

program and authorizing appropriations and cash transfers.

Establishes the Dental Self-Insurance Fund (66200) in the Internal Services Fund Series to administer the City's Dental Self-Insurance Program; authorizes an appropriation in the current Dental Self-Insured Fund (59500) to make a cash transfer to the new Dental Self Insurance Internal Services Fund; and authorizes closing the current Dental Self-Insured Fund (59500). The Committee approved filing this item at its meeting on 11-2-21.

..body

Affected Council District(s) or citywide? Citywide

Executive Summary with Rationale and Impact:

Detailed description of the item and why we are doing it. This can be a separate attachment.

Starting in 2005, the City began to self-insure its dental program for City employees. Ordinance No. 931, Series of 2004, established the Dental Self-Insured Fund, 59500, to administer this program. This Fund is set up in the Payroll Clearing Fund Series, 59000, which is included in 50000, the Trust and Agency Fund Series, which is intended to account for assets held by the city and county as trustee or agent for individuals, private organizations and/or governmental units.

Due to feedback from the City's outside auditor and after subsequent review by the Controller's Office and the City Attorney's Office, the City has determined that this program and fund does not meet the definition of holding funds in trust and instead serves an internal services function for City employees. As such, it is better situated in the Internal Services section of the Fund Plan, 60000, which accounts for operations of agencies that provide service to other departments or agencies of the City government on a cost-reimbursement basis.

This bill request establishes a new Internal Services Fund, the Dental Self-Insurance Fund, No. 66200, to administer the City's dental self-insurance program starting in 2022. Fund 66200 will be appropriated and lapsing. It will be administered by the Personnel Director.

This bill request also authorizes an appropriation of the cash balance in the current Dental Self-Insured Fund, 59500, currently estimated at \$4.4 million, to make a cash transfer to the new Dental Self-Insurance Fund in the Internal Services Fund. The actual amount of the appropriation and cash transfer will be adjusted to reflect the final cash balance in fund 59500 after year-end close. Fund 59500 will be closed after the balance is transferred to fund 66200. The appropriation in Fund 66200 will be authorized in the 2022 Long Bill.

Type (choose one: Grant; Supplemental; Fund Creation; Fund Rescission; Fund Transfer; Appropriation; Other):

Amount:

Budget Year:

Fund and Funding Source (Fund/Org/Grant Number, if applicable):

Grantor (if applicable):

Fund Matching Requirements (if applicable):

Fiscal Impact: