

County of San Luis Obispo

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DAN BUCKSHI
COUNTY ADMINISTRATOR

TO: Board of Supervisors
FROM: Emily Jackson, Principal Administrative Analyst
DATE: September 15, 2015
SUBJECT: Fiscal Year 2015-16 Final Budget Actions

The Auditor-Controller's Office is responsible for estimating Fund Balance Available (FBA) as part of the proposed budget process and for calculating the actual FBA after the books close at the end of the fiscal year. An estimated FBA of \$35.5 million was used in calculating the FY 2015-16 proposed General Fund budget. When the County's books closed in August, actual FBA for the General Fund was \$4.2 million higher than estimated. Please refer to the Auditor's Office staff report for an explanation of how estimated and actual FBA is calculated and why the variance occurred.

The Administrative Office has the responsibility for making recommendations to your Board regarding the use of any additional General Fund FBA. As noted above and in the Auditor's Office staff report, FBA was \$4.2 million higher than budgeted. The additional FBA is recommended to be allocated as follows:

- \$2,049,223 allocated to the Prop 172 Solar Designation from one-time Prop 172 (1/2 cent sales tax for public safety) revenue. This represents the estimated amount of revenue received by the County in FY 2014-15 that exceeds the historical norm as a result of the short term spike effect on the County's pro rata share of statewide Prop 172 revenue caused by the sales tax payments made to the State by the major solar projects in California Valley;
- \$340,459 allocated to a trust account to pay down an expected Medi-Cal Administrative Activities (MAA) liability owed by the Probation Department to the State. This liability is the result of a retroactive revision to rules for claiming and eligibility made by the California Department of Health Care Services. The changes are being retroactively applied to Fiscal Years 2010-11, 2011-12, and FY 2012-13, in a practice known as "backcasting." The State has applied this change to all California counties and the resulting liability owed by the Probation Department is not due to any misunderstanding or inappropriate methodology on the part of the Probation Department.
- \$694,154 allocated to a Behavioral Health trust account to help pay down amounts owed to the State for Medi-Cal reimbursements. As previously reported, Behavioral Health projects a shortfall of this amount in the existing contingent liability trust accounts to cover potential State audit findings of Federal overpayment of Medi-Cal for services provided in 2011. Such overpayments were made due to the reimbursement claiming system that was in place up until FY 2012-13, whereby the County could claim one rate up to a State maximum for services provided, despite the fact the actual cost for those services varied by service provider (i.e the County and community based organizations).

- \$500,000 allocated to Maintenance Projects to help fund:
 - an Americans with Disabilities Act (ADA) Transition Plan
 - anticipated countywide department relocation needs;
- \$150,000 allocated to the Human Resources operating budget for FY 2015-16 to help fund the County's labor relations contract with Renne Sloan Holtzman and Sakai;
- \$441,655 allocated to General Government Building Replacement – Building Replacement designation to be used as a funding source for future projects.

The allocation of the additional FBA is intended to be one-time and not a commitment to ongoing, additional allocations due to the one-time nature of FBA.