



Napa County

1195 THIRD STREET
SUITE 310
NAPA, CA 94559
www.countyofnapa.org

Main: (707) 253-4580

Legislation Text

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TO: Board of Supervisors
FROM: David Morrison, Interim County Executive Officer
REPORT BY: Daniel Sanchez, Senior Management Analyst
SUBJECT: Five-year budget forecast and other fiscal reports

RECOMMENDATION

Interim County Executive Officer requests that the Board:

1. Receive a presentation of the five-year budget forecast, Section 115 Trust Fund, and American Rescue Plan Act;
2. Approve mid-year Budget Adjustments per the attached reports; and
3. Authorize the creation of a new non-operating special revenue fund for CARE Court in Fund 2460, Division 24622, Subdivision 20000252 (4/5 vote required).

(CONTINUED FROM FEBRUARY 28, 2023)

EXECUTIVE SUMMARY

As part of the County's annual budget process, the Board reviews the five-year forecast. This presentation is intended to highlight any financial trends in revenues and expenses that help inform the upcoming budget process.

The County opened a Section 115 Trust to fund its Other Post-Employment Benefits - Health Insurance unfunded liability. Staff will present the annual report per the Pension Trust Fund policy.

The County received \$26.8 million in ARPA federal grant monies to respond to the pandemic and to provide economic recovery. The Board allocated the monies in 2021 and 2022 and program expenditures are in progress. Funds must be obligated by December 2024 and spent by December 2026. Staff will provide periodic

updates regarding status of funds.

Departments have reviewed their projected activity through fiscal year end and request supplemental appropriations through mid-year budget adjustments.

The state provided initial grants to counties for CARE Court implementation costs. The County is creating a new non-operating special revenue fund for CARE Court.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? Yes
County Strategic Plan pillar addressed: Effective and Open Government

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: No.

BACKGROUND AND DISCUSSION

The annual five-year forecast provides the Board with a representation of the General Fund revenue outlook, based on continuing the existing level of service and known variables. The projections provided in the five-year forecast are high-level assumptions and are intended to reflect general financial trends to inform policy. This is not intended to establish preliminary budget figures nor to present an accounting of fund balances.

Section 115 OPEB Trust:

The County established a Public Agency Retirement Services (PARS) Trust to fund its retiree healthcare liability in fiscal year 2008 and has made periodic contributions.

Unfunded Actuarial Accrued Liability (UAAL) at 6/30/21 \$3,812,000
(page 39 of attached 2021 OPEB Actuarial Report, excluding Courts)

Account Balance at 7/1/2021	\$109,040,496
Contributions	\$ 4,292,657

Expenses/Distributions	\$ 286,339
Earnings/(Losses)	\$ (14,890,549)
Account Balance 6/30/2022	\$ 98,156,265

Account Balance at 12/31/2022 \$100,722,058

American Rescue Plan Act allocated funds by category:

Public Health	\$ 5.2 million
Negative Economic Impacts	\$ 6.1 million
Public Sector Capacity	\$11.2 million
Infrastructure	\$ 4.2 million
Administration	\$ 0.1 million

Total	\$26.8 million
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Public Health category includes EOC operations, vaccinations, isolation and quarantine shelter, and other eligible expenses. Negative Economic Impacts category includes affordable housing investment, community grants, and childcare infrastructure loan program. Public Sector Capacity category accounts for the cost of COVID supplemental sick leave incurred by the organization and the standard allowance. County then provided like investment into MSA grant program, fire prevention services, and road improvements. Infrastructure category includes water, sewer, and broadband projects. Administration is staff time charged to the grant.

The attached mid-year budget adjustment report provides a description for each department's request and the source of funds. The requested uses of General Fund Appropriation for Contingency total \$4.7 million and of General Fund Available Fund Balance total \$4.2 million. Many of the requests are for Salaries and Benefits for the wages increases approved earlier this fiscal year, additional positions, and overtime, and outside counsel expenses for contract public defender and county counsel.

Information Technology Services internal service fund is requesting \$1.8 million of contingency funds and almost \$3.4 million in additional general fund available fund balance to address a structural gap that has accumulated and been compounded with significant inflationary increases in labor, equipment, and service costs. The requested monies are projected for the fund to conclude the fiscal year with the state controller's

recommended sixty days of working capital. Balances will be reviewed once the fiscal year closes and additional requests will be presented if needed.

The State is piloting a CARE Court program in six counties and has provided initial grants to the remaining counties to begin planning for CARE Court operations. HHSA requests the creation of a non-operating special revenue fund to account for the grant monies received.