

Benefit Funds - Unemployment Insurance Fund

Fund 157

BENEFIT FUND OVERVIEW:

San José Municipal Code section 4.80.2000 establishes the “Benefit Fund” for the deposit and accounting of moneys related to the provision and financing of benefits to City employees and their dependents. To account for the moneys related to the provision and financing of specific benefits, the City established the following benefit funds: Dental Insurance Fund (Fund 155), Life Insurance Fund (Fund 156), the Unemployment Insurance Fund (Fund 157), and the Benefit Fund (Fund 160).

PURPOSE OF THE FUND:

The Unemployment Insurance Fund (Fund 157) accounts for the costs of unemployment compensation paid to eligible terminated employees. Any contributions required to be made by the City for the self-funded direct reimbursable unemployment insurance program are deposited into this fund.

Moneys in the Unemployment Insurance Fund must be expended for the operation of the City’s self-funded direct reimbursable unemployment insurance program including: wages, salaries, and fringe benefits of City employees charged with the management and administration of the program; payments of unemployment insurance claims; and contractual and professional services necessary to operate the program.

Revenues are credited each pay period using rates determined by the Human Resources Department multiplied by the number of employees per rate for the City’s contribution. The rate is calculated based on the amount of revenue needed to cover the Fund’s operating expenditures and to establish a targeted fund balance for the fiscal year.

The Human Resources Department has developed standards for establishing reserves based on the analysis of the time required to pay claims as well as on generally accepted industry standards. The Reserve for Claims is set at a level equivalent to one year of claims payments.

AUTHORITY FOR THE FUND:

San José Municipal Code sections 4.80.2000 through 4.80.2030. Revenue and expenditure estimates are budgeted via City Council funding sources resolution and appropriation ordinance, respectively.

SOURCE OF FUNDS:

- Interest earnings
- Transfers from City Funds

**Benefit Funds - Unemployment
Insurance Fund****Fund 157****FUND RESTRICTIONS:**

The City Council may at its discretion transfer funds from the Unemployment Insurance Fund to any other fund to the extent that the transferred amounts are not from employee contributions and City obligations are met. Changes in contribution rates are not subject to Proposition 218 requirements.

LEAD RESPONSIBILITY:

Human Resources Department

FINANCIAL INFORMATION AND LOCATION:**Comprehensive Annual Financial Report (CAFR) Designation:**

Governmental Fund - Special Revenue

Budget Location:

Adopted Operating Budget

Funding Sources Resolution and Appropriation Ordinance Location:

Section 16.05