



A Tradition of Stewardship  
A Commitment to Service

Auditor-Controller

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**Tracy A. Schulze**  
Auditor-Controller

Date: August 20, 2024  
To: Napa County Board of Supervisors  
From: Tracy A. Schulze  
Auditor-Controller *TS*  
Subject: Fiscal Year 2023-24 Closing Entries

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At the end of each fiscal year, certain accounting and budgetary entries need to be recorded by the Auditor-Controller to complete the year-end closing process. I am requesting authorization to process these year-end adjustments, which are detailed below.

**A. FUND BALANCE - ASSIGNMENTS/RESTRICTIONS/COMMITMENTS**

Requested Action: Establish, increase, decrease or maintain assignments, restrictions and commitments as of June 30, 2024.

Government Accounting Standards Board (GASB) #54 requires governmental entities to clearly define categories of constraints placed on the government's fund balance for transparency and comparability. Fund Balance is categorized as follows:

1. Non-Spendable: not is spendable form (inventories and prepaid assets), or legally required to be maintained intact (endowments).
2. Restricted: externally imposed by creditors, grantors, contributors or laws, or imposed by law through constitutional provisions or enabling legislation.
3. Committed: imposed by formal action of the highest level of decision making authority (Board of Supervisors) and cannot be used for any other purpose unless there is a removal or change through the same type of formal action.
4. Assigned: constrained by the government's intent to be used for specified purposes, expressed by the governing body, except for stabilization agreements.
5. Unassigned: available; not restricted, committed or assigned to a specific use.

**General Fund**

Non-Departmental - Decrease assignment in the amount of \$1,000,000, to reflect the 3<sup>rd</sup> and final year of General Fund contributions to Health and Human Services Mental Health Program. This action will bring down the total designation to \$0, with no additional contributions to Health and Human Services Mental Health Program resulting from General Fund's net county cost recovery from the American Rescue Plan Act of 2021 (ARPA) standard allowance.

Non-Departmental – Increase General Reserve designation by \$1,401,946 due to the close out and return of excess funds in the Declared Emergency subdivisions. The excess funds are from the 2020 LNU Fire Complex FEMA grant. The post emergency audit has completed successfully with no requirement of payback.

**A. FUND BALANCE - ASSIGNMENTS/RESTRICTIONS/COMMITMENTS (Continued)**

Declared Emergency - (Restrictions for FEMA/CalOES revenues until the projects are fully audited and released)

- 2014 Earthquake, General Fund (1058001) - Increase restriction by \$394,315 for a total restriction of \$1,450,583
- 2017 Storms, General Fund (1058000) - Increase restriction by \$3,171 for a total restriction of \$6,648,780
- 2017 Storms, Measure A Public Works Special Revenue Fund (1220060) - Maintain restriction of \$379,565
- 2017 Fire, General Fund (1058003) - Maintain restriction of \$3,753,381
- 2019 Storms, General Fund (1058000) - Maintain restriction of \$277,877.
- 2020 LNU Fire Complex, General Fund (1058000) - Increase restriction by \$6,229 for a total restriction of \$2,690,563.
- 2020 LNU Fire Complex, General Fund (1058006) – Increase restriction by \$5,020 due to current year revenue, bringing total restriction to \$1,476,905. Subsequently, release entire restriction of \$1,476,905 bringing the total restriction to \$0. The release of this restriction will allow for the return of \$1,401,946 back to the General Reserve, and the remaining \$74,959 to Napa Berryessa Resort Improvement District for their remaining excess insurance proceeds.
- 2020 Glass Fire, General Fund (1058000) – Increase restriction by \$1,205,360 for a total restriction of \$1,817,391.

Public Defender - Board of State and Community Correction (BSCC)'s Indigent Defense Grant Program – Release restriction in subdivision 1320000, in the amount of \$286,021 due to the spending of grant funds and payback of remaining funds.

Ag Commissioner- Sealer - Excess Unclaimed Gas Tax - Increase assignment for facility improvements in subdivision 1600000, in the amount of \$350,000 due to increased unclaimed gas tax allocation from the State.

Planning, Building and Environmental Services – Establish assignment in the amount of \$129,231.92 in subdivision 1700000, for the unspent funds from a staff relocation project approved by the Board of Supervisors on June 25, 2024 on Agenda Item 24-979.

**Library Fund**

Napa Library, Literacy Program - Decrease restriction for the California Library Literacy Services (CLLS), funding received has been expended in fiscal year 2023-24 in the amount of \$20,685, bringing total restriction to \$0.

**Health and Human Services Fund**

Mental Health Cost Report Payback – Maintain the restriction of \$6,609,606. This assignment is used to fund potential claims settlement or audit paybacks. No funds were used in fiscal year 2023-24.

EMS Medical Cache Trailers - Maintain the restriction of \$5,000. In accordance with the terms of the JPA established in 2006, this restriction is to be used for major repairs and maintenance on Emergency Medical Service medical cache trailers purchased in 2006 using Department of Homeland Security grant funding. The trailers are used to house medical supplies needed to respond to potential emergency situations. No funds were used in fiscal year 2023-24.

## **A. FUND BALANCE - ASSIGNMENTS/RESTRICTIONS/COMMITMENTS (Continued)**

Housing is Healthcare - Maintain the restriction of \$9,160. This restriction is for advancing health equity work from the California Endowment and Public Health Institute for Housing is Healthcare to develop a communication campaign to increase awareness on the impact of homelessness on healthcare costs. No funds were used in fiscal year 2023-24.

Exemplary Health Equity - Maintain the restriction of \$18,539. The Public Health Division is working with community partners to determine how the award can be best utilized for health equity work. No funds were used in fiscal year 2023-24.

Cross-Sector Innovations Initiative Grant – Decrease restriction by \$32,593 to reflect funds used during the year, bringing total restriction to \$16,906. Funds are to be used for the development of a data sharing and evaluation plan as part of the Cross-Sector Innovation Initiative.

Community Immunity Outreach & Engagement (COEG) – Decrease restriction by \$32,035 to reflect funds used during the year, bringing the total restriction to \$0. COEG funds are used to conduct grassroots outreach related to COVID-19 vaccines and how to access vaccination appointments across the County of Napa, with a special focus on those population groups most impacted by the COVID-19 pandemic.

Behavioral Health Integration Grant – Decrease the restriction of \$37,795, bringing total restriction to \$0. Funds will be used to improve physical and behavioral health outcomes. Funds were spent in fiscal year 2022-23.

Homeless Mentally Ill Outreach & Treatment - Maintain the restriction of \$21,993. This restriction is for a one-time funding related to homeless persons with mental illness. No funds were used in fiscal year 2023-24.

Transitional Housing Program Grant (Round 2) – Release restriction of \$13,352 to reflect funds used during the year, bringing total restriction to \$0. The Transitional Housing Program provides funding for child welfare services agencies to help young adults aged 18 to 24 years find and maintain housing with priority given to those formerly in the foster care or probation systems.

Transitional Housing Program Grant (Round 3) – Establish restriction of \$11,141 to reflect grant funds received and not used during the year. The Transitional Housing Program provides funding for child welfare services agencies to help young adults aged 18 to 24 years find and maintain housing with priority given to those formerly in the foster care or probation systems.

Medi-Cal Administration – Maintain restriction of \$2,039,929. The Medi-Cal Administrative allocation funds eligibility activities performed on behalf of applicants and recipients of the Medi-Cal program, such as screening, referrals, and processing applications and changes. No funds were used during fiscal year 2023-24.

Health Care Enhancement Program (IGT) – Increase the restriction by \$753,124 designating available program fund balance towards future projects, bringing the total to \$8,217,728. Funds are and will be used for health and behavioral health needs and outcome improvements.

Local Indigent Care Needs (LICN) – Release designation of \$10,227 to reflect funds used during the year, bringing total designation to \$0. LICN grants were created to expand the delivery of locally directed indigent care services in County Medical Service Program counties. Napa County received a Planning Project Grant under the LICN program.

Behavioral Health Bridge Housing (BHBH) – Establish restriction of \$293,882, to reflect the balance of the initial draw for Bridge Housing. This program funds immediate and sustainable housing needs of people experiencing homelessness who have serious behavioral health conditions, including mental illness (SMI) and/or substance use disorder (SUD).

## **A. FUND BALANCE - ASSIGNMENTS/RESTRICTIONS/COMMITMENTS (Continued)**

### Affordable Housing Fund

Restrict fund balance in the amount of previously board approved loan resolutions for the below Napa Valley Community Housing developments:

- Monarch Landing (City of Napa) - Monarch Landing will provide housing available to a variety of low and very-low income residents, including 1, 2 and 3-bedroom family rental apartments with 16 units reserved for Coordinated Entry System (CES) placement. Establish restriction in the amount of \$1,500,000. No funds were used in fiscal year 2023-24. (Reso. No. 2024-31)
- Pope Street - The Pope Street project in St. Helena is a 5-unit project between Napa Valley Community Housing and Our Town St. Helena. The project includes the conversion of an existing unit and the addition of other units to result in 5 units on a property already owned by Our Town. Establish restriction in the amount of \$200,000. No funds were used in fiscal year 2023-24. (Reso No. 2024-30)
- Jamboree Housing Project - Jamboree Housing Corporation (JHC), LLC, has site control of 515 Silverado Trail in the City of Napa, comprised of approximately 1.05 acres for the purposes of building forty (40) permanent supportive housing units (PSH) and one (1) managers unit. Establish restriction in the amount of \$1,550,000. No funds were used in fiscal year 2023-24. (Reso. No. 2023-150)

## **B. JUNE 30, 2024 BUDGETARY AMENDMENTS**

Record the following entries to process budgetary transactions (No. 24-1274) as of June 30, 2024:

### **General Fund**

1. Fund 1000 (General Fund) – Increase appropriations in the General Fund 2020 LNU subdivision to return excess funds, increase General Reserves by \$1,401,946, and close the subdivision due to the completion of a successful post emergency audit of the 2020 LNU Fire Complex with no requirement of payback:
  - Declared Emergency (1058006-57900) – Increase Intrafund Transfers Out by \$1,401,946
  - Declared Emergency (1058006-33100) – Decrease Available Fund Balance by \$1,401,946
  - Non-Departmental (1050000-49900) – Increase Intrafund Transfers In by \$1,401,946
2. Fund 1000 (General Fund) – Increase appropriations in the General Fund, 2020 LNU subdivision to return remaining excess insurance proceeds to Napa Berryessa Report Improvement District:
  - Declared Emergency (1058006-56100) – Increase Transfers Out by \$74,959
  - Declared Emergency (1058006-33100) – Decrease Available Fund Balance by \$74,959
  - NBRID Operations (524000-48200) – Increase Transfers In by \$74,959
3. Fund 1000 (General Fund) – Increase appropriations in the General Fund, Public Defender subdivision to return remaining unspent Indigent Defense grant funds to the Board of State and Community Correction:
  - Public Defender (1320000-56900) – Increase Other Financing Uses by \$196,898
  - Public Defender (1320000-33100) – Decrease Available Fund Balance by \$196,898
4. Fund 1000 (General Fund) – Increase appropriations in the General Fund, Public Defender subdivision to cover increased salaries and benefits through the end of fiscal year due to recent retirement:
  - Public Defender (1320000-51100) – Increase Salaries and Wages by \$200,000
  - Appropriation for Contingency (1059000-58100) – Decrease Appropriation for Contingency by \$200,000.

**B. JUNE 30, 2024 BUDGETARY AMENDMENTS (Continued)**

**Special Revenue Funds**

5. Fund 2120 (Wildlife Conservation Commission) - Increase appropriations in Community Grants to pay for two invoices as part of Grant Agreement No. 240135D with Napa County Resource Conservation District; and one invoice as part of Grant Agreement No. 240139D with UC Regents:
  - Wildlife Conservation Commission (2120000-54805) - Increase Community Grants by \$10,700
  - Wildlife Conservation Commission (2120000-33100) – Decrease Available Fund Balance by \$10,700
  
6. Fund 2460 (Health and Sanitation SRF) – Increase appropriations in Emergency Medical Services to cover existing costs in operating fund 2000, Public Health:
  - Emergency Medical Service (2000152-56100) – Increase Transfers Out by \$72,000
  - Emergency Medical Service (2000152-33100) – Decrease Available Fund Balance by \$72,000
  - HHS Fund, Public Health (2000-2000100-48200) – Increase Transfers In by \$72,000
  
7. Fund 2460 (Health and Sanitation SRF) – Increase appropriations in Vital Health Statistics to cover existing costs in operating fund 2000, Public Health:
  - Vital Health Statistics (2000153-56100) – Increase Transfers Out by \$5,282
  - Vital Health Statistics (2000153-33100) – Decrease Available Fund Balance by \$5,282
  - HHS Fund, Public Health (2000-2000100-48200) – Increase Transfers In by \$5,282
  
8. Fund 2460 (Health and Sanitation SRF) - Increase appropriations in Tobacco Control Prop 99 to cover eligible costs in operating fund 2000, Public Health:
  - Tobacco Control Prop 99 (2000158-56100) – Increase Transfers Out by \$1,000
  - Tobacco Control Prop 99 (2000158-33100) - Decrease Available Fund Balance by \$1,000
  - HHS Fund, Public Health (2000-2000100-48200) – Increase Transfers In by \$1,000
  
9. Fund 2460 (Health and Sanitation SRF) - Increase appropriations in Tobacco Control Prop 56 to cover eligible costs in operating fund 2000, Public Health:
  - Tobacco Control Prop 56 (2000159-56100) – Increase Transfers Out by \$1,000
  - Tobacco Control Prop 56 (2000159-33100) - Decrease Available Fund Balance by \$1,000
  - HHS Fund, Public Health (2000-2000100-48200) – Increase Transfers In by \$1,000
  
10. Fund 2480 (Public Assistance SRF) - Increase appropriations in Clerk Domestic Violence to cover existing costs in operating fund 2000, Self Sufficiency:
  - Clerk Domestic Violence (2000650-56100) – Increase Transfers Out by \$6,480
  - Clerk Domestic Violence (2000650-33100) - Decrease Available Fund Balance by \$6,480
  - HHS Fund, Self Sufficiency (2000-2000600-48200) – Increase Transfers In by \$6,480
  
11. Fund 2480 (Public Assistance SRF) - Increase appropriations in Family Support Sub-Account to cover existing costs in operating fund 2000, Self Sufficiency:
  - Family Support Sub-Account (2000651-56100) – Increase Transfers Out by \$500,000
  - Family Support Sub-Account (2000651-33100) - Decrease Available Fund Balance by \$500,000
  - HHS Fund, Self Sufficiency (2000-2000600-48200) – Increase Transfers In by \$500,000
  
12. Fund 2480 (Public Assistance SRF) - Increase appropriations in 2011 Realignment to cover existing costs in operating fund 2000, Self Sufficiency:
  - Sales Tax Realignment- CALWorks (2000652-56100) – Increase Transfers Out by \$75,000
  - Sales Tax Realignment- CALWorks (2000652-33100) - Decrease Available Fund Balance by \$75,000
  - HHS Fund, Self Sufficiency (2000-2000600-48200) – Increase Transfers In by \$75,000

**C. CONTRACT INCREASES**

Increase the following contract amounts to pay for services received as of June 30, 2024

<b>Vendor Name</b>	<b>Contract #</b>	<b>Current Contract Amount</b>	<b>Increase Requested</b>	<b>Increased Contract Amount</b>	<b>Reason for Increase</b>
Willow Glenn Care Center	200273B-24	\$31,668	\$10,000	\$41,668	Increased costs in Mental Health (2000-20002) due to higher than anticipated Behavioral Health utilization (client placement) during FY 2023-24.

**D. TEMPORARY CASH ADVANCES**

Allow Auditor-Controller to record entries providing temporary cash advances to funds that end the fiscal year in a deficit cash position, if necessary. The majority of these advances are needed when reimbursements for program expenditures are not received by year-end, as is the case with the In-Home Supportive Services Authority. These cash advances are repaid with first revenues collected in the new fiscal year.

**E. PURCHASE ORDER ENCUMBRANCES (Fiscal Year 2024-25 carryforward)**

Complete a budget adjustment to increase budget appropriations of \$3,446,884, carrying forward budget from fiscal year 2023-24 to 2024-25 for commitments (encumbrances) existing during fiscal year that have not been completed or fulfilled by June 30, 2024. Once the commitment is complete, any budget remaining will be removed to disallow unauthorized use for another purpose. A list of re-encumbrances is provided in Attachment A.

**F. RATIFY FINAL CARRY FORWARD CAPITAL PROJECT BUDGETS AND CONTRACTS**

On June 25, 2024, a budget adjustment carrying forward preliminary remaining balances of capital project budgets and contracts associated with the projects was approved. These estimates were provided to the Board to ensure the projects could continue into the new fiscal year without delay from budgetary restraints. Attachment B provides updated capital improvement (CIP) and other projects remaining budgets required to date, for total carry forward appropriations into fiscal year 2024-25 of \$89,552,335 a decrease of approximately \$11.7 million from the original estimates.

**G. CASH SHORTAGES**

On September 17, 2002, Resolution R-02-188 adopted by the Board of Supervisors requires the Auditor-Controller to request release of accountability from Board of Supervisors on behalf of all affected departments at the end of each year. During the fiscal year 2023-24, no cash shortages occurred.

**H. ADDITIONAL APPROVAL REQUEST**

Record other accounting and budgetary entries as needed to balance and close fiscal year 2023-24 for all funds controlled by the Board of Supervisors. This authorization will ensure the financial records of the County are recorded in accordance with Generally Accepted Accounting Principles (GAAP), following all Governmental Accounting Standards Board (GASB) procedures.

**EXCESS ERAF (Informational Item)**

We have now completed all allocations to ERAF for fiscal year 2023-24 as required by State Revenue & Taxation Code (R&T) 97. Following the allocations, we calculated the ERAF distributions using State apportionment factors and information provided by the State Department of Education and the California Community College Chancellor’s Office. The calculation resulted in an excess amount in ERAF above the amounts required to fully fund all public schools within the county.

R&T 97.70(f)(1) has a provision to ‘hold the entities harmless’ for excess funds that would otherwise have been allocated. This provision requires the Auditor-Controller to return excess ERAF funds to all entities that contributed to the ERAF shift. We hold a 10% reserve each year, which subsequently gets released after three years, due to the ability for the school calculations to be changed for up to three years regarding ERAF entitlement.

The following chart shows the calculated excess ERAF, the amounts held in reserve for future state settlements, and the amounts distributed back to the contributing entities. This revenue is for fiscal year 2023-24 and will be recorded as of June 30, 2024.

Fund	Description	Total Excess ERAF	Less: Reserve	Excess ERAF to be Distributed
1000	Napa County	\$ 24,544,593	\$ (2,454,459)	\$ 22,090,134
2100	Fire Non-Structural	(1,314,805)	131,481	(1,183,324)
2020	County Library	1,238,500	(123,850)	1,114,650
2100	Fire Protection	1,396,565	(139,657)	1,256,908
		25,864,853	(2,586,485)	23,278,368
9411	City of Calistoga	399,301	(39,930)	359,371
9412	City of Napa	4,136,589	(413,659)	3,722,930
9412	City of St. Helena	463,473	(46,347)	417,126
9414	Town of Yountville	200,920	(20,092)	180,828
9415	City of American Canyon	59,564	(5,956)	53,608
		5,259,847	(525,984)	4,733,863
5220	Lake Berryessa Resort Improvement District	12,697	(1,270)	11,427
5240	Napa Berryessa Resort Improvement District	18,340	(1,834)	16,506
2860	Monticello Cemetery District	13,230	(1,323)	11,907
9504	Circle Oaks Water District	14,045	(1,405)	12,640
7400	Congress Valley Water District	35,864	(3,586)	32,278
7100	Mosquito Abatement District	93,485	(9,349)	84,136
7500	River Reclamation District	37,306	(3,731)	33,575
		224,967	(22,498)	202,469
	<b>Total Fiscal Year 2023-24</b>	<b>\$ 31,349,667</b>	<b>\$ (3,134,967)</b>	<b>\$ 28,214,700</b>

**PERS PREPAYMENT (Informational Item)**

Beginning with fiscal year 2010-11, the County has consistently prepaid the Employer's Contribution related to the Miscellaneous Plan in order to take advantage of discounted rates. Changes at CalPERS have opened prepayment options for the County's Safety Plan, but have limited the amount an agency can prepay to each plan's Employer's Contribution related to unfunded actuarial accrued liabilities. While adapting to these changes, the County continues to take full advantage of the prepayment option. In order to spread these lump sum payments to the appropriate departments, the County calculates pension rates that allow pension expense to be allocated each payroll with offsets against the prepayment balances. For fiscal year 2023-24, the rates charged resulted in an over allocation of pension payments totaling \$4,112,715. The over-allocated amount was returned to departments once the final PERS transactions were completed. A breakdown of the benefitting funds and departments is provided in Attachment C.

I will be available at the Board meeting to answer any questions you may have regarding the above requests.