



Monterey County

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 20-628

July 28, 2020

Introduced: 7/22/2020

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

- a. Authorize and direct the Auditor-Controller to increase appropriations in the County Administrative Office's Other Financing Uses (001-1050-8038-CAO0017) in the amount of \$5,343,865.98 in the FY 2019-20 Adopted Budget, where the financing source is a release from Assignments (4/5ths vote required);
- b. Authorize and direct the Auditor-Controller to release from assignments of \$2,998,556.76 from assignment BSA001-3131, Sub-BSA-MEAZ Non-Recoverable Costs, and \$2,345,309.22 from assignment BSA001-3126 Disaster Assistance Program for FY2019-20 Non-Recoverable actual expenditures; and
- c. Authorize and direct the Auditor-Controller to complete an operational transfer of \$5,343,865.98 out of 001-1050-8038-CAO017 and transfer into the General Liability Internal Service Fund, 475-RISK-1210-8408-COU003 for the FY2019-20 General Liability Non-Recoverable expenditures.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize and direct the Auditor-Controller to increase appropriations in the County Administrative Office's Other Financing Uses (001-1050-8038-CAO0017) in the amount of \$5,343,865.98 in the FY2019-20 Adopted Budget, where the financing source is a release from Assignments (4/5ths vote required);
- b. Authorize and direct the Auditor-Controller to release from assignments of \$2,998,556.76 from assignment BSA001-3131, Sub-BSA-MEAZ Non-Recoverable Costs, and \$2,345,309.22 from assignment BSA001-3126 Disaster Assistance Program for FY2019-20 Non-Recoverable actual expenditures; and
- c. Authorize and direct the Auditor-Controller to complete an operational transfer of \$5,343,865.98 out of 001-1050-8038-CAO017 and transfer into the General Liability Internal Service Fund, 475-RISK-1210-8408-COU003 for the FY2019-20 General Liability Non-Recoverable expenditures.

SUMMARY/DISCUSSION:

The General Liability (GL) program is a self-insured program for the purpose of defending and settling liability claims against County and is maintained in a separate Internal Service Fund (ISF) separate from the County's General Fund. An outside actuarial firm is utilized to evaluate the County's claim history for current and future liability exposure of the program for the purpose of allocating the costs to departments on an annual basis.

On March 7, 2017, the Board of Supervisors approved the separation of the General Liability (GL) into two separate sub-funds with the GL Internal Service Fund (ISF) to designate claims as Recoverable or Non-Recoverable. Expenditures for Non-Recoverable claims cannot be passed

through to State or Federal for funding purposes. Damages and settlements resulting from violations or alleged violations of certain Federal or State laws and regulations are unallowable (Non-Recoverable).

The General Liability Internal Service Fund Non-Recoverable (RISK) is estimated to end FY 2019-20 with a negative cash balance of \$5,343,865.98 mainly attributed to significant unanticipated settlements that have occurred over the last few years. The Board was advised of this situation during the Budget Hearings and contained actions were contained in Adopted Budget FY 2020-21 which authorizes the County Administrative Office to transfer or release to/from assignment from Non-Recoverable Costs Assignment (3131) and Disaster Assistance Program Assignment (3126). In order to release the assignments and transfer as authorized in the FY 2020-21 Adopted Budget, appropriations need to be increased in the FY 2019-20 Adopted budget.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel and the County Administrative Office concur with the recommendation.

FINANCING:


GL Non-Recoverable (RISK) expenditures for FY 2019-20 estimated at \$5,343,865.98 to be funded by the Non-Recoverable Costs assignment (BSA-3131 Sub-BSA-MEAZ) and Disaster Assistance Program assignment (BSA001-3126).

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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