



Agenda Date: 11/20/2007
Agenda Placement: 6K

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: McCoy, Janet - Director
Library
REPORT BY: Janet McCoy, Library Director, 253-4208
SUBJECT: Acceptance of fund from the Friends of the Napa Library and resolution creating a revolving fund

RECOMMENDATION

Library Director requests the following:

1. Accept a donation in the amount of \$14,648.61 from the "Friends Ex-Officio Account"; and
2. Adopt a resolution establishing a Revolving Fund for the receipt, management, expenditure and accounting of funds donated to the County for Library programs by the Friends of the Library, other organizations and individual members of the public.

EXECUTIVE SUMMARY

Since 1991 the Library has been given access by the Friends of the Napa City-County Library to a checking account called "Friends Ex-Officio Account" which contains funds raised by the Friends of the Napa Library group and donated to the County to be used for Library-related purposes. Due to confusion whether this account was a Friends checking account or a post-donation account of the County, the transactions in this account were not reported to other County Departments and the Board. An investigation and internal audit by the internal audit section of the Auditor-Controller department has now clarified that this checking account was in fact intended by the Friends to be a post-donation account of the County. To prevent future confusion, the Auditor-Controller recommends that the funds in the checking account be moved to a new Revolving Fund for the Napa City-County Library as permitted by state law. To accomplish this, the recommendation is for the Board to accept the remaining balance on the "Friends Ex-Officio Account" in the amount of \$14,648.61 as a donation to the County earmarked for Library Programs and to approve the attached resolution establishing the Napa City-County Library Revolving Fund to receive, manage, disburse and account for these funds as well as future donations made to the County for Library programs from groups and individuals, including but not limited to the Friends.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Funds from the "Friends Ex-Officio Account" and other future private donations to the County for Library programs.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Since the checking account has been identified to be the asset of the Napa County Library, it is essential that it be part of the County's accounting system. The Revolving Fund will become part of the Library's budget process.
Is the general fund affected?	No
Future fiscal impact:	The Library's future budgets will include the revolving fund.
Consequences if not approved:	Since the checking account has been identified to be the asset of the County, the remaining balance cannot be returned to the Friends of the Napa Library. Commingling these earmarked funds in the County General Fund would be inconsistent with the intent of the donors. Therefore, it appears that only option the County has is to accept this fund and create a revolving fund in the Library's budget to manage such donations.

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 Napa City-County Library since 1991 has had access to a checking account called the "Friends Ex-Officio Account" which is funded by the Friends of the Napa Library group for specific Library program purposes. The transactions of this checking account were never reported to the Auditor-Controller nor was the account part of the County's accounting system since it was believed to be the Friends' checking account.

The existence of this account came to the attention of the Internal Audit section of the Auditor-Controller office and the question arose whether this is in fact the asset of the Napa County Library. The determination that it was took into consideration that the Director of the Library is an ex-officio member of the Friends of the Library board and is the only signer on the account, the Friends do not require an accounting nor do they require the remaining funds from the programs the money was donated to be returned at the end of each fiscal year, and the Friends do not require that the individual expenditures be approved by the Friends' board as the whole or by one of the primary officers of the Friends' board.

In order to make sure that earmarked donations from the Friends of the Library and similar groups stay separate from rest of the Library's budget, it was recommended by the Auditor-Controller's office that the donated money in the Friends Ex-Officio Account be deposited into a new revolving fund to be created solely to receive, manage, disburse, and account for funds donated by Friends of the Library and other groups and individuals. The Library will report the revolving fund in its annual departmental budget and it will be audited annually by the Internal Audit section of the Auditor Controller's department.

The attached resolution establishes the new Revolving Fund, designates the authorized officers, and prescribes the limits, uses and manner of disbursement and accounting, as required by the provisions of state law referenced in the resolution.

SUPPORTING DOCUMENTS

A . Revolving Fund Resolution

CEO Recommendation: Approve

Reviewed By: Maiko Klieman