



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

County Manager's Office

DATE: September 1, 2009
BOARD MEETING DATE: September 15, 2009
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: 4/5ths

TO: Honorable Board of Supervisors

FROM: David S. Boesch, County Manager

SUBJECT: Resolution authorizing Countywide FY 2008-09 Year-End transfer in the amount of \$91,942,859 from various budget units

RECOMMENDATION:

Approve a Countywide FY 2008-09 Year-End ATR transferring \$91,942,859 from various budget units: Salaries and Benefits (\$1,032,163), Services and Supplies (\$32,649,173), Other Charges (\$6,865,000), Fixed Assets (\$308,449), Intrafund Transfers (\$1,035,000), Reserves and Contingencies (\$3,561,779), Fund Balance (\$1,741,162), Unclaimed Monies (\$95,516), Charges for Services (\$36,353,400) and Interfund Revenue (\$8,301,217) to the following: Salaries and Benefits (\$538,050), Services and Supplies (\$3,267,914), Other Charges (\$3,135,200), Other Financing Uses (\$40,955,368), Miscellaneous Revenue (\$741,978) and Other Financing Sources (\$43,304,349).

BACKGROUND:

To close the County's financial records at the end of each fiscal year, a countywide Appropriation Transfer Request (ATR) is submitted to ensure that expenditures are covered by sufficient appropriations and that expenditures are represented correctly in each of the County's funds. The amount of the attached ATR totals \$91,942,859, which is considerably larger than past year-end ATRs. The reason for this is primarily due to two adjustments to the Medical Center (6600D) and the Contributions to the Medical Center (5850D) budgets that were made to correct a mid-year ATR that over-appropriated expenditures related to administration of the Access and Care for Everyone (ACE) and Well programs by the Health Plan of San Mateo (HPSM) and to appropriately account for the Office of the Inspector General (OIG) settlement that was paid in March 2009. Without these two adjustments, which are described in greater detail below, the net amount of this ATR totals \$18,479,769. By comparison,



year-end ATRs over the past five years have averaged \$30,119,667.

In January 2009, an ATR totaling \$72 million was prepared to align both the Medical Center and the Contributions budgets with implementation of the new HPSM ACE/Well Administration Program, whereby General Fund subsidy payments would flow through HPSM to the Medical Center as reimbursement for indigent health care costs. This process will allow HPSM to track Medical Center billings with the goal of determining the County's Welfare & Institutions Code 17000 mandate. It took considerably longer than anticipated to get the program up to speed and as a result, only \$9 million was transferred to HPSM from the Contributions budget unit to fund the first six months of the program. The remaining \$27 million in the Contributions budget had to be reclassified as General Fund subsidy to ensure timely and adequate cash flow to the Medical Center. This adjustment totals \$54 million (\$27 million in both the Medical Center and Contributions budgets). Further, of the \$9 million transferred to HPSM, only \$6,103,455 had been received by the Medical Center by year-end, resulting in a revenue shortfall. The balance of \$2,896,545 was transferred to the Medical Center from Non-Departmental Reserves to make the Medical Center whole in FY 2008-09. This amount of this adjustment is also doubled as it must be reflected in both the Medical Center and Contributions budgets. The amount of this ATR related to these corrections totals \$59,793,090.

For accounting purposes, the OIG settlement of \$6,835,000 that was paid out of Non-Departmental Services in March 2009 was moved to the Medical Center budget and a corresponding increase in the General Fund subsidy was made so that the expense could be appropriately recorded on the Medical Center's financial statements. This adjustment totals \$13,670,000 as it too must be reflected in both the Medical Center and Contributions budgets.

As a result of these onetime transactions, the General Fund subsidy to the Medical Center is increased from \$72,109,653 to \$81,841,198 in FY 2008-09. However, there is no material impact on the General Fund as the OIG settlement of \$6,835,000 is simply moved from Non-Departmental Services to the Contributions budget and the HPSM revenue shortfall of \$2,896,545 represents reserves held by HPSM which will be remitted to the Medical Center in FY 2009-10.

Non-Departmental Reserves totaling \$164,434 were also transferred to Structural Fire to cover unanticipated increases in contract salaries and motor vehicle costs. Structural Fire ended the fiscal year with Fund Balance of \$525,059. These funds will be used to cover budget deficits in the Structural Fire Fund in FY 2009-10 and beyond.

Finally, unclaimed monies totaling \$741,978, which were held in the Unclaimed Money Trust Fund for the statutory period of three years, were transferred to Non-Departmental Services and will be placed in Non-Departmental Reserves.

The remaining adjustments are funded from savings or unanticipated revenue generated by the various budget units with no increase in Net County Cost. The attached ATR does the following:

1. Health Administration (5500B) – transfers Department Reserves (\$500,000) to Salaries and Benefits (\$50,000) and Other Charges (\$450,000) for support and maintenance of the Health Client Data System (HCDS) and the Healthy System network. (ATR# 9050-A)
2. Non-Departmental Services (8000B), Structural Fire (3550B) and Fire Protection (3580B) – transfers Non-Departmental Reserves (\$102,368) to Services and Supplies and makes corresponding revenue and expenditure appropriations in Structural Fire and Fire Protection to cover CalFire contract costs, administrative overhead, vehicle equipment maintenance and mileage costs. (ATR# 9050-B)
3. Department of Public Works Engineering Services (4600P) – transfers savings in Services and Supplies (\$125,000) to Salaries and Benefits to cover overruns. (ATR# 9050-C)
4. Emergency Medical Services (5630B) – recognizes increases in Intrafund Transfers (\$100,000) and transfers savings from Other Charges (\$30,000) to Salaries and Benefits (\$64,000) and Services and Supplies (\$66,000) to cover termination pay for retirees and an increase in the Phlebotomy contract with American Medical Response. (ATR# 9050-D)
5. Non-Departmental Services (8000B) – transfers Unclaimed Monies (\$646,462) held for at least three years in the Unclaimed Monies Trust Fund to Miscellaneous Revenue in Non-Departmental Services per Government Code Sections 50053-50057. (ATR# 9050-E)
6. Real Property Services (1220B) – recognizes increases in Intrafund Transfers from Facility Lease Payments (\$935,000) and makes corresponding appropriations in Other Charges to cover Human Services Agency leases at Harbor Boulevard, including increased utility charges, additional security and tenant improvements. (ATR# 9050-G)
7. Department of Child Support Services (2600B) – transfers savings from Salaries and Benefits (\$200,000) to Services and Supplies (\$100,000) and Other Charges (\$100,000) to cover a contract with Job Train (OICW), an office move that consolidated staff on the same floor, and the purchase of a Front End Interactive Voice Response (IVR) system. (ATR# 9050-H)
8. Parks Department (3900B) – transfers savings from Salaries and Benefits (\$60,000) to Services and Supplies to cover unanticipated increases for utilities, especially water and electricity costs, in 17 County parks. (ATR#

9050-I)

9. Medical Center Capital Purchases (6750D) – transfers Fixed Assets (\$300,000) to Services and Supplies to reclassify various projects completed by the Department of Public Works at the Medical Center. (ATR# 9050-J)
10. Health Policy and Planning (5550D) – recognizes unanticipated revenue (\$53,400) from Medical Administrative Activities (MAA) and transfers savings from Salaries and Benefits (\$97,163) to Services and Supplies (\$126,163) and Other Charges (\$24,400) to offset shortfalls in operating costs, Including Information Services Department (ISD) automation charges and insurance premiums due to increased enrollment in Healthy Families. (ATR# 9050-K)
11. Assessor-County Clerk-Recorder (1300B) – transfers savings from Salaries and Benefits (\$155,000) in Appraisal Services to Services and Supplies (\$80,000) and Other Charges (\$75,000) for design, upgrades, support and maintenance of automated systems in Appraisal Services and the County Clerk-Recorder. Also, transfers savings from Services and Supplies (\$295,950) to Salaries and Benefits within the Elections Division to reclassify poll worker pay to Extra Help. (ATR# 9050-M)
12. Department of Public Works Facilities Services (4730P) – recognizes unanticipated revenue (\$300,000) from rent payments in the Building Services Section and makes a corresponding appropriation in Services and Supplies to cover maintenance services provided to various County departments. (ATR# 9050-N)
13. Department of Public Works Utilities (4840B) and Airports (4850B) – transfers available Fund Balance (\$1,094,700) from within various Public Works funds to Other Charges (\$1,094,700) 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 accounting purposes only and is a non-cash transaction. (ATR# 9050-P)
14. Department of Public Works Administrative Services (4510B) – transfers savings from Salaries and Benefits (\$70,000) to Other Charges to cover unanticipated radio and telephone charges. (ATR# 9050-Q)
15. Non-Departmental Services (8000B) and Contributions to the Medical Center (5850D) – transfers Other Charges (\$6,835,000) and Reserves (\$2,896,545) from Non-Departmental Services and reclassifies Services and Supplies (\$31,151,823) within the Contributions budget to Other Financing Uses (\$40,883,368) in the Contributions budget to move the OIG settlement costs (\$6,835,000) to the Medical Center for accounting purposes; to increase the General Fund subsidy to cover HPSM ACE/Well Administration revenue shortfall (\$2,896,545); to reclassify HPSM ACE/Well contribution

(\$27,000,000) as General Fund subsidy; and to reclassify Medi-Cal Waiver Intergovernmental Transfer (\$4,151,823) as General Fund subsidy. Also, transfers HPSM Intergovernmental Transfer (\$1,000,000) between sub-units within the Contributions budget unit for accounting purposes. (9050-R)

16. Non-Departmental Services (8000B) – transfers Unclaimed Monies (\$95,516) held for at least three years in the Unclaimed Monies Trust Fund to Miscellaneous Revenue in Non-Departmental Services per Government Code Sections 50053-50057. (ATR# 9050-S)
17. Non-Departmental Services (8000B), Structural Fire (3550B) and Fire Protection (3580B) – transfers Non-Departmental Reserves (\$62,066) to Services and Supplies and makes corresponding revenue and expenditure appropriations in Structural Fire and Fire Protection to cover CalFire contract costs and vehicle equipment maintenance. Also, transfers Fixed Assets (\$8,449) to Services and Supplies within Fire Protection to reclassify small equipment purchases. (ATR# 9050-T)
18. Department of Public Works Facilities Services (4730P) and Construction Services (4740B) – recognizes unanticipated Interfund Revenue (\$334,000) in Facilities Services from increased rent payments and makes a corresponding appropriation in Other Charges to provide loan to Construction Services. Also makes corresponding revenue and expenditure appropriations in Construction Services to recognize loan proceeds and cover budget shortfalls. This transfer was necessary to avoid Construction Services from closing the fiscal year with a negative cash balance. The loan will be paid back over the next three years, beginning in FY 2009-10. (ATR# 9050-V)
19. Department of Public Works Facilities Services (4730P) – transfers savings from Salaries and Benefits (\$250,000) to Services and Supplies to cover allocation of overhead costs for maintenance and engineering services provided to other County departments. (ATR# 9050-W)
20. Department of Public Works Transportation Services (4830P) – transfers savings from Salaries and Benefits (\$50,000) to Services and Supplies to cover increased costs in the Commute Alternatives Program. (ATR# 9050-X)
21. Department of Public Works Transportation Services (4830P) – transfers savings from Salaries and Benefits (\$150,000) to Services and Supplies to cover allocation of administrative overhead costs to Transportation Services. (ATR# 9050-Y)
22. Board of Supervisors (1100D) – transfers Department Reserves (\$800) and savings in Services and Supplies (\$4,400) to Salaries and Benefits (\$3,100) and Other Charges (\$2,100) to offset unanticipated operating costs. (ATR# 9050-Z)

23. San Mateo Medical Center (6600D) – reclassifies appropriations for Medi-Cal Federal Financial Participation (\$36,000,000) and General Fund loans (\$7,304,349) to Other Financing Sources (\$43,304,349) to recognize and reclassify transfer of OIG settlement costs from Non-Departmental Services to Medical Center for accounting purposes (\$6,835,000); to reclassify unrealized HPSM ACE/Well Administration reimbursements (\$27,000,000) as General Fund subsidy; to reclassify unrealized Medi-Cal Waiver Intergovernmental Transfers (\$4,151,823) as General Fund subsidy; to increase the General Fund subsidy to cover HPSM ACE/Well Administration revenue shortfall (\$2,896,545); and to reclassify other Medi-Cal revenues (\$2,420,981) not related to HPSM ACE/Well Administration for internal accounting purposes. (ATR# 9050-AA)
24. San Mateo Medical Center (6600D) – transfers Services and Supplies (\$72,000) to Other Financing Uses to cover debt service payments. (ATR# 9050-AB)

Fiscal Impact

There are sufficient funds and revenue sources to cover the transactions in this ATR, which totals \$91,942,859 for all County funds. Transfers from Non-Departmental Services total \$9,895,979, representing increased General Fund subsidies to the Medical Center (\$9,731,545) and Structural Fire (\$164,434). The remaining adjustments are funded from savings and unanticipated revenue generated by the various operating budget units.