COUNTY OF HUMBOLDT

For the meeting of: 8/13/2024

File #: 24-1175

To: Board of Supervisors

From: Human Resources

Agenda Section: Consent

Vote Requirement: 4/5th

SUBJECT:
Supplemental Budget for the Liability Budget Unit (3524-354) in the Amount of $500,000 (4/5 Vote Required)

RECOMMENDATION(S):
That the Board of Supervisors:

1. Approve the attached supplemental budget in the Liability budget (3524-354) for Fiscal Year (FY) 2024-25 (4/5 Vote required)

STRATEGIC PLAN:
This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Workforce & Operational Excellence
Strategic Plan Category: 3001 - Support a well-trained workforce

DISCUSSION:
The Risk Management-Liability budget (3524-354) received anticipated revenue, and this agenda item seeks to receive those funds and pay for unanticipated legal settlement costs which will be partially reimbursed when the case is closed by the county's excess insurance provider.. Human Resources anticipates a reimbursement from Public Risk, Innovation, Solutions and Management (PRISM) in the amount of approximately $725,000 for a refund on a claim above the county's self-insured retention (SIR) level. PRISM is an insurance risk sharing pool through which the county purchases excess liability, primary and excess workers' compensation, as well as various other insurance programs. Human Resources is recommending to utilize existing fund balance to pay settlement costs prior to receiving the insurance reimbursement.

The attached supplemental budget reflects these additional revenues utilized to cover overages in the Liability budget for FY 2024-25. Current settlement costs as well as closing several outstanding cases has created a situation where the Liability Fund has an excess of expenditures above budgeted costs. The Human Resources - Risk Management Division anticipates receiving revenue for the next FY from PRISM in relation to these current litigation cases which have exceeded the county's current SIR.

Per the direction of the Auditor-Controller, corrections to the insurance internal service fund (ISF) budgets to the county are included in the supplemental budget. The attached supplemental budget is necessary to appropriate funds to the insurance internal service funds (ISFs) for the revenues and expenditures that have already occurred in the year. Sufficient funds exist in the insurance ISFs fund balance.

SOURCE OF FUNDING:
Liability 3524354-706500

FINANCIAL IMPACT:

Expenditures (Liability 3524-354)	**FY24-25**	**FY24-25 Projected***	**FY25-26 Projected***
Budgeted Expenses	$7,505,276	$7,505,276	N/A
Additional Appropriation Requested	$500,000	$500,000	N/A
Total Expenditures	$8,005,276	$8,005,276	N/A

**Projected amounts are estimates and are subject to change.*

Funding Sources (Fund, Budget Unit)	**FY24-25**	**FY24-25 Projected***	**FY25-26 Projected***
General Fund			
State/Federal Funds			
Fees/Other	$7,505,276	$7,505,276	
Use of Fund Balance	$500,000	$500,000	
Contingencies			
Total Funding Sources	$8,005,276	$8,005,276	

**Projected amounts are estimates and are subject to change.*

Narrative Explanation of Financial Impact:
The funds available were anticipated in the FY 2024-25 county budget and due to an overage in expenditures are being recognized to offset increased expenditures. Fund balance as of June 30, 2024 is approximately $4,201,176.

Narrative Explanation of Staffing Impact:
No effect on staff

OTHER AGENCY INVOLVEMENT:
No effect on other departments

ALTERNATIVES TO STAFF RECOMMENDATIONS:
The Board could elect not to approve the request. This is not recommended because expenditures cannot exceed appropriations in a budget unit.

ATTACHMENTS:
1. Supplemental Budget

PREVIOUS ACTION/REFERRAL:
Meeting of: N/A
File No.: N/A