City of Asheville Staff Report

City Council Meeting Date: June 23, 2026

Staff Resources: Tony McDowell, CFO, Finance and Management Services Director

Action Requested: Adoption of a budget amendment in the amount of $1,356,000 in the City's Internal Services Funds to allocate insurance recovery revenue received in fiscal year 2025-26 to fund health insurance and workers' compensation claims expenses.

Background:

- The City maintains self-insured programs for property and liability and workers' compensation obligations, and for employee health, dental, life, and disability benefits.
- These self-insured programs are accounted for in Internal Service Funds, and a financial plan is included in the City's annual Budget Ordinance for each fund.
- For each of the three programs, the City purchases excess insurance coverage for claims that exceed certain stop-loss thresholds.
- When an individual claim exceeds these thresholds, the City receives insurance recovery revenue from insurance carriers.
- City staff budgets insurance recovery revenue in each of these funds as part of the annual Budget Ordinance based on trends, but actual revenue can vary substantially year-over-year based on claims.
- For fiscal year 2025-26, the City has had a number of claims that exceeded the stop-loss thresholds and has received more insurance recovery revenue than budgeted.
- This amendment will budget that insurance recovery revenue in the Workers' Compensation and Health Funds to help offset claims expenses.

Vendor Outreach: N/A

Council Vision 2036 Focus Area(s):

- A Financially Resilient City

Council Priority Recovery Area(s):

- People

Committee(s): N/A

Fiscal Impact: This budget amendment will recognize insurance recovery revenue received in fiscal year 2025-26 and provide additional budget authorization in the Workers' Compensation and Health Funds for high-dollar claims expenses that have exceeded initial estimates.

Suggested Motion:

- Motion to adopt a budget amendment in the amount of $1,356,000 in the City's Internal Services Funds to allocate insurance recovery revenue received in fiscal year 2025-26 to fund health insurance and workers' compensation claims expenses.

Attachment(s):

- Budget Amendment

City of Asheville Budget Amendment Ordinance Number ____

Be it Ordained by the City Council of the City of Asheville:

That Section 1 of the City of Asheville Annual Operating Budget Ordinance be amended to allocate insurance recovery revenue received in fiscal year 2025-26 to fund health insurance and workers' compensation claims expenses, as follows:

Health Fund

Revenues:

Insurance Recovery Revenue: $1,200,000

Expenditures:

Health Insurance Claims: $1,200,000

Workers' Compensation Fund

Revenues:

Insurance Recovery Revenue: $156,000

Expenditures:

Workers' Compensation Claims: $156,000

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this 23rd day of June, 2026.

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Esther E. Manheimer, Mayor

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Brad Branham, City Attorney

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Magdalen Burleson, City Clerk