

Office of the County Auditor

Auditor's Analysis

Council Bill 32- 2025

Introduced: May 5, 2025

Auditor: Maya Cameron

Fiscal Impact:

This legislation would result in an increase in budget appropriation of \$500,000 for the Risk Management Self-Insurance Fund (Fund). According to the Office of Human Resources, this increase is needed to cover unanticipated and high value claims that occurred after the adoption of the Fiscal Year (FY) 2025 Budget. Per the ACFR as of June 2024, the available fund balance was \$3,565,261. We confirmed that the current available fund balance as of May 15, 2025, had \$209,692 of available appropriation. Based upon a review of spending to date and anticipated spending through FY 2025, available appropriations in the Fund may not be sufficient to cover the remaining FY 2025 obligations without this transfer.

Purpose:

The purpose of the proposed legislation is to provide emergency appropriation of \$500,000 from the Risk Management Self-Insurance Fund's balance to provide additional spending authority in FY 2025, due to unanticipated increases in claims.

Other Comments:

- This fund is used to account for activities including workers' compensation; general liability; and environmental, vehicle, and property insurance. It provides services to other County Agencies on a cost reimbursement basis. The FY 2026 Proposed Budget projects an operating loss for FY 2026 of \$1,782,982 and a negative ending fund balance of \$252,695, prior to the request for the emergency appropriation. The additional request of \$500,000 is expected to cover unanticipated and high value claims following the adoption of the FY 2025 budget.
- The Administration advised that YTD claims (as of May 13, 2025) are \$7.2 million indicating that the County experienced two large general liability claims totaling \$1.66 million, exceeding the authorized General Liability claims budget for FY 2025 of \$700,000 by approximately \$966,000 or 138%.