



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 1/8/2019

Agenda Placement: 6P

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Minh Tran - County Executive Officer  
County Executive Office

**REPORT BY:** Susan Kuss, Management Analyst II - 707.253.4826

**SUBJECT:** Financial Status for Fiscal Year Ending June 30, 2018

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### **RECOMMENDATION**

County Executive Officer requests the following actions related to the year end General Fund fund balance in excess of the amount required to balance the Fiscal Year 2018-2019 Adopted Budget (4/5 vote required):

1. Approve an increase of \$3,435,188 in the General Reserve; and
2. Approve Budget Adjustment No. (CEO006)
  - a. Increasing appropriations in Non-Departmental (10500-00) Retirement (51600) by \$3,587,342, from available fund balance to address future pension liability;
  - b. Increasing appropriations in Non-Departmental (10500-00) Transfers out-Accumulated Capital Outlay (56110) by \$3,587,341 from available fund balance; and
  - c. Increasing revenue appropriations in Accumulated Capital Outlay (30000-00) Transfers In from General Fund (48210) and assign these funds to the Replacement Jail Project (32100).

### **EXECUTIVE SUMMARY**

The Auditor-Controller has closed the books for the Fiscal Year ended June 30, 2018 and has calculated the ending available fund balance for the General Fund to be \$16,384,497, which is \$10,609,871 more than was appropriated as part of the 2018-19 adopted budget. Consistent with Board policy, staff is recommending using the unbudgeted available fund balance to increase the General Reserve by \$3,435,188. In addition, staff recommends using \$3,587,341 in available general fund balance to decrease the need for debt financing for the replacement jail project and \$3,587,342 to offset future pension liability.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	This action appropriates the FY 2017-18 year end available balance to priorities established by the Board, including increasing the General Reserve to the level established by policy.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Funding both the General Fund's General Reserve allows for sufficient reserves to protect against significant, unforeseen fiscal issues while also providing sufficient cash flow to fund operations. This action will bring the General Reserve to policy level, with the remaining balance split between the replacement jail and future pension liability.
Is the general fund affected?	Yes
Future fiscal impact:	
Consequences if not approved:	The General Fund's General Reserve will not comply with Board policy and the financing shortfalls in the jail project and pension obligation will not be reduced.
Additional Information:	

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

The Auditor-Controller has closed the books for the Fiscal Year ended June 30, 2018 and has calculated the ending available fund balance for the General Fund to be \$16,384,497, which is \$10,609,871 more than was appropriated as part of the 2018-19 adopted budget. The increase in available fund balance is partially due to a mixture of increased revenues and lower expenditures than anticipated in the six month projections, unspent contingency funding, and the receipt of insurance proceeds related to 2014 South Napa Earthquake repairs and 2017 fire reimbursements.

During the FY 2018-19 budget adoption, staff recommended not funding the General Reserve to the full policy level, due to pending reimbursements from FEMA and insurance, staff is recommending using \$3,435,188 of the ending fund balance to bring the General Reserve to the policy level of 10%. In addition, consistent with Board policy, staff is recommending using \$3,587,341 in available fund balance to reduce the potential bond financing needed for the Replacement Jail project, and \$3,587,342 to reduce the unfunded accrued actuarial valuation liability for pension. Staff we evaluate the options of investment in the 115 trust or paying down individual amortizations with CalPERS, and return to the Board with a recommendation.

### **SUPPORTING DOCUMENTS**

None

CEO Recommendation: Approve

Reviewed By: Susan Kuss