



COUNTY OF HUMBOLDT

Legislation Text

File #: 24-735, **Version:** 1

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 \$1,047,289.90 (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve the attached supplemental budget to cover overdrafts in the Liability budget (3524-354) for FY 2023-24. (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 unanticipated revenue from two sources, and this agenda item seeks to receive those funds and pay for unanticipated legal expenditures on several cases.

The first source of revenue is from Public Risk, Innovation, Solutions and Management (PRISM) in the amount of \$47,289.90 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. The second source of revenue is a reimbursement from the attorney Remy Moose in the amount of \$2 million for settlement of costs incurred for expenditures related to a litigation related to the Probation Correctional Facility Fire.

The attached supplemental budget reflects these additional unanticipated revenues utilized to cover overages in the Liability budget for FY 2023-24. Current litigation costs as well as closing several outstanding cases has created a situation where the Liability Fund has an excess of expenditures above anticipated costs. Previously the ISF fund was able to utilize fund balance above budget appropriated funding. The new accounting regulations require we submit a request to the Board to move the money from revenue to expenditures. The Risk Management Division anticipates receiving revenue for the next FY 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 ISFs for the revenues and expenditures that have already occurred in the year. Sufficient funds exist in the insurance ISFs

SOURCE OF FUNDING:

Settlement Funds - 4803 Misc Revenue

The funds received from Remy Moose and PRISM were not anticipated in the FY 2023-24 county budget and due to an overage in expenditures are being recognized to offset increased expenditures.

FINANCIAL IMPACT:

| <i>Expenditures (Liability 3524-354)</i> | FY23-24 | FY24-25 Projected* | FY25-26 Projected* |
|---|--------------------|---------------------------|---------------------------|
| <i>Budgeted Expenses</i> | <u>8,690,256</u> | | |
| <i>Additional Appropriation Requested</i> | <u>1,047,289.9</u> | | |
| <i>Total Expenditures</i> | <u>9,737,545.9</u> | | |

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

| <i>Funding Sources (3524-354)</i> | FY23-24 | FY24-25 | FY25-26 |
|-----------------------------------|--------------------|----------------|----------------|
| <i>Projected*</i> | | | |
| <i>Fees/Other</i> | <u>8,690,256</u> | | |
| <i>Additional Other Revenue</i> | <u>1,047,289.9</u> | | |
| <i>Total Funding Sources</i> | <u>9,737,545.9</u> | | |

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

Narrative Explanation of Financial Impact:

The funds received from PRISM and attorney were not anticipated in the FY 2023-24 county budget and due to an overage in expenditures are being recognized to offset increased expenditures.

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 to have each department bring an item forward to cover overages. This is not recommended for this fiscal year because of the need to expedite closing and because expenditures cannot exceed appropriations in a budget unit.

ATTACHMENTS:

- 1. Supplemental Budget

PREVIOUS ACTION/REFERRAL:

Meeting of: N/A.

File No.: N/A