



Legislation Text

File #: 18-629, **Version:** 1

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SUBJECT: Approval of Supplemental Budget Appropriations in the Amount of \$1,000,000 Due to Increased Activity in Worker's Compensation Claims in Fiscal Year 2018-19

REPORT IN BRIEF

Considers approving supplemental budget appropriation increases to Fund 666-Worker's Compensation by \$1,000,000. This adjustment is necessary due to higher than projected worker's compensation claims activity than what was originally budgeted for fiscal year 2018-2019.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving an increase in revenue account 666-0410-360.01-11 received as a Reimbursement of Worker's Compensation Claims in the amount of \$175,000; and,
- B. Approving a transfer of \$500,000 of Police Department salary saving from the FY 2018-19 General Fund adopted budget to Fund 666-Worker's Compensation; and,
- C. Approving a supplemental appropriation from the unreserved, unappropriated fund balance of the General Fund in the amount of \$325,000 and transferring to Fund 666-Worker's Compensation Fund; and,
- D. Approving the total appropriation of \$1,000,000 in Fund 666-Worker's Compensation and,
- E. Authorizing the Finance Officer to make the necessary budget adjustments.

ALTERNATIVES

None.

AUTHORITY

Article XI - Fiscal Administration

CITY COUNCIL PRIORITIES

As provided for in the 2018-19 Adopted Budget

DISCUSSION

The City of Merced's Workers' Compensation program is a self-funded plan. During the annual budget process, the Support Services department works with the City Attorney's office to estimate the

needs of existing claims and pending settlements to recommend funding for this program. During this fiscal year, the City has experienced higher than anticipated workers' compensation claims activity than what was originally budgeted for fiscal year 2018-2019..

Support Services is requesting a supplemental appropriation of \$1,000,000 to cover the claims and payments needed for the administration of the City's self-insured worker's compensation plan.. Prior to making this request, the department has depleted all prior year funding and contingency reserves in Fund 666 for payment of worker's compensation medical and permanent disability claims.

IMPACT ON CITY RESOURCES

A Supplemental appropriation in the amount of \$1,000,000 is necessary to fund the City's self-insured worker's compensation plan during this fiscal year. The appropriation in Fund 666-Workers Compensation will include \$500,000 of salary savings from the police department due to vacancies and \$175,000, which will be reimbursed by our Workers Compensation insurer. The balance of \$325,000 is being requested as a supplemental appropriation from the unreserved, unappropriated fund balance of the General Fund.

ATTACHMENTS

None.