



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 4/4/2017  
Agenda Placement: 10C

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Alice Hughey for Leanne Link - County Executive Officer  
County Executive Office  
**REPORT BY:** Alice Hughey, Assistant County Executive Officer - 253-4153  
**SUBJECT:** FY 2016-17 Fiscal Review

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### **RECOMMENDATION**

County Executive Officer requests that the Board:

1. Review and accept the Fiscal Year 2016-17 Fiscal Review; and
2. Approve Budget Transfer No. CEO014 making budget adjustments in a number of departments to provide sufficient appropriation authority for expenditures through the end of the fiscal year and establishing two capital assets. (4/5 vote required)

### **EXECUTIVE SUMMARY**

The FY 2016-17 Fiscal Review projects that the General Fund will end the fiscal year with an unassigned ending fund balance of approximately \$5.5 million. Estimates are based on actual revenue/expenditure data through March 31, 2017. A number of budget adjustments are necessary at this time to ensure that there is sufficient appropriation authority to cover projected expenditures through the end of the fiscal year. The County Executive Office staff, in collaboration with department staff, will continue to monitor all of the General Fund departments, and additional budget adjustments may be requested later in the fiscal year.

### **PROCEDURAL REQUIREMENTS**

1. Staff reports.
2. Public comments.
3. Motion, second, discussion and vote on the item.

**FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	See attached fiscal review memo, including requested budget adjustments listed in Attachment A.
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	Yes
Future fiscal impact:	See attached fiscal review memo.
Consequences if not approved:	See attached fiscal review memo.
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**

An important part of the County's continuous fiscal monitoring process is a review of the County's budget status throughout the fiscal year, focusing particularly on the General Fund. In past years the County Executive Office (CEO) staff worked with departments and the Auditor-Controller's Office to forecast, at six months and again at nine months, projected year-end revenues, expenditures, and "Net County Cost" or "General Fund Contribution" for General Fund budgets or "Use of Fund Balance" for non-General Fund departments. This year we are conducting a single fiscal review, which will enable us to address any current-year budget concerns in a timely manner. This process also assists in preparing the FY 2017-18 budget, in part by providing a projection of the General Fund balance at the end of FY 2016-17 ("ending fund balance") using actuals through March 31, 2017. The current year ending fund balance becomes the beginning fund balance, and thus a major budget resource, for the next fiscal year. Therefore, maintaining a healthy available fund balance in the General Fund is important. Using the most current information available, we believe that the General Fund will likely end FY 2016-17 with an unassigned ending fund balance of approximately \$5.5 million.

While we continue to see some growth in revenues, significant pressures on the budgets remain. Personnel and operating costs continue to grow. An approximate \$14 million financing gap remains for the new jail. The County needs to consider putting aside additional funds for retirement costs in light of insufficient actions by CalPERS to reduce the anticipated rate of return on investments. We must address significant capital improvement needs to maintain roads and our existing facilities in acceptable condition. The winter 2017 storms placed a significant additional burden on County resources.

Attached is a memorandum ("FY 2016-17 Fiscal Review") that projects the County's fiscal condition through the end of the fiscal year. Attachment A of the FY 2016-17 Fiscal Review contains a number of requested budget adjustments to provide sufficient appropriation authority for expenditures through the end of the fiscal year and to establish two capital assets. The attached memorandum also provides a summary of the Governor's FY 2017-18 Proposed Budget and federal budget developments that have a potential impact on the County's financial

condition.

**SUPPORTING DOCUMENTS**

A . FY 2016-17 Fiscal Review

B . Attachment A Budget Adjustments

CEO Recommendation: Approve

Reviewed By: Helene Franchi