



A Tradition of Stewardship
A Commitment to Service

Auditor-Controller

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Tracy A. Schulze
Auditor-Controller

Date: September 9, 2025

To: Napa County Board of Supervisors

From: Tracy A. Schulze
Auditor-Controller

Subject: Fiscal Year 2024-25 Closing Entries

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, 2025.

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

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

- 2014 Earthquake, General Fund (1058001) - Maintain restriction of \$1,200,495.
- 2017 Storms, General Fund (1058000) - Increase restriction by \$99,602.25 for a total restriction of \$3,107,670.
- 2017 Storms, Measure A Public Works Special Revenue Fund (1220060) - Maintain restriction of \$379,565.
- 2019 Storms, General Fund (1058000) - Maintain restriction of \$240,374.
- 2020 LNU Fire Complex, General Fund (1058000) – Maintain restriction of \$2,656,095.
- 2020 Glass Fire, General Fund (1058000) – Maintain restriction of \$1,434,268.

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

Ag Commissioner- Sealer - Excess Unclaimed Gas Tax - Increase assignment for facility improvements in subdivision 1600000, in the amount of \$400,000 due to increased unclaimed gas tax allocation from the State.

Planning, Building and Environmental Services – Maintain 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 General Operations – Increase restriction for General Reserves by \$14,400 to bring total General Reserves restriction to \$2,243,000, which represents 17% of adopted appropriations less intrafund transfers, for fiscal year 2024-25 as of July 1, 2024.

Health and Human Services Fund

Mental Health Cost Report Payback – Increase the restriction by \$1,974,307 bringing the total committed to \$8,583,913. This commitment is used to fund potential claims settlement or audit paybacks.

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 2024-25.

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 2024-25.

Exemplary Health Equity - Maintain the restriction of \$18,539. In May 2017 Public Health was awarded \$25,000 for advancing health equity work from the California Endowment and Public Health Institute for Housing is Healthcare. The award is designed to be used at the discretion of the recipient and the Public Health division works with community partners to determine how the award can be best utilized. Award has no time limit for use. No funds were used in fiscal year 2024-25.

Cross-Sector Innovations Initiative Grant – Decrease restriction by \$390 to reflect funds used during the year, bringing total restriction to \$16,517. Funds are to be used for the development of a data sharing and evaluation plan as part of the Cross-Sector Innovation Initiative.

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 2024-25.

Transitional Housing Program Grant (Round 3) – Release the full restriction of \$11,141 to reflect grant funds 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 – Release the full 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 spent, the grant period expired and the unspent funds were recouped by the California Department of Healthcare Services during fiscal year 2024-25.

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

Health Care Enhancement Program (IGT) – Increase the restriction by \$248,141 designating the remaining net program fund balance towards future projects, bringing the total to \$8,969,587. Funds are and will be used for health and behavioral health needs and outcome improvements.

Behavioral Health Bridge Housing (BHBH) – Decrease restriction by \$99,528 to reflect grant funds used during the year and bringing total designation to \$194,354. 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).

Roads Fund

Greenwood Culvert – Release restriction of \$110,000 as the mitigation requirements have been met and the funds can be released.

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. Release the full restriction in the amount of \$1,500,000. The reservation of funds expired on June 30, 2025 and the project will not be funded at this time. (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. Release the full restriction in the amount of \$200,000. The project was funded during fiscal year 2024-25. (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. Maintain restriction in the amount of \$1,550,000. No funds were used in fiscal year 2024-25. (Reso. No. 2023-150)
- Mid-Pen Housing – Mid-Pen Housing Corporation and Napa Valley Community Housing have partnered to begin a first phase that will consist of an 85-unit development which will provide affordable housing opportunities to a variety of low and very-low income households, including 1, 2 and 3 bedroom units. Establish a restriction in the amount of \$3,000,000 for the County to fund predevelopment through permanent construction financing for the first phase of development. (Reso No. 2023-64)

B. JUNE 30, 2025 BUDGETARY AMENDMENTS

Record the following entries to process budgetary transactions (No. 25-1410) as of June 30, 2025:

General Fund

1. Fund 1000 (General Fund) – Increase appropriations in the General Fund, Fire Administration subdivision 1500000 due to the creation of Division 15000 at the end of fiscal year 2024-25. This Division has transitioned fire prevention related activities (other than Fire Marshal) from the Fire Protection Fund to the General Fund. New fire prevention activities were initiated in 2023-24 due to the anticipation of a Federal grant awarded which no longer exists. This action included the addition of a Fire Administrator and associated staff. The Fire Fund, Fund 2100, was established by Prop 13 in 1987 as a Special Revenue fund to properly segregate property taxes allocated for Fire Protection Services relating to fighting active fires and included services under the responsibility of the Fire Marshal.

The decision to transition in fiscal year 2024-25 by creating a new Division in the General Fund was made to ensure the proper use of allocated property tax revenues, to increase transparency on the use of General Fund dollars, and to avoid risk of comingling any grant funds associated with discretionary fire prevention activities. The recommended budget for fiscal year 2025-26 included the new division within the General Fund and directed the transfer for fiscal year 2024-25 activity (both budget and actual revenues and expenditures) for historical purposes. The result of this move will negate a General Fund contribution of \$18 million to the Fire Fund and the new division will now show Net County Cost estimated for fiscal year 2024-25 to be approximately \$5,200,000

- A. To recreate the fiscal year 2024-25 budget in the new General Fund division 15000:
 - Fire Administration (1500000-43790) – Increase State Funding by \$3,000,000
 - Fire Administration (1500000-43890) – Increase Federal Funding by \$7,983,000
 - Fire Administration (1500000-various expenditure accounts) – Increase total appropriations by \$16,182,507.
- B. To eliminate the fiscal year 2024-25 budget in previous Fire fund division 21003:
 - Fire Protection (2100300-43790 State Funding) – Decrease by \$3,000,000
 - Fire Protection (2100000-43890 Federal Funding) – Decrease by \$7,983,000
 - Fire Protection (2100300-various expenditure accounts) – Decrease total appropriations by \$16,182,507.
2. Fund 1000 (General Fund) – Increase appropriations in General Fund, Central Services division, to allow the posting of annual entries in adherence to the Memorandum of Understanding between Napa County and Napa Superior Court:
 - Central Services (1052000-52490) – Increase Other Professional Services by \$45,000
 - Central Services (1052000-33100) – Decrease Available Fund Balance by \$45,000
3. Fund 1000 (General Fund) – Increase appropriations in General Fund- Central Services, Public Works and Office of Emergency Services divisions, to allow the reclass of expenses incorrectly recorded in Non-Departmental division:
 - Central Services (1052000-52335) Increase Security Services by \$57,000
 - Public Works (1220000-various expense accounts) Increase appropriations by \$29,000
 - Office of Emergency Services (1380000-52600) Increase Rents and Leases-Equipment by \$3,000
 - Non-Departmental (1050000-various expense accounts) – Decrease appropriations by \$89,000

4. Fund 1000 (General Fund) – Increase appropriations in General Fund- Public Works and Office of Emergency Services divisions, to allow the reclass of expenses incorrectly recorded in Central Services division:
 - Public Works (1220000-various expense accounts) Increase appropriations by \$140,120
 - Office of Emergency Services (1380000-52510) Increase Maintenance B/I PW Charges by \$1,700
 - Central Services (1052000-various expense accounts) Decrease appropriations by \$141,820

Non-Operating Special Revenue Funds – Increases in transfers out, to a transfer into the operating fund.

5. Fund 2460 (Health and Sanitation SRF) – Increase appropriations in Public Health-Health Resources and Services to cover existing costs in operating fund 2000, Public Health:
 - Public Health-Health Resources and Svcs. (2000155-56100) – Increase Transfers Out by \$6,000
 - Public Health-Health Resources and Svcs. (2000155-43290) – Increase State Other Health by \$6,000
 - HHSA Fund, Public Health (2000-2000100-48200) – Increase Transfers In by \$6,000
6. 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 \$112
 - Clerk Domestic Violence (2000650-46800) – Increase Charges for Services by \$112
 - HHSA Fund, Self Sufficiency (2000-2000600-48200) – Increase Transfers In by \$112
7. Fund 2480 (Public Assistance SRF) - Increase appropriations in Social Services Family Support to cover existing costs in operating fund 2000, Self Sufficiency:
 - Social Services Family Support (2000651-56100) – Increase Transfers Out by \$675,000
 - Social Services Family Support (2000651-33100) - Decrease Available Fund Balance by \$675,000
 - HHSA Fund, Self Sufficiency (2000-2000600-48200) – Increase Transfers In by \$675,000
8. Fund 2480 (Public Assistance SRF) - Increase appropriations in Sales Tax Realignment to cover existing costs in operating fund 2000, Self Sufficiency:
 - Sales Tax Realignment- CALWorks (2000652-56100) – Increase Transfers Out by \$215,000
 - Sales Tax Realignment- CALWorks (2000652-33100) - Decrease Available Fund Balance by \$215,000
 - HHSA Fund, Self Sufficiency (2000-2000600-48200) – Increase Transfers In by \$215,000
9. Fund 2500 (2011 Realignment) - 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 \$215,000
 - Sales Tax Realignment- CALWorks (2000652-33100) - Decrease Available Fund Balance by \$215,000
 - HHSA Fund, Self Sufficiency (2000-2000600-48241) – Increase Transfers In 2011 Realignment by \$215,000

B. JUNE 30, 2025 BUDGETARY AMENDMENTS (Continued)

Capital Improvement Fund

1. Fund 3000 (Capital Improvement Fund) – Increase appropriations in the Capital Improvement Fund to allow transfer to the Facilities Master Plan project. Staff recommends the transfer to cover the additional costs and staff time needed to close the project as of June 30, 2025:
 - Accumulated Capital Outlay (3000000-57900) – Increase Transfers Out by \$62,000
 - Accumulated Capital Outlay (3000000-33100) - Decrease Available Fund Balance by \$62,000
 - CIP-Countywide Projects, Facilities Space Plan and Development (3000560-49900-23045) – Increase Transfers In by \$62,000
 - CIP-Countywide Projects, Facilities Space Plan and Development (3000560-52360-23045) – Increase Construction Services by \$62,000

C. CONTRACT INCREASES

Increase the following contract amounts to pay for services received as of June 30, 2025

Vendor Name	Contract #	Current Contract Amount	Increase Requested	Increased Contract Amount	Reason for Increase
Tsunami Enterprises, Inc.	170341B	\$20,000	\$2,000	\$22,000	Tsunami increased rates for Representative Payee services for Behavioral Health clients whom the County has Lanterman-Petris-Short (LPS) Conservatorship responsibility for during FY 2024-25.
LPA, Inc.	250198B	\$660,000	\$79,481	\$739,481	Revisions to scope are needed to complete the Facilities Master Plan project at the end of FY2024-25.

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 2025-26 carryforward)

Complete a budget adjustment to increase budget appropriations of \$2,023,875 carrying forward budget from fiscal year 2024-2025 to 2025-26 for commitments (encumbrances) existing during fiscal year that have not been completed or fulfilled by June 30, 2025. 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 24, 2025, 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 2025-26 of \$80,491,183 an increase of approximately \$3.6 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 2024-25, a net shortage of \$10.00 was reported by the Napa County Library.

H. ADDITIONAL APPROVAL REQUEST

Record other accounting and budgetary entries as needed to balance and close fiscal year 2024-25 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 2024-25 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 2024-25 and will be recorded as of June 30, 2025

Fund	Description	Total Excess ERAF	Less: Reserve	Excess ERAF to be Distributed
1000	Napa County	\$ 29,163,635	\$ (2,916,363)	\$ 26,247,272
2100	Fire Non-Structural	(1,559,549)	155,955	(1,403,594)
2020	County Library	1,469,592	(146,959)	1,322,633
2100	Fire Protection	1,664,424	(166,442)	1,497,982
		30,738,102	(3,073,809)	27,664,293
9411	City of Calistoga	469,018	(46,902)	422,116
9412	City of Napa	4,873,813	(487,381)	4,386,432
9412	City of St. Helena	549,265	(54,927)	494,338
9414	Town of Yountville	234,230	(23,423)	210,807
9415	City of American Canyon	70,128	(7,013)	63,115
		6,196,454	(619,646)	5,576,808
5220	Lake Berryessa Resort Improvement District	15,030	(1,503)	13,527
5240	Napa Berryessa Resort Improvement District	21,875	(2,188)	19,687
2860	Monticello Cemetery District	15,625	(1,563)	14,062
9504	Circle Oaks Water District	15,774	(1,577)	14,197
7400	Congress Valley Water District	43,862	(4,386)	39,476
7100	Mosquito Abatement District	110,865	(11,087)	99,778
7500	River Reclamation District	45,388	(4,539)	40,849
		268,419	(26,843)	241,576
Total Fiscal Year 2024-25		\$ 37,202,975	\$ (3,720,298)	\$ 33,482,677

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 2024-25, the rates charged resulted in an over allocation of pension payments totaling \$6,009,113. 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.