

What's in store?

Looking at Fiscal Year 2011/2012 and beyond

Fund Balance

The Recommended Budget **estimates** a beginning fund balance on July 1, 2011, of approximately \$59.8 million, a decrease of \$1.1 million (1.9%) from the actual beginning balance a year earlier.

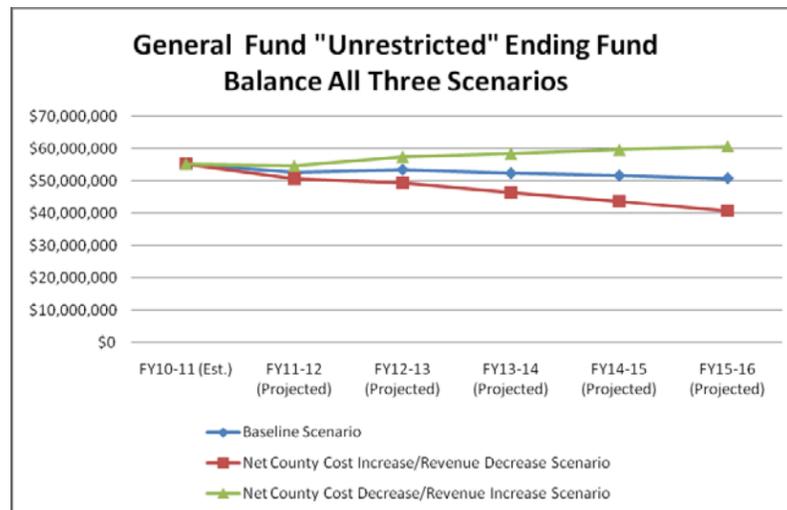
The **actual** number won't be available until the first quarter of FY2011/12.

The \$59.8 million includes:

- \$10.3 million in General Reserves. The Recommended Budget adds about \$11.5 million to the General Reserves, bringing the total to approximately \$21.8 million. Except in an emergency, General Reserves cannot be spent during the fiscal year, but are held for future needs or emergencies.
- \$23 million in designations for various purposes, including \$18.7 million for Fiscal Uncertainties. The Recommended Budget adds approximately \$3.1 million to the Fiscal Uncertainties fund, for a total of approximately \$21.8 million.
- \$895,000 in reserve for loans and advances receivable.
- \$93,000 in imprest and revolving cash reserves.
- An undesignated/unreserved balance of approximately \$25.5 million, which is available to fund County programs.

Five-Year Forecast

The April 2011 Five-Year Forecast projects the General Fund ending balance through FY2015/16 under three scenarios.



Projected fund balance in FY2015/16: between \$40 million and \$60 million.

- The General Fund will likely not be in structural balance over the next five years, due primarily to the lingering effect of the national, state and local economic downturns.
- The structural imbalance is not huge, but there are significant uncertainties and the imbalance could be greater.
- Given the relatively robust nature of the General Fund's fund balance, the County is not currently facing a crisis situation – we have time to calibrate our response to our projected fiscal situation and to implement the Board-approved Fiscal Contingency Plan. As an example, the County has made several on-going and one-time changes that are currently saving more than \$4 million each year, or at least \$20 million over five years.

View the Adopted Fiscal Contingency Plan at www.countyofnapa.org/auditor/fiscal

Participate

- Budget Hearings will begin on Monday, June 13, at 9 a.m.
- Staff will provide a presentation on the Recommended Budget and the Board will accept general public testimony.
- Next, the Board will conduct hearings on individual department budgets, with a focus on performance measures, again with time for public testimony.
- After staff presentations and public testimony are concluded, the Board will make decisions on appropriations, revenue and financing levels; approve or deny fixed assets and new positions; and adopt any policy and other budget control language.
- The Final Budget will go to the Board for adoption on Tuesday, June 21.

Agendas are available at www.countyofnapa.org, generally on the Thursday prior to a Tuesday meeting.

Questions? Call the Public Information Officer at (707) 253-4111 or the CEO/Clerk of the Board at (707) 253-4421.

County Executive Office



A Tradition of Stewardship
A Commitment to Service

Napa County, California

Napa County Explains the Budget

Recommended Budget FY2011/2012

About this report

In June, Napa County's Executive Officer presents to the Board of Supervisors a recommended budget for the upcoming fiscal year (July 1 to June 30). The Recommended Budget includes three volumes: Recommended Budget, Detail Budget and a Performance Measurement Report.

This information is intended to provide highlights and help residents navigate the budget.

Budget at a glance

The budget includes a letter from CEO Nancy Watt to the Board of Supervisors that summarizes the entire budget (page 1 of the recommended budget).

In highlight, the budget:

- reflects the continuing impact of the national, state and local economic downturns on the County's revenues and programs;
- holds Net County Cost (funded by local discretionary dollars) close to last year's level;
- generally maintains General Fund programs at their current or reduced staffing;
- reflects the elimination of four positions and the addition of two positions;
- includes NO cost of living adjustment for any employees;
- reflects a \$5.2 million (4.5%) **increase** in discretionary and semi-discretionary (Realignment and Proposition 172) revenue compared to last year;
- reflects the impacts of more than \$4 million in annual savings resulting from actions specified in the Fiscal Contingency Plan; and
- **does not reflect** the full impact on the County of certain funding reductions included in the Governor's proposed State Budget. Budget adjustments may be required once there is greater clarity on what the State Budget will be and how it will impact the County.

Recommended All Funds Budget: \$334,426,688 (1.7% increase over FY2010/11)

Major changes:

- \$6 million increase in the Affordable Housing Fund budget, reflecting the inclusion of funding for a number of housing loan projects or potential projects;
- Salary and benefit cost increases for existing employees (primarily step increases and increases in retirement, health insurance and Workers' Compensation costs);
- An increase in Other Post-Employment Benefit (retiree health insurance) costs; and
- A net increase of \$3 million in the various Capital Improvement Program (CIP) budgets

Recommended General Fund Budget: \$227,344,602 (1.0% decrease from FY2009/10)

Major changes:

- Transfer of \$3 million to the Accumulated Capital Outlay Fund
- \$3.8 million increase in employee salary and benefit costs
- \$1.6 million increase in Capital Improvement Program costs
- \$1.5 million increase in Foster Care rates (Court decision mandated a Statewide increase)
- \$1.3 million transfer to the Employee/Retiree Benefits Fund
- \$900,000 increase in expenditures due to a significant reduction in ARRA (stimulus) funding (shifted costs from ARRA to the General Fund)

Board of Supervisors' Budget Policies (selected)

- No increase to Net County Cost
- No new programs unless fully funded by grant or dedicated revenue source
- Delete vacant positions; no new positions unless funded by non-General Fund sources
- Pursue new service revenues, where possible
- Unless previously earmarked, all revenues are discretionary, rather than dedicated to a program or purpose
- Place a minimum of 3% of General Fund into Contingency Funds, with a goal of Reserves equaling 10% of General Fund
- Pursue operational efficiencies whenever possible

All 13 Budget Policies can be found on page 3 of the Recommended Budget.

Board's Three-Year Goals April 2011

- Complete Health & Human Services Campus construction
- Determine whether or not to consolidate services and space
- Maintain long-term financial and workforce stability
- Manage the changing correctional system population
- Improve environmental, economic and social sustainability

Find more information at www.countyofnapa.org/BOS

REVENUE

Napa County gets revenue from several sources, some of which are discretionary, meaning the Board can decide where the revenue goes, and some are not.

Total amount of FY2011/12 revenue for all funds: **\$306,889,558,106**

Discretionary revenue: \$95,635,019 (31% of total revenue; primarily from property tax and local sales and hotel taxes)

The remaining nearly 70% of total revenue includes State and federal funding, as well as local funding that is not discretionary (e.g., charges for services, local permit fees, interest, franchise fees, etc.).

Major discretionary revenue sources:

Property taxes

If you are a property owner in Napa County, you pay property taxes each year. Although you pay your taxes to the Treasurer-Tax Collector, a County employee, your tax dollars are distributed among several agencies in Napa County.



Of the amount the County receives, a portion of that is discretionary. This year, that is about \$75 million. In addition, just under \$6 million goes to the Library Fund and just over \$8 million goes to the Fire fund.

Transient Occupancy Tax (Hotel tax): We'll receive about \$9 million this year.

Sales taxes: We'll receive about \$5 million this year.

Key issues with FY2011/12 Revenue

- A \$3.8 million overall increase in discretionary revenue (increase secured property tax, sales and use tax and transient occupancy tax revenue; decreased supplementary property taxes and interest income).
- A \$1.1 million increase in Proposition 172 revenue (public safety and justice).
- A \$2.9 million increase in Health & Human Services Agency revenue (increases of \$300,000 in Realignment revenue, \$855,000 for foster care placement rates and \$875,000 in Mental Health Services Act and other Mental Health funding).
- A \$1.2 million increase in revenue for the Capital Improvement Program.

Excess ERAF (for explanation, see full budget at www.countyofnapa.org)

The Recommended Budget projects \$10 million in Excess ERAF revenue in FY2011/12. Because of the uncertainty of this revenue source, it is not prudent to assume that the County will continue to receive this revenue at current levels on a long-term basis. Board policy is that the County does not rely on more than \$5 million in Excess ERAF revenue each year for the next five years.

ARRA funding

The Recommended Budget includes about \$600,000 in American Recovery and Reinvestment Act (ARRA) funding, partly for new, one-time, capital projects. Last year, we had about \$3.5 million in ARRA funding.

EXPENDITURES

So what do Napa County residents get for their money? It's helpful to group expenditures by function. Here are our basic functions, with the allotments for FY2011/2012, and **some examples** of the services and programs that budget will provide for county residents this year.

Law and Justice (10%)

District Attorney, Public Defender, Child Support Services and Probation

Total Appropriations: \$32,510,023

Positions: 187.75

- 92% conviction rate for misdemeanors, 86% conviction rate for felonies in FY2009/10
- Collect and distribute close to \$10 million in child support payments for 5,500 families
- Handle 4,000 public defender cases
- Supervise more than 2,500 adult and juvenile probationers
- In 2010, 24 graduates from the Community Corrections Service Center

Complete Law and Justice information starts on page 269 of the Recommended Budget.

General Administration/Finance (22%)

Board of Supervisors, County Executive Office, Human Resources, IT, County Counsel, Auditor-Controller, Treasurer-Tax Collector and Recorder-Assessor-County Clerk, including Elections

Total Appropriations: \$73,920,223

Positions: 192.4

- Prepare 1,400 agenda items
- Issue 53,000 payments and 43,000 paychecks
- Collect and disburse more than 61,200 property tax payments
- Assess more than 50,000 properties
- Perform more than 450 weddings in 2010
- Manage all elections
- Reviewed 42 CEQA* documents in FY2008/09
- Appropriations include \$6 million for Affordable Housing Fund

Complete General Administration/Finance information starts on page 77 of the Recommended Budget

* California Environmental Quality Act

Contingencies and Reserves

Positions: 0

- General Fund contingencies: \$6,000,000 (Board policy is to appropriate at least 3% of the General Fund for contingencies)
- Reserves: Adding over \$11.5 million to General Reserves, bringing total to more than \$21.8 million (Board policy is 10% of General Fund in General Reserves)
- Fiscal Uncertainties: Adding \$3.1 million designation for fiscal uncertainties, bringing the total to \$21.8 million (Board policy is 10% of General Fund in a designation for Fiscal Uncertainties)

Non-Operating Funds (3%)

Funds held for specific purposes that are used to reimburse departments for expenditures for relevant uses

Total appropriations: \$11,451,819

Positions: 0

- Examples: Tobacco Settlement Fund and Mental Health Services Act Planning Expenses Fund

Complete Non-Operating Funds information begins on page 441 of the Recommended Budget

Public Safety (15%)

Fire, Corrections and Sheriff, including Coroner and Animal Services

Total Appropriations: \$50,626,411

Positions: 222.38 (Fire are State employees)

- Process about 1,400 arrest warrants
- Investigate about 700 criminal cases
- 89 deputies and sergeants policing American Canyon, Yountville and unincorporated county
- 67 correctional officers (Jail)
- House about 240 inmates a day at County Jail
- 58 paid fire staff, 12 seasonal firefighters and 215 volunteers at five paid and nine volunteer stations.

Complete Public Safety information starts on page 317 of the Recommended Budget

Health and Human Services (27%)

Includes Public Health, Mental Health, Child Welfare Services, Comprehensive Services for Older Adults, Self-Sufficiency Services, and Alcohol and Drug Services

Total Appropriations: \$77,074,397

Positions: 380.1

- Now serving clients from a branch office in American Canyon
- Provided mental health services for 1,750 residents since 2009
- Provides Friday Night Live drug and alcohol prevention program to young adults
- Receives and monitors revenue from 113 State and Federal funding streams that cover 86% of total agency expenditures
- Investigated more than 460 child abuse or neglect referrals last year
- Investigated more than 350 allegations of elderly or dependent adult abuse last year

Complete Health and Human Services information begins on page 353 of the Recommended Budget

Community Resources & Infrastructure (23%)

Conservation, Development and Planning; Environmental Management, including the Animal Shelter; Library; Public Works; Agricultural Commissioner/Sealer of Weights and Measures; and UC Cooperative Extension.

Total Appropriations: \$92,199,831

Positions: 289.1

- Maintain 446 miles of roads and 79 bridges
- Place and inspect more than 9,300 pest detection traps
- Issue between 1,000 and 1,400 building permits
- Abated 223 health-related complaints in 2010
- Adopted out 848 animals last year
- Loaned 988,549 library items in FY2009/10
- Includes four Capital Improvement budgets totaling nearly \$19 million

Complete Community Resources and Infrastructure information starts on page 163 of the Recommended Budget