



Cover Memorandum/Staff Report

File #: 20-920

Agenda Date: 11/17/2020

Item #: 7.C.

TO: Mayor and Commissioners
FROM: Marie Kalka, Finance Director
THROUGH: Jennifer Alvarez, Interim City Manager
DATE: November 17, 2020

RESOLUTION NO.194-20 BUDGET AMENDMENT FOR FISCAL YEAR 2019/20

Recommended Action:

Motion to Approve Resolution No.194-20 amending the budget for Fiscal Year (FY) 2019/20 adopted September 17, 2019.

Background:

This is a request to amend the General Fund and the Insurance Fund adopted FY19/20 budget to account for unanticipated health and liability claims that exceeded the budgeted amounts as well amend the Neighborhood Services Fund to account for Coronavirus Relief Funds (CRF) received to provide individual assistance to residents negatively impacted by the Coronavirus.

For fiscal year 2020, the City of Delray Beach (City) budgeted approximately \$8.1 million for health care and insurance liability claim costs. At the end of fiscal year 2020, the expenses related to these claims amounted to approximately \$9.7 million, which created a shortage in budgeted expenses of \$1.6 million (\$600K in liability claims and \$1 million in health insurance claims).

The City is requesting a budget amendment of \$850 thousand to the Insurance Fund to meet the funding requirement that the city hold a minimum surplus standard of 60 days of anticipated claims. In addition, fund balance of the Insurance Fund is being used to cover the remaining \$750 thousand shortage in the fund. The budget shortage is due to additional and unanticipated health insurance and liability claims, and an unusually high number of high health claimants.

The City is also requesting a budget amendment in the General Fund of \$850 thousand to cover the unanticipated health claims through a transfer-out to the Insurance Fund. Since the City operates a self-insured insurance plan, the underfunding related to health insurance claims must be funded to avoid a deficit in the Insurance fund that requires a minimum surplus standard of 60 days of anticipated claims to be held.

Finally, the City is requesting a budget amendment of \$224,573 in the Neighborhood Services Fund to increase both revenues and expenditures to accept and expend the CRF funds received. Through September 30, 2020 the City has expended \$79,586. The remainder of funds will be rolled over to FY2021.

The attached Resolution and exhibit provide details of the proposed changes for all the major funds.

City Attorney Review:

Approved as to form and legal sufficiency.

Finance Department Review:

Finance recommends approval.

Funding Source/Financial Impact:

See Exhibit A.

Timing of Request:

Approval of this request will address the underfunding in the insurance fund that is required to hold at least 60 days of claim reserves as well as provide the necessary budget for CRF funds received to provide individual assistance to residents negatively impacted by the Coronavirus.