



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: Auditor-Controller  
Department No.: 061  
For Agenda Of: 11/18/2008  
Placement: Administrative  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: No Vote Required

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**TO:** Board of Supervisors  
**FROM:** Department Director(s) Robert W. Geis, CPA 568-2100  
Contact Info: Jennifer Christensen 568-2134  
**SUBJECT: Final Budget for 2008-09**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence: County Executive Office**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors accepts for filing the Santa Barbara County Final Budget for Fiscal Year 2008-09.

**Summary Text:**

California Government Code Section 29093 requires that a copy of the completed budget as finally determined and adopted shall be filed with the office of the clerk of the board and the office of the Controller of the State of California. The final budget document contains the required State Controller schedules. The County Budget Act, as presented in Government Code Sections 29005 and 30200, outlines the State Controller forms and miscellaneous schedules necessary for conformity among California counties. This document sets forth appropriations adopted by your board for each departmental budget unit and fund for the fiscal year.

The Budget Resolution approved by your Board in June 2008 includes a provision authorizing adjustments to the final budget in order to comply with certain accounting rules and standards as follows:

“BE IT FURTHER RESOLVED that the Auditor-Controller and County Executive Officer are authorized to make any adjustments to the final budget for fiscal year 2008-09 in order to comply with any Governmental Accounting Standards Board Pronouncements or to conform the budget to Generally Accepted Accounting Principles.”

Based upon certain financial disclosures by the ADMHS Department to the State of California Department of Health Services, the response to the disclosure by the State and in consultation with our outside independent audit firm, the County posted transactions that caused the ADMHS Children and Adult Mental Health Services fund to close the fiscal year 2007-08 with a \$15 million negative fund balance. This information was not available at the time of the budget hearings in June 2008.

In order to prepare and file a balanced budget for fiscal year 2008-09 with the State Controller's Office, the County Executive Officer and the Auditor-Controller have included budget adjustments to release funds from the General Fund Strategic Reserve (\$12 million) and the General Fund Audit Settlement Designation (\$3 million) for transfer to the Mental Health Services fund. This entry is necessary to balance the budget for the County-wide entity. Attached to this board letter are excerpts from Schedule 1 of the State Controller Schedules. These excerpts demonstrate why the adjustments were necessary in order to balance the adopted budget.

The actual release of these designations and transfer of funds to ADMHS from the General Fund will not take place at this time. The actual releases and transfer will depend on several factors, including outcomes of audits for multiple fiscal years and any information the County receives from the State regarding timing of payments. No release or transfer will occur without the approval of both the County Executive Office and Auditor-Controller.

At the Board of Supervisors meeting on November 4, 2008, the County Executive Office recommended and the Board approved a new budget principle for fiscal year 2009-10. The principle states that requested budgets should reflect a designation balance sufficient to mitigate expected audit settlement liabilities. Based on this principle the County Executive Office, Auditor-Controller and County departments will consider how best to recommend to the Board of Supervisors the provisions of adequate reserves for these liabilities.

**Fiscal and Facilities Impacts:**

Budgeted: No

**Fiscal Analysis:**

Based on the estimated liabilities provided by the ADMHS department, County reserves could be impacted by \$15 million. This action would leave the Strategic Reserve with an unappropriated balance of \$13 million and the Audit Exceptions Designation with a balance of \$0.

**Staffing Impacts:**

**Legal Positions:**

**FTEs:**

**Special Instructions:**

Auditor will file copy with the California State Controller

**Attachments:**

Excerpts from County Budget Form, Schedule 1 (Before and After Adjustments)  
Final Budget 2008-09 (State Controller Schedules)

**Authored by:**

Jennifer Christensen (568-2134)

**cc:** Michael F. Brown, County Executive Officer  
Jason Stilwell, Assistant County Executive Officer  
Dennis Marshall, County Counsel