



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**

County Manager's Office

**DATE:** August 18, 2004

**BOARD MEETING DATE:** August 31, 2004

**TO:** Honorable Board of Supervisors  
**FROM:** John L. Maltbie, County Manager  
**SUBJECT:** Final FY 2003-04 Appropriation Transfer Request (ATR)

**Recommendation**

Approve a Countywide FY 2003-04 Year-End ATR transferring \$33,985,361 from various Budget Units: Salaries and Benefits (\$1,736,000), Services and Supplies (\$3,807,940), Other Charges (\$2,130,038), Fixed Assets (\$3,900,000), Departmental Reserves (\$160,000), Non-Departmental Reserves (\$2,107,000), Contingencies (\$941,233), Fund Balance (\$6,834,684) and Unanticipated revenue (\$12,368,466); to the following: Salaries and Benefits (\$2,201,370), Services and Supplies (\$6,796,968), Other Charges (\$10,977,722), Fixed Assets (\$7,141,030), Other Financing Uses (\$2,968,271) and Unanticipated Revenue (\$3,900,000).

**Background and Discussion**

As part of closing out the County's financial records at the end of each fiscal year, Appropriation Transfer Requests (ATRs) are prepared for Board approval to ensure that actual expenditures are covered by sufficient appropriations and that existing expenditures are represented correctly in each of the County's funds.

The amount of the attached ATR totals \$33,985,361 for all County funds. Of this amount, \$4,746,038 involves the transfer of savings or reserves from Non-Departmental Services. The remaining adjustments are funded from savings or unanticipated revenue generated by the various budget units. Significant items include the use of Non-Departmental Reserves (\$1,695,000) to cover Salary and Benefit overruns in the Sheriff's Office due to mid-year negotiated labor increases; the use of Non-Departmental Contingencies (\$793,000) from Child Support Services' set-aside excess revenues to pay the County's portion of the Child

Support System penalties; the use of Non-Departmental Reserves/savings (\$2,258,038) to cover unanticipated debt service payments made in FY 2003-04 for FY 2002-03 and FY 2004-05 invoices; and the use of Salary and Benefit savings in the Medical Center budget (\$1,000,000) to cover overruns in pharmaceuticals, physician contracts and Nursing Registry costs.

A number of adjustments have also been made for bookkeeping purposes, including the reclassification of assets for capitalization purposes (\$5,893,049); transferring existing appropriation to the new Medical Center Capital Purchases budget Unit (\$3,900,000); and providing sufficient appropriation to record depreciation expense (\$765,025).

The attached ATR addresses these and other budget issues, as follows:

1. Contributions to Medical Center (5850D) – appropriates supplemental revenues and transfer payments (\$1,899,114) for the SB 855 Disproportionate Share Hospital (DSH) Program administered by the State. The State makes supplemental payments mid-year if there are surplus federal funds available to draw down. The Contributions to the Medical Center budget unit is adjusted to recognize both unanticipated revenue as well as the additional expense/transfers needed for these supplementals. When the revenue is received by the Medical Center, the General Fund is reimbursed.
2. San Matco Medical Center (6600D) – transfers Salary and Benefit savings (\$1,000,000) to Services and Supplies to cover overruns in pharmaceuticals, physician contracts and nursing registry costs. Physician contracts are being reviewed at the time of renewal; however, this process has taken longer than projected. Expenditures for nursing registry have exceeded budget due to a higher than anticipated vacancy rates and the corresponding need to meet staffing ratio requirements.
3. Non-Departmental Services (8000B) and Debt Service (8900B) – transfers savings from Other Charges (\$1,356,038) to Other Financing Uses within the Non-Departmental Services budget unit and makes corresponding appropriations in Other Financing Sources and Other Charges in Debt Service. The prior year FY 2002-03 June payment for Maguire Jail debt service was invoiced in two parts – June 15 and July 1, 2003. The July 1, 2003 payment was paid in FY 2003-04 causing total payments in FY 2003-04 to exceed budget. This represents a timing issue. There is no additional Net County Cost.
4. Parks Acquisition, Conservation and Development Fund (3970B) – transfers appropriations from Services and Supplies (\$117,589) to Fixed Assets-Structural Improvements to reclassify contract construction costs to Fixed Assets so that the contract costs can be capitalized. This adjustment is primarily made for bookkeeping purposes.

5. Assessor-County Clerk-Recorder (1300B) – recognizes Unanticipated Revenues from Election Services (\$73,000), Recording Fees (\$90,000) and Micrographics Fees (\$284,726) and appropriates in Salaries and Benefits (\$30,000), Services and Supplies (\$252,976), Other Charges (\$90,000) and Fixed Assets-Equipment (\$74,750) to cover overruns. The overruns are primarily due to replacement/upgrade of computing equipment for the Clerk-Recorder operations (\$134,926), increased extra help and mailing costs to process unanticipated document recording activity (\$90,000), relocation costs of the records center warehouse (\$74,800), and professional service contracts related to security audits of election operations and community voter outreach projects (\$58,000).
6. Coroner's Office (3300B) – transfers savings in Services and Supplies (\$126,000) and Other Charges (\$5,000) to Salaries and Benefits (\$131,000) to cover overruns due to retirement cash-outs and extra help back-fill for permanent employee on leave of absence.
7. Public Health (6200B) – recognizes Unanticipated Revenue from grants (\$13,645) and appropriates in Services and Supplies to cover California Nutrition Network (\$12,418) and Dental Disease Prevention (\$1,227) program expenditures. During the development of the FY 2003-04 budget, the revenues and expenditures for these two grants were budgeted based on the prior year's agreements.
8. Non-Departmental Services (8000B) – transfers Contingencies (\$793,000) to Other Charges to cover Child Support System penalties paid during the fiscal year. In anticipation of these payments, funds were set-aside in Contingencies from excess Child Support incentive and A-87 revenues accumulated in prior years.
9. Environmental Health (5900B) and Capital Projects (8500D) – transfers savings in Salaries and Benefits (\$100,000) to Other Financing Uses within the Environmental Health budget unit and makes corresponding appropriations in Other Financing Sources and Fixed Assets-Structural Improvements in Capital Projects to cover cost overruns for the construction of a permanent Household Hazardous Waste Collection Facility at Tower Road. Also appropriates revenues and expenditures (\$100,000) in the Capital Project Fund to accommodate additional transfers from Public Works Solid Waste Program. The cost overruns can be attributed to a change in the original project scope to include office space at the site.
10. Non-Departmental Services (8000B) and Debt Service (8900B) - transfers savings from Other Charges (\$490,000) to Other Financing Uses within the Non-Departmental Services budget unit and makes corresponding appropriations in Other Financing Sources and Other Charges in Debt Service to make the June 29, 2004 payment. A portion of the 1993 Maguire Jail lease revenue bonds was refinanced this past January at a lower interest rate. The first debt service payment was due on June

29, so it was necessary to transfer funds in order to make payment to the trustee. This represents a timing issue. There is no additional Net County Cost.

11. San Mateo Medical Center (6600D) and Medical Center Capital Purchases (6750D) – transfers appropriations for Interfund Revenue (\$3,900,000) and Fixed Assets from the Medical Center budget unit to the Medical Center Capital Purchases budget unit, as follows: Services and Supplies (\$2,200,000), Other Charges (\$700,000), Fixed Assets (\$950,000) and Other Financing Uses (\$50,000) to align appropriations in the proper budget unit and accounts from which revenues were recorded and payments were made. The Medical Center Capital Purchases budget unit was established during the year to account for capital equipment and capital projects within the Medical Center Enterprise Fund.
12. Contributions to Medical Center (5850D), San Mateo Medical Center (6600D), Non-Departmental Services (8000B) and Debt Service (8900B) – transfers Non-Departmental Reserves (\$412,000) and appropriates available Fund Balance (\$6,072,659) in the Debt Service Fund in order to make June 30, 2004 debt service payment for the Medical Center. Available Fund Balance was transferred to the Debt Service Fund from the Medical Center Enterprise Fund on June 30, 2003. The transfer and subsequent appropriation of available Fund Balance represents a timing issue with no fiscal impact on the General Fund, Debt Service Fund or the Medical Center Enterprise Fund. The transfer of \$412,000 from Non-Departmental Reserves will be treated as a loan from the General Fund to the Medical Center.
13. Probation Department (3200B) – transfers savings in Services and Supplies (\$66,370) to Salaries and Benefits to cover overruns in overtime and extra help costs.
14. Correctional Health (6300B) – transfers savings in Other Charges (\$279,000) to Salaries and Benefits to cover overruns in overtime and extra help costs.
15. Sheriff's Office (3000B) and Non-Departmental Services (8000B) – transfers Non-Departmental Reserves (\$1,695,000) to Salary and Benefit accounts in the Sheriff's budget to cover higher than anticipated negotiated increases for Deputies (DSA) and Sergeants (OSS) and retirement cash-outs. At the time that the FY 2003-04 budget was prepared, a three percent increase was appropriated for employees in the DSA/OSS bargaining units. The final negotiated increase, which took effect on January 1, 2004, was 5.7%.
16. Facilities Maintenance and Operations (4730B) – recognizes Unanticipated Revenue (\$544,000) and appropriates in Services and Supplies to cover utility charges. The revenue was provided from the ABAG Wind-Up Agreement for suspension of the electrical power program. Participating entities were refunded their proportionate share of retained working capital deposits and direct access credits.

17. Utilities (4840B) – transfers Contingencies (\$148,233) from the San Bruno Creek Flood Zone 2 to Services and Supplies in Zone 1 to cover project costs on dredging in Cupids Row Canal. Flood Zone 2 receives the tax revenue for the district.
18. Emergency Medical Services Fund (5630B) – transfers Reserves (\$160,000) to Services and Supplies to cover physician services. The EMS Trust Fund reimburses physicians and hospitals for uncompensated emergency medical care. Sources of funds include fines for moving traffic violations. Legislation effective January 2004 limits the amount of Reserves that can be maintained within the Physicians Services Account of the Fund to no more than 15%. Health Services has accelerated payments to physicians and increased the fee schedule in order to reduce Reserves and comply with the 15% limit.
19. County Support of the Courts (2700B) – recognizes Unanticipated Revenue from Document Recording Fees (\$190,000) and appropriates in Other Charges to cover the County's Trial Court revenue sharing obligation with the State for FY 2003-04.
20. Parks Acquisition, Conservation and Development Fund (3970B) – recognizes Unanticipated Revenue (\$1,575,000) in Capital Contributions and appropriates in Fixed Assets-Land so that the purchase of the Mirada Surf property can be capitalized. Also transfers appropriations from Services and Supplies (\$97,981) to Fixed Assets-Structural Improvements so that contract services related to the purchase can be capitalized as well. These adjustments are primarily made for bookkeeping purposes.
21. Correctional Health (6300B) – recognizes Unanticipated Revenue (\$55,000) from Realignment VLF and appropriates in Other Charges to cover higher than anticipated outside hospital services for one inmate at Stanford Medical Center.
22. Public Health (6200B) – transfers savings in Salaries and Benefits (\$452,000) to Services and Supplies (\$395,000) and Other Charges (\$57,000) to cover budget overruns due to increased cost of pharmaceuticals and drugs for homeless clients; partial remodel of the Prenatal-to-Three offices on 20<sup>th</sup> Avenue; and increases in provider costs for therapy and treatment services as well as pharmacy costs for California Children Services clients.
23. Utilities (4840B) and Airports (4850B) – transfers available Fund Balance (\$762,025) within various Public Works funds to Other Charges for the purpose of appropriating Depreciation Expense for Airports, County Service Areas, Sewer and Sanitation Districts, Flood Control Districts, and Lighting Districts. The recording of depreciation is for bookkeeping purposes only and is a non-cash transaction.

24. Road Construction and Operations (4520B) – transfers Services and Supplies (\$3,400,000) to Fixed Assets-Roads so that road construction project costs can be reclassified as infrastructure assets and capitalized. This adjustment is primarily made for bookkeeping purposes.
25. Engineering Services (4600B) – transfers savings in Salaries and Benefits (\$184,000) to Services and Supplies to cover the increase in cost of administrative support services due in part to the implementation of organizational changes, including office remodel.
26. Human Services Agency (7000B) – recognizes Unanticipated Revenue (\$725,710) in Capital Contributions and appropriates in Fixed Assets-Land in order to provide sufficient appropriation to record the market value of real property on 2101 Oakley Avenue in Menlo Park as a Fixed Asset and capitalize the asset. This property was originally acquired in 1982 by the San Mateo County Housing and Community Development Agency for the sum of \$90,000 using CDBG funds for the purpose of developing the property for operation of new rental housing for low and moderate income developmentally disabled adults. As a result, the property was deeded to the Community Association of Rehabilitation (CAR). In March 2003 CAR discontinued use of the property, and as specified in the Agreement, quit claimed the property back to San Mateo County. The Real Property Division appraised the property's market value at \$850,000. This adjustment is primarily made for bookkeeping purposes.

### **Vision Alignment**

This Countywide ATR to facilitate the year-end close of the County's books for FY 2003-04 keeps the commitment to Responsive, Effective and Collaborative Government and goal number 22: County and local governments effectively communicate, collaborate and develop strategic approaches to issues affecting the entire County.

### **Fiscal Impact**

There are sufficient funds and revenue sources to cover the transactions in this ATR, which totals \$33,985,361 for all County funds. Transfers from Non-Departmental Services total \$4,746,038. The remaining adjustments are funded from savings or unanticipated revenue generated by the various operating budget units.