

Judgment/Claims

Department Overview

The Judgment/Claims Subfund provides for the payment of legal claims and suits brought against the City government. The subfund receives revenues from the General Fund and the utilities (City Light and Seattle Public Utilities) to pay the judgments, settlements, claims, and other eligible expenses. Unused balances, if any, remain in the fund and may reduce the contribution required in succeeding years.

General Fund-supported departments with 2% or more of historical Judgment/Claims costs make premium payments to the subfund directly from their budgets. Finance General covers premiums for departments with less than 2% of historical Judgment/Claims costs. Revenues from the utilities are budgeted based on expected expenses, but they only pay actual expenses as they are incurred.

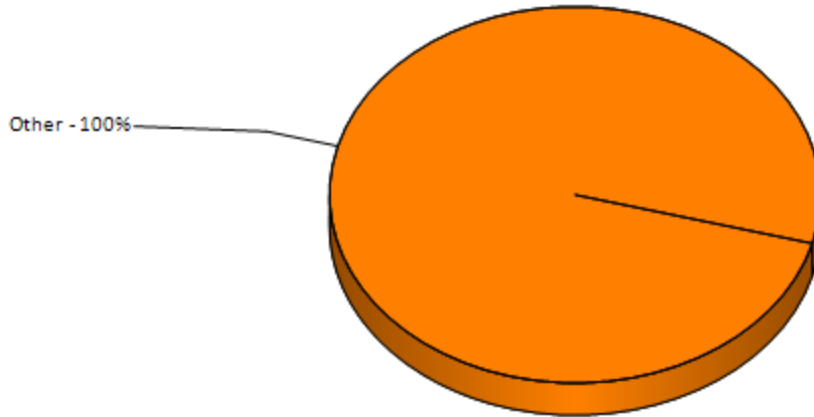
Budget Snapshot

Department Support	2013 Actual	2014 Adopted	2015 Adopted	2016 Endorsed
Other Funding - Operating	\$16,588,945	\$18,613,772	\$17,749,451	\$17,749,451
Total Operations	\$16,588,945	\$18,613,772	\$17,749,451	\$17,749,451
Total Appropriations	\$16,588,945	\$18,613,772	\$17,749,451	\$17,749,451
Full-time Equivalent Total*	0.00	0.00	0.00	0.00

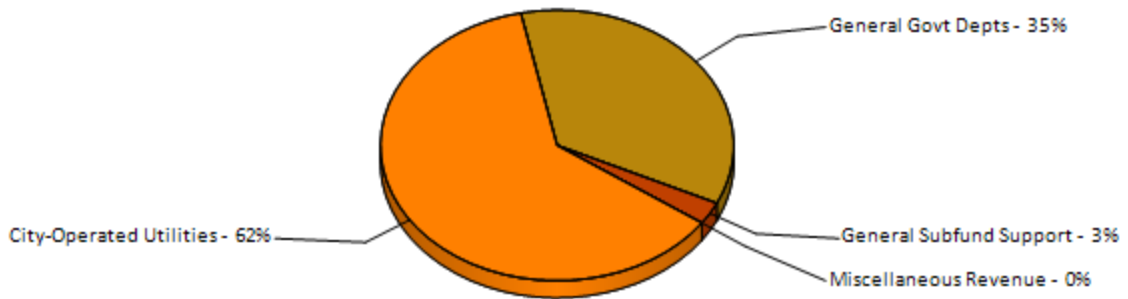
* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.

Judgment/Claims

2015 Adopted Budget - Expenditure by Category



2015 Adopted Budget - Revenue by Category



Judgment/Claims

Budget Overview

The Risk Management Division of the Department of Finance and Administrative Services, the City Budget Office, and the Law Department monitor the City's potential risk liabilities as well as the financial health of the Judgment/Claims Subfund. The 2015-2016 Proposed Budget is based on the recommendations of these departments and ensures the financial health of the subfund.

Council Resolution 30386 established a policy allowing the Judgment/Claims Subfund to maintain a fund balance equivalent to 50% of the expected annual expenditures. The fund balance has grown larger than the 50% of annual General Fund expenditures. The 2015-2016 Proposed Budget includes the use of \$5.2 million of fund balance in 2015 and \$1.2 million in 2016.

City Council Changes to the Proposed Budget

The Council made no changes to the 2015-2016 Proposed Budget.

Incremental Budget Changes

Judgment/Claims

	2015		2016	
	Budget	FTE	Budget	FTE
Total 2014 Adopted Budget	\$ 18,613,772	0.00	\$ 18,613,772	0.00
Proposed Changes				
Reduce General Fund Expenditure to Five-Year Average Level	-\$ 864,321	0.00	-\$ 864,321	0.00
One-Time Use of Fund Balance in 2015	\$ 0	0.00	\$ 0	0.00
Total Incremental Changes	-\$ 864,321	0.00	-\$ 864,321	0.00
2015 Adopted/2016 Endorsed Budget	\$ 17,749,451	0.00	\$ 17,749,451	0.00

Descriptions of Incremental Budget Changes

Proposed Changes

Reduce General Fund Expenditure to Five-Year Average Level - (\$864,321)

This change reduces the budget for General Fund expenditures to match the average spending for the five prior years. Expenditures on claims and litigation can be very volatile and difficult to forecast. Basing the budget on a rolling five-year average helps provide stability to the fund.

One-Time Use of Fund Balance in 2015

The fund policy for the Judgment/Claims Subfund, Resolution 30386, established a policy allowing the subfund to

Judgment/Claims

maintain a fund balance equivalent to 50% of the expected annual expenditures. The fund balance has grown larger than the 50% of annual General Fund expenditures. The 2015-2016 Proposed Budget uses \$5.2 million of fund balance in 2015 and \$1.2 million in 2016. This change is reflected on the revenue side of the budget. This use of fund balance will also allow lower premiums for General Fund departments.

City Council Provisos

There are no Council Provisos.

Expenditure Overview

Appropriations	Summit Code	2013 Actual	2014 Adopted	2015 Adopted	2016 Endorsed
Claim Expenses Budget Control Level	00126-CJ000	2,709,838	4,350,037	4,109,877	4,109,877
General Legal Expenses Budget Control Level	00126-JR010	0	103,000	103,000	103,000
Litigation Expenses Budget Control Level	00126-JR000	10,322,780	12,853,527	12,229,366	12,229,366
Police Action Expenses Budget Control Level	00126-JR020	3,556,328	1,307,208	1,307,208	1,307,208
Department Total		16,588,945	18,613,772	17,749,451	17,749,451
Department Full-time Equivalents Total*		0.00	0.00	0.00	0.00

* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.

Revenue Overview

2015 Estimated Revenues

Summit Code	Source	2013 Actual	2014 Adopted	2015 Adopted	2016 Endorsed
544730	Payments from City-operated utilities	6,145,496	7,781,747	7,781,747	7,781,747
	Total City-Operated Utilities	6,145,496	7,781,747	7,781,747	7,781,747
544730	Payments from General Government departments	6,998,850	8,021,520	4,439,525	8,156,607
	Total General Govt Depts	6,998,850	8,021,520	4,439,525	8,156,607
587001	General Subfund Support	632,690	755,911	337,906	620,824
	Total General Subfund Support	632,690	755,911	337,906	620,824
499999	Miscellaneous Revenue	100,989	0	0	0
	Total Miscellaneous Revenue	100,989	0	0	0
	Total Revenues	13,878,025	16,559,178	12,559,178	16,559,178

Judgment/Claims

379100	Use of Fund Balance	2,710,920	2,054,594	5,190,273	1,190,273
	Total Use of (Contribution to) Fund Balance	2,710,920	2,054,594	5,190,273	1,190,273
Total Resources		16,588,945	18,613,772	17,749,451	17,749,451

Appropriations By Budget Control Level (BCL) and Program

Claim Expenses Budget Control Level

The purpose of the Claim Expenses Budget Control Level is to provide the Director of the Department of Finance and Administrative Services with the resources to pay pending or actual claims and related costs against City government, as authorized by Chapter 5.24 of the Seattle Municipal Code. The Claims Budget Control Level is supported by the Judgment/Claims Subfund of the General Fund.

	2013	2014	2015	2016
Program Expenditures	Actual	Adopted	Adopted	Endorsed
Claim Expenses	2,709,838	4,350,037	4,109,877	4,109,877
Total	2,709,838	4,350,037	4,109,877	4,109,877

General Legal Expenses Budget Control Level

The purpose of the General Legal Expenses Budget Control Level is to provide the City Attorney with resources to pay legal costs associated with potential litigation against the City, where the City is a plaintiff or potential plaintiff in legal action, or other special projects. The General Legal Expenses Budget Control Level is supported by the Judgment/Claims Subfund of the General Fund.

	2013	2014	2015	2016
Program Expenditures	Actual	Adopted	Adopted	Endorsed
General Litigation	0	103,000	103,000	103,000
Total	0	103,000	103,000	103,000

Litigation Expenses Budget Control Level

The purpose of the Litigation Expenses Budget Control Level is to provide the City Attorney with the resources to pay anticipated, pending or actual judgments, claims payments, advance claims payments, and litigation expenses incurred while defending the City from judgments and claims. The Litigation Expenses Budget Control Level is supported by the Judgment/Claims Subfund of the General Fund.

	2013	2014	2015	2016
Program Expenditures	Actual	Adopted	Adopted	Endorsed
Settlement and Judgment Expenses	10,322,780	12,853,527	12,229,366	12,229,366
Total	10,322,780	12,853,527	12,229,366	12,229,366

Judgment/Claims

Police Action Expenses Budget Control Level

The purpose of the Police Action Expenses Budget Control Level is to provide the City Attorney with the resources to pay pending or actual settlements and judgments against the City related to police action cases, or pay related costs to investigate and defend the City against claims and judgments related to police action cases. The Police Action Expenses Budget Control Level is supported by the Judgment/Claims Subfund of the General Fund.

	2013	2014	2015	2016
Program Expenditures	Actual	Adopted	Adopted	Endorsed
Police Action Expenses	3,556,328	1,307,208	1,307,208	1,307,208
Total	3,556,328	1,307,208	1,307,208	1,307,208

Judgment/Claims Fund Table

Judgment/Claims Subfund (00126)

	2013	2014	2014	2015	2016
	Actuals	Adopted	Revised	Adopted	Endorsed
Beginning Fund Balance	17,528,926	17,350,665	14,639,745	12,585,151	7,394,878
Accounting and Technical Adjustments	-178,261	0	0	0	0
Plus: Actual and Estimated Revenues	13,878,025	16,559,178	16,559,178	12,559,178	16,559,178
Less: Actual and Budgeted Expenditures	16,588,945	18,613,772	18,613,772	17,749,451	17,749,451
Ending Fund Balance	14,639,745	15,296,071	12,585,151	7,394,878	6,204,605
Total Reserves					
Ending Unreserved Fund Balance	14,639,745	15,296,071	12,585,151	7,394,878	6,204,605