

**City of Dearborn  
Fleet and General Liability Insurance Fund  
Proposed FY2014, 2015 and 2016 Budget**

**This fund accounts for reserves established for both fleet and general liability insurance and related claims against the City. It also holds funds for the General Fund portion of property tax appeal settlements and refunds.**

**Revenue**

- Interest on investments declined starting in 2012 due to low interest rates and a smaller cash balance in the fund.
- \$ 1.68 million was contributed from the General Fund in 2012 to fund a backlog of property tax refunds. For 2013, 2014, 2015 and 2016, the contribution is budgeted \$500,000 each year.
- Funding for insurance will be slightly negative in 2013 due to significant costs projected for Settlements Expense. Funding in Years 2014 through 2016 has been increased to cover costs and rebuild reserves. Settlements Expense is the largest line item, budgeted at \$1,200,000 for years 2013 through 2016. \$1,252,000 of Settlements Expense was charged to user departments in 2013. This amount is being decreased to \$1,192,000 for 2014 through 2016.
- The 19th District Court is budgeted to contribute \$250,000 for years 2014 through 2016 to offset possible settlements expense.

**Expenditures**

- Insurance expenditures outpaced contributions to the fund in 2012. Funding has been increased in future years to address these costs. Settlement Costs are substantial, projected at \$1.2 million for 2013 through 2016.
- The fund has incurred significant legal expense due to ongoing Burton Katzman litigation.
- Tax expenditures declined from the \$4.7 million spent in 2011 to \$1.8 million spent in 2012. Contributions from the General Fund may not be sufficient to cover the costs due to a projected FY13 expenditures of \$513,375 which is \$13,375 more than the projected contribution of \$500,000.

**Reserves**

- Reserves for insurance will increase slowly in future years.
- Reserves for tax refunds may need to be increased to cover projected expenses.