



A Tradition of Stewardship
A Commitment to Service

Auditor-Controller

1195 Third Street · Room B10
Napa, CA 94559
www.countyofnapa.org

Main: (707) 253-4551
Fax: (707) 226-9065

Tracy A. Schulze
Auditor-Controller

Date: August 11, 2015
To: Napa County Board of Supervisors
Cc: Nancy Watt, County Executive Officer
Leanne Link, Assistant County Executive Officer
Bob Minahen, Assistant Auditor-Controller
From: Tracy A. Schulze
Auditor-Controller
Subject: Fiscal Year 2014-15 Closing Entries and Budgetary Adjustments

At the end of each fiscal year, certain accounting and budgetary entries need to be recorded by the Auditor-Controller to complete the year-end closing process. I am requesting authorization to process these year-end adjustments, which are detailed below.

FUND BALANCE ASSIGNMENTS/RESTRICTIONS/COMMITMENTS

Record the following entries necessary to increase or decrease fund balance assignments, restrictions and commitments as of June 30, 2015:

HHSA:

Dahl Trust – Reduce the third-party restriction by \$657.70 bringing the total restriction to \$1,717.72. The Dahl Trust, established in 2003, is used to fund incidental children services costs incurred by Social Service that are not claimable against other grant funding sources. The reduction reflects the amount of funds used during fiscal year 2014-15.

Medical Reserve Corp – Reduce the assignment by \$2,409.30 bringing the total assignment to \$9,471.60. The total assignment is to be used to organize and train healthcare and non-healthcare professionals to respond to public health emergencies and other disasters. The reduction reflects the amount of funds used during fiscal year 2014-15.

Auction Napa Valley Rollover Funding – Eliminate the assignment of \$33,608 that was subsequently used for its assigned purpose to fund the Universal Home Visiting program.

Airport:

Fuel Facilities Maintenance - Increase the restriction by \$56,434.13 bringing the total restriction to \$508,694.78. As part of an agreement with Napa Jet Center (formerly Bridgeford Flying Services, Inc.), a portion of revenues received are to be restricted to finance future maintenance expenses that exceed a \$10,000 threshold. This increase will set the restriction at the agreed upon level.

BUDGETARY ADJUSTMENTS (FY14-15 Budget Transfer No. ACO012)

Record the following budgetary adjustments necessary to process transactions as of June 30, 2015:

The following budgetary adjustments relate to increasing appropriations in specific budget units, offset by either realizing revenues held in non-operating special revenue funds, revenues from other County divisions for services rendered, or from the receipt of additional unanticipated revenues earned from funding agencies.

- A. Fund 2000 (Health and Human Services Agency) – Increase appropriations by \$531,000 through a combination of both salaries and provider payments, offset by an increase in IHSS revenues realized in the Comprehensive Services for Older Adults (CSOA) Division for services rendered and reimbursed by the State.

HHSA Fund, CSOA (2000-20005) – Increase Salaries Expense by \$200,000
HHSA Fund, CSOA (2000-20005) – Increase IHSS Provider Payments Expense by \$331,000
HHSA Fund, CSOA (2000-20005) – Increase State Public Assistance Admin Revenues by \$531,000

- B. Fund 2000 (Health and Human Services Agency) – Increase appropriations by \$135,000 in the Non-operating Special Revenue Fund 2480 SB 163 Wraparound to realize revenues earned for services rendered by the Child Welfare Services Division.

SB163 Wraparound (2480-24801) – Increase Transfers-Out Expense by \$135,000
HHSA Fund, CWS (2000-20004) – Increase Transfers-In Revenue by \$135,000

- C. Fund 2000 (Health and Human Services Agency) – Increase appropriations by \$35,000 to increase transfers from IHSS to CSOA for increased salary costs during the year for services rendered.

IHSS Fund, IHSS (2700-27000) – Increase Interfund Expense by \$35,000
HHSA Fund, CSOA (2000-20005) – Increase Interfund Revenue by \$35,000

- D. Fund 2000 (Health and Human Services Agency) – Transfer administrative costs from Administration, Fiscal and Q&M Divisions to the benefitting Program Divisions so that HHSA can maximize State reimbursement for indirect administrative costs for each program. By netting administrative services expenses (account 52100) across these divisions, HHSA will still be able to capture costs in Administration, Fiscal and Q&M divisions as well as allocating these costs to program divisions. Net affect is zero.

HHSA Fund, PH (2000-20001) – Increase Administration Services Expense by \$1,163,200
HHSA Fund, MH (2000-20002) – Increase Administration Services Expense by \$3,118,400
HHSA Fund, ADS (2000-20003) – Increase Administration Services Expense by \$795,800
HHSA Fund, CWS (2000-20004) – Increase Administration Services Expense by \$1,256,900
HHSA Fund, CSOA (2000-20005) – Increase Administration Services Expense by \$793,850
HHSA Fund, SS (2000-20006) – Increase Administration Services Expense by \$2,293,300
HHSA Fund, Admin (2000-20010) – Decrease Administration Services Expense by \$1,476,950
HHSA Fund, Fiscal (2000-20011) – Decrease Administration Services Expense by \$3,194,800
HHSA Fund, Operations (2000-20012) – Decrease Administration Services Expense by \$2,895,100
HHSA Fund, QM (2000-20013) – Decrease Administration Services Expense by \$1,134,500
HHSA Fund, ORD (2000-20014) – Decrease Administration Services Expense by \$720,100

- E. Fund 2480 (Public Assistance Special Revenue Fund) – Increase appropriations by \$8,830 for consulting services offset by an increase in realized revenues through charges for services by the same amount in the same Division. The fees collected in this fund offset services provided by the Napa Emergency Women Shelter (NEWS).

Clerk Domestic Violence Fund (2480-24810) – Increase Consulting Services Expense by \$8,830
Clerk Domestic Violence Fund (2480-24810) – Increase Charges for Services Revenue by \$8,830

F. Fund 2500 (2011 Realignment SRF) – Increase appropriations by \$5,600 to allow for additional transfers out to offset operating costs in the Corrections Division. The increase is due to additional unanticipated booking fees received from the State.

2011 Realignment SRF (2500-25000) – Increase Transfers-Out Expense by \$5,600
 2011 Realignment SRF (2500-25000) – Increase State Realignment Revenue by \$5,600
 General Fund (1000-14000) – Increase Transfers-In Revenue by \$5,600

G. Fund 4400 (Employee-Retiree Benefits) – Increase appropriations by \$65,010 for insurance claims and premiums with a corresponding increase in charges for services revenues. This increased appropriation covers retiree costs offset by revenue from retiree contributions.

Employee-Retiree Benefits (4400-44010) – Increase Insurance Premiums Expense by \$14,310
 Employee-Retiree Benefits (4400-44010) – Increase Insurance Claims Expense by \$50,700
 Employee-Retiree Benefits (4400-44010) – Increase Charges for Services Revenue by \$65,010

TEMPORARY CASH ADVANCES

Record a journal entry providing a temporary cash advance of approximately \$61,000 to the In-Home Supportive Services Authority (IHSS). As of June 30, IHSS is in a negative cash situation due to the timing of State reimbursements for program expenditures. Temporary cash advances are repaid immediately with first revenues collected in the new fiscal year.

ENCUMBRANCES (FY15-16 Budget Transfer No. ACO001)

Complete a budget adjustment to carry-forward budget appropriations of \$917,900 from fiscal year 2014-15 to 2015-16.

Carry-forward amounts are encumbrances for commitments existing during fiscal year 2014-15 that have not been completed or fulfilled by June 30, 2015. Once the obligation is completed in 2015-16, any remaining amount of the carry-forward budget appropriation is removed and cannot be used for any other purpose. A list of encumbrances is provided in Attachment A.

CONTRACT INCREASES

Increase the following contract necessary to process transactions as of June 30, 2015:

Vendor Name	Contract #	Current Contract Amount	Increase Requested	Increased Contract Amount	Reason for Increase
Nazareth Classic Care	7959	\$9,990	\$565	\$10,555	Due to an emergency Adult Protective Services placement

CASH SHORTAGES - REPORT

Report cash shortages and record the related expenditures.

On September 17, 2002, the Board of Supervisors authorized the Auditor-Controller to handle internally all cash shortages of \$500 or less and then to advise the Board of Supervisors in writing and give an accounting of such shortages. During fiscal year 2014-15, the following net shortages, totaling \$76.25, were acknowledged and recorded in the departments as expenses:

- Corrections - over collection of \$50.00 and short of \$111.88, resulting in a net shortage of \$61.88 throughout the year. The majority of the shortage was due to the receipt of a counterfeit \$100 bill.
- Library - over collections of \$16.13 and short of \$22.50, resulting in a net shortage of \$6.37 throughout the year.
- Health and Human Services Agency – cash shortage of \$8.00 throughout the year. In addition, the department had to expense \$707 of bus passes (non-cash) that could not be located after the earthquake.

ADDITIONAL APPROVAL REQUEST

Record other accounting and budgetary entries as needed to balance and close the 2014-15 fiscal year for all funds controlled by the Board of Supervisors. This authorization will ensure the financial records of the County are recorded in accordance with Generally Accepted Accounting Principles (GAAP), following all Governmental Accounting Standards Board (GASB) procedures.

Our external independent audit will take place the last week of October. I look forward to presenting the Comprehensive Annual Financial Report (CAFR) and our audit results by the end of the calendar year. I will be available at the Board meeting to answer any questions you may have regarding the above requests.

EXCESS ERAF (Informational Item)

We have now completed all allocations to ERAF for fiscal year 2014-15 as required by State Revenue & Taxation Code (R&T) 97. Following the allocations, we calculated the ERAF distributions using State apportionment factors and the information provided by the State Department of Education and the California Community College Chancellor’s Office. The calculation resulted in an excess amount in ERAF above the amounts required for funding all public schools within the county. R&T 97.70(f)(1) has a provision to ‘hold the entities harmless’ for excess funds that would otherwise have been allocated. This provision requires Napa County to return excess ERAF funds to the entities that are required to shift property tax funds to ERAF. The State is allowed to review and revise their calculations within three years. Therefore calculations of excess ERAF for fiscal year 2014-15 will not become final until the end of fiscal year 2017-18. Additionally, the 2014-15 excess ERAF calculation is subject to change due to potential legislative changes dealing with distributions made from the former redevelopment agency. In order to insulate future fiscal years from the effect of potential changes, a reserve has been created within the ERAF fund which will be released in fiscal year 2017-18.

Beginning in fiscal year 2013-14, the State revised the school funding formula by instituting the Local Control Funding Formula (LCFF). The LCFF replaced most categorical funding with the new unduplicated student premiums which provide additional funding for students who are considered English learners and/or participate in the free or reduced meal program. In addition, the LCFF provides funding escalators which will eliminate the State deficit factor over a number of years.

For fiscal year 2014-15, the funding formula changes related to the reduction of the deficit factor increased Napa Valley Unified School District’s ERAF requirement by approximately \$6.3 million. The revenue limit for Napa Valley Community College decreased by approximately \$1.4 million due to a combination of increased property tax revenue, increased fees and a decrease of reported average daily attendance. Total property taxes shifted to ERAF increased by approximately \$2.5 million.

The following chart shows the calculated excess ERAF, the amounts distributed as revenues and the amounts held in reserve for the 2014-15 property tax year.

Fund	Description	Total Excess ERAF	Less: Reserve	Excess ERAF to be Distributed
1000	Napa County	\$ 11,018,216	\$ 1,101,820	\$ 9,916,396
2100	Fire Non-Structural	(589,258)	(58,926)	(530,332)
2100	Fire Protection	627,909	62,791	565,118
2020	Library	558,682	55,868	502,814
	County subtotal	11,615,549	1,161,553	10,453,996
15100	City of Calistoga	136,177	13,618	122,559
15200	City of Napa	1,883,080	188,308	1,694,772
15300	City of St. Helena	208,647	20,865	187,782
15400	Town of Yountville	68,749	6,875	61,874
18800	City of American Canyon	26,994	2,699	24,295
	City/Town subtotal	2,323,647	232,365	2,091,282
5220	Lake Berryessa Resort Improvement	5,871	587	5,284
5240	Napa Berryessa Resort Improvement	10,491	1,049	9,442
2860	Monticello Cemetery District	6,166	617	5,549
7100	Napa County Mosquito Abatement	41,937	4,194	37,743
7400	Congress Valley Water District	15,098	1,510	13,588
7500	Napa County River Reclamation	18,427	1,843	16,584
9504	Circle Oaks Water District	7,472	747	6,725
	Special District subtotal	105,462	10,547	94,915
	Total 2014-2015 Excess ERAF	\$ 14,044,658	\$ 1,404,465	\$ 12,640,193