

TAB 12

POINT PAPER

**RESOLUTION 09-40
HEALTH INSURANCE BUDGET AMENDMENT
September 28, 2009**

Problem: Additional dollars are needed in the Medical Insurance Reserve to fund current year claims and the run-out claims that are expected during the first 3 months of FY2010.

Background:

The health insurance claims have been higher than expected during FY09 and are expected to reach 100% of our aggregate amount. In addition, the City is switching from a self insured program to a fully insured program with Blue Cross Blue Shield effective October 1, 2009. There will be run-out claims associated with switching carriers. Run-out claims are claims incurred in the last few months of FY2009 (i.e., Aug. and Sept) that will not be paid until FY2010. The additional funding is needed to fund current year deficit plus run-out claims for FY2010. The additional dollars to fund this shortfall are coming from surplus monies in the current year budget (i.e., FY2009). This funds are available in the current year due to conservative spending polices of staff and surplus monies that were budgeted during the current year. The City will fund the deficit based on an allocation to each fund. A budget of \$295,000 would be as follows:

General Fund	51%	\$150,000
Road and Bridge	12%	35,000
Solid Waste	3%	10,000
Water/Sewer	24%	70,000
Stormwater	5%	15,000
CRA	5%	15,000
Total	<u>100%</u>	<u>\$295,000</u>

The monies identified above will be transferred to the medical reserve on September 30, 2009. Staff will monitor the actual claims as they come in over the next 3 months to ensure the funds are sufficient to cover the claims. Any excess funds will be returned to the respective funds.

Alternatives:

1. Do nothing.
2. Approve Resolution #09-40 approving the budget amendment totaling \$275,000.

Recommendation: Staff recommends alternative #2, Approve Resolution #09-40

Budget Impact: Transfers will be funded from the projected FY09 surpluses in the listed funds. All funds have sufficient surpluses projected to cover these transfers.

RESOLUTION NO. 09-40

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA,
AMENDING RESOLUTION NO. 08-32, WHICH RESOLUTION ADOPTED THE BUDGET FOR
FISCAL YEAR 2008-2009, AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, from time to time it is necessary to increase or decrease revenues and expenditures in certain accounts, and;

WHEREAS, it is necessary to provide budgetary authorization for the expenditure of these funds;

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA:

Section 1: That appropriate line items of the fiscal year ending September 30, 2009 be increased in the grand total of Two Hundred Ninety-Five Thousand Dollars (\$295,000), as evidenced in the listing below for the purpose of subsidizing the medical reserve.

Transfer From:		Amount of Transfer	Transfer To:	
Account Number	Fund Name		Account Number	Fund Name
001 512 9106	General Fund	150,000	506 382 7001	Medical Reserve Fund
307 541 9106	Road & Bridge	35,000	506 382 7307	Medical Reserve Fund
403 534 9106	Solid Waste	10,000	506 382 7403	Medical Reserve Fund
432 533 9106	Water/Sewer	70,000	506 382 7432	Medical Reserve Fund
440 538 9106	Stormwater	15,000	506 382 7440	Medical Reserve Fund
690 559 9106	CRA	15,000	506 382 7690	Medical Reserve Fund
		<u>295,000</u>		

Section 2: That this increase to the budget be funded from the fund balance account of the General Fund, Road and Bridge, Solid Waste, Water/Sewer, Stormwater, CRA Funds, and the Medical Reserve Fund.

Section 3: This Resolution shall become effective immediately upon its passage.

Section 4: All Resolutions and parts of Resolutions in conflict herewith are repealed.

PASSED AND DULY ADOPTED, in regular session, by the City Commission of the City of Palmetto, with a quorum present and voting, this 28th day of September, 2009.

**BY: _____
Shirley Groover Bryant, Mayor**

ATTEST:

**_____
James R. Freeman, City Clerk**