



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: RES 20-065, **Version:** 1

Adopt a Resolution to:

- a. Authorize the Auditor-Controller to execute an operating transfer of \$1,666,405 from the 1991 Health Realignment Subaccount (025-0254-4000-HEA013-PH) to Public Health (PH) (001-4000-HEA003-8124) to finance audit settlement payments for the Targeted Case Management (TCM) program; and
- b. Authorize the Auditor-Controller to execute an operating transfer of \$220,442 from the 1991 Health Realignment Subaccount (025-0254-4000-HEA013-PH) to Community Health Regional Teams (CHRT) (001-4000-HEA003-8123) to finance audit revenue offsets for the TCM program; and
- c. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (025-4000-HEA013-8424-7614) to increase appropriations by \$1,886,847, funded by Health Realignment fund balance (4/5th's vote required); and
- d. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (001-4000-HEA003-8124-5290) to decrease estimated revenue by \$1,666,405 to reflect TCM audit settlement payments; and
- e. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (001-4000-HEA003-8123-5290) to decrease estimated revenue by \$220,442 to reflect TCM revenue offsets; and
- f. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (001-4000-HEA003-8124-5940) to increase estimated revenue by \$1,666,405 to reflect Health Realignment used to finance TCM audit settlement payments; and
- g. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (001-4000-HEA003-8123-5940) to increase estimated revenue by \$220,442 to reflect Health Realignment used to finance TCM revenue offsets.

RECOMMENDATION:

It is recommended that the Board of Supervisors Adopt a Resolution to:

- a. Authorize the Auditor-Controller to execute an operating transfer of \$1,666,405 from the 1991 Health Realignment Subaccount (025-0254-4000-HEA013-PH) to Public Health (PH) (001-4000-HEA003-8124) to finance audit settlement payments for the Targeted Case Management (TCM) program; and
- b. Authorize the Auditor-Controller to execute an operating transfer of \$220,442 from the 1991 Health Realignment Subaccount (025-0254-4000-HEA013-PH) to Community Health Regional Teams (CHRT) (001-4000-HEA003-8123) to finance audit revenue offsets for the TCM program; and
- c. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (025-4000-HEA013-8424-7614) to increase appropriations by \$1,886,847, funded by Health Realignment fund balance (4/5th's vote required); and
- d. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (001-4000-HEA003-8124-5290) to decrease estimated revenue by \$1,666,405 to reflect TCM audit settlement payments; and
- e. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (001-4000-HEA003-8123-5290) to decrease estimated revenue by \$220,442 to reflect TCM revenue offsets; and
- f. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (001-4000-HEA003-8124-5940) to increase estimated revenue by \$1,666,405 to reflect Health Realignment used to finance TCM audit settlement payments; and
- g. Authorize the Auditor-Controller to amend the FY 2019-20 Health Department's operating budget (001-4000

-HEA003-8123-5940) to increase estimated revenue by \$220,442 to reflect Health Realignment used to finance TCM revenue offsets.

SUMMARY/DISCUSSION:

The Health Department (Health) requests approval by the Board of Supervisors to use Health Realignment fund balance to finance \$1,886,847 in Targeted Case Management (TCM) audit findings and revenue offsets.

The State made initial audit findings in the amount of \$2,735,601 for activity in FY 2010-11, FY 2011-12, FY 2012-13, FY 2014-15, FY 2015-16, and FY 2016-17. The County challenged those findings and came to settlement reductions of \$618,538 for a final audit findings amount of \$2,117,063.

An audit summary is listed below.

Year	Audit Summary		
	Initial	Settlement Reductions	Final
FY 2010-11	\$604,871	(\$196,712)	\$408,159
FY 2011-12	\$99,650	\$0	\$99,650
FY 2012-13	\$1,493,946	(\$421,826)	\$1,072,120
FY 2014-15	\$242,118	\$0	\$242,118
FY 2015-16	\$294,417	\$0	\$294,417
FY 2016-17	\$599	\$0	\$599
	<u>\$2,735,601</u>	<u>(\$618,538)</u>	<u>\$2,117,063</u>

The State has already applied \$450,658 in revenue earned by the County as offsets against the audit findings. Offsets are the interception of the County’s monies earned for services in the current year against audit amounts owed for a prior year. Offsets reduce the final audit amount owed by the County to the State to \$1,666,405.

These \$1,666,405 in payments by the County to the State effectively reduce recognized revenue in FY 2019-20 for Public Health (PH) (001-4000-HEA003-8124), because the original TCM monies were recognized as revenue in that Budget Unit in prior years.

In addition, the \$450,658 in offsets against prior year audits reduce the amount of TCM revenue recognized for services provided in FY 2019-20 for Community Health Regional Teams (CHRT) (001-4000-HEA003-8123). These unanticipated offsets result in a \$220,442 shortfall in CHRT.

The requested use of Health Realignment fund balance is summarized below.

Item	Amount
Audit Payments	\$1,666,405
Revenue Offsets	\$220,442
	<u>\$1,886,847</u>

This transfer of funds supports the Monterey County Health Department 2018-2022 Strategic Plan Initiatives: 3.

Ensure access to culturally and linguistically appropriate, customer-friendly, quality health services; and 4. Engage Monterey County Health Department workforce and improve operational functions to meet current and developing population health needs.

OTHER AGENCY INVOLVEMENT:

Report presented and approved at April 29, 2020 Budget Committee.

FINANCING:

This report requests approval by the Board of Supervisors to use Health Realignment fund balance to finance \$1,886,847 in TCM audit findings and revenue offsets. There is no impact to the General Fund contribution. The recommended actions include the technical accounting necessary for the use of Health Realignment fund balance.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Joe Ripley, Finance Manager II, 755-1250

Approved by:

Date: _____

Elsa Jimenez, Director of Health, 755-4526

Attachment:

Resolution is on file with the Clerk of the Board