



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/22/2016

Agenda Placement: 6BB

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Leanne Link for Nancy Watt - County Executive Officer
County Executive Office
REPORT BY: Leanne Link, Assistant County Exec Officer - 707-253-4406
SUBJECT: FY 2015-16 Mid-Year Fiscal Review

RECOMMENDATION

County Executive Officer requests that the Board:

1. Review and accept the Fiscal Year 2015-16 Mid-Year Fiscal Review; and
2. Approve Budget Transfer No. CEO005, making adjustments to revenues, expenditures, and Appropriation for Contingencies in the FY 2015-16 budget and establishing a capital asset in the Airport budget in the amount of \$17,600 for purchase of a new mower for the Airport grounds. (4/5 vote required).

EXECUTIVE SUMMARY

The FY 2015-16 Mid-Year Fiscal Review indicates that the General Fund will end the fiscal year with an unassigned ending fund balance of approximately \$6.7 million. Estimates are based on six months of actual revenue/expenditure data. More accurate estimates will be available when the Third Quarter Fiscal Review is completed using nine months of actual revenues and expenditures.

At this point in the year, budget adjustments are necessary due to projected increases in expenditures in a number of departments.

The County Executive Office staff, in collaboration with respective department staff, will continue to monitor all of the General Fund departments and any additional FY 2015-16 budget adjustments will be requested at the Third Quarter Fiscal Review.

FISCAL IMPACT

Is there a Fiscal Impact? Yes
Is it currently budgeted? No
What is the revenue source? See detail attached.
Is it Mandatory or Discretionary? Mandatory
Is the general fund affected? Yes
Future fiscal impact: See detail attached.
Consequences if not approved: See detail attached.
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

A mid-year review of the County's fiscal status, focusing particularly on the General Fund, is an important part of the ongoing fiscal monitoring process. Using six months' worth of actual revenue and expenditures, staff work with departments and the Auditor-Controller's Office to forecast revenues, expenditures and Net County Cost, or General Fund Contribution, through the end of the fiscal year. This review enables staff to address any current-year budget problems in a timely manner. It also assists staff in preparing the FY 2016-17 Budget, in part by providing an estimate of the FY 2015-16 General Fund ending fund balance. The current year ending fund balance becomes the beginning fund balance, and thus a major financial resource for the next fiscal year.

Attached is a memorandum that projects the County's fiscal condition through the end of the fiscal year. Using the most current information available, we believe that the General Fund will likely complete FY 2015-16 with an unassigned ending balance of approximately \$6.7 million. The General Fund will have the necessary resources to make it through the rest of this fiscal year without the need to make expenditure reductions, although the budget continues to be finely balanced. While revenues are increasing, normal operating expenditures are increasing as well and the County continues to have significant capital and infrastructure needs, including funding for a new jail. It is important to note that a portion of the projected ending available fund balance will need to be re-budgeted for capital projects, and each year between \$6 million and \$15 million is needed to balance the subsequent fiscal year's budget.

The attached memorandum also provides a summary of the State's current fiscal condition and the FY 2016-17 Governor's Proposed Budget, focusing on a few areas that have a potential impact on the County's financial condition. Staff continues to evaluate the Governor's Proposed Budget to determine its impact on Napa County and to track its progress through the Legislature. The ultimate impact of the State budget on the County is often not known until after the County's budget is adopted in June.

Requested Budget Adjustments

At this time there are a few departments that require budget adjustments for FY 2015-16. The majority of the increases in appropriations are offset by reductions in other areas or new revenue. However, three adjustments

require use of the Appropriation for Contingencies. The reduction in Appropriation for Contingencies totals \$139,460, made up of Elections (\$115,960), Planning, Building and Environmental Services (\$3,000) and General Expenditures (\$22,500). The CEO's staff will continue to monitor departments to determine if any further budget adjustments will be necessary to close out the current fiscal year. We will have nine months of actual revenue and expenditures data available later in this fiscal year, and a more accurate estimate of the General Fund ending balance for FY 2015-16 will be available at that time. A detailed breakdown of the requested budget adjustments follows:

- | Elections - An increase in appropriations of \$136,710 is necessary for printing, software maintenance and temporary/contract staffing required to properly conduct the June presidential primary election. The increase is offset by \$20,750 in state and "charges for services" revenue and a reduction in the Appropriation for Contingencies of \$115,960.
- | General Expenditures - An increase in appropriations of \$20,500 is requested to make payments for additional costs on properties the County owns in the Lake Berryessa Resort Improvement District (LBRID). In November, 2015, the County obtained the properties by taking deeds in lieu of foreclosure due to substantial unpaid taxes and assessments. The increased appropriations will allow the County to pay those costs. The increase is offset by a reduction in the Appropriation for Contingencies.
- | Planning, Building and Environmental Services (PBES) - An increase in appropriations in the PBES Local Enforcement subdivision of \$3,000 is necessary to account for increases in salary and benefit costs. The increase is offset by a reduction in the Appropriation for Contingencies of \$3,000.
- | PBES - An increase of \$140,000 is requested in the Planning subdivision due to filling a position that was not funded in the budget and adding extra help hours. The cost is offset by increased permit revenue from vineyard and other development projects.
- | PBES - An increase in the appropriation for salaries and wages of \$50,000 is requested due to additional staffing costs attributed to increased activity at Bothe State Park. The increase is fully supported by revenue from the Parks and Open Space District.
- | Emergency Services - An increase in appropriations in the amount of \$53,069 is necessary to purchase radios and associated equipment for emergency/disaster response. The increase is supported by receipt of Urban Area Security Initiative grant funds. The contract for this project is on the Board's consent calendar today.
- | Sheriff - An increase of \$25,000 in the Coroner budget is necessary due to cost increases in requested services from Lake and Marin Counties. The increase is offset by increased revenue from those two counties.
- | Health and Human Services - An increase in the Mental Health budget appropriations of \$1,700,000 is necessary due to increased client services, including hospitalization and other residential placement. The increase is offset by a reduction in appropriations in Child Welfare Services and Self Sufficiency.
- | Health and Human Services - Increased appropriations of \$34,025 In Self Sufficiency are requested to appropriately recognize Domestic Violence Services expense in the proper budget unit. A commensurate increase in Client Services in the Public Assistance - Domestic Violence Services special revenue fund budget allows for the transfer of funds.
- | Fleet Management - An increase of \$150,000 in appropriations will allow Fleet Management to purchase and install necessary equipment for patrol vehicles. The cost is supported by the transfer of funds from the Sheriff's budget.
- | Airport - An increase in appropriations of \$17,600 in the Airport budget will allow for the purchase of a capital asset mower for the Airport property. A commensurate reduction in maintenance charges supports the increased appropriation.
- | Public Protection Special Revenue Fund - An increase in appropriations of \$337,402 will allow the transfer of Community Corrections Performance Incentive revenue to the Probation Department.
- | 2011 Realignment Special Revenue Fund - An increase in appropriations of \$21,000 will allow the transfer of 2011 Realignment funds to the District Attorney to reflect anticipated department expenditures.

SUPPORTING DOCUMENTS

A . Mid-Year Fiscal Review Memo

CEO Recommendation: Approve

Reviewed By: Molly Rattigan