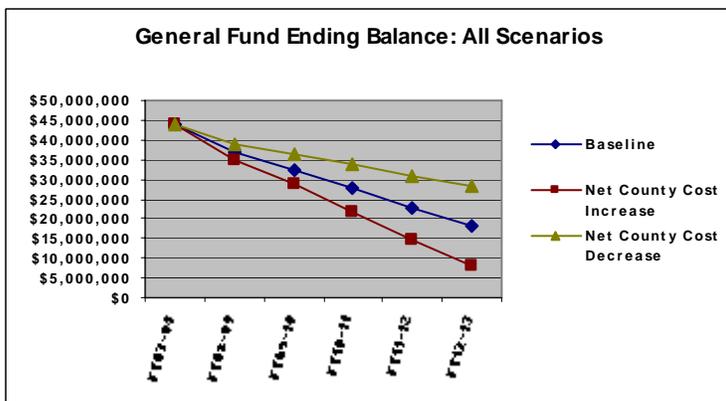


## Looking Ahead: Projected Structural Imbalance

The General Fund 5-year forecast, depending on various revenue and expenditure assumptions, shows a projected fund balance of between \$8 million and \$28 million in FY 2012/2013.

- Given the deteriorating economy and specifically the decline in the housing market, if nothing is done, the General Fund likely will not be in structural balance over the next five years.
- Given the General Fund's robust fund balance, the County is not facing a financial crisis. We have time to plan to address an imbalance before significant expenditure reductions would be required.
- The Board has directed staff to prepare a Fiscal Contingency Plan to address the short-term imbalance issue and a Strategic Financial Plan to strategize for the County's long-term financial health.



## Looking Ahead: Areas of Concern

Staff and the Board of Supervisors are paying close attention to specific areas of concern:

- The Roads Fund, which pays for routine and emergency maintenance and repair of County roads, has experienced a cash shortfall since FY 2005-06 and future projections show expenditures outpacing resources.
- Significant portions of the County's revenues come from State programs. The State's current fiscal crisis threatens those revenue sources and raises the possibility of additional revenue reductions as the State attempts to find other sources of revenue.
- The slow down in the national economy and the downturn in the housing market can negatively affect the County's revenues from property and sales taxes. In addition, inflation leads to increases in the cost of living. Each 1% increase in the Bay Area cost of living index translates to \$1 million in increased employee costs.
- The County is beginning to implement its Adult Correctional System Master Plan, which calls for significant expenditures in infrastructure (a new or renovated jail) and programming (Community Corrections Service Center).

## Board of Supervisors' key budget policies (excerpts)

- With only a few exceptions, no new General Fund-funded positions.
- No new programs unless they have a dedicated revenue source or relate to the Adult Correctional System Master Plan or the General Plan/Housing Element updates.
- Delete all vacant, unfunded positions and all positions that have been vacant for more than 6 months, unless approved by the CEO.
- Unless previously committed, revenues are discretionary rather than dedicated to a particular program or purpose.
- No backfilling of reduced State or federal funding.
- Pursue operational efficiencies.
- Put a minimum of 3% of General Fund into contingency, and work toward a goal of a reserve of 5% of General Fund appropriations.
- Units with more than 20 positions should reduce budgets to reflect historic salary savings.
- Continue to fully fund the County's Other Post-Employment Benefits (OPEB) unfunded liability on a 14-year amortization schedule (2008 is Year 2).
- Set aside an amount equal to 12.5% of the previous year's TOT revenue for parks and open space, visitor management, and arts and culture programs.
- After meeting current obligations, including General Fund contingency and reserves, remaining discretionary funds go to a General Fund designation for Fiscal Uncertainties.
- If necessary to balance the budget, cancel General Fund designations in an amount up to \$3 million, plus an amount required to fund the General Fund's Operating Contingency.

### To review and comment on the Recommended Budget

Each May or June, County staff recommends a budget to the Board of Supervisors. The Board conducts a public hearing on the budget and is obligated by law to adopt a final budget before the beginning of the fiscal year. In 2008, the public hearing will open on **Monday, June 9**; the Board is expected to adopt the final budget, pending public comment, on June 17.

- Hard copies are available for public review at the County Executive's Office at 1195 Third Street in Napa; and at the City-County Library in Napa, and the County libraries in American Canyon, Yountville and Calistoga.
- View the recommended budget online at [www.co.napa.ca.us](http://www.co.napa.ca.us); there is a link on the Home page. Information on the hearings and how to comment are available on the County's Web site at [www.co.napa.ca.us](http://www.co.napa.ca.us) or by calling the County Executive Office at (707) 253-4421.



A Tradition of Stewardship  
A Commitment to Service

# Overview: Napa County FY 2008/2009 Recommended Budget

The Napa County FY 2008/2009 Recommended Budget represents the County Executive Officer's recommendation to the Board of Supervisors for revenues and expenditures for the fiscal year of July 1, 2008, through June 30, 2009. The recommended budget and five-year General Fund balance forecast reflect the current national economic downturn and State fiscal problems. By law, the County must prepare a balanced budget, where expenditures equal resources. More detail is offered below. See reverse for information on how to review and comment on the recommended budget.

## FY 2008/2009 All Funds — Recommended budget: \$280,711,781

With the exception of internal service funds, this number includes the County's various funds, including the reserves and accounts set aside for Capital Improvements, Fire Protection, Roads, Library, Napa County Airport and more. It also includes the General Fund (see below). The recommendation is a 2.9% decrease from the FY 2007/2008 final budget.

### Why the decrease?

- A \$6.2 million reduction in the amount of General Fund resources transferred to the Accumulated Capital Outlay Fund;
- a \$7.4 million reduction because of the partial completion of the Fifth Street parking garage; and
- a \$5.8 million reduction in designations to the Fire Protection Fund, offset by ...

### ...Increases in

- a \$2.5 million provision for additional General Reserves and designations in the General Fund and an increase in the Roads Fund budget due to the receipt of Proposition 1B revenue.

## FY 2008/2009 General Fund —

Recommended budget: **\$208,347,232**

This is the primary operating fund of the County. The recommendation is a 2% increase from the FY 2007/2008 final budget.

### General Fund Revenues and Expenditures:

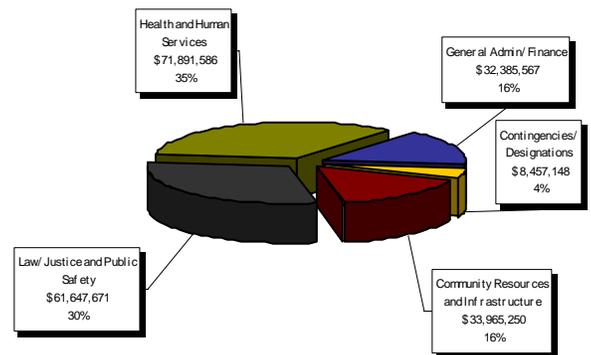
#### Expected increase in expenditures from previous year

- Increase in salary and benefits costs for existing positions (3.2% cost of living adjustment, equity increases and step increases).
- A \$469,000 increase in CalWORKS assistance payments and the County's share of cost for In Home Supportive Services provider wages.
- A \$400,000 increase in funding for Mental Health programs and services, offset by the receipt of increased State Mental Health Services Act revenue.
- Also includes \$932,000 previously deposited directly into the Roads Fund that, because it is discretionary revenue, is now passing through the General Fund (not a true increase).

#### Expected increase in revenues from previous year

- Increases in discretionary revenues such as property, sales and hotel taxes.
- Additional dedicated federal, state and fee revenue.
- Repayment of General Fund loans and addition of \$932,000 in State revenue that was previously deposited directly into the Roads Fund.

NAPA COUNTY FY 2008/09  
General Fund-Appropriations By Functional Area  
TOTAL- \$208,347,232



FY 2008/09 GENERAL FUND APPROPRIATIONS BY FUNCTIONAL AREA -  
CHANGE FROM 2007/08 FINAL BUDGET

