensation claims, net of recoveries, were \$6.8 million, representing 45% of Risk Management total expenses for the year. There are three types of claims under the Virginia Workers’ Compensation Act.

- *Report Only* – a claim where an employee reports a minor accident or close call that does not require medical attention, and generally does not have any associated costs.
- *Medical Only* – a claim where an employee reports an accident that does not result in lost time or permanent disability but does require medical treatment.
- *Indemnity* – a claim where an employee is injured to the extent that they are unable to work, incurs lost time (temporary or permanent disability), and generally will require medical treatment.

The following (Figure 4) shows the number of retirements by type since FY18. Retirements in FY22 totaled 259.

Retirement Type	FY18	FY19	FY20	FY21	FY22
Disability Retirements (Job)	14	18	9	6	12
Disability Retirements (Non- Job)	11	2	3	1	1
Service Retirements	<u>198</u>	<u>225</u>	<u>191</u>	<u>196</u>	<u>246</u>
Total Retirements	223	245	203	203	259
% Job-Related	6.3%	7.3%	4.4%	3.0%	4.6%

Figure 4

The City continues to pay workers’ compensation claim benefits after the employee is no longer an active employee (whether service retired, disability retired, or terminated).

Below (Figure 5) represents an analysis of FY22 Workers' compensation gross amounts paid (before recoveries) by claim type, employee status, and cost distribution. This data refers to payments made in FY22 for workers' compensation claims incurred in FY22 as well as previous fiscal years.

Claim Type	Employee Status	FY22 Claims Paid				
		Claims	Indemnity	Medical	Expense	Total
Indemnity	Active	487	\$1,633,707	\$3,009,407	\$32,802	\$4,675,916
	Inactive	132	\$ 827,633	\$ 763,948	\$ 9,811	\$1,601,391
Medical Only	Active	429	\$ -	\$ 357,905	\$ 1,281	\$ 359,185
	Inactive	28	\$ -	\$ 22,630	\$ 70	\$ 22,700
Death	Inactive	12	\$ 512,917	\$ -	\$ 297	\$ 513,214
Sub-Total Claims		1,088	\$2,974,257	\$4,153,889	\$44,260	\$7,172,406
Prescriptions	Active					\$ 445,124
	Inactive					\$ 477,043
Sub-Total Prescriptions						\$ 922,167
Bill Review	Active					\$ 613
	Inactive					\$ 436
Sub-Total Bill Review						\$ 1,048
Nurse Case Management	Active					\$ 185,322
	Inactive					\$ 28,003
Sub-Total Nurse Case Management						\$ 213,325
Physical Therapy	Active					\$ 427,454
	Inactive					\$ 42,497
Sub-Total Physical Therapy						\$ 469,951
Total Paid on Workers' Compensation Claims						\$8,778,896

Figure 5

The three claims cost elements are:

- *Indemnity* – lost time payments for disability as well as settlement contributions for partial and total disability.
- *Medical* – payments for medical care including prescriptions and nurse case management. Treatments like physical therapy are also included in the medical category.
- *Expense* – payments associated with bill review, investigations, legal costs and other administrative costs associated with the management and resolution of the case.

The Figure 5 table above refers to payments made in FY22 for workers' compensation claims/benefits, which include payments made for claims incurred in FY22 as well as previous years.



The following details refer to new claims incurred in FY22. Dollar amounts below include payments made on claims incurred in FY22 plus associated loss reserves.

Data provided by our TPA (shown in Figure 6) shows that the City’s Workers’ compensation claim count in FY22 was 924 claims, compared to a claims count in FY21 of 1,077, a year over year decrease of 153 claims.

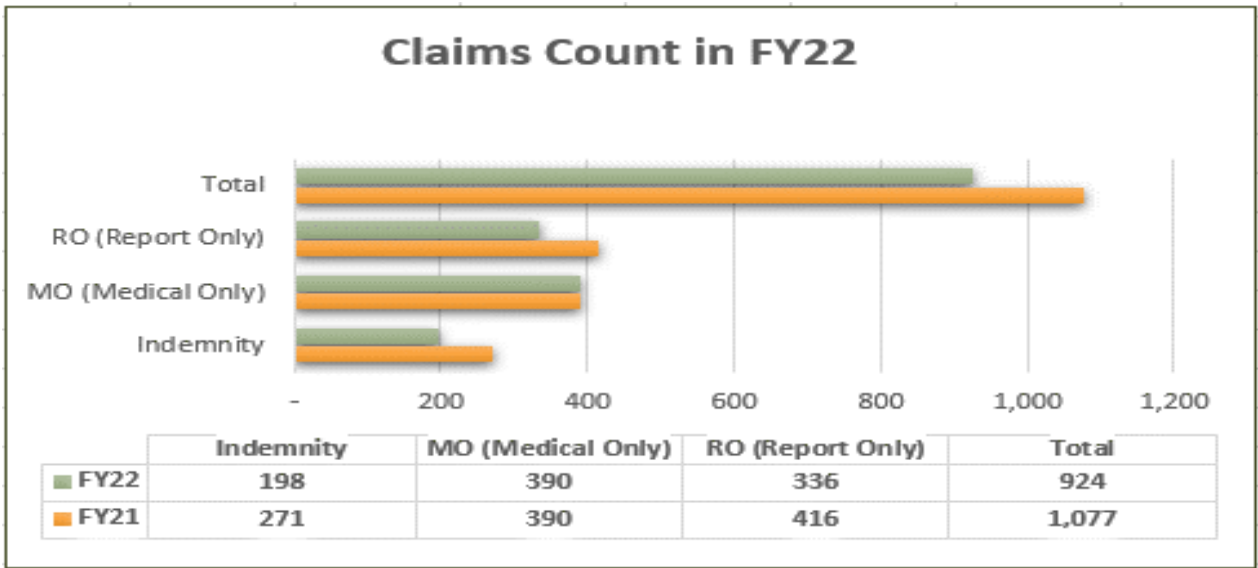


Figure 6

With respect to new claims for injuries incurred in FY22, there were 588 Medical Only and Indemnity claims filed in FY22 totaling \$4.8 million in incurred workers’ compensation losses. Incurred losses are the total amount of paid claims and loss reserves associated within a certain duration of time.

Of the 588 medical and indemnity claims, two claims were valued at >\$100,000 at 6/30/22, which totaled \$442K. It is expected that the costs of these claims will increase as the claims develop and mature.

Loss development is the difference between the original loss as initially reserved and its evaluation at subsequent dates. Adjustments in loss reserves occur because information needed to establish precise reserves might not be available at the time the claim is filed and the medical information necessary to establish the reserve will not be forthcoming until weeks or even months into the claim. The chart below (Figure 7) shows the development of claims between FY18 and FY22, which demonstrates the increase in incurred losses as the claims age.

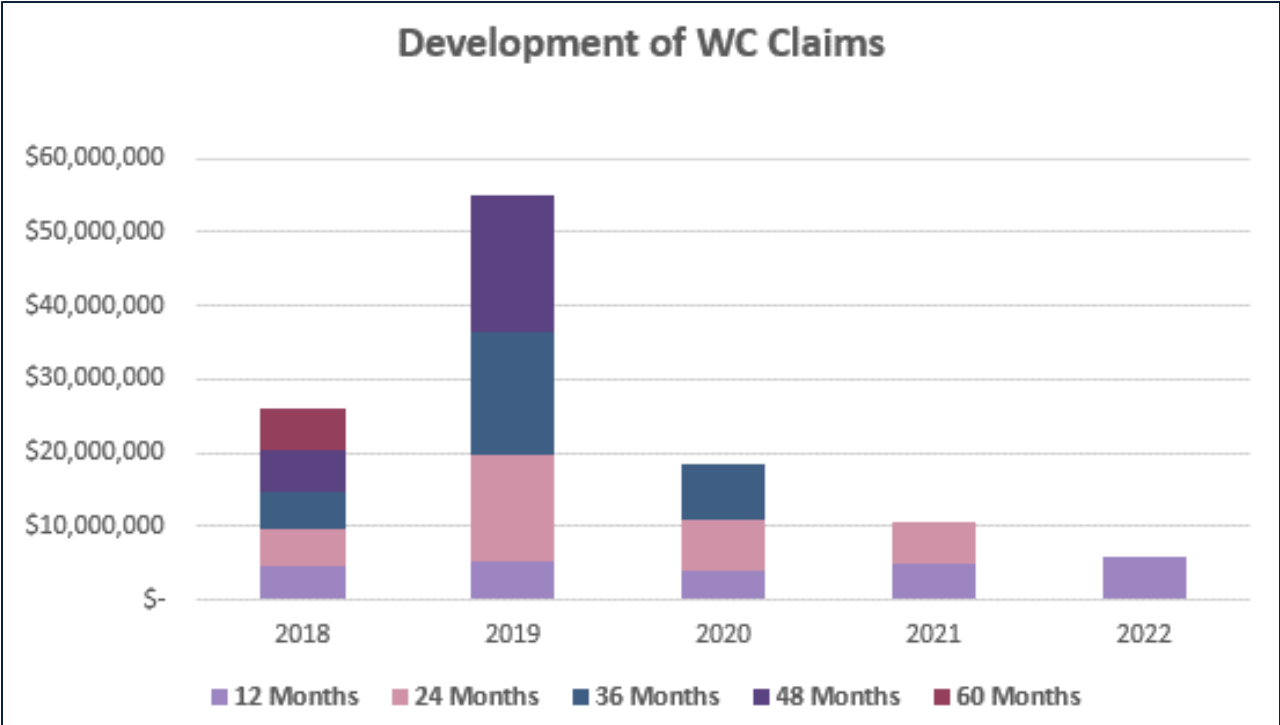


Figure 7

Frequency and severity are key elements to consider in measuring the costs of the workers’ compensation program. Frequency of losses is a measure of the number of occurrences of a loss for a specific period. Severity of losses is a characteristic that indicates the size of losses in terms of dollar amount expected to be paid over the life of the claim. The following (Figure 8) shows from FY18-FY22 the frequency and severity of developed claims over time. For the purpose of this year-by-year comparison, the graph below (Figure 8) includes only Indemnity claims and excludes the 5/31 event. For the 5/31 event, a total of \$7.5M has been paid as of June 30, 2022, with \$1.3M in death claims, \$6M in indemnity claims & \$219K in medical claims respectively.

*The frequency of claims per 100 FTE has fluctuated since FY18 with FY22 decreasing from FY21. The average cost per claim decreased 14% in FY22 from FY21.*

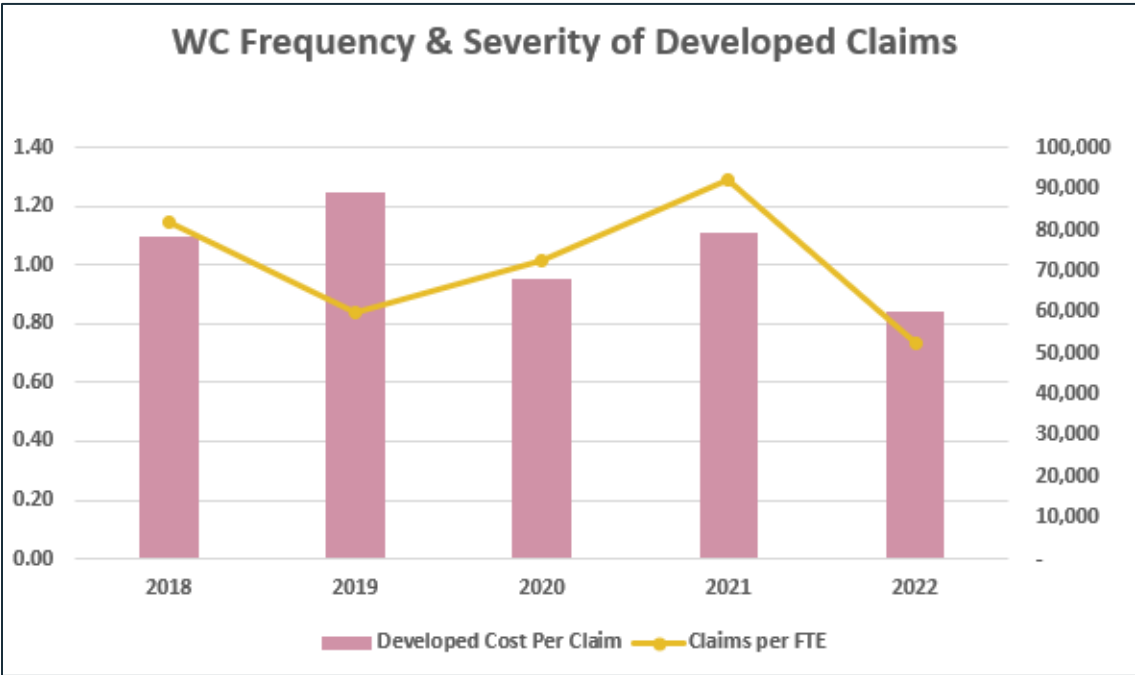


Figure 8

The cost distribution of claims filed in FY22 was reviewed (Figure 9) by evaluating three cost elements: *Indemnity, Medical, Expense*. Cost distribution for FY22 is consistent compared to prior years.

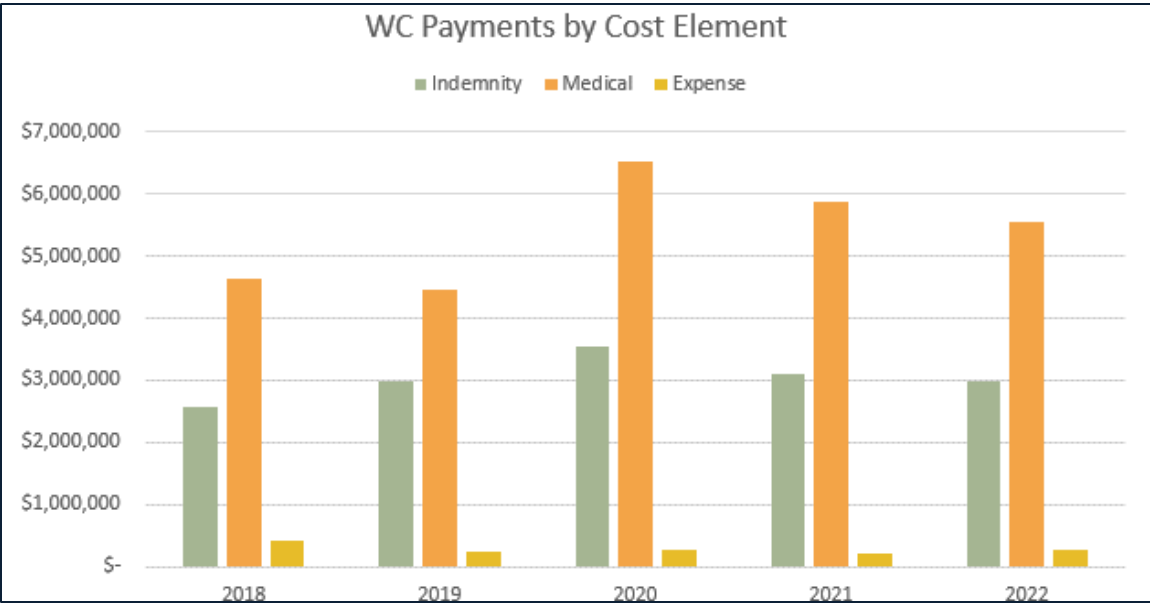


Figure 9

*Indemnity-* loss wage payments for disability as well as settlement contributions for partial and total disability and accounted for **34%**.

*Medical-* payments for medical for medical care including prescriptions and nurse case management and accounted for **63%**.

*Expense-* payments associated with bill review, investigations, legal costs and other administrative costs associated with management and resolution of the case and accounted for **3%**.

Insurance Procurement

Insurance procurement is another key function within the Risk Management Division. This function consists of the procurement of the city’s property insurance policies, insurance verification for vendors contractors, and contractual review of insurance and indemnification provisions for the various contracts and agreements entered in by the city. It includes first party insurance that indemnifies the owner or user of the property for its loss when the damage is caused by a covered peril such as fire or explosion. Insurance also covers financial loss due to business interruption.



Property Limits – The Risk Management Fund will pay property losses such as wind, fire, flood, earthquake, explosion, etc. The total amount of any loss payable from the Risk Management Fund shall not exceed the actual cost to repair, restore, or replace property in like kind and quality.

The city purchases several lines of excess insurance to protect its assets and operations. These include general liability, automobile liability, property, and workers’ compensation. The city procures these lines of coverage to supplement its self-insurance program. See Exhibit 7 in the Supporting Data section for additional information on policies. The self-insurance Internal Service Fund finances the city’s liability losses up to \$2 million and purchases excess coverage up to \$10 million per occurrence and \$20 million in aggregate. Once the Self-Insured Retention (SIR) has been exceeded, the additional loss expenses are reimbursed to the city by the excess insurer.

## Insurance Premiums

Total paid on insurance premiums was \$3.8 million representing 25% of Risk Management total payments for the year (Table 2). Risk Management purchases the following types of insurance coverage:

- *Fire and Property* – indemnifies the owner or user of property for its loss when the damage is caused by a covered peril such as a fire or explosion. Also covers the financial loss due to business interruption.
- *Excess coverage for Workers’ Compensation, Motor Vehicle and General Liability* – supplements the City’s self-insurance program and provides coverage once (SIR) limits have been reached. SIR for workers’ compensation is \$1.5M, for motor vehicle liability is \$2M, and for general liability is \$2M.
- *Miscellaneous Liability* – several policies are purchased to provide liability coverage for: Aviation, Medical Professionals, Crime, Equine, Marina, Volunteers, Cyber, etc.

FY22 Insurance Premium Costs	
Fire and Property	\$ 2,281,259
Excess WC & Liability	\$ 1,327,625
Miscellaneous Liability	\$ 241,965
<b>Total</b>	<b>\$ 3,850,849</b>

Table 2

Liability Claims Program

Total paid from the City of Virginia Beach on Liability claims was \$3.1 million representing 21% of the Risk Management total payments for the year.

Liability claims consist of the following:

*General Liability* – claims other than automobile and professional liability.

*Auto Liability* – claims involving motor vehicles.

Liability Claims Paid	
General Liability	\$ 2,527,767
Auto Liability	626,172
Total	\$ 3,153,939

Table 3

The costs in (Table 3) do not include payments made directly by individual departments, or the costs to repair city vehicles, which are absorbed by the city garage and then charged back to individual departments. The table also does not include accrued losses not yet paid.

General Liability Claims

General liability (GL) Insurance protects the city from most liability exposures other than automobile and professional liability. The city self-insures for claims of \$2 million or less. All claims are thoroughly investigated with a prompt response in the way of either payment or denial. All general liability claims have been adjusted in house with no TPA’s other than appraisal services. Finally, we do not solicit claims and rarely open a claim file until the written notice of claim is received from the City Attorney’s Office.

General liability claims paid encompasses a variety of expenses tied to a claims such as settlements, legal fees associated with defending a case, transcripts and file requests, court reporting, and witness and evaluation fees. Total general liability expense in FY22 was \$2.5 million, primarily due to several high cost claims and litigated cases. Frequency and severity are also key elements to consider in measuring the costs of general liability claims.

The chart below (Figure 10) shows the incurred layers of claims (paid or reserved) between FY18 and FY22, and clearly demonstrates that high severity claims account for most of the costs.

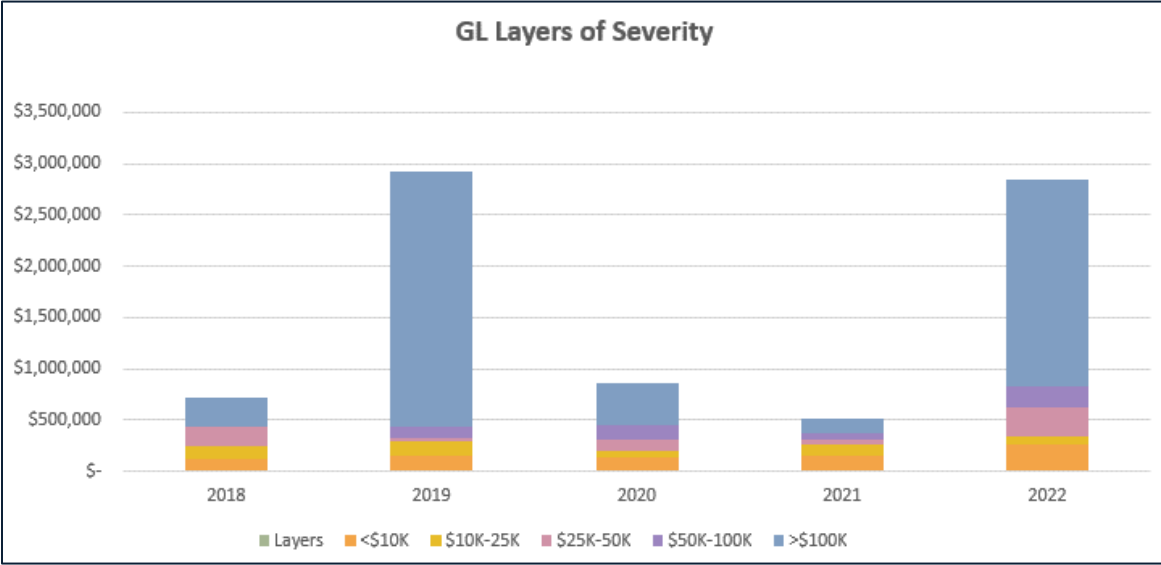


Figure 10

## Auto Liability Claims

There are many factors that affect the adjustment of automobile liability claims. There are often issues of contributory negligence, sovereign immunity, and personal injuries. Claims can sometimes settle quickly when liability can be clearly established, although some claims can take years to litigate when there are multiple parties involved and issues that can only be resolved through the court system. A small number of claims can result in high payouts for severe injuries.

Typically, an automobile liability claim file is opened, except those with bodily injury, when a written notice of claims is received. All automobile claims are investigated and handled within the Risk Management Division versus being sent to an independent adjustment company. Bodily injury claims are negotiated either directly with the claimant or with their attorneys. Outside appraisers are used to inspect and provide written repair estimates assuring that we pay for only accident related damages, use aftermarket parts when available, and pay prevailing labor rates.

While frequency and severity are key elements to consider in measuring costs of the automobile liability claims, another factor to consider is the frequency of AL severe claims (Figure 11).

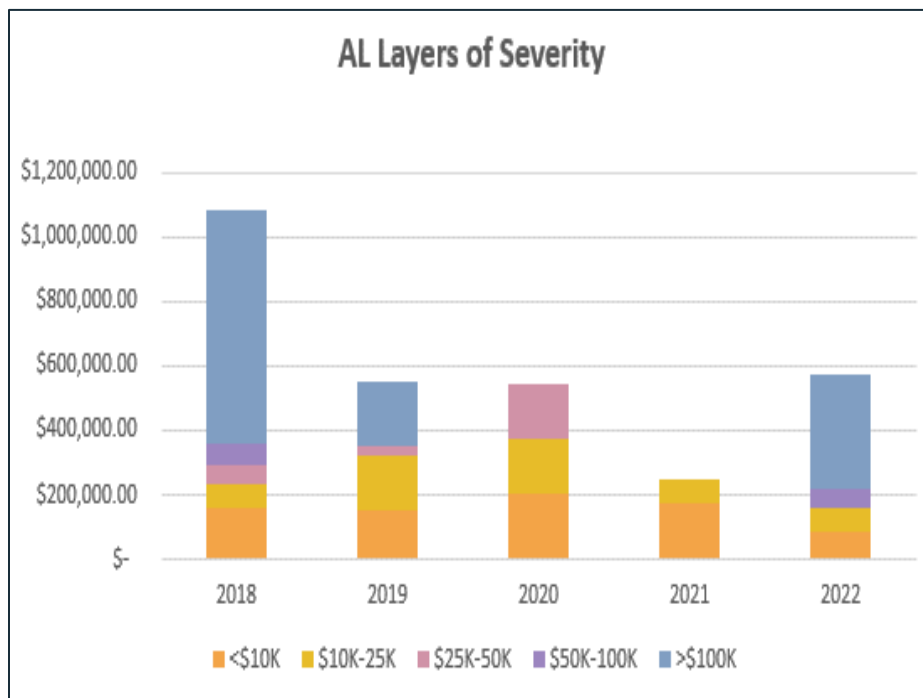


Figure 11



Administrative Function

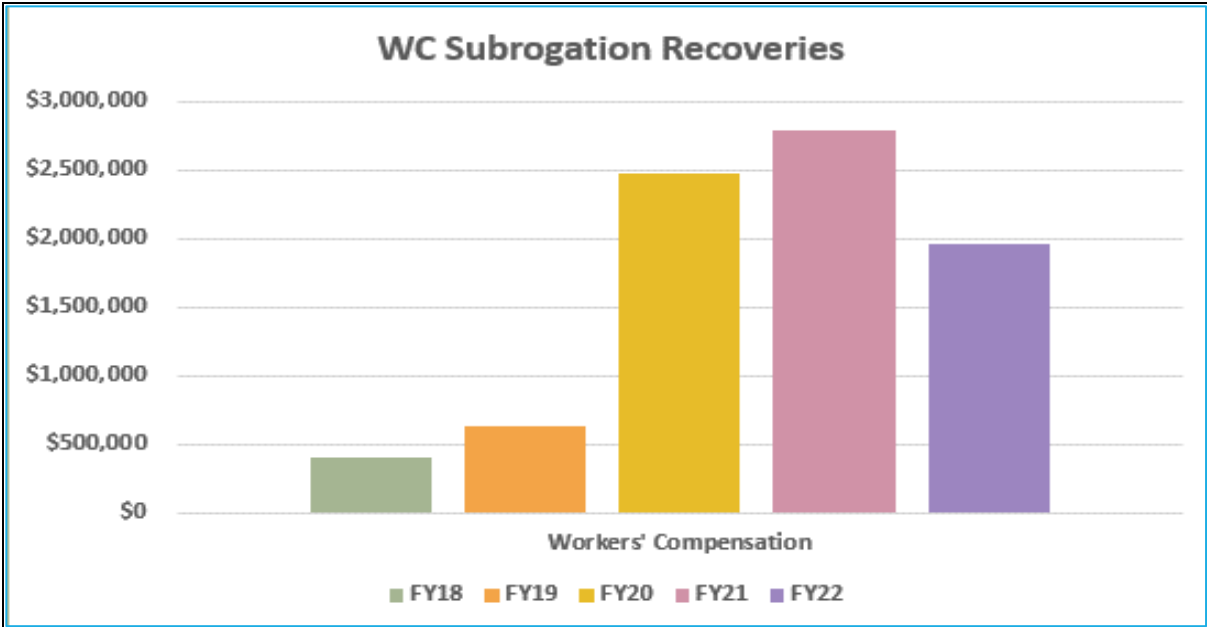
Administrative costs (Table 4) are the day-to-day operations of the division that are not directly associated with workers’ compensation claims, liability claims or insurance premiums. The division serves as the internal insurance company for the City to protect present and future assets. Total paid in FY22 was \$1.4M or 9% of the total Risk Management payments.

Administrative Costs Paid	
Salaries and Benefits	487,035
Professional Services	752,252
Other Administrative Costs	197,717
Total	\$1,437,004

Table 4

Subrogation and Recovery Services

Subrogation is the process of seeking reimbursement from the responsible party and/or an insurance company when damages are caused by the negligence of others. Risk Management subrogates against the responsible parties or their insurance company and works with the Office of the City Attorney when legal action becomes necessary. Administratively, the department also pursues recoveries from the city’s excess liability policies. In FY22, general and automobile liability claims recovered \$343K through subrogation and workers’ compensation recovered \$1.9M through subrogation and excess liability insurance recoveries. (Figures 14) below shows claim recoveries since FY18.



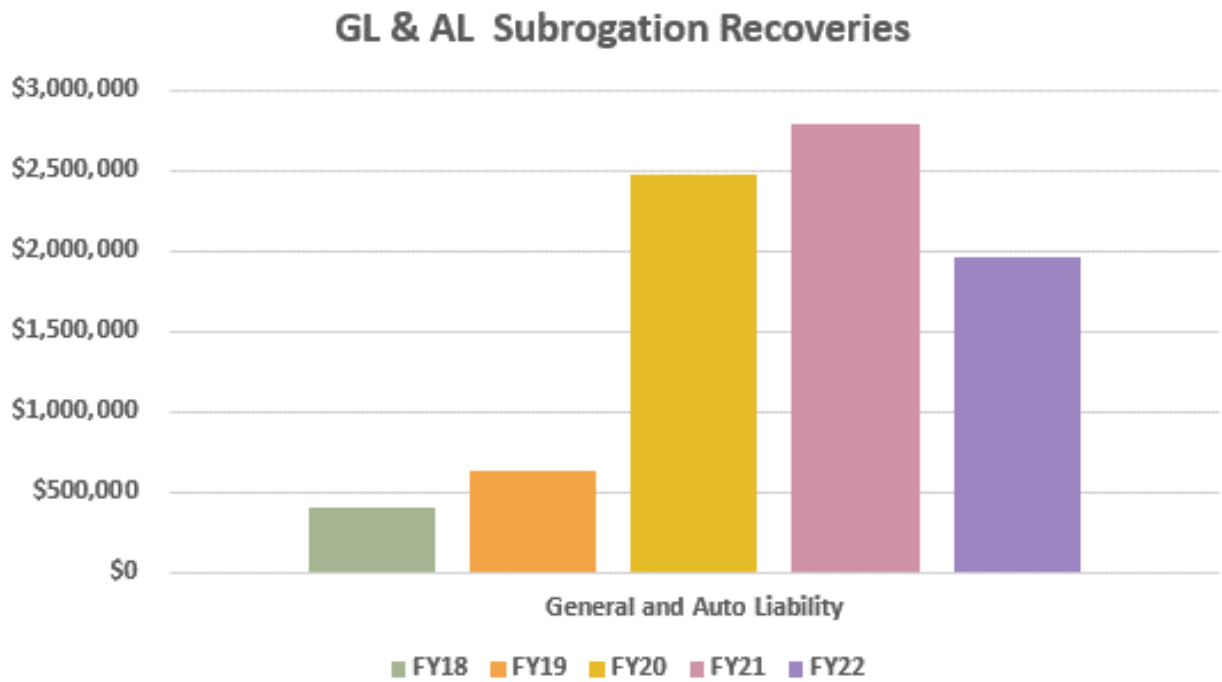


Figure 14

On occasion, it can take several months to get payment for damages from either the insurance company or the responsible individual. Other times, we make payment plans with the responsible party and have them sign stipulation agreements agreeing to regular monthly payments. Risk Management attempts to collect money owed to city departments from responsible parties for damages to city vehicles.

This section of the Risk Management Annual Report presents information as a context for understanding the information presented in earlier sections of this report.

Exhibits

Workers’ Compensation Payments per Department	1
Workers’ Compensation Claims filed per Department	2
General Liability Payments per Department	3
General Liability Claims Filed per Department	4
Automobile Liability Payments per Department	5
Automobile Liability Claims Filed per Department	6
Statement of Net Position	7
Combining Statement of Revenues, Expenses & Changes in Net Position	8
History of Actuarial Accrued Liability and Available	9
Cash	

Exhibit 1 – Workers’ Compensation Payments per Department

The following table shows payments made on workers’ compensation claims/benefits per department for the past five fiscal years. The departments are sorted by total amount paid in FY22 from largest to smallest. Only departments that has payments are listed.

Worker's Compensation Payments by Department					
	FY18	FY19	FY20	FY21	FY22
Police	3,071,449	2,613,177	2,592,789	2,446,456	2,963,418
Public Works	1,325,739	1,108,050	3,645,974	2,231,642	1,842,499
Fire	887,816	1,025,555	904,095	1,300,736	1,057,159
Sheriff	570,360	688,012	974,428	730,983	943,613
Public Utilities	295,343	612,471	884,172	1,161,039	637,421
Parks & Recreation	541,415	469,725	548,846	500,943	525,662
Human Services	447,531	540,087	303,049	241,447	308,354
Emergency Medical Services	212,391	162,522	138,815	216,646	264,129
Planning & Community Development	16,653	49,486	55,556	51,042	51,537
Museums & Aquarium	8,419	126,159	12,042	38,801	32,917
Housing & Neighborhood Preservation	68,807	76,381	61,898	103,770	30,071
Voter Registration & Elections	-	-	-	-	21,745
Communications & Information Technology	21,279	27,813	83,423	39,657	17,838
Finance	-	1,629	29,694	28,475	15,689
Judicial	1,130	1,426	637	43,139	14,045
Convention & Visitor Bureau	39,817	40,654	17,900	13,227	13,148
Human Resources	111,434	14,182	36,711	1,709	10,822
Agriculture	-	-	-	-	8,390
Executive	-	796	15,442	13,866	7,245
Real Estate Assesor	473	-	-	-	6,406
Emergency Communications	8,490	4,907	3,981	3,534	3,547
Legislative	2,709	-	-	-	1,312
Library	14,788	32,008	21,301	4,520	882
Treasurer	195	1,644	245	-	617
Commissioner of the Revenue	332	49,355	333	-	325
Health	2,131	41,201	9,770	415	105
Cultural Affairs	-	-	-	9,325	-
Economic Development	-	-	2,183	-	-
Total	7,648,701	7,687,240	10,343,284	9,181,373	8,778,896

## Exhibit 2 – Workers' Compensation Claims Filed per Department

The following table shows the number of workers' compensation claims filed per department for the past five fiscal years. The departments listed may not match the departments listed in the workers' compensation payments table (Exhibit 1) since the payments made in a fiscal year may be on a claim incurred in a prior fiscal year.

Worker's Compensation # of Claims by Open Date					
	FY18	FY19	FY20	FY21	FY22
Police	267	393	292	340	249
Sheriff	180	179	141	122	188
Fire	135	185	154	150	131
Parks & Recreation	173	211	158	106	98
Public Works	164	248	117	143	76
Emergency Medical Services	67	89	66	38	50
Human Services	79	99	63	44	35
Public Utilities	40	84	49	76	24
Museums & Aquarium	21	23	21	9	21
Human Resources	6	12	8	4	11
Library	10	24	7	6	8
Judicial	3	3	1	2	5
Treasurer	1	2	2	1	5
Real Estate Assesor	3	1	-	-	5
Convention & Visitor Bureau	8	7	3	3	4
Emergency Communications	2	1	-	2	4
Executive	-	6	1	4	3
Voter Registration & Elections	-	-	-	-	2
Agriculture	1	-	-	-	2
Planning & Community Development	4	16	2	9	1
Health	1	3	-	2	1
Legislative	-	-	-	-	1
Finance	3	4	-	7	-
Communications & Information Technology	2	4	1	6	-
Housing & Neighborhood Preservation	4	8	1	2	-
Cultural Affairs	-	-	-	1	-
Commissioner of the Revenue	2	1	3	-	-
City Attorney	-	-	1	-	-
<b>Total</b>	<b>1,176</b>	<b>1,603</b>	<b>1,091</b>	<b>1,077</b>	<b>924</b>

Exhibit 3 – General Liability Payments per Department

The following table shows payments made on general liability claims per department for the past five fiscal years. Only departments that had payments are listed.

General Liability \$ Paid by Transaction Date					
Department	FY2018	FY2019	FY2020	FY2021	FY2022
PUBLIC WORKS	450,230	76,843	97,142	235,071	1,114,979
JUDICIAL	1,202	14,994	133,630	1,381,220	478,427
EMERGENCY MEDICAL SERVICES	179	1,614	450	4,668	335,063
POLICE	38,703	932,860	248,214	101,501	300,824
PUBLIC UTILITIES	124,089	137,747	157,493	223,518	219,462
HUMAN SERVICES	-	1,445	-	1,204	50,810
CONVENTION AND VISITOR DEVELOPMENT	48,451	-	1,068	-	10,731
PARKS AND RECREATION	40,445	21,704	90,564	35,771	10,322
SHERIFF	-	-	3,134	-	4,921
FIRE	3,832	718	92	-	2,228
ECONOMIC DEVELOPMENT	-	1,689,696	119,868	19,390	-
FINANCE	7,949	60,000	-	121	-
MUNICIPAL COUNCIL	-	-	88	-	-
HOUSING AND NEIGHBORHOOD PRESERVATION	30	-	-	-	-
HUMAN RESOURCES	-	5,000	-	-	-
VOTER REGISTRATION & ELECTIONS	-	-	625	-	-
Total	\$ 715,110	\$ 2,942,621	\$ 852,368	\$ 2,002,465	\$ 2,527,767

Exhibit 4 – General Liability Claims Filed per Department

The following table shows the number of claims filed per department for the past five fiscal years. The departments listed may not match the departments listed in the general liability payments table (Exhibit 3) since the payments made in a fiscal year may be on a claim incurred in a prior fiscal year.

General Liability # Claims by Open Date					
Department	FY2018	FY2019	FY2020	FY2021	FY2022
PUBLIC WORKS	20	32	27	34	84
PUBLIC UTILITIES	4	19	29	32	38
POLICE	23	20	13	10	20
PARKS AND RECREATION	5	27	24	21	18
EMERGENCY MEDICAL SERVICES	6	2	1	1	2
PLANNING AND COMMUNITY DEVELOPMENT	1	-	-	-	2
SHERIFF	-	-	-	-	1
JUDICIAL	1	7	5	4	-
HUMAN SERVICES	4	2	-	1	-
ECONOMIC DEVELOPMENT	-	1	-	1	-
FINANCE	-	1	-	1	-
FIRE	1	1	1	-	-
CONVENTION AND VISITOR DEVELOPMENT	-	-	1	-	-
MUNICIPAL COUNCIL	-	-	1	-	-
HUMAN RESOURCES	-	1	-	-	-
VOTER REGISTRATION & ELECTIONS	-	-	1	-	-
Total	65	113	103	105	165



Exhibit 5 – Auto Liability Payments per Department

The following table shows payments made on automobile liability claims per department for the past five fiscal years. Only departments that had a payment are listed.

Auto Liability \$ Paid by Transaction Date					
Department	FY2018	FY2019	FY2020	FY2021	FY2022
PUBLIC WORKS	84,171	127,751	77,607	376,846	259,339
PUBLIC UTILITIES	19,411	99,184	29,230	15,959	199,101
POLICE	152,982	159,313	83,747	5,083	91,349
HOUSING AND NEIGHBORHOOD PRESERVATION	-	2,247	-	10,011	29,000
EMERGENCY MEDICAL SERVICES	207,041	46,905	22,818	21,816	18,912
FIRE	581	5,217	12,262	4,426	15,650
HUMAN SERVICES	41,490	38,217	10,730	2,948	8,026
PLANNING AND COMMUNITY DEVELOPMENT	22,000	-	-	-	3,820
PARKS AND RECREATION	21,649	30,969	1,263	903	975
REAL ESTATE ASSESSOR	-	-	-	3,014	-
SHERIFF	2,883	25,000	4,543	4,497	-
CONVENTION AND VISITOR DEVELOPMENT	-	-	3,041	-	-
INFORMATION TECHNOLOGY	-	-	4,842	-	-
LIBRARY	-	8,898	-	-	-
Total	\$ 552,208	\$ 543,701	\$ 250,083	\$ 445,503	\$ 626,172

## Exhibit 6 – Auto Liability Claims Filed per Department

The following table shows the number of automobile liability claims filed per department for the past five fiscal years. The departments listed may not match the departments listed in the auto liability payments table (Exhibit 5) since the payments made in a fiscal year may be on a claim incurred in a prior fiscal year.

Auto Liability # Claims by Open Date					
Department	FY2018	FY2019	FY2020	FY2021	FY2022
PUBLIC WORKS	20	16	21	22	19
POLICE	23	19	14	4	8
EMERGENCY MEDICAL SERVICES	6	4	5	7	5
PUBLIC UTILITIES	4	5	2	4	4
HUMAN SERVICES	4	6	2	1	3
FIRE	1	1	6	1	3
PARKS AND RECREATION	5	4	2	1	1
HOUSING AND NEIGHBORHOOD PRESERVATION	-	1	-	1	1
PLANNING AND COMMUNITY DEVELOPMENT	1	-	-	-	1
LIBRARY	-	1	-	-	1
ECONOMIC DEVELOPMENT	-	-	-	-	1
JUDICIAL	1	1	2	1	-
CONVENTION AND VISITOR DEVELOPMENT	-	-	1	-	-
INFORMATION TECHNOLOGY	-	-	1	-	-
SHERIFF	-	-	-	1	-
REAL ESTATE ASSESSOR	-	-	-	1	-
<b>Total</b>	<b>65</b>	<b>58</b>	<b>56</b>	<b>44</b>	<b>47</b>

Exhibit 7 – Statement of Net Position\*

CITY OF VIRGINIA BEACH, VIRGINIA RISK MANAGEMENT INTERNAL SERVICE FUND STATEMENT OF NET POSITION June 30, 2022		
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$	42,757,112
Total Assets	\$	42,757,112
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows for Pensions		147,487
Deferred Outflows for OPEB		22,228
Total Deferred Outflows of Resources	\$	169,715
<b>LIABILITIES</b>		
Current Liabilities:		
Vouchers and Accounts Payable	\$	170,300
Current Portion of Long-term Liabilities		6,498,389
Total Current Liabilities	\$	6,668,689
Noncurrent Liabilities:		
Compensated Absences	\$	-
Claims and Contingencies		42,919,279
Net Pension Liability		260,063
Net OPEB Liability		58,133
Total Noncurrent Liabilities	\$	43,237,475
Total Liabilities	\$	49,906,164
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows for Pensions	\$	221,679
Deferred Inflows for OPEB		22,929
Total Deferred Inflows of Resources	\$	244,608
<b>NET POSITION</b>		
Unrestricted (deficit)		(7,223,945)
Total Net Position	\$	(7,223,945)

Exhibit 8 – Statement of Revenues, Expenses and Change in Net Position\*

<b>CITY OF VIRGINIA BEACH, VIRGINIA</b> <b>RISK MANAGEMENT INTERNAL SERVICE FUND</b> <b>COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b> <b>FOR THE YEAR ENDED JUNE 30, 2022</b>		
<b>OPERATING REVENUES</b>		
Billings to Departments	\$	18,637,070
Insurance Recovery		226
Total Operating Revenues	\$	18,637,296
<b>OPERATING EXPENSES</b>		
Personal Services	\$	444,787
Contractual Services		170,505
Internal Services		13,936
Other Charges		17,824,956
Total Operating Expenses	\$	18,454,184
<b>OPERATING INCOME (LOSS)</b>	\$	183,112
<b>NONOPERATING REVENUES (EXPENSES) AND TRANSFERS</b>		
Interest Income	\$	212,483
Transfers out		-
Total Nonoperating Revenues (Expenses)	\$	212,483
<b>CHANGE IN NET POSITION</b>	\$	395,595
<b>TOTAL NET POSITION - BEGINNING (RESTATED)</b>		(7,619,540)
<b>TOTAL NET POSITION - ENDING</b>	\$	(7,223,945)

Exhibit 9 – Ten Year History of Actuarial Accrued Liability and Available Cash

	Risk Management Fund History				
Fiscal Year	Accrued Liability	Available Cash	Ending Net Position	Increase/(Decrease) in Net Position	% Cash to Liability
2013	25,462,274	10,494,027	(15,610,324)	(3,104,899)	41%
2014	25,462,274	6,905,910	(19,216,625)	(3,606,301)	27%
2015	30,857,594	8,390,709	(23,292,837)	(4,076,212)	27%
2016	31,100,210	9,717,902	(22,374,235)	918,602	31%
2017	37,732,500	15,996,234	(22,232,614)	141,621	42%
2018	40,902,030	23,154,879	(18,284,316)	3,948,299	57%
2019	41,453,521	30,011,077	(12,751,651)	5,532,665	72%
2020	44,599,078	34,482,002	(10,947,408)	1,804,243	77%
2021	45,654,663	38,783,767	(7,619,540)	3,327,868	85%
2022	49,400,980	42,757,112	(7,223,945)	395,595	87%



CITY OF VIRGINIA BEACH  
CITY HALL

