



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Alcohol, Drug and
Mental Health Services
Department No.: 043
For Agenda Of:
Placement: Administrative
Estimated Tme: n/a
Continued Item: No
If Yes, date from:
Vote Required: 4/5th Vote Required

TO: Board of Supervisors
FROM: Department Director(s) Douglas C. Barton, Interim Director
Alcohol, Drug & Mental Health Services
805-681-5220
Contact Info: Marianne Garrity, Asst. Director, Admin.,
Alcohol, Drug & Mental Health Services
805-681-4092
SUBJECT: Operating Transfer in the amount of \$1,000,000 from the General Fund Strategic Reserve to Alcohol, Drug and Mental Health Services Department

County Counsel Concurrence

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: CEO

As to form: Yes

Recommended Actions: That the Board of Supervisors:

- a) Approve an operating transfer in the amount of \$1,000,000 from the General Fund Strategic Reserve to the Alcohol, Drug and Mental Health Services Department (ADMHS) and authorize ADMHS to appropriate transfer proceeds for use in FY0607 to fund shortfall of approximately \$1,000,000;
- b) Increase ADMHS' FY0607 budget by \$1,000,000 to provide for payment of cost report audit settlements for five prior fiscal years;
- c) Direct ADMHS to replenish the General Fund Strategic Reserve with \$1,000,000 when funding for SB90 claim is received from the State of California or if other additional funding becomes available.

Summary Text:

ADMHS is requesting an operating transfer from the General Fund Strategic Reserve in the amount of \$1,000,000 to fund costs associated with unexpected MediCal, EPSDT and Medicare audits of cost report settlements relating to five prior fiscal years. ADMHS will replenish the General Fund Strategic Reserve in a future year with funding that has been approved by the State but not yet received for favorable SB90 audit settlements relating to fiscal years 00-01 through 02-03.

Background:

The Board was alerted to the ongoing budgetary challenges facing the Alcohol, Drug and Mental Health Services Department (ADMHS) in the CEO's Fiscal Year 2006-07 Financial Status Report. The issues impacting ADMHS in FY0607 include chronic delays in MediCal reimbursement and unexpected MediCal, EPSDT and Medicare audits of cost settlements relating to five prior fiscal years. Additionally, the department is experiencing decreasing numbers of MediCal eligible clients and increasing salaries and employee benefits costs, issues which will continue to threaten the fund's fiscal viability for the foreseeable future. The department is working on an ongoing basis to identify cost savings opportunities and is exploring strategies to offset the impact of a decreasing MediCal eligible population and higher operating costs.

In FY0607, the department expects to end the year with a deficit of \$1 million, due primarily to cost report settlements of approximately \$1,400,000. However, the department has received a letter from the California State Controller indicating that a payment to ADMHS in the net amount of \$934,000 has been approved subject to funding availability. The payment relates to an SB90 audit of fiscal years 00-01 through 02-03. The funding is not expected to be received within 180 days after the fiscal year end and thus does not meet the County's criteria for revenue accrual; therefore, this revenue cannot be recorded as receivable for the current year to offset current year costs.

Fiscal and Facilities Impacts:

If approved, the amount of \$1,000,000 will be transferred from the General Fund Strategic Reserve. ADMHS will replenish the Strategic Reserve in the amount of \$1,000,000 when the department receives SB90 settlement funds or if other additional funding becomes available in a future year.

Special Instructions:

None

Attachments:

Budget Revision #**2006629**

Authored by:

Mette Richardson, Fiscal Manager