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**Title:** CONSIDER APPROVAL OF ADJUSTED WORKERS COMPENSATION PREMIUM FOR FY 2022/23 DUE TO FINAL PAYROLL AUDIT (CITY COUNCIL)

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Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Tuesday, January 09, 2024

Consent

**SUBJECT:**

**CONSIDER APPROVAL OF ADJUSTED WORKERS COMPENSATION PREMIUM FOR FY 2022/23 DUE TO FINAL PAYROLL AUDIT (CITY COUNCIL)**

**I. SUMMARY**

On June 7, 2022 City Council approved the renewal of City’s excess workers compensation insurance for FY 22-23 at a premium of not-to-exceed \$138,000. Subsequently, the City bound the insurance at a Deposit Premium of \$125,239 based on annual payroll estimate of \$30,025,000.

At the end of FY 22-23 the City’s actual payroll amount was \$36,346,950 - higher than the estimate, mainly due to COLA increases and retroactive salary payments. The additional payroll resulted in an adjusted premium of \$146,944.

Therefore, staff is asking City Council to approve payment of \$21,705 in additional premium, for a final FY 22-23 premium of \$146,944.

**II. RECOMMENDATION**

APPROVE payment of \$21,705 in additional premium, for a final Fiscal Year 2022-23 excess workers compensation premium of \$146,944.

### **III. ALTERNATIVES**

TAKE any other action the City Council deems appropriate.

### **IV. BACKGROUND**

The City's excess workers compensation insurance premium is calculated as a rate per \$100 of payroll. The initial premium, i.e. "Deposit Premium", is calculated based on an estimate of the upcoming fiscal year payroll. At the end of each fiscal year, PRISM conducts a payroll audit to determine the final premium, which may result in additional premium due, or a refund. As an example, in FY 21-22 the City received a refund of \$3,712 due to lower than estimated final payroll.

For FY 22-23 the Deposit Premium was \$125,239 based on estimated payroll of \$30,025,000. However, the final audited payroll was \$36,346,950. The increase, which was mainly due to COLA and related retroactive payments, resulted in an adjusted final premium of \$146,944. City Council approved amount was not-to-exceed \$138,000.

Therefore, staff is now asking City Council to approve payment of \$21,705 in additional premium, for a final adjusted FY 22-23 premium of \$146,944.

### **V. FISCAL IMPACT**

There is no fiscal impact. Funds for the additional premium are included in FY 2023/24 general fund budget in accounts 101-50-660-173-6029 and 101-50-660-173-6030.

### **VI. EXHIBITS**

N/A

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