



COUNTY OF HUMBOLDT

Legislation Details (With Text)

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Title: Resolution Establishing Reserve Funding Levels for Self-Insurance Funds

Sponsors:

Indexes:

Code sections:

Attachments: 1. Staff Report, 2. Self-Insurance Sub Fund Resolution, 3. Bickmore Actuarial Report GL 10.25.19

Date	Ver.	Action By	Action	Result
11/29/2022	1	Board of Supervisors	approved	Pass

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Consent

SUBJECT:

Resolution Establishing Reserve Funding Levels for Self-Insurance Funds

RECOMMENDATION(S):

That the Board of Supervisors:

1. Adopt the attached resolution establishing reserve funding levels for the County of Humboldt's self-insurance funds at the 80% confidence level; and
2. Direct the Clerk of the Board to provide the County Administrative Office with fully executed certified copy of the attached resolution.

SOURCE OF FUNDING:

Self-Insurance Internal Service Funds (3520, 3522, 3523, 3524, 3525, 3526, 3527, 3528); All County of Humboldt Funds

DISCUSSION:

California Government Code Section 29000, the County Budget Act, sets forth that fund reserves will be established by the Board of Supervisors, which applies to the County of Humboldt's eight self-insurance internal service funds:

- 3520-359 Risk Management Administration
- 3522-352 Employee Benefits
- 3523-353 Workers' Compensation

- 3524-354 Liability
- 3525-355 Medical Plan
- 3526-356 Dental Plan
- 3527-357 Unemployment
- 3528-358 Purchased Insurance Premiums

Section 200.447 of Title 2 of the Code of Federal Regulations requires that contributions to self-insurance reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. These funds are further required to undergo actuarial review biennially at minimum.

Bickmore Actuarial completed an actuarial review on October 25, 2019, wherein Bickmore was recommended maintaining reserves at an amount that the actuarial has determined has an 80% probability, or confidence level, would be sufficient to meet actual claim liabilities.

The recommended action before the Board today is to adopt a resolution establishing that the County of Humboldt will target maintaining program assets (or reserves) in the self-insurance funds at the 80% confidence level, or probability, as required per applicable federal regulations. By adopting the attached resolution, the Board will memorialize the establishment of this as the target funding level for these funds.

FINANCIAL IMPACT:

The recommended action does not have a direct financial impact, but will bring the County of Humboldt into compliance with the Code of Federal Regulations and requirements of the State Controller's Office which could produce cost savings of staff time on future reviews of these funds and annual submission of the cost allocation plan. Additionally, these internal service funds are funded by charges to departments via the cost plan, and adopting the attached resolution will help to ensure that the County of Humboldt is not over or underfunding these funds.

STRATEGIC FRAMEWORK:

The recommended action supports the Board of Supervisors' Strategic Framework by managing resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board may choose not to adopt the attached resolution establishing reserve funding levels for the County of Humboldt's self-insurance funds at the 80% confidence level. However, this alternative is not recommended as adoption of the attached resolution will bring the County of Humboldt into compliance with applicable federal regulations.

ATTACHMENTS:

1. Self-Insurance Sub Fund Resolution
2. Bickmore Actuarial Review

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: N/A

File No.: N/A